

Chapter 3: Economic Security

Social Studies Grade 7/8

Introduction

- In this chapter we will explore:
 - The distribution of wealth in society
 - The differences between capitalism and socialism.
 - Analyse the relation between cause and effect
 - How to buy a house
 - The poverty cycle
 - Socials programs such as « Habitat for Humanity »

What is economic security?

- Economic security is :

- Having enough money to take care of your needs
Ex. food, shelter, clothing etc.

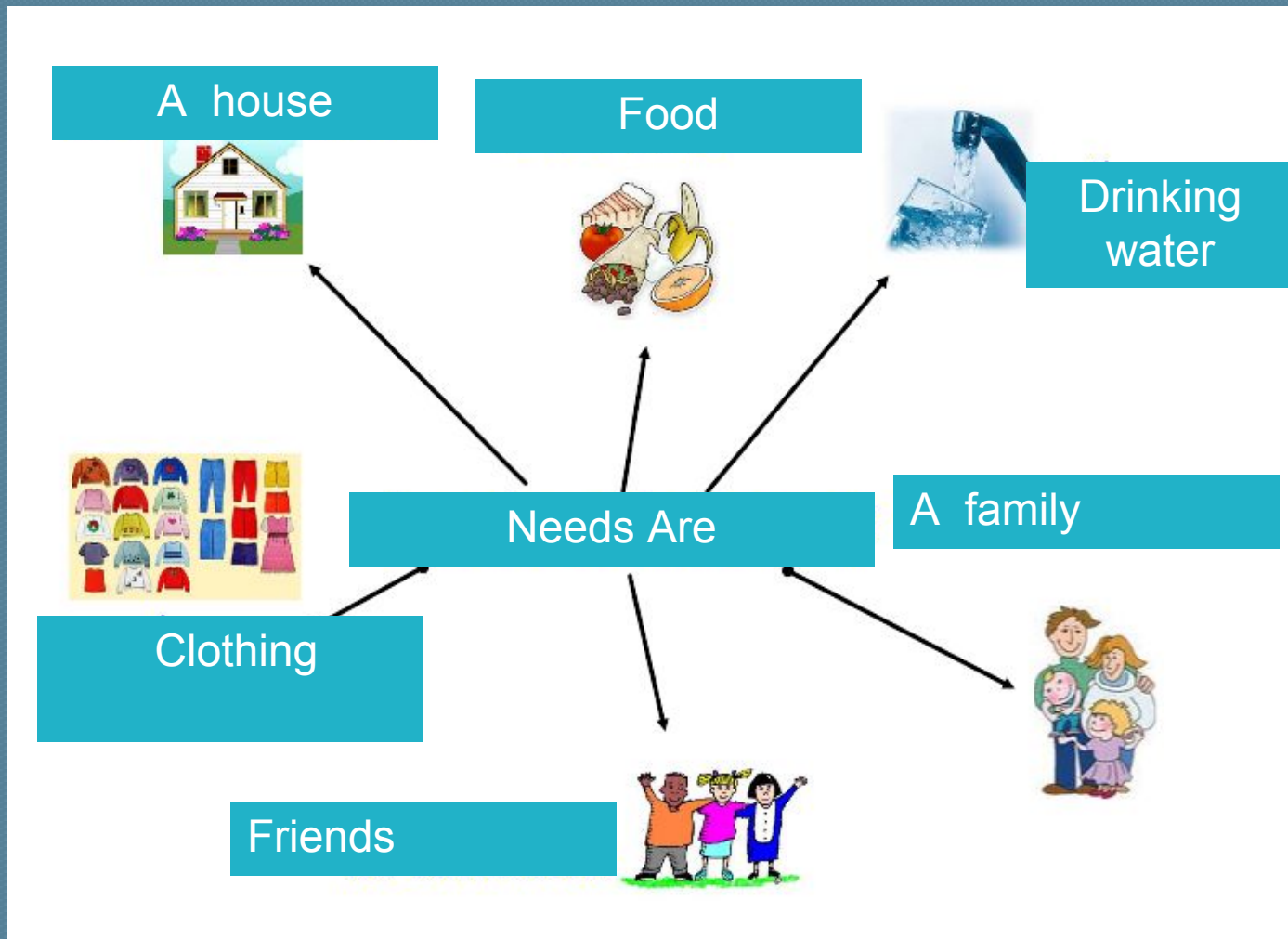
PLUS

- Having enough money to take care of your wants
Ex. to save up money, take a vacation, etc.
- Having enough should you need emergency funding

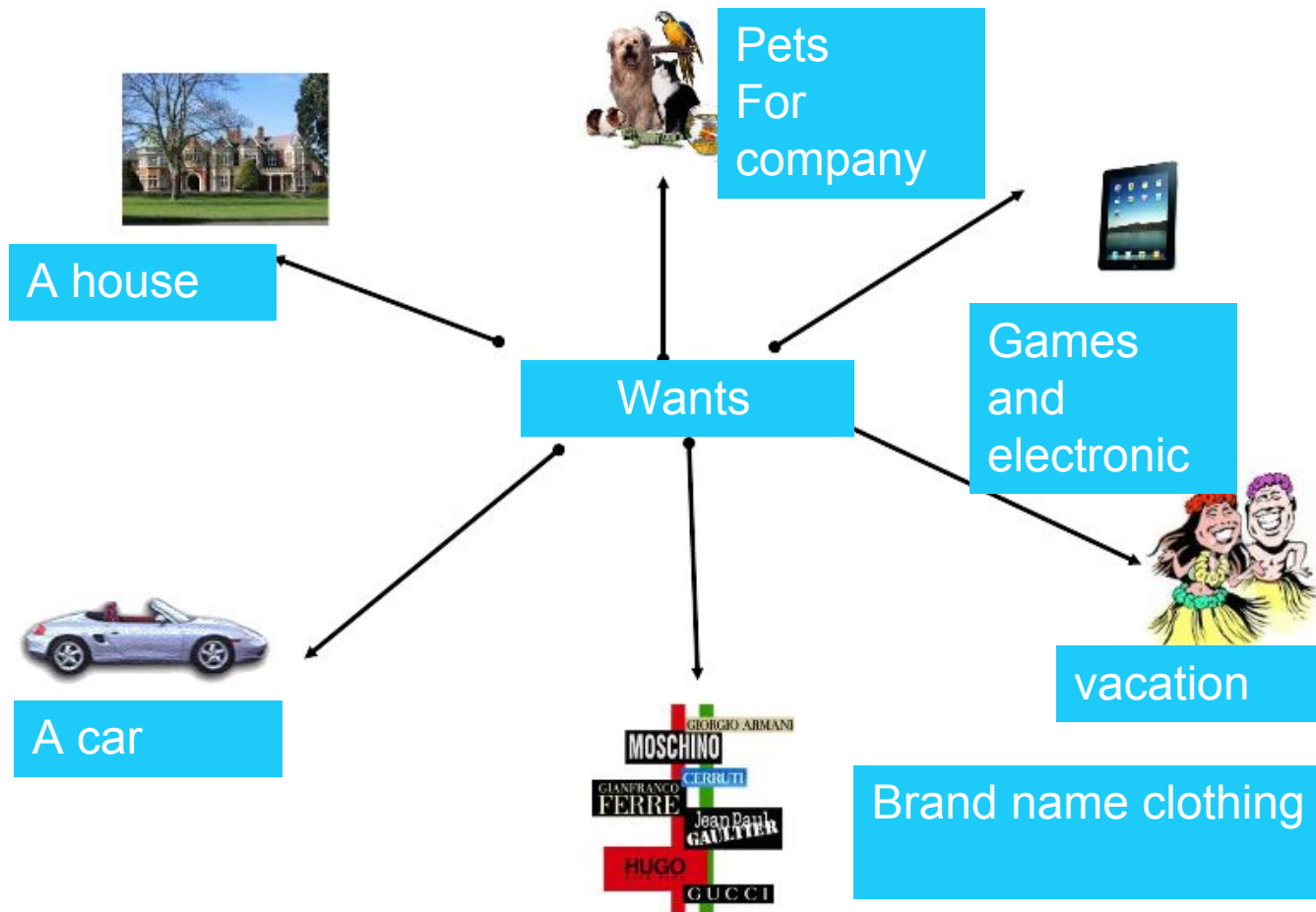
Needs and Wants

- In a Canadian economy needs and wants are met through money(\$\$\$)
- **Needs** are those items necessary for survival (food, water and shelter)
- **Wants** are those things you would really like to have but your survival does not depend on them. (xbox , vacations, brand name clothing)
- There are needs and wants that money cannot satisfy. Ex. security, love, joy, friendship

Needs



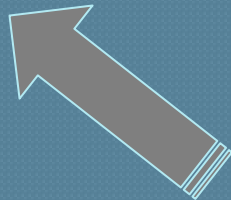
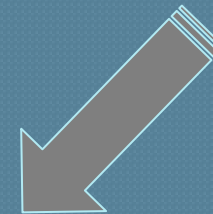
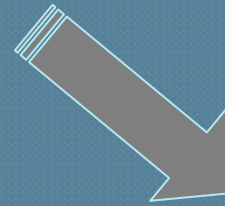
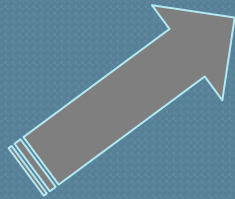
Wants



Workers and Employers

- In a capitalist system, most people get the products they need by purchasing them in private companies.
- The purpose of these companies is to make a profit for the owners.
- Most people earn their wealth by working for a company or making their business.
- People who have the skills to run a business or get jobs with good wages will become the wealthiest in society.

The circulation of money in the economy (Be able to explain this diagram)



The Distribution of Wealth

- Economy = how needs and resources are produced and distributed in a society.
- There are several types of economic systems.
- Today you will learn about capitalism and socialism

Capitalism vs. Socialism

Capitalism	Socialism
Individual freedom is most important	The group's interests are more important than individual freedom
The production of goods and services depends on individuals	The production of goods and services depends on the Government
The ability of people to meet their needs depends on their wealth	Each individual should receive what they need in order to survive
It is all about competition	It's all about cooperation

Journal: To be done in your exercise
(will do this after the test)

What is the Canadian economy? Capitalist, Socialist, or both? Explain your answer using examples

Business and Wealth in the Community

- The term *capitalism* comes from the word *capital*.
- *Capital* = the money to invest in a company to start and continue to run it.
- *Profit* = the money can be kept after having repaid the investment and paid expenses E.g. investment, wages, products, etc.
- The purpose of these companies is to make a profit.

- There are several types of businesses in our economy:

- *Personal businesses* – some people own their own businesses
- Ex. gardening, babysitting, etc.
- *Family business* - a group of family members working together or a company passed down between generations
 - Ex. O'Brien's Music Store, F.J. Wadden and Sons, William J. Chafe and Sons.

Business and Wealth in the Community



Evergreen Farms in New Ross



Business and Wealth in the Community

- **Large companies/corporations:** businesses may belong to larger companies which are established in the Canada or other countries of the world.

Ex. McDonald's, Nissan, Honda, Wal-Mart, Sears

Benefits of Businesses

- When a business starts up, it helps create wealth. Businesses start to benefit each other when workers get their pay cheques and they start spending money in other stores for their needs and wants.

Case Study

- Read page 47 and answer the following questions:
- (1) Define entrepreneur.
- (2) Who is Chris Griffiths?
- (3) What was his new idea?
- (4) How many employees were there in 2002?

Bell Work

- Read page 49.
- Copy the definition of cause, effect and trigger in your Economic Security booklets for number 16, 17 and 18.

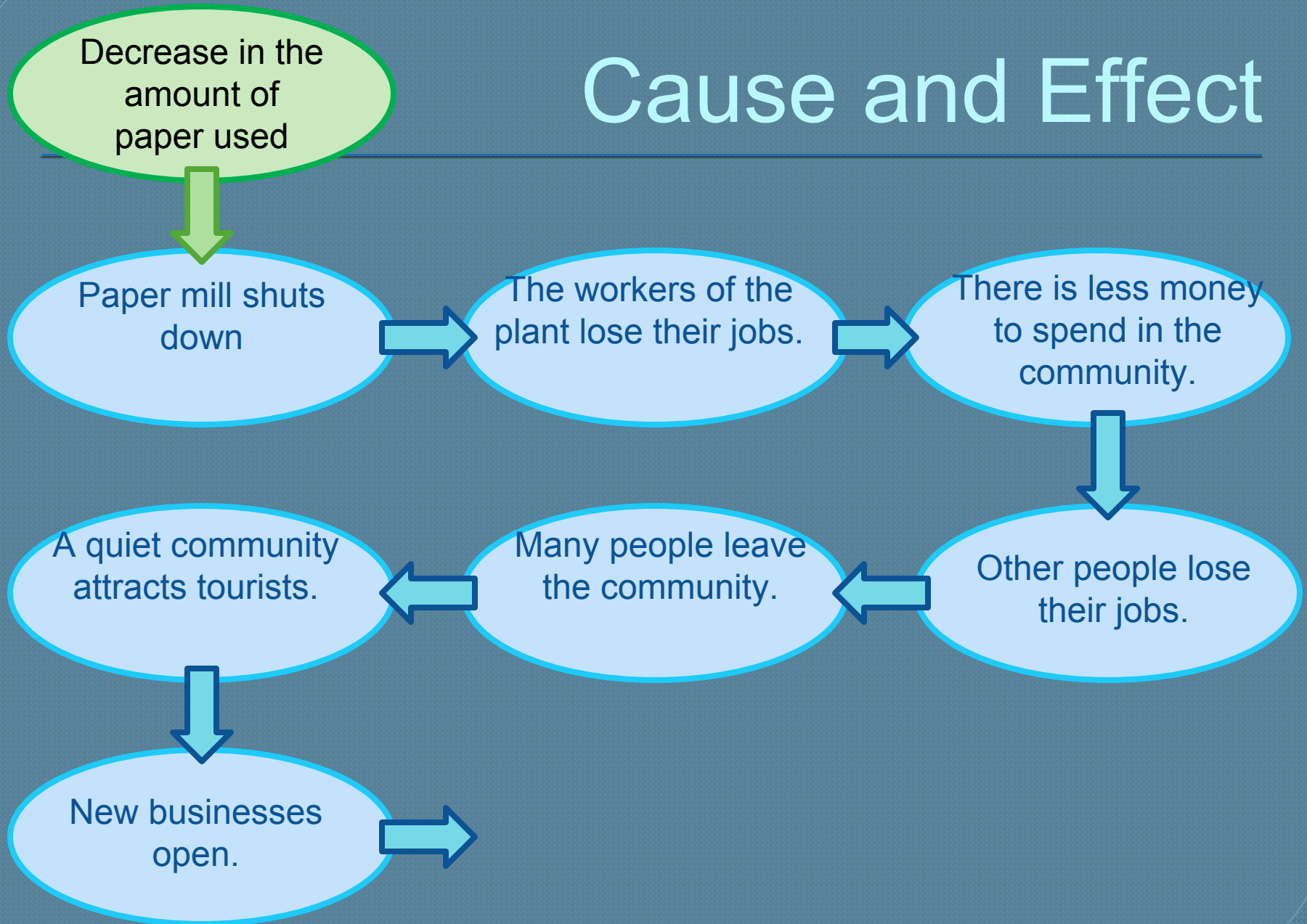
Cause and Effect

- When you analyse causes and effects, you need to establish connections between events that explain why things have changed.
- The cause is what causes a change.
- The effect is the resulting change.

Cause and Effect

- Many times, there is a *trigger* ; something that started the chain of cause and effect in the first place. It's the first cause. For example the trigger to a fish plant closing maybe lack of resources
- In a chain of cause and effect, every effect and also a cause.
- **Ex.** A fish plant closes → workers lose their jobs

Cause and Effect



People find themselves in one of three situations:

◎ **Poverty**

- When your basic needs cannot be met with your wages or your income.

◎ **Getting By**

- When the cost of basic needs is the same as the money that you earn.

◎ **A Chance to get Ahead**

- When you earn more money than necessary for your basic needs. You have money for needs and wants. This is where you are economically secure.

Poverty Continued

Expenses for Needs	Income	Result	Quality of Life
100 \$	90 \$	Poverty	Low (stress, worry, depression)
100 \$	100 \$	Getting by	Low / Normal (stress, worry)
100 \$	125 \$	A Chance to get Ahead	Normal (hope, less worry)

Improving your Situation

- If you have more money you need, you can use this money to improve (to better/help) your situation
- Buy things you like
- Buy things on sale
- Save for the future

Breaking the Poverty Cycle

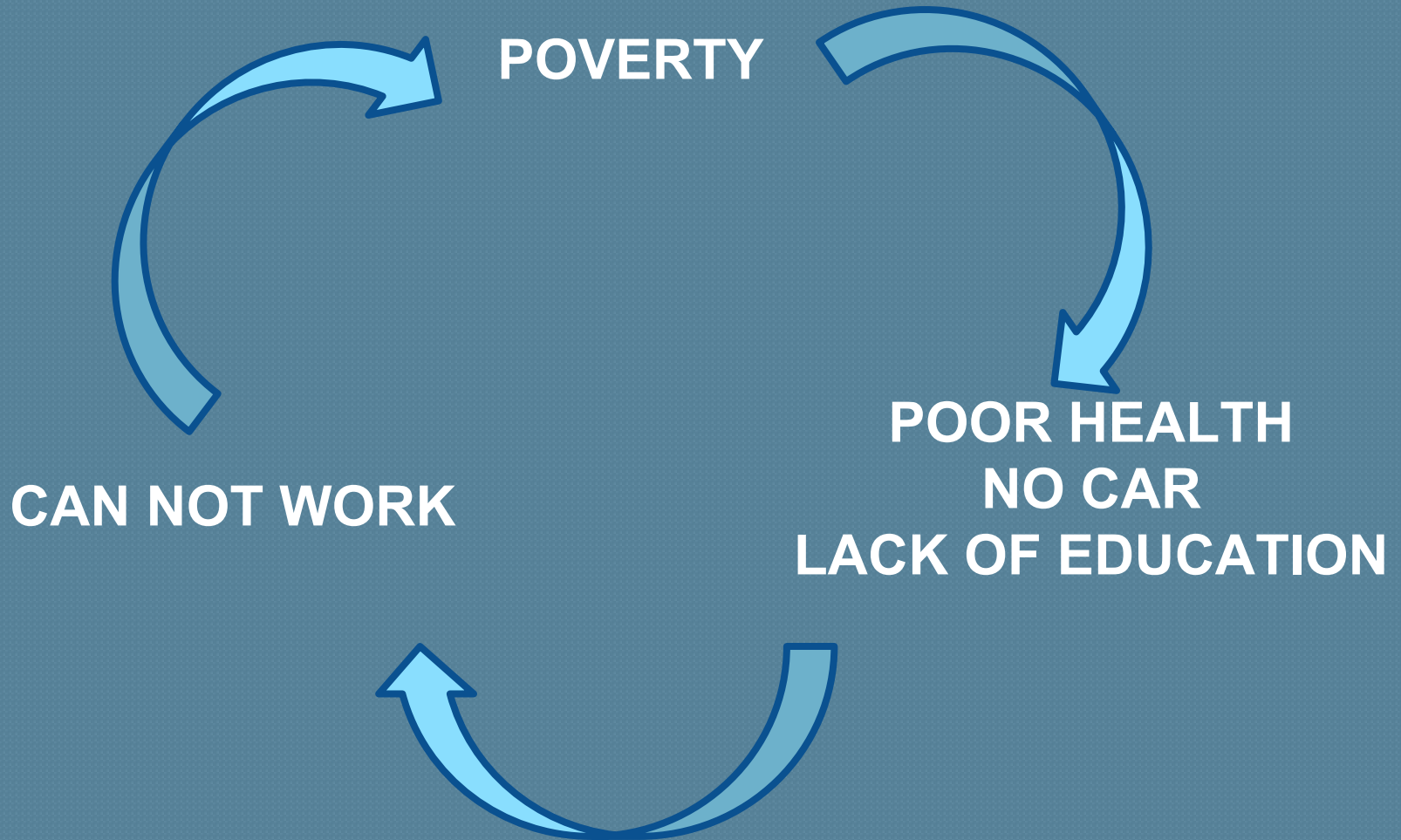
- A cycle is when the same events continue to happen over and over again giving the same results.
- Poverty occurs when there is a negative change in a person's economic situation (ex losing a job)
- This then affects other parts of a person's life

THINK! Make a cause and effect chain that can show this.

The Poverty Cycle

- Sometimes people get stuck in the poverty cycle
 - If you live in poverty, it is very difficult to improve your situation because of the cycle ~ watch.....
- Poor health
 - cannot eat healthy to be healthier
 - you can not work if you are sick
- No transportation
 - cannot get to a job interview
 - cannot get a job to pay for transportation
- No education
 - If you are not qualified, you are unable to obtain employment you don't have the money to go to college

The Cycle of Poverty



Building Personal Capital

- Personal Capital

- Anything that can help you to improve your economic situation.
- Ex. your savings in the bank, your belongings, your skills, willingness to work hard

How to properly use his money?

- A little capital can help you much!
- Ex. page 54 of your text: “Soup on Sale”

Buying a House

downpayment

- part of the cost of a house that a family must first pay.

mortgage

- the borrowed money in a financial institution to buy a House.
- Each month the family makes a payment.

Buying a House

- The proportion of the house that the family has during a mortgage.



The first year



5 years



10 years



15 years



20 years

Breaking the Cycle of Poverty

- People in the poverty cycle have little chance to increase their personal capital. But people can try and break the cycle.
- Three ways are:
 - 1) Get training or further their education.
 - 2) Find help in programs. Ex. Habitat for humanity, school scholarships, etc.
 - 3) Work to help each other. Ex. Community groups, etc. Think about the man in “Living on a dollar” who saved money up with friends.

Habitat for Humanity

- Watch the following videos on Habitat for Humanity
 - <https://www.youtube.com/watch?v=fs9UOYb9p2M>
 - <https://www.youtube.com/watch?v=xpdqAeUuPks&list=PLJD49GYQdKTEExJcb3aA94fF3LBJvFvfrD>
 - https://www.youtube.com/watch?v=XUBpB_xhrbw
 - <https://www.youtube.com/watch?v=5CeX5VEo10c>
-
- Case Study pages 56-57.