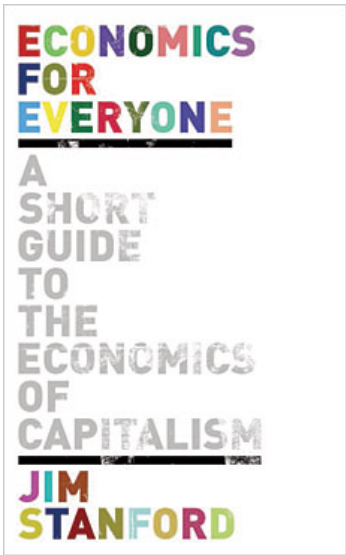
A 13-PART COURSE IN POPULAR ECONOMICS

STUDENT EXERCISES



By Jim Stanford

Here are some practical, hands-on exercises and projects that students could be assigned as part of a popular economics course organized around *Economics for Everyone*. The 13 exercises correspond to the 13 class sessions described in the course outline that is also posted on this web site (www.economicsforeveryone.com).

The exercises could be completed by students working at home individually between sessions, or as a group exercise by small groups of students. Most involve the students gathering information (on the web, or through interviews) between classes, and then answering a series of short questions. Instructors are encouraged to vary these exercises as needed to draw in more local-specific issues, statistics, and resources. Please send your feedback on these exercises to author@economicsforeveryone.com.

In addition to these structured student exercises, instructors are encouraged to utilize other opportunities to encourage discussion and participation in each week's session. For example, at the end of each class, assign 2 or 3 students to locate a newspaper or web article during the coming week that discusses or utilizes one of the key terms considered in the class just completed. Next week, begin the session by asking these students to present and discuss their article, followed by a class discussion. This serves to both refresh students' memories about the topics covered in the previous week, and to seek real-world applications of the topics and issues being considered.

Session 1: The Economy and Economics

Exploring the UN's HDI Rankings

Each year the United Nations Development Program (UNDP) releases a ranking of all the countries in the world, according to their performance in "Human Development." The Human Development Index (HDI) is composed from three different variables: a country's average GDP per capita (in U.S. dollar terms), average life expectancy (in years), and an "education index" which combines adult literacy with school enrolment ratios. The idea is that a country has higher human development, if its citizens have a higher material standard of living, they live longer, and they get more education. Higher GDP matters for the HDI, but so do other factors (namely, life expectancy and education).

One factor *not* included in the HDI is the distribution of income within a country. Only the average GDP per capita is considered, not its distribution. Thus a rich but unequal country would still score high on the UN index – even if many of its citizens did not share much in that GDP.

The annual UNDP rankings can be downloaded from www.undp.org. Go to that site and download the most recent rankings. Choose any 5 countries that you are interested in, and fill in the attached table from the UNDP's HDI table. There are 4 variables for you to list: GDP per capita, life expectancy, income inequality, and the HDI score. (All but the income inequality score are listed on the UNDP's summary HDI table, Table 1. For income inequality, you must examine an additional table in the UNDP report which lists income distribution statistics for each country; in the 2008 report, for example, that data is included in Table 15.) In each case, write down the value for each country in the column marked "score." Then, in the column marked "rank," order the countries included on the table – from 1 for best to 5 for worst. (In most cases, a high score is better. For income inequality, however, a high score is *worse*, because it implies *more* inequality; in this case, give rank 1 to the country with the *lowest* score.)

Then answer the following questions:

1. Which of the countries you chose has the best life expectancy?
2. Which has the most equal income distribution? Do you feel income distribution should count in the UN rankings? Explain briefly.
3. What country has the highest GDP per capita?
4. In your mind, which of the five countries you chose would be the best to live in? Explain briefly.
5. In your mind, which is more important: life expectancy, income equality, or GDP per capita? Explain briefly.

Which Country is "Best"?
Exploring the UNDP's Human Development Index

Country	GDP Per capita *($US at PPP)* (Rank highest income=1)		Life Expectancy *(years)* (Rank highest life expectancy=1)		Income Inequality *(Ratio of richest 20% to poorest 20%)* (Rank lowest inequality=1)		Human Development Index *(HDI score)* (Rank highest HDI=1)	
	Score	**Rank**	**Score**	**Rank**	**Score**	**Rank**	**Score**	**Rank**
1.								
2.								
3.								
4.								
5.								

Source: United Nations Development Report (available on-line at www.undp.org).
GDP per capita, life expectancy, and HDI scores are all reported on the summary HDI table of the report (Table 1). Income inequality scores must be attained from the report's separate table on income distribution.

Session 2: A Little History

The Evolution of Capitalism and Your Family Tree

In this exercise you are asked to describe your own family's economic history. In particular, thinking back through the generations that came before you, how did the evolution of capitalism and its class structure affect your ancestors?

Capitalism began over 200 years ago, in Western Europe. Gradually it grew and spread, so that more and more of the world was governed by the "rules" of capitalism. In some parts of the world, capitalism is a relatively recent development – indeed, there are still a few parts of the world that are not capitalist (either because capitalism hasn't taken hold yet, or because capitalism was rejected in favour of a different system).

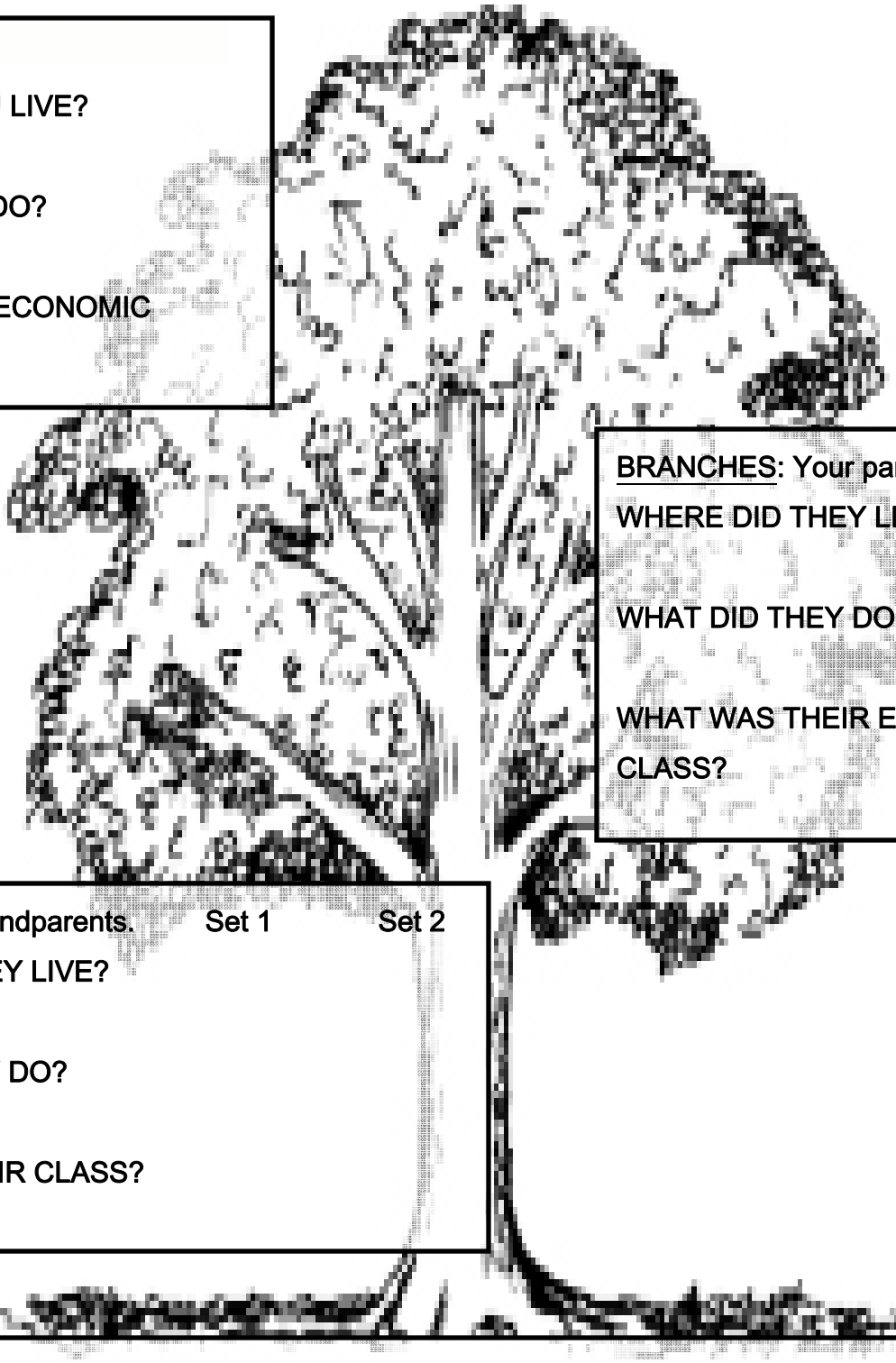
In modern capitalism, the vast majority of people now belong to the working class: that is, they (or members of their family) must work for someone else in return for money, which they use to support themselves and their family. There are big differences between different groups of workers (in terms of their skills, their income, and their relative degree of security) – but the majority of people are workers nonetheless. A small portion of society operate their own small businesses or farms. And a very small portion of society either own enough capital to support themselves without working, or else they work as top managers of larger companies in which most of the work is performed by paid employees.

Fill in the 4 boxes on the attached diagram, indicating where your previous generations lived, and what they did for a living. Fill in what you know. If you need more space (to cover all 4 sets of your great-grandparents, for example, if you know their economic story), just use the back of the page.

Then answer the following questions:

1. How far back in your family tree can you trace the "working class"? That is, for how many generations has your family been working for someone else for pay, in order to support themselves?
2. Did any of your ancestors become workers during the course of their lives – moving (for example) from farming or running a small business, to working for wages or salaries? How do you think they experienced that move? Was it pleasant, or was it hard?
3. Did any of your ancestors move out of the working class during their lives – finding some way to support themselves (running a business, farming, living off investment income or property) other than working for wages or salaries?
4. In general, are working people often able to "escape" being workers?
5. Did any of your previous generations move to another country or region in search of work? What was their main motive in moving? Were they forced from their home by poverty or repression? Or did they leave willingly in search of new opportunities?

YOUR FAMILY'S "CLASS TREE"



TREETOP: You!

WHERE DO YOU LIVE?

WHAT DO YOU DO?

WHAT IS YOUR ECONOMIC CLASS?

BRANCHES: Your parents.

WHERE DID THEY LIVE?

WHAT DID THEY DO?

WHAT WAS THEIR ECONOMIC CLASS?

TRUNK: Your grandparents. Set 1 Set 2

WHERE DID THEY LIVE?

WHAT DID THEY DO?

WHAT WAS THEIR CLASS?

ROOTS: Your great-grandparents. Set 1 Set 2 Set 3 Set 4

WHERE DID THEY LIVE?

WHAT DID THEY DO?

Session 3: Work and Tools

What's In Your "Toolbox"?

On the accompanying table, list an inventory of the various forms of capital (or, in more simple terms, "tools") that are present at your workplace. (If you do not work, ask someone you know who is employed to help you complete this exercise.)

In Column 1 of the table, list all the kinds of capital (including buildings, stationary machinery and equipment, and tools that you can actually pick up and use with your hands) that are used at your workplace. In Column 2, indicate whether you personally use that equipment in your job. In Column 3, provide a rough guess of what you think the different capital assets in your workplace cost. (It doesn't matter if it's a wild guess. If you wish, you can gather more concrete data on capital costs – by asking your employer, or consulting your employer's financial statements, if they are available.)

At the bottom of the table, divide the estimated value of total capital in your workplace, by the total number of employees in that workplace. This ratio indicates the amount of capital used per worker. It is an approximate measure of the "capital-intensity" of production in your workplace: that is, to what extent the direct labour of workers there is supplemented and made more productive by the use of "tools" (broadly defined, again, to include structures, machinery and equipment, and tools).

Then answer the following questions:

1. Do you use tools intensively in your work? What tools do you use most often?
2. How do tools improve the quality and quantity of the work you perform? What would your work be like without those tools? Do you feel the "tools" (broadly defined, to include structures, equipment, and other capital assets) make your work life better, or worse?
3. Has your employer been spending money to refurbish, replace, or expand the stock of "tools" (that is, capital) used in your workplace? Is this good or bad for the workers in your workplace?
4. In the U.S. at the end of 2007, non-farm non-financial corporations possessed $14.6 trillion worth of tangible capital assets (including almost $9 trillion in structures and real estate, almost $4 trillion of machinery, and under $2 trillion in inventories of raw materials, unfinished goods, and finished goods). Non-farm non-financial companies employed 107 million Americans in 2007. On average, therefore, each worker in a non-farm non-financial business worked with $135,000 worth of tangible capital, or "tools". ($14.7 trillion divided by 107 million workers equals $135,000 per worker.) Do you work with more or less capital, than the average U.S. worker?

5. Think of someone you know who works in a job with a lot of capital ("tools"). Now think of someone who works with very little capital. Compare their income, and their skills. Which worker is more secure?

What's in Your Toolbox?

Column 1: **Kinds of Capital Used In Your Workplace**	**Column 2:** **Do You Use This Capital Regularly in *Your* Work?**	**Column 3:** **Approximate Value of This Capital**
Structures, Buildings, and Real Estate: • • •		
Fixed Machinery & Equipment: • • •		
Mobile or Portable Tools & Equipment: • • •		
Supplies, Inventories, or Materials Needed for Production, & Other Tools: • • •		
A. SUM OF TOTAL VALUE OF CAPITAL (Add Column 3)		$
B. TOTAL NUMBER OF WORKERS IN YOUR WORKPLACE		
C. AVG. CAPITAL PER WORKER (A ÷ B)		$

Session 4: Class: Bosses, Owners, and Workers

Your Collective Agreement, Under the Microscope

In this exercise, you will go through your local union collective agreement (or labour contract) in detail, to analyze its effects on work practices and compensation in your workplace. If you are not a union member, ask someone you know who is a union member to discuss their collective agreement with you.

Fill out the attached table, which summarizes the main features of your collective agreement.

Answer the following questions:

1. Your contract covers both compensation issues (wages and benefits) and working conditions. Which of these two issues takes up more space in your contract (measured by the number of sections)?
2. What is your hourly rate of pay, as specified in the contract? What, in your judgment, is the approximate pay that a non-union worker doing a similar job in your community would make? How much does the union "cost" the employer per worker, per year? (Calculate this by multiplying the difference in the hourly wage between union and non-union workers, times 40 hours per week times 52 weeks per year.)
3. How many union members are employed at your workplace? How much does the "union" cost the employer each year in total? (Calculate this by multiplying the answer from question #2 times the number of union members.)
4. On p. 106 of *Economics for Everyone*, we defined unit labour cost with the following formula:

$$\text{Unit Labour Cost} == \frac{\text{Compensation}}{\text{Intensity} * \text{Efficiency}}$$

   Anything that reduces compensation, or increases the "intensity" of work (eg. speed-up), or increases the true "efficiency" of work (through technology), will reduce unit labour costs. In your judgment, what is the impact of your contract on these three variables: compensation, intensity, and efficiency?
5. Would your employer prefer to operate without a union? Why? Why do non-union employers go to such efforts to prevent unionization?
6. Conduct a short interview with someone who was a member of your local union's bargaining committee during the most recent round of negotiations. Is it becoming harder or easier for your local union to continue making progress in improving wages and working conditions?

Your Collective Agreement Under the Microscope

Date Agreement Came Into Effect:

Date Agreement Expires:

Length of Time Covered by Agreement:

Number of Chapters in Agreement:

Number of Appendices, Letters, and Memorandums Attached to Agreement:

Total Length of Agreement (pages):

Which Workers are Covered by the Agreement?

Approximately How Many Workers are Covered by the Agreement?

Approximately What Proportion of your Total Workplace is Covered (percent)?

List which chapters or sections of the agreement fall into the following categories:

Compensation			**Working Conditions**				**Other Issues**
Base Wages	*Wage Premiums*	*Benefits (pension, health, insur., etc.)*	*Hours of Work*	*Time Off (vacation, holiday, etc.)*	*Classifi-cations*	*Other Working Conditions*	
Which Chapters/Sections Are Relevant?							
Add the Total Number of Relevant Chapters/Sections That are Relevant to Each Issue							
Total chapters on compensation:			Total chapters on working conditions:				Other:

Does the contract have a “management rights clause”? If so, briefly summarize it:

Session 5: Reproduction and Gender; Closing the Circle

Where Did The Time Go?

Conduct a survey of the adult members of your household. Fill in the attached table, reporting approximate time allocated to each indicated activity for yourself and any other adults living in your house. (If you live by yourself, ask at least one other adult friend or co-worker the questions.)

Answer the following questions:

1. Do you spend more time working for money (line item 1), or more time performing unpaid work or work-related activity (line items 2 through 6)? Do you feel the time you spend on unpaid work and work-related activities is important? Do you feel that what you do during this time is valuable?

2. Are there differences between the different members of your household, in how much time you each spend on the activities listed in the table? How do you decide who does what? Summarize and comment on these differences. (If you live by yourself, compare your time use to the friends or co-workers that you surveyed.)

For the following questions, use an approximation of the average industrial wage (about $18 per hour, which was the average hourly wage in the U.S. economy in 2007) to value unpaid activities that are performed in your household.

3. What is the approximate value of the time you spend commuting each year? (Hint: Multiply your answer for item 2, times the approximate number of working days in a year [about 250], times $18.) Can you imagine asking your employer to pay you for this time? What are the factors that affect the amount of time you spend commuting? Why are some employers promoting home-work, telecommuting, and other "flexible" work options?

4. What is the approximate total value of the unpaid work performed in your household each year? (Hint: Take the total hours in items 4 through 6 for all members of your household, and multiply that by 365 days per year, and again by $18 per hour.) How does that value compare to the total annual money income of your household?

5. Official GDP statistics do not attribute any value to unpaid work. In the case of your household, by how much does this error underestimate the true value of your household's "economy"?

6. How much "leftover time" do you typically have each working day, after paid work, commuting, unpaid work, sleep, and personal care? Do you feel that is enough free time? Do you feel that people have more or less free time today, compared to pervious decades?

Time Use Survey of Your Household

(for a typical work day)

	Person #1 (you)	**Person #2**	**Person #3**	**Person #4**
Paid Work Time				
1. Paid hours work				
Unpaid Time Related to Paid Work				
2. Commuting to/from work				
3. Unpaid lunch or breaks				
Unpaid Work				
4. Cooking & cleaning				
5. Child care, cleaning, shopping, home repairs				
6. Volunteer work				
Personal Care				
7. Sleep				
8. Personal care & maintenance				
Free Time				
9. Leftover time (24 – all previous categories)				

Session 6: Competition, Investment, and Growth

Survival of the Fittest?

This exercise considers the nature of competition between companies in different sectors of the economy, and the positive and negative impacts of competition on quality, price, working conditions, and economic development.

Fill in the attached table, using your local Yellow Pages or similar business directory. Then answer the following questions:

1. Which three sectors listed on the table demonstrate a very intense degree of competition (evidenced by a very large number of competing firms)?

2. Which three sectors of your local economy demonstrate the least intense competition (evidenced by a small number of competing firms)?

3. Comparing very intensely competitive sectors to less intensely competitive sectors, do you notice anything about the economic features of those sectors? Consider the following characteristics: Amount of capital and technology used; level of skill required of workers; specialization of the product or service provided; safety and pleasantness of working conditions; quality of service; stability and longevity of the companies; the price of the sector's output.

4. Where do you suppose that conditions are better for workers (income levels, job security, and working conditions): in industries that are intensely competitive, or industries that are less intensely competitive? Which sectors are unionized? Why is that?

5. As discussed in Chapter 11 of *Economics for Everyone*, competition between companies can have both good and bad economic effects. Select one of the most intensely competitive sectors listed on the table. List three ways in which intense competition in that sector produces positive economic effects (for workers, for consumers, or for the whole economy), and three ways in which competition produces negative economic effects.

6. Estimate how much it costs to enter the taxicab business (including the cost of buying a car, a taxi license, and required training for the driver). Now estimate (very approximately) how much it costs to enter the pharmaceutical industry (ie. developing, patenting, and producing new drugs): capital equipment, R&D costs, testing and regulatory expenses. Where would you rather be employed? Which industry, in your judgment, will be more important to the longer-run development and prosperity of the economy?

7. In your judgment, should governments promote more competition between companies? Or less?

Survival of the Fittest?

Instructions: Consult your local Yellow Pages (or similar business directory) under each of the following headings. Simply count the number of businesses which are listed under each category. (If there are too many to count individually, make a rough guess by counting the number of entries in one column, then multiplying that by the number of columns of directory entries for that category.) If there are no entries in your local directory under a particular category, search for a slightly different category title, or else leave that line blank.

Category	**Number of Entries In Your Local Directory**
Beauty Salons	
Industrial Machinery	
Railways, Passenger	
Carpenters	
Optometrists	
Optical Equipment	
Shipping Agents	
Shopping Centres	
Universities	
Insurance Agents	
Smelters and Refineries	
Hotels	
Hoists	
Pizza Restaurants	
Grocers – Retail	
Grocers – Wholesale	
Electric Light & Power Companies	
Hazardous Waste Management & Removal	

Session 7: Employment and Distribution

Who Gets What?

This exercise uses national accounts data on the distribution of total GDP between different factors of production. Each country's statistical agency produces detailed statistics on national GDP, both quarterly and annually. You may consult the "How-To" guide on GDP statistics, contained in the Resources page at www.economicsforeveryone.com, for more information on how to access GDP statistics for your country, and how to interpret them.

Information on GDP is presented in several different formats. One approach, *GDP by income*, indicates how the overall economic pie (total GDP) is divided up as income amongst the different social groups (or "factors") in our economy.

Obtain a recent breakdown of GDP by income for your country. Use annual data. Fill in the attached table. If your national GDP data does not correspond precisely to the following categories, don't worry: just match up the categories as well as you can.

Answer the following questions:

1. What was the total money value of all the goods and service produced in your economy (total GDP) in the most recent year?

2. Of the major income categories identified on the table, which one is the biggest? How much did it receive in the most recent year? What percentage *share* of GDP (calculated in the bottom part of the table) did it account for?

3. Of the major income categories, which one is the second biggest? How much did it receive in the most recent year? What percentage share of GDP did it account for?

4. Of the major income categories, which one is the smallest? How much did it receive in the most recent year? What percentage share of GDP did it account for?

5. Column C indicates how much each category of income grew over the last five years. Which group did best during this period, and which group did worst?

6. Did labour's share of the economic pie rise or fall over the last five years? Why do you think labour's share grew or shrank during that time? Explain briefly.

7. Do you think there is any relationship between the labour share and the profit share of GDP? Explain briefly.

Dividing the Pie:
GDP by Income Data

Category of Income	**A. Most Recent Year**	**B. 5 Years Ago**	**C. Change (percent)***
1. Labour Income (wages, salaries, and benefits)			
2. Corporate Profits (before taxes)			
3. Investment Income (financial investments)			
4. Small Business and Farm Income (unincorporated)			
5. TOTAL GDP			
6. Labour share (1 ÷ 5)			
7. Corporate share (2 ÷ 5)			
8. Financier share (3 ÷ 5)			
9. Small business share (4 ÷ 5)			

* To calculate the *percent* change in the last column for lines 1 through 5, divide the figure in Column A by the figure in Column B, subtract one, and multiply by 100. For lines 6 through 9, indicate the change in share in *percentage points*: simply subtract Column B from Column A.

Session 8: Capitalism and the Environment

An Environmental Audit of Your Local Economy

In Chapter 15 of *Economics for Everyone*, we described three broad types of interaction between the economy and the natural environment:

A. ***Ecological Benefits***: These are the things which we attain directly from nature, and which are essential for life – let alone for a well-functioning economy. These include fresh air, clean water, space, and a tolerable (or, better yet, pleasant) physical environment.

B. ***Natural Resources***: All production (even service-producing industries) requires the input of materials which are harvested from nature and then processed (by adding labour). These inputs include raw materials, energy, and agricultural products.

C. ***Pollution***: Unfortunately, most forms of production (along with the ultimate consumption or use of the things we produce) result in the discharge of some kind of waste that is dumped back into the environment (in the form of air, water, or land pollution).

Fill in the attached table, which asks you to conduct an environmental audit of your local economy – identifying five specific examples within each of these three broad categories. Then answer the following questions:

1. Do you live in a large urban centre, a suburb, or a remote or rural region? Would you say that your community's economy is closely tied into the natural environment, or not?
2. Is a more urbanized community less dependent on the natural environment? Why or why not?
3. In your judgment, has the quality of the natural environment in your community improved, deteriorated, or stayed the same in recent years?
4. Can you see ways in which changes in the quality of the natural environment is affecting the quality of life in your community? Affecting the productivity or effectiveness of the economy?
5. "Sustainability" is defined as the ability to keep repeating something for very long periods of time. In environmental terms, sustainability requires harvesting natural resources, and discharging pollution, in ways that do not result in the ongoing deterioration in the quantity and quality of the environmental inputs we depend on. Based on your audit, is the economy in your community environmentally sustainable? What would need to change to make it more sustainable?

An Environmental Audit of Your Community

A. Ecological Benefits

List 5 different ways in which your local community & economy derive direct ecological benefits from nature:	*Quantity: Will each benefit continue to be available in adequate quantity?*	*Quality: Will the quality of each benefit continue to be adequate?*
1)		
2)		
3)		
4)		
5)		

B. Natural Resources

List 5 different types of natural resources which your local community & economy utilizes as inputs to production. Are these resources attained from your immediate area, or imported from far away?	*Quantity: Will each resource continue to be available in adequate quantity?*	*Quality: Will the quality of each resource continue to be adequate?*
1)		
2)		
3)		
4)		
5)		

C. Pollution

List 5 different kinds of pollution or waste which your local community & economy emits back into the natural environment:	*Quantity: Is the amount of each form of pollution rising, falling, or stable?*	*Quality: Is nature able to absorb this amount of pollution without deteriorating?*
1)		
2)		
3)		
4)		
5)		

Session 9: The Paper Economy and the Real Economy: Money, Banking, and Finance

Drowning in Debt

In this exercise, you are asked to consider the different types of credit available in the economy, and their economic and social impacts.

Fill out the accompanying table, listing all the forms of credit (loans and debts) you or someone in your household currently hold. Answer the following questions:

1. How many different kinds of credit does your household currently have?
2. Approximately how much per month does your household spend on the various "loans" you have taken out (including monthly mortgage payments, credit card installments, and other).
3. Do you feel your household has too much debt? Just the right amount? Or could you take on more debt?
4. If you could take on more debt, would you? Why or why not?
5. In the last year, did you receive any offers from financial institutions or lenders, asking you to take on credit? List three examples of these offers that you encountered (in the mail, in person, or through other forms of advertising). Why do companies "push" you to take out more credit?

How much interest you have to pay for credit, depends on how much debt you have taken on, and on the interest rate. It can be very tricky to calculate the true interest rate on credit, because financial companies often try to disguise the true cost of credit from their borrowers (as a way of tempting them to take out even more credit).

For example, most credit cards report their interest charges as a certain rate per month (rather than the more common method of reporting interest per year). This makes it seem that credit card interest rates are "low" – when in fact, credit card debt is one of the most expensive forms of debt going.

6. Check your credit card statement. What interest rate does it charge per month? Calculate the ***annual*** interest rate on that credit card as follows: Divide the monthly interest rate by 100 (so that 2%, for example, becomes 0.02). Add 1 (so it becomes 1.02). Multiply that number by itself *twelve* times. (If your calculator has an exponent function, take a short cut by raising the number to the 12^{th} power.) Subtract 1, and multiply by 100. That is the ***annual*** interest rate on your credit card. Is it low, or high? How does it compare to the interest you earn on your savings account?
7. If you have any extra money, what should you do with it: pay down your credit card debt, or invest it in a savings account or other financial investment?

Listing Your Loans		
Source of Credit	**Amount Owing / Balance**	**Amount Paid Per Month**
Home Mortgage		
First Mortgage Second Mortgage		
Car Loan		
Main Car Other Car / RV / Boat		
Credit Cards		
Bank Cards Store Cards		
Other Loans, Debts, Student Loans, or Leases		
TOTALS		
Number of Different Loans:	Total Value:	Total Monthly Payments:

Session 10: Government and the Economy

You Be The Finance Minister!

In this exercise, you are asked to develop your own imaginary government budget. This budget should reflect your own priorities about what is important for government to do, and how those important things should be financed. After all, every real-world government budget is about "choices": setting priorities, deciding what gets done, and how it will be paid for. The problem is, most of the government choices are not *our* choices!

Fill out the left side of the attached Table 1. Assume you have $100 to spend on all the programs you sponsor. Allocate your spending into the various categories indicated. Make sure the total adds to $100.

Note: There is one spending category that is not fully under your control: interest payments on the accumulated debt. This item reflects the amount of debt your government has inherited, and the level of interest rates. You can save interest costs by reducing interest rates, gradually paying off the debt, or else (in extreme cases) repudiating the debt altogether and just refusing to pay the interest.

Now you must raise sufficient funds to pay for your government's activities. Fill out the right side of the table. You should raise $100 in taxes and other revenues. Allocate your taxes to the various categories indicated, reflecting your beliefs as to how taxes should most fairly and efficiently be collected. Make sure the total adds up to $100.

Note: This exercise assumes that the budget is balanced – that is, that the government collects just enough taxes and revenues to pay for its programs (there is no deficit or surplus). In practice, governments can incur deficits: large deficits for short periods of time (until government debt grows too much), and small deficits for longer periods of time.

At the bottom of the table, determine the size of your government, in relation to the overall economy. The preceding budget was created to total $100 in spending and revenues. But now you will measure your government as a percentage of overall GDP.

Table 2 below summarizes the main real-world budget items for three actual countries: Canada, the U.S., and Sweden. This table includes the activities of *all levels* of government (including federal, provincial, and municipal).

Answer the following questions:

1. If you were the real Finance Minister and presented your budget to your national parliament or congress, what groups in society would be happy? Who would be angry? Would you be able to actually implement your budget?

2. Is your ideal government bigger, smaller, or the same size as Canada's actual government? Why? Is it bigger or smaller than America's? Sweden's?

Table 1 Write Your Own Budget			
EXPENSES		**REVENUES**	
Transfer payments to persons (pensions, unemployment insurance, welfare)		Personal income taxes	
Health		Corporate income taxes	
Education		Sales taxes (value-added taxes)	
Defense & public order		Payroll taxes (eg. pension and employment insurance premiums)	
Other programs & services		Tariffs on imports	
Interest on the public debt		Other revenues	
TOTAL *(must add to $100)*	**$100**	**TOTAL** *(must add to $100)*	**$100**

DETERMINE THE SIZE OF YOUR GOVERNMENT:	
A. What proportion of GDP should be allocated to government activities?	**%**
B. Approximate size of your national GDP: *(you reported this back in the exercise for session 7, "Who Gets What?")*	
C. Approximate size of your total budget: *(line A times line B)*	

Table 2
Three Actual Budgets

EXPENSES				REVENUES			
	Canada	**U.S.**	**Sweden**		**Canada**	**U.S.**	**Sweden**
Income support payments to persons (pensions, EI, welfare)	**$23**	**$26**	**$37**	Personal income taxes	**$29**	**$28**	**$27**
Health	**$18**	**$21**	**$12**	Corporate income taxes	**$8**	**$6**	**$4**
Education	**$15**	**$18**	**$13**	Sales taxes (GST, PST, etc.)	**$21**	**$14**	**$22**
Defense & public order	**$8**	**$19**	**$6**	Payroll taxes (CPP, EI premiums, etc.)	**$16**	**$22**	**$31**
Other programs & services	**$26**	**$7**	**$28**	Tariffs on imports	**$1**	**$1**	**$0**
Interest on the public debt	**$10**	**$9**	**$4**	Other revenues	**$25**	**$29**	**$16**
TOTAL *(must add to $100)*	**$100**	**$100**	**$100**	**SHARE OF GDP (%)**	**38%**	**31%**	**57%**

Sources: International Monetary Fund, Government Financial Statistics. All data for 2003.

Note: Be careful in interpreting these comparisons. Each government budget is "scaled" so that its total revenue and spending equal $100. So the fact that the U.S. spends $21 of its $100 on health (compared to $12 for Sweden) doesn't mean that the U.S. spends more on public health on Sweden – only that the proportion of its budget (which is much smaller than Sweden's to start with) that goes to health is larger. To calculate the share of GDP corresponding to each budget item, multiply the budget figure by the "Share of GDP" percentage at bottom right. On this basis, Sweden spends 6.8% of its GDP on public health expenses, where the U.S. spends 6.5%.

Session 11: Globalization and Development

The Global Supermarket

In this session's exercise, you are asked to analyze the items you purchase on your next major shopping trip at the supermarket, to understand the extent to which our economy is now tied into global trade and investment patterns.

On your next major trip to the supermarket, save the cashier receipt. Then fill out the attached table, by placing each of your purchases into categories according to the type of product it is, and where it was produced. Use the back or attach an extra sheet for more space if needed.

For most packaged or manufactured products, the label will indicate the country where it was made and (usually) the city or province/region. For unpackaged products (eg. fruits and vegetables), there is usually a sign at the store that indicates where the produce was made. Keep note while you are shopping of the origin of any unpackaged fruits or vegetables you purchase.

Answer the following questions:

1. How many of your purchased items were made in your home state or province? How many were made elsewhere in your country? How many were imported from another country?

2. How much of the total value of your shopping trip was spent on items made in your home state or province? How much on products from elsewhere in your country? How much on imported products?

3. Out of the total amount spent at the supermarket, what percentage was spent on imports? (To calculate this, divide the amount spent on imports, by the total amount spent, and then multiply by 100.)

4. Let's assume that you make one major trip to the supermarket, equivalent to this one, every week. On that assumption, how much money do you spend on imported products at the supermarket each year?

5. What types of products were most likely to be made in your home province? What types of products were most likely to be imported?

6. What item that you purchased came from the farthest away?

7. What are the advantages of being able to buy things at the supermarket that came from so far away? What are the disadvantages?

8. Can you list some reasons that would make you more likely to purchase domestic-made products, rather than imports?

Table 1 Supermarket Purchases by Location of Production				
ITEM	**VALUE**	**WHERE MADE** *(check 1)*		
		Home State or Prov.	**Other State or Prov.**	**Other Country**
Unpackaged Foods				
Packaged Foods				
Other Items				
TOTALS				
Number of Items Bought:	Total Value:			
Number of items, by location				
Value of items, by location				

Session 12: Stability and Instability in Capitalism

Capitalism's Fear Factor

In this exercise, you will think about all the different ways in which you and your family experience economic risk and insecurity under capitalism, who benefits from that insecurity, and what can be done about it.

Fill out the first attached table. Think of each time you or someone in your family (eg. spouse, parent, child) were unemployed, and describe the facts of their spell of joblessness. Include times when someone was first looking for work (eg. after graduating from school, or re-entering the workforce after an absence from work).

Answer the following questions:

1. How many times have you or someone in your immediate family been unemployed? In total, how much time was covered by those periods of unemployment?

2. Write down several words or emotions to describe how you felt when you were unemployed. (If you have never been unemployed, try to describe how you think the member of your family felt.) Is it pleasant to be unemployed?

3. What type of worker is more likely to experience unemployment during their working life? What industries are most vulnerable? What occupations? What skill levels?

4. Do you think that unemployment plays any "function" in society? Who (if anyone) benefits from unemployment?

5. If you lost your job now, how long do you think it would take to find a new one? Do you think that new job would pay as much, more, or less than your current job?

Now fill out the second table below. Each row lists some of the negative things that can happen to working people. Fill in how likely it is that each of these risks would affect the various aspects of your life (keeping your job, ability to purchase necessities, keeping your home, etc.).

Answer the following questions:

6. How many of the risks listed on the left side of Table 2 have you and your family personally experienced?

7. Can you imagine a society in which working people did not have to worry about losing their job, losing their home, or falling into poverty because of illness or injury? What would be required in order to create that kind of society?

1.

Table 1 Your Family's History With Unemployment					
	Who?	**When?**	**How Long?**	**Reason?**	**What Support (if any) Received?**
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

Table 2
Capitalism's "Fear Factor"

Type of Risk	What Impact Would Each Risk Have on These Aspects of Your Life?					
	Keeping your job?	*Ability to buy necessities?*	*Keeping your home?*	*Family health & well-being?*	*Secure retirement?*	
Workplace Closure	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Recession	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Very High Interest Rates	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Inflation	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Stock Market Crash	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Major Government Cutbacks	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
Personal Injury or Illness	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	
War	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	☐ None ☐ Mild ☐ Bad	

Session 13: Challenging Capitalism

You Be The (Progressive) Economist!

Choose one current economic problem, issue, or controversy, and apply your new economic skills (and your passion for labour and social justice concerns) to develop a persuasive and informed argument.

Step 1: Choose your controversy. Think of the various economic issues and controversies discussed in this course. Choose an issue that concerns you greatly. Any issue is acceptable, as long as it has some connection to the economy and to economics.

Step 2: Do your research. Gather some information about the issue. This could include statistics (try your national statistics agency, or the web sites of organizations that deal specifically with the issue you have chosen). Newspaper articles and other media coverage can also help. You can also check with government web sites for information on particular policies or issues. Your local library is another possible place for research. Your commentary should use several of the key terms from the course outline, and cite at least 2 references or sources of information (eg. a report, book, statistical source, or newspaper article).

Step 3: Organize your thoughts. Write a short outline which explains the argument you plan to make. The outline should have three main parts: First, an introduction which introduces the issue and summarizes your main point. Second, the body of your article, where you give details and supporting evidence for your argument. Third, the conclusion, in which you restate your main point and provide suggestions for actions or changes which you believe should occur.

Step 4: Write your article. Using your outline as a guide, write a short article that covers your major points. It should be about 750 words long (that's about 3 hand-written pages, double-spaced) – that's how long a newspaper-style commentary article usually is. Make sure your write-up has an introduction and a conclusion, as well as the main body of the work. And make sure your article uses several key terms from the course outline, and cites at least 2 sources of information or data.

Step 5: Edit your article. Look back over your article. Correct any mistakes in grammar or spelling. Are there ways in which the flow of your argument could be improved? Write or type a final version of your article.

Step 6: Submit your article. Find a relevant publication and submit your commentary to it. This could be your city or community newspaper; your local union newsletter; an interactive web page, blog, or e-mail list-serve; or a specialist publication dealing with your particular issue. It doesn't matter which medium you choose. E-mail is typically the best way to make a submission; for a newspaper, check the newspaper's web site for the e-mail address for submissions of letters to the editor and "op-ed" commentaries. The outlet may or may not publish your article – but at least you had the experience of trying to "get the word out" about your chosen subject!