



Money and Monetary Policy in Canada

LESSON PLAN MODULE 1: MONEY: ITS FUNCTIONS AND CHARACTERISTICS

Many people think that the study of economics is all about money – but that is not the case. The job of our economy is primarily to enable the efficient production, distribution, and consumption of goods and services that are wanted by people in our society. The primary job of money is to serve as a tool to help the economy do its job. Therefore, to understand the role of money, we first need to understand the role of an economy. Let's begin there.

“Money and Monetary Policy In Canada” by Gary Rabbior

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This module explains the role of the economy and factors that should be considered when discussing the term economy such as the utilization of resources, productive capacity, standard of living and quality of life. The chapter then goes on to explore the role that money plays in helping the economy.

Learning Outcomes

The students will be able to:

1. Explain the term “economy” and the role it plays in our lives.
2. Categorize the basic questions that an economy must answer.
3. Demonstrate a knowledge of how specialization leads to the need for a money system.
4. Outline the characteristics of money.
5. Distinguish between the two forms of money in our economy.

New terminology

- Needs and wants
- Opportunity Cost
- Productive Capacity
- Coincident Want
- Unit of Account

Implementation Strategies

This lesson requires three class periods to complete. It will involve the following activities: a “heads together activity”, a common group work task and a specialized group presentation.

Period One:

- Begin the lesson by asking the students to write down what they would do if they were given \$200.
- Record their responses and then examine them to see which of the ideas were needs, which were wants and which ones involved saving explaining the terms as needed.
- With this as background, arrange the students in groups and explain that needs and wants are primary drivers in our economy and that this lesson will focus on what is meant by the term “economy” and how it affects our lives.
- Explain to them that they are going to play a game entitled “Heads Together” in which they will have a chance to discuss their best answers to questions that will be asked based on the reading they are now going to do.
- Assign reading 1.1.
- Explain how the game will work:
 - a) A question will be asked on what they have just read and then a call of “Heads together” will be made.
 - b) The group will literally move closely together, putting their heads in so they can discuss their answer quietly.
 - c) The call “Heads apart” will be made, the students will return to normal posture and then one group will be asked to provide an answer.
 - d) If another group can improve upon the answer with one additional piece of relevant information then they will take the lead in being awarded the points for that question.
 - e) If another group can provide additional information then they will take the lead.
 - f) Once no additional information can be added the group will be awarded the points.
 - g) This process will be repeated for each question and the winning group will be the one with the most points.

- The following questions should be asked:
 - a) What are needs and wants and how do they drive our economy?
 - b) What two things in addition to growth should our economy consider as important?
 - c) What is the “basic economic problem” and what is meant by “Opportunity Cost”?
 - d) What are the three key economic decisions that must be made?
 - e) What is meant by “standard of living” and how is it calculated?
 - f) What is meant by the term “quality of life” and what does it involve?
- Play the game, assign points and determine a winning group.
- At this point, assign the following task to the groups and give them the remainder of the period to prepare their response:

Read 1.2 and explain how specialization sets the stage for the need for a money system.

Period Two:

- Begin the period by having each group report and then conduct a plenary session during which time the students can seek any necessary clarification or offer comments and ideas.
- With this completed, indicate to the groups that, if necessary, they are going to be reorganized into four work groups and that each will be responsible for becoming experts on certain parts of 1.3 – The Role of Money and 1.4 – The characteristics of Money and preparing a creative and interesting presentation for the class on their assigned portion.
- Reorganize the students into four groups if necessary and assign the following sections:
 - Group 1 – the section from the start of 1.3 up to the end of “Money Also Served as ‘Medium of Exchange’
 - Group 2 – starting with the section “Many things Have Served...” to the end of section 1.3
 - Group 3 – the section from the start of 1.4 to the end of “Characteristic of Money: Divisible Into Fractions
 - Group 4 – the remainder of 1.4.
- Give them the remainder of the period to work on their assignment and indicate that they are to be prepared to make their presentation at the start of the next class period.

Period Three:

- Begin the period by having each of the groups make their presentation and respond to any questions from the class.
- Conclude the period by holding a plenary session during which any outstanding questions can be asked and answered and any concluding comments made.

Evaluations

1. The group responses to the question of specialization can be handed in for evaluation.
2. The group presentations should be evaluated.

Other Related Activities

1. The students could explore the degree to which bartering still exists and the reasons for it.
2. The students could examine different credit cards to see their similarities and differences.
3. The students could examine credit card reward programs to note their similarities and differences and to discuss why they are offered.
4. The students could research the dangers of credit and how to monitor it.

On-line Links

The new \$20 polymer bank note –

<http://www.bankofcanada.ca/multimedia/bank-canada-new-20-polymer-bank-note/>

The Bank of Canada bank notes - https://www.bankofcanada.ca/wp-content/uploads/2010/07/promo_art.pdf

Needs versus Wants - <https://study.com/academy/lesson/the-difference-between-wants-vs-needs-in-economics.html>

Money –Its uses and Characteristics - <https://www.slideshare.net/Geckos/uses-and-characteristics-of-money-presentation>

