

1. Schoolyard trading



Key Concepts

Money can be anything, so long as both the buyer and seller agree it is acceptable for payment. Acceptance is one of the most important factors for something to be money, meaning it can be used as a medium of exchange. Money is based on a foundation of trust.

Today, money can take the form of physical cash or electronic funds. A **currency** is the form of money usually produced by a country's central bank, such as the Canadian dollar, the British pound or the Japanese yen.

Extended Concepts

The **barter system** has been used throughout history. To barter—or to trade—means you exchange a good or a service for another good or service, such as neighbours exchanging different vegetables that they harvested.

Contrary to popular belief, people still use the barter system, especially in economies where money may be in short supply, such as young children in a school yard. People also barter where it might be culturally impolite to use money in an exchange of goods or time.

Some historians think that money was invented to solve one of the challenges with the barter system: what happens when you can't find someone to make a direct trade? Money solves that challenge by being a common unit of value that everyone can exchange. You can also save your money to spend it another day. But don't worry: it won't rot!



1. Schoolyard trading

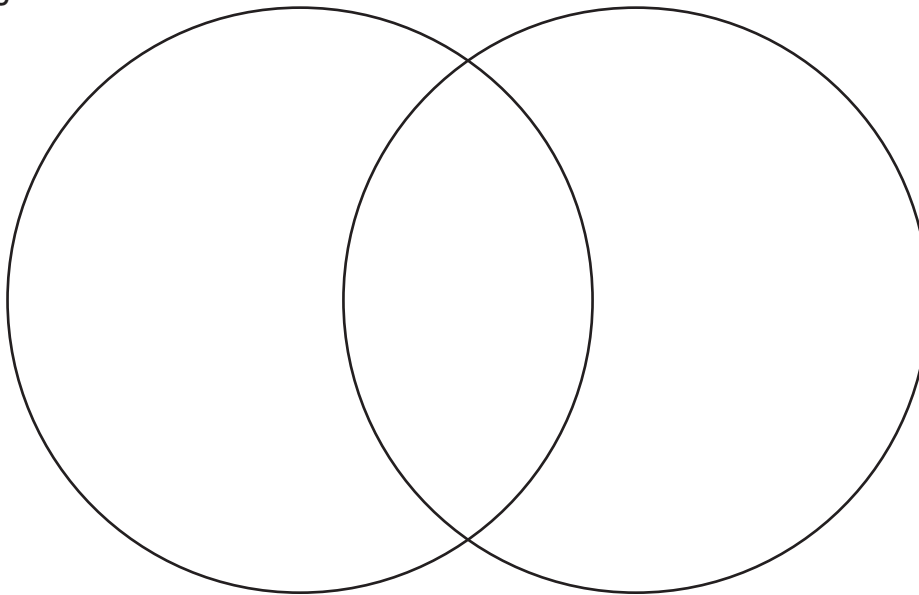
Discussion Questions

1. What do you remember trading in your childhood? How did you decide on its value?

2. List some advantages and disadvantages of using a barter system.

3. What makes an effective currency?

a. Compare the characteristics of one of the items in the comic above and money using a Venn diagram.



b. Create a definition of an effective currency and list its characteristics.

2. Online shopping



Key Concepts

Markets are where buying and selling take place. When sellers provide what buyers want, a market is created. Markets often appear to work seamlessly because at some point the supply and demand of products or services balance one another.

The foundation of economics is **supply and demand**. If sellers have a small supply of something and many people want to buy it, its price rises and it becomes more expensive. A market will tolerate high prices if there are fewer sellers for something in demand, or if supply is low. If supply is high for something but demand is low, prices tend to go down to attract buyers.

Prices tend to even out as supply increases or demand drops. For example, adding shows to a concert tour may reduce ticket prices, or the price for a video game system drops when a new model is released. Consumers exercise their purchasing power by deciding where to spend their money and how much they are willing to pay for something, especially if it is a non-essential good or service. Purchasing power increases when consumers can substitute products or services, such as buying apples if oranges are too expensive.

A market can work to satisfy buyers and sellers because both parties ultimately want the same thing: to exchange at a reasonable price where they both benefit. Increasing the number of sellers can also help balance the supply and demand of something and create an equilibrium.



2. Online shopping

Discussion Questions

1. Provide some examples of goods or services that fall in each of the supply and demand grid boxes below:

	Low Supply	High Supply
Low Demand		
High Demand		

2. What might be the impacts of the following shifts in consumer behaviour?

a. Moving from physical media (CDs or DVDs) to online streaming.

b. Buying organic fruits and vegetables instead of non-organic.

c. Shopping online instead of in a physical brick-and-mortar store.

3. What things do you consider before you buy something?

3. Buying a phone



Key Concepts

Incentives are advantages that motivate you to make a choice. Incentives drive a lot of the economy and motivate us to spend our money in certain ways. A cheaper calling plan might encourage you to sign a contract with one cell phone company over another. Points programs encourage us to spend more money in certain stores, and to treat the rewards points as actual money that we can spend even if we are limited to a particular store or company. An incentive for studying in college or university may be the prospect of a higher salary in the future.

Some incentives are more personal, such as the happiness you feel when donating. But one of the biggest incentives is social—wishing to do what others do.

Money can be a strong incentive for many, but also a **disincentive** if a fee or payment is put in place to dissuade someone from doing something. Earning money for work starts with allowances at a young age and evolves into working for a salary. Money encourages hard work, but potentially doing something you may not enjoy. Money is usually not the incentive as much as what you can do or buy with it—this is called utility.

Extended Concepts

A **loan** is an agreement to borrow money that you will pay back. Loans can be big or small, but all come with a catch: **interest**. Interest is the amount of money charged for borrowing someone else's money. Most banks and financial institutions make money this way because the interest on loans is much more than the interest the bank gives you for money in a savings account. Reading the fine print in loan agreements is important because the interest may cost you even more in the long run. As the old saying goes, often in life there is no such thing as a free lunch.

3. Buying a phone

Discussion Questions



1. a. Would you have made the same decision as the person in the comic? Why or why not?

b. What might be an alternative decision the person could have made?

2. a. When does a payment plan or loan make sense?

b. Who is most likely to use a payment plan? What are some reasons for doing so?

3. How could you create an incentive or disincentive for each of the following situations?

	Incentive	Disincentive
a. Reducing your screen time		
b. Buying durable, sturdy clothing and not fast fashion		
c. Making a community healthier		

4. Watching a movie



Key Concepts

Gains in one place mean giving up something else. The **opportunity cost** is the potential gains or benefits you lose from choosing one option over another. For instance, you could choose to study for an exam or watch a movie but choosing one over the other will cost you time, money and/or comfort.

Extended Concepts

As in the example of the ticket to a bad movie, we often have **sunk costs** in life—amounts that have already been spent and cannot be recovered or refunded. Sunk costs need to be accepted as past expenses and cannot be included in future budgeting. The money, time or effort is already gone, so you're best to move on.



4. Watching a movie

Discussion Questions

1. Determine your own personal opportunity costs for the following situations. Justify your choice between the two options.

a. Choosing to rent or own your own home.

b. Choosing to take time off to earn money for school after graduating high school, or take a loan and go to college or university right away.

2. Sunk costs can relate to either time or money. Think of examples of each and describe why they are sunk costs.

- a. Purchasing a car
- b. Getting travel insurance
- c. Getting a mortgage for a house
- d. Spending money for food at a restaurant
- e. Making a monetary donation to a charity
- f. Purchasing clothing at regular prices

3. Make a list of the pros and cons for a decision you have to make, considering it as an opportunity cost between your best two options.

PROS

CONS

5. The best bag of chips



Key Concepts

Markets rely on **competition**, which happens when different companies produce similar products and sell them to the same people. Competition benefits consumers in many ways. Price competition involves multiple companies lowering their prices to attract consumers. Competition also forces companies to become more efficient or improve the quality of their product to attract customers away from their competitors. Advertising can also make a big difference in this competition for buyers.

Extended Concepts

Utility is the total amount of satisfaction someone has in consuming a good or service. Utility changes depending on personal preference, needs and background.

The example in the comic is of **marginal utility**: the additional satisfaction or benefit that a consumer gets from buying a higher-quality version of a product or one that has better features. In choosing one product over another, consider if the increased enjoyment is worth the higher price. Most of the time, the difference in satisfaction is quite small compared with the price. Think about it this way: would you be twice as content with the chips that cost double the amount?



5. The best bag of chips

Discussion Questions

1. Discuss the marginal utility of each of the objects listed below. In other words, what would make someone pay for a cheaper or more expensive version? Which of the following options would you choose?

- a. A pair of simple jeans versus designer.
- b. A fast-food meal versus a fancy restaurant meal.
- c. A pair of regular basketball shoes versus limited-edition brand name ones.
- d. An economy airplane ticket versus a business class ticket.

2. How do you think brands use utility to market their products? What role does social pressure have in consumer decision-making?

3. How do you think competition benefits society? Is there a downside to competition?

6. At the supermarket



Key Concepts

The cost of goods and services tends to rise over time. This phenomenon, called **inflation**, affects the power of money to buy things over time. Central banks like the Bank of Canada focus on having a low, stable and predictable inflation rate, meaning that prices increase slowly over time. This helps people plan for the future. For example, the price of a movie ticket may be more expensive than it was 10 years ago, but prices for everything else have generally gone up as well, and so too have wages. Inflation is a long-term growth rate of prices, and not a one-time price increase for something (such as from a sudden jump in demand for hand sanitizer or lumber during the COVID-19 pandemic).

The opposite of inflation is **deflation**, where prices of goods go down.

Inflation is measured by comparing the prices of a large selection of goods and services from month to month, or from year to year. Increased demand for a product, supply shortages, rising manufacturing costs or even fear of shortages can cause prices to rise.

Both individuals and the global economy depend largely on **imports and exports**. Importing goods that can be produced more cheaply in other countries or regions can improve the quality of life at home and abroad. Exporting goods and services to other countries helps improve a country's economy. These exchanges also create employment in both places.

Extended Concepts

Inelastic demand occurs when an increase in price may only slightly decrease the number of people who will buy it, due to the necessity of the item. Demand for gasoline or a carton of milk would be inelastic because many people consider these as needs. If a product is less of a need or more of a want, an increase in price will greatly affect demand for it, which is known as **elastic demand**. This occurs with luxury goods or items with many substitutes, such as cars, electronics or even clothing.

A product is considered either elastic or inelastic depending on how an increase in its price affects the public's demand for it.



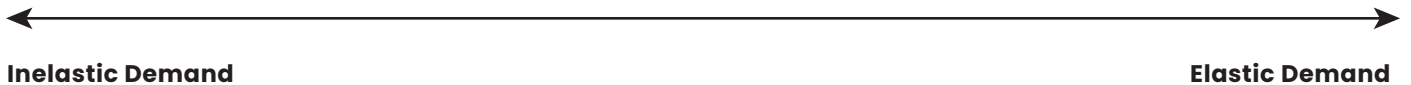
6. At the supermarket

Discussion Questions

1. How does inflation impact people if wage increases do not keep pace with increases in the prices of goods and services?

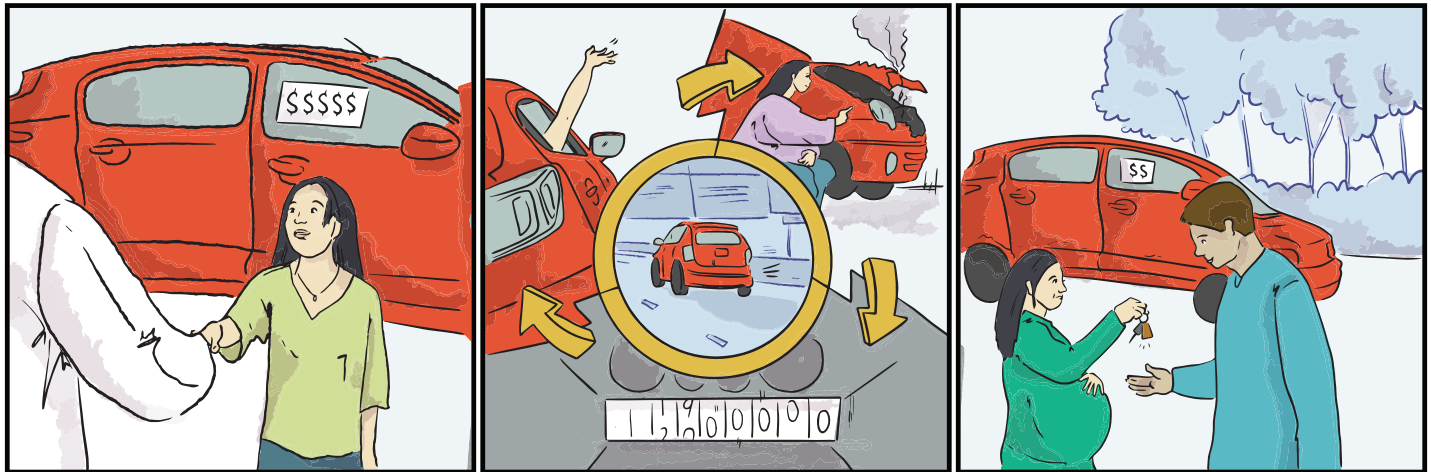
2. Goods can range on a scale from very inelastic demand to very elastic demand. Place the following items on a spectrum of elasticity.

- a. an apartment
- b. a loaf of bread
- c. a television
- d. prescription drugs
- e. a cell phone
- f. diapers



3. How do you think your eating patterns would shift if no imported food was allowed? What local products do you think you would rely on?

7. Car purchase



Key Concepts

Being in **debt** is the state of owing money. It is a natural part of the economy. Debt lets you smooth out your budget over time. Consumers borrow money to help make all sorts of purchases, including paying for some goods that will be useful for many years, such as a home or vehicle. The type and length of the loan, the interest you need to pay on the loan and the value of the item can help determine if the debt is good or bad.

Unless you need a vehicle to do your job, buying a brand-new one can be an example of bad debt because the value of the vehicle instantly begins to fall once it is purchased and driven. However, a home mortgage is usually considered good debt, provided that the value of the home rises over time and the mortgage does not cost much more than renting a place.

Responsibly taking on debt means you can afford to pay it back over time. People who pay their bills and other debts on time build up a credit score. Lenders, such as banks, use credit scores to decide if they will give someone a loan. When someone has a high credit score they have a better chance of securing loans.

Extended Concepts

Many consumer goods are priced at their highest when they are new. While some goods may **appreciate** (become more valuable) or keep their value over time, most **depreciate**. The value of goods featuring new technology tend to decrease as the technology ages. Interest in a new version or feature reduces the appeal of an older product, decreasing demand for it and, therefore, its value.

7. Car purchase

Discussion Questions



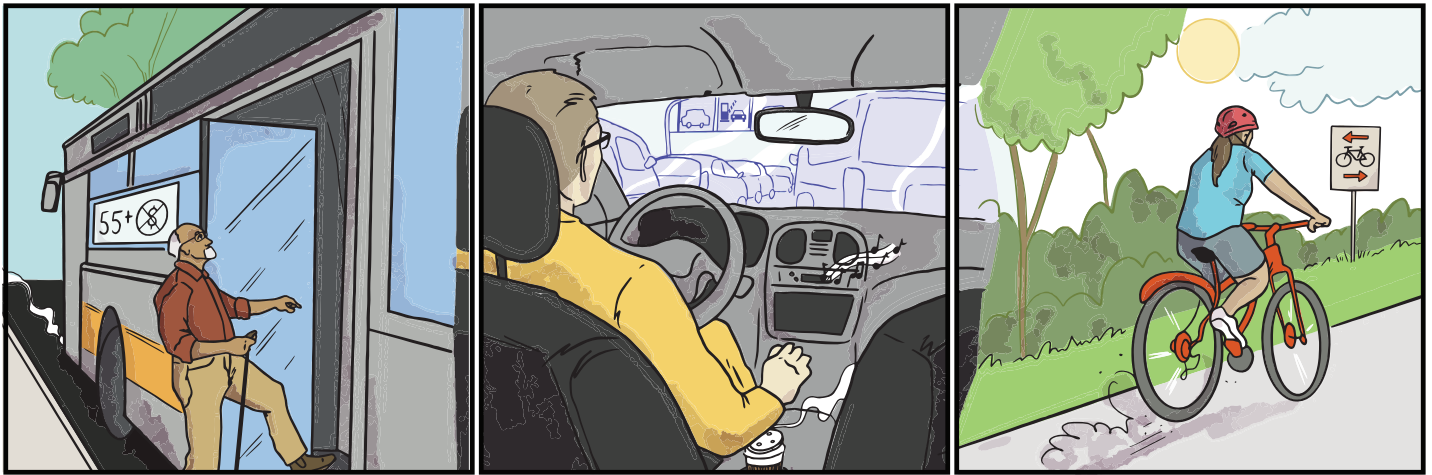
1. Fill out the following chart with examples of goods that appreciate or depreciate over time. Then think of common characteristics of the items in each category. Consider how materials, technology and labour may help decide if a good will appreciate or depreciate.

	Example Items	Common Characteristics
Depreciating Value		
Appreciating Value		

2. Provide some advice to someone who is taking on debt. What should they know?

3. In what ways can debt be helpful to a person or household?

8. Daily commute



Key Concepts

Trade-offs are the decisions we make to allocate our money or time for one thing over the other. If you commute on a bike, you may not need to exercise after work. This saves you time, and maybe also money in gym fees. However, if you commute by bike, you lose the chance to read or work on public transit, which means you may have to spend more time at work or have less time to read at home. And while a car may be fastest and most convenient, owning a vehicle means extra costs like insurance, parking and fuel.

Removing dollar amounts from the equation can be useful in considering trade-offs. Most people think of purchases in terms of how much money they will need to earn through time spent working. Consider if buying an item might mean trading your free time for more work hours: is the purchase still worth it?

Extended Concepts

Some costs or benefits do not factor into the price of producing a good or service but can affect everyone in society. An externality can be positive or negative. The comic shows both a positive and a negative **externality**: air pollution from transportation (a cost) and general wellness that comes from creating green spaces such as parks and pathways (a benefit).

A subsidy is a financial incentive from a government that can encourage consumers or companies to change behaviour. Sometimes, governments provide subsidies in place of an added cost in the price of a good or service. Examples are a subsidy for public transit passes and a rebate on electric vehicles to reduce air pollution.

8. Daily commute

Discussion Questions



1. Looking at the comic, what are some of the trade-offs people make when deciding how to commute to school or work? Choose one commuting option and create a pros and cons list.

	Pros	Cons
Taking public transit		
Driving a vehicle		
Riding a bike		

2. Put together a list of goods or services that are subsidized by different levels of government.

3. Discuss what would likely happen if we accounted for the true cost of a product? How might this affect the supply of and demand for the product?



1. Schoolyard trading

Discussion Questions

1. What do you remember trading in your childhood? How did you decide on its value?

Answers will vary.

2. List some advantages and disadvantages of using a barter system.

Advantages of bartering include:

- i. It can be effective where money is not easily available, such as in remote communities, or for people who do not have a lot of money, such as children.
- ii. If there is a rush to get rid of a good, one trader may be able to strike a deal.
- iii. Bartering can reduce waste: one person's junk is another person's treasure!

Disadvantages of bartering include:

- i. It might be difficult to find a potential trader for what you are offering.
- ii. It might be difficult to trade an object that has a short shelf life, such as food.
- iii. It can be difficult to decide on a fair value for a good or service.

3. What makes an effective currency?

- a. Compare the characteristics of one of the items in the comic above and money using a Venn diagram.

Answers may vary. See answers to part b. for leading prompts.

- b. Create a definition of an effective currency and list its characteristics.

Items may vary, but an effective money has five characteristics. It must be:

- i. Rare, but not too rare.
- ii. Easy to carry.
- iii. Hard to counterfeit.
- iv. Durable—can withstand the elements.
- v. Divisible into smaller parts.



2. Online shopping

Discussion Questions

1. Provide some examples of goods or services that fall in each of the supply and demand grid boxes below:

	Low Supply	High Supply
Low Demand	Luxury goods such as sports cars, jewelry or mansions.	Recalled items; trendy or fad items that are no longer popular, such as fidget spinners, trading cards or another trendy toy.
High Demand	Goods that have suffered a sudden shortage due to weather or production challenges, such as flour during the first few months of the COVID-19 pandemic or fruit and vegetables during a drought.	Electricity, gasoline, food, vehicles, seasonal essentials (snowsuits and boots in winter).

2. What might be the impacts of the following shifts in consumer behaviour?

a. Moving from physical media (CDs or DVDs) to online streaming.

- A decline in the number of music or movie rental stores.
- An increase in internet usage.
- More consumer choice and increased supply of older or limited-run titles.
- Adjusted prices due to demand.

b. Buying organic fruits and vegetables instead of non-organic.

- Increased competition in the market for organic products.
- Shift in demand for pesticides and herbicides.
- New markets and more jobs in food safety agencies.
- Environmental benefits.

c. Shopping online instead of in a physical brick-and-mortar store.

- More direct choice for consumers.
- Fewer retail jobs and bricks-and-mortar stores.
- Increase in the volume of smaller shipments.
- Expansion in the number of local delivery companies.
- Growth in e-commerce businesses.

3. What things do you consider before you buy something?

Answers may include:

- The price compared with your desire or need for the item.
- The price comparison between stores and promotions.
- The quality and type of materials used.
- Reviews from other consumers.
- Convenience (e.g., shipping costs and customs fees).
- The reliability of the seller and the brand.
- The ethics around who made the product and where it was made.

3. Buying a phone

Discussion Questions



1. a. Would you have made the same decision as the person in the comic? Why or why not?

Answers may/will vary.

b. What might be an alternative decision the person could have made?

The shopper could have bought a used phone in a second-hand marketplace, considered lower-priced models of phones, shopped around in other stores to see what the competition offered, or chose to delay making the purchase until they had more money.

2. a. When does a payment plan or loan make sense?

A payment plan or loan often makes sense when:

- i. You truly need something before having the full amount of money to pay for it up-front.
- ii. The loan or payment plan costs little to no interest or can be spread out in installments that make sense for you.
- iii. The purchase is large and you will be using the product for a long time (such as a vehicle for transportation).
- iv. Making a very large investment (such as a home) that you know will increase in value and the repayments are reasonable for you.

b. Who is most likely to use a payment plan? What are some reasons for doing so?

Many people use payment plans, but these plans are most useful when a person’s income would require them to take time to save up enough money to pay the full price up-front. People with less money—such as those on a fixed income, low-income workers or young people—are often drawn to payment plans for that reason.

3. How could you create an incentive or disincentive for each of the following situations?

	Incentive	Disincentive
a. Reducing your screen time	<ul style="list-style-type: none"> -Receiving money to support an alternative such as going to play sports with friends -Not spending as much money because you're not tempted by online ads 	<ul style="list-style-type: none"> -Rising cost of electricity -Data overage costs if using a cell phone -Restrictions on the use of personal devices (at school or in the workplace)
b. Buying durable, sturdy clothing and not fast fashion	<ul style="list-style-type: none"> -Calculating the amount of money saved over the long-run by purchasing fewer clothes that last longer -A subsidy for making or buying natural fibers rather than synthetic textiles and fabrics 	<ul style="list-style-type: none"> -An environmental recycling or landfill fee for the purchase of cheaply made clothes -An import tax on certain materials and clothes
c. Making a community healthier	<ul style="list-style-type: none"> -A reward through a fitness program, such as points or a ranking system -Gym membership included in an employee's health benefits 	<ul style="list-style-type: none"> -A tax on junk foods, such as those high in salt or fat and sugary processed foods -Making roads in your community car-free for pedestrians and cyclists



4. Watching a movie

Discussion Questions

1. Determine your own personal opportunity costs for the following situations. Justify your choice between the two options.

a. Choosing to rent or own your own home.

Answers vary but may include:

- Considerations of how much extra money you might have after paying your rent instead of paying a mortgage.
- Your comfort level in doing your own repairs versus having a landlord responsible for this.
- How committed you are to staying in the same area (buying a home is usually a multi-year investment).
- Whether you see buying a home as a long-term financial investment.
- Whether you can make money by having tenants or roommates.

b. Choosing to take time off to earn money for school after graduating high school, or take a loan and go to college or university right away.

- Your motivation for continuing your studies might be greater after high school, so you can complete your schooling right away.
- Depending on your finances, an extra year of working might help you pay for university or college and avoid taking on too much debt.
- You may also have a better idea of what you'd like to do in the future by taking some time off.
- A degree or diploma course usually leads to higher wages in the future, so short-term pain for long-term gain.
- Starting school without an income from working might help you develop good spending habits.

Weigh the financial implications of schooling: the amount of a loan required for your program, the amount of interest and the payment plan for a student loan.

2. Sunk costs can relate to either time or money. Think of examples of each and describe why they are sunk costs.

Answers will vary, but some suggestions are below.

- Students should think of money losses they might need to stomach or accept. Tickets to a game, recreation centre, etc. (money): whether or not you enjoy the experience, you likely can't get a refund.
- Advertising (money): whether an advertisement is successful or not, the money a company paid for the ad is a sunk cost that cannot be reversed.
- Not wanting to break up with someone because of the time you have put into the relationship already (time).
- Not wanting to quit a book or TV series you don't really enjoy because you are already halfway through it (time).

3. Make a list of the pros and cons for a decision you have to make, considering it as an opportunity cost between your best two options.

Answers will vary. Possible topics might include the choice between two classes you are interested in taking, two activities to celebrate your birthday or two sports you want to learn.



5. The best bag of chips

Discussion Questions

1. Discuss the marginal utility of each of the objects listed below. In other words, what would make someone pay for a cheaper or more expensive version? Which option would you choose between each of the options?

a. A pair of simple jeans versus designer.

You might consider the quality of or confidence in the brand, if there are special features such as specialized pockets or decorative elements, and whether one brand is more trendy but also more likely to fall out of fashion.

b. A fast-food meal versus a fancy restaurant meal.

You might consider level of convenience; portion size to price; the time you want to spend eating; and if you want to eat at home, on the go or in the restaurant. Health is often another strong consideration, as well as the preferences of others if you are ordering in a group and if the fancy restaurant is seen as an experience and not just as a necessity of life.

c. A pair of regular basketball shoes versus limited-edition brand name ones.

You might consider the hype around a particular shoe and how you plan to use the shoes (situations, terrain and activities). If you are purchasing the shoes as a collector, that would also factor into your choice.

d. An economy airplane ticket versus a business class ticket.

You might consider the length of the flight (and therefore how long you'd be able to enjoy the enhancements of one class versus the other). If flying is a treat for you or if you fly often, you may prefer to save money for more flights. You might also consider the service offerings: is a meal and entertainment included in both, and how much does the quality vary between economy and business class?

2. How do you think brands use utility to market their products? What role does social pressure have in consumer decision-making?

Brands highlight ways the product can enhance a consumer's life (adding value either through usefulness or image). Advertisements make a product appear as the perfect choice, regardless of cost or effort required. Social pressures can also affect our purchases, making us feel like we should spend money to fit in with a group, join an activity or display our success.

3. How do you think competition benefits society? Is there a downside to competition?

Competition ensures there is not a monopoly where one company, person or brand owns all the space within a marketplace and can therefore set the price. Competition can also help businesses innovate as they seek to keep their customers and attract new ones away from their rivals. Some downsides to competition include supporting a "race to the bottom," where businesses over-compete and therefore lower the quality of their good or service to keep profits high. If competition is not regulated, competing businesses may also agree to fix the prices of their products or increase their rates to ensure higher profits, all while reducing consumer purchasing power.



6. At the supermarket

Discussion Questions

1. How does inflation impact people if wage increases do not keep pace with increases in the prices of goods and services?

A discrepancy between wages and the cost of goods caused by inflation means that people lose their purchasing power. People in this situation are likely to reduce their spending as much as they can to make up for the loss and look for substitutes, or cheaper alternatives.

While wages also typically rise, high inflation can cause a situation that economists call a wage-price spiral. This occurs when steeply rising prices increase the demand for higher wages, which then leads to higher production costs that pushes prices even higher.

2. Goods can range on a scale from inelastic demand to elastic demand. Place the following items on a spectrum of elasticity.

Answers may vary.

In general, b) a loaf of bread, d) prescription drugs and f) diapers will usually be inelastic because consumer demand is consistent.

On the high end of elastic demand is e) a cell phone and c) a television because buyers have options and these products have enough competition that consumer desires can shift the price more.

a) an apartment may be placed anywhere on the spectrum because the size, location and amenities may shift pricing.

3. How do you think your eating patterns would shift if no imported food was allowed? What local products do you think you would rely on?

Answers will vary.



7. Car purchase

Discussion Questions

1. Fill out the following chart with examples of goods that appreciate or depreciate over time. Then think of common characteristics of the items in each category. Consider how materials, technology and labour may help decide if a good will appreciate or depreciate.

	Example Items	Common Characteristics
Depreciating Value	<p>Physical items like:</p> <ul style="list-style-type: none"> • Most food. • Vehicles. • Major electronics (e.g., video game consoles, televisions, computers, smartphones). 	<p>Items that depreciate usually:</p> <ul style="list-style-type: none"> • Have multiple substitutes. • Are of a lower quality and cost to begin with. • May wear out quickly. • Have become obsolete with new technology. <p>Many items that are new technology lose their value as the technology becomes cheaper to produce by other brands, making the items commonplace.</p>
Appreciating Value	<p>Limited-run items such as:</p> <ul style="list-style-type: none"> • Musical instruments, including pianos, violins and guitars. • Luxury goods like fine wines and gold jewelry. • Collectibles such as comics or coins that are hard to find or are one of a kind. 	<p>Items that appreciate are often:</p> <ul style="list-style-type: none"> • In limited supply to begin with. • Still in good shape years later. • Made with a high level of craftsmanship that technology cannot mass-produce as quickly. <p>They often have a timeless, durable nature to them; they may be a commodity that usually holds its price (such as a precious metal) and could be desired as a social sign of wealth.</p>

2. Provide some advice to someone who is taking on debt. What should they know?

- Have a plan to make sure you can repay the loan in time.
- Be mindful of late fees, installments and total interest that you will pay.
- Shop around for an interest rate and payment plan that works best for your financial situation.
- Consider how the debt might impact your credit score and your ability to take out loans in the future.

3. In what ways can debt be helpful to a person or household?

Debt allows a consumer to buy or rent something important to them sooner than having to save up all the money needed to pay upfront for it. Debt also helps people realize their dreams or goals, such as going to college or university, getting married, buying a house or supporting the needs of a growing family. It allows people to pay back an immediate need in installments over the long term.

8. Daily commute

Discussion Questions



1. Look at the comic, what are some of the trade-offs people experience when deciding how to commute to school or work? Make a pros and cons list and determine what choice you would make.

	Pros	Cons
Taking public transit	<ul style="list-style-type: none"> Affordable option if you can't drive. Better for the environment. Travel time: often uses its own lanes in heavy trafficked areas. 	<ul style="list-style-type: none"> Takes time to follow the route to your destination. Might be crowded. Bound by schedules and service routes. Transfers and waiting in less ideal weather.
Driving a vehicle	<ul style="list-style-type: none"> Likely a faster commute. Always available. Can choose your own music at any volume and temperature setting. Can carry more things with you than the other options. 	<ul style="list-style-type: none"> Traffic could add time. Costs of vehicle ownership (fuel, insurance, tolls, parking). Costs for repairs can add up quickly. Generally worse for the environment.
Riding a bike	<ul style="list-style-type: none"> Can (mostly) use it when you'd like. Low repair costs. Combines exercise with the commute. Best choice for the environment. 	<ul style="list-style-type: none"> Rain, snow, wind or cold can make riding a challenge or unenjoyable. Usually takes longer than other options Could be unsafe depending on infrastructure such as pathways and bike lanes. Higher risk of theft than cars.

2. Put together a list of goods or services that are subsidized by different levels of government.

Answers will vary. Common subsidies may include:

- Rebates to purchase a hybrid or electric vehicle.
- Grants for large infrastructure projects such as a new public transit system or factory.
- Wage-matching grants for businesses to hire students.
- Child care benefits for low-income families to support working parents.
- Rebates on fresh, nutritious food in northern communities where food costs are high.

3. Discuss what would likely happen if we accounted for the true cost of a product? How might this affect the supply of and demand for the product?

The product would cost more, quite possibly reducing its demand. The company might also try to offset the cost in different ways, such as lowering worker wages, increasing automation or using less expensive materials to produce the item. However, the product might also be more popular if it is advertised as unique or when accounting for the externalities in its production and use.