Chapter 3: Economic Security

Section 1: The Canadian Economy Today

- ***Economic Security:*** Economic security means feeling confident that you can meet your needs—like food, housing, and healthcare—and pay your bills. People with economic security can plan their future and feel stable. Without it, they may worry about jobs or expenses.
- Canada's economy is based mainly on capitalism. Goods and services are bought and sold for money, and individuals are free to become as wealthy as they can. This is also called a market economy.

• Needs: things required for survival (food, water, shelter, clothing).
• Wants: extras that make life more enjoyable (cars, phones, vacations).
Some needs—like love or belonging—can't be bought. Our ideas of needs and wants come from values, culture, and advertising.

- **Workers & Employers:** In capitalism, private businesses produce most goods and services.
  Money moves through the economy in a cycle:
  1. Businesses produce goods or services.
  2. Workers earn wages.
  3. Workers spend money on goods and services.
  4. Businesses earn profits and hire more workers.

DISTRIBUTION OF WEALTH

Different systems distribute wealth differently:

Canada has a mixed system—mostly capitalist, but with government programs like healthcare and EI to support citizens.

Capitalism	Socialism
• Individual freedom valued • Goods and services by individuals • Wealth affects ability to meet needs	• Group needs valued • Goods and services by government • Everyone should meet basic needs
• Competition creates wealth	• Cooperation creates wealth

KEY TERMS

• Economic Security – Confidence in meeting your needs.
• Capitalism – Individuals own businesses for profit.
• Socialism – Government ensures everyone's needs are met.
• Profit – Money left after expenses.
• Capital – Resources used to start a business.
• Needs vs. Wants – Essentials vs. extras.

Section 2*: *Understanding Poverty

- **What is Poverty?**

  Poverty means struggling to meet basic needs like food, shelter, and clothing. It can be understood in two main ways:

1. **Standard of Living** – How much buying power a family has compared to others. A lower standard of living means living in poverty.
2. **Income vs. Expenses** – If expenses are higher than income, a family is living in poverty.

- **Levels of Economic Security**

- *Poverty*: Income less than expenses ($90 vs. $100)
- *Getting By*: Income equals expenses ($100 vs. $100)
- *Getting Ahead*: Income higher than expenses ($125 vs. $100)
Having extra money provides **economic security**, allowing savings or spending on non-essentials. Still, quality of life also includes happiness, relationships, and health—not just money.

- **Why Do We Have Poverty?**

Poverty exists for many reasons. Economic changes like job losses can reduce income and trap people in a **poverty cycle**, where the same challenges repeat. For example:
- Poor health → Can't work → Poverty → Poor health
- No transportation → Can't reach job interviews → Poverty → No transportation

Once someone falls into poverty, it's hard to escape because one problem leads to another.

- **Key Points**

- Poverty is about not meeting basic needs.
- Standard of living compares what families can afford.
- Economic security means income is greater than expenses.
- The poverty cycle makes it difficult to get ahead.

Section 3: Building Personal Capital

- **What is Personal Capital?**

Personal capital means anything you have that can help you improve your financial situation, like savings, property, skills, or tools. You can use it to earn income or start a business.

- **Using Money Wisely**

Saving money helps you build personal capital. When you have savings, you can take advantage of sales or special deals. For example, buying several cans of soup when they're on sale saves money later. Saving gives you more options to make smart financial choices.

- **Owning a Home**

Owning a home builds personal capital. Families make a down payment and borrow the rest through a mortgage. Each month they pay off part of the loan, increasing how much they own. Over time, the house becomes a valuable asset.

- **Breaking the Poverty Cycle**

People in the poverty cycle struggle to build personal capital because most income goes to essentials like rent. Education, training, and community programs can help break this cycle by improving job skills and opportunities.

KEY TERMS

Personal Capital	Things that can help you earn or improve your financial situation.

Mortgage	A loan used to buy a home, paid back over time.
Down Payment	Money paid upfront when buying a home.
Poverty Cycle	When low income makes it hard to save or improve your situation.