Personal Finance & Economics:
A Love Story Your Students Will Remember

Or How I Learned to Stop Being Boring and Make Economics Relevant

Maine Jump$tart -- Fostering Financial Education 2018
presented by Steve Kautz
Target Audience

1. Personal Finance Teachers
2. Anyone who wants to make friends with economics
Let’s Get To It

THE Basic Problem of Economics
THE Basic Problem of Personal Finance

This slide alone makes for a great class
Love and Marriage

Good Personal Finance NEEDS Good Economics

✓ You can’t have one without the other
✓ But we all know that economics is boring
✓ Deep down students know it’s right

Is it me or is it the econ? Anyone?
Our Task

To provide a foundation in economic thought in a way that will not only keep students awake, but actually have them engaged, debating, laughing, and... ...learning.
• Oh, this graph...
• I love a good production function as much as the next guy...
• There is a time...
• Schoolhouse Rock 2018?
I Saw The Light

Anyone remember Ross Perot?
Add Just The Right Amount Of Cumin

- Thanks to Dr. Swanson and a pinch of DR/SO...escape the trap of abstract rules...econ became a philosophy – a lens

- I boiled my econ curriculum down to just a few ingredients

- Don’t get me wrong, I LOVE almost any and all econ
Sometimes You Lead With Your

But when teaching econ, you might not get to play your next card
Play Your Aces

✓ Critical parts of economic thought
✓ Critical to PF
✓ Kids relate (adults, too!)
“If all economists were laid end to end, they'd never reach a conclusion.”

–George Bernard Shaw
Economics: The study of how nations manage scarce resources to get what they need or want.

Classroom Activity: what are the key words?
Scarcity

- well, sounds kinda boring when you say it like that

**How about Trade-off and Opportunity Cost?**

- not the best, but kids DO get this
- trade-off is easy, but OC needs some digging

**TANNSTAAFL**

- that’s the ticket
- but…what is it?
TANSTAAFL

• Nothing is free!

• The American marketing machine does everything it can to hide costs – often denying them outright

• Politics gets into the act
  ➢ What do 1000 mile-long walls and college tuition have in common?
  ➢ Unintended consequences
  ➢ Current Events - too bad there is nothing to discuss
Circular Flow

- what goes around...
- connections
- injections and withdrawals make it interesting...and lead nicely into discussions about fiscal and monetary policy
Injections and Withdrawals (Leaks)

\[ \text{IN} \]
1. Government spending
2. Investment
3. Exports

\[ \text{OUT} \]
1. T___________
2. S___________
3. I___________

Get your class thinking, trying to figure these out. Easy connection to personal finance – budgeting, saving, spending. The economy is like a household and the household IS an economy.
The Answer:

GDP, Monetary/Fiscal Policy, and The Federal Reserve

The Question:

What are three things nobody cares about until they are unemployed?
Put This Into Your Circular Flow

Walls, free tuition, guns & butter \(\rightarrow\) gov’t spending \(\rightarrow\) taxes \(\rightarrow\) my pocket

Discuss!
The Paradox Of Thrift

• Ok, this one is a bit abstract, but it works!
• Friends don’t let friends use graphs like this one
The Paradox Of Thrift

“If my efforts in personal finance education are successful, WE could destroy the economy” —Me

“Whoa, Kautz, that is philosophy” —My Students
Honorable Mentions

1. Banking System - The Fed
2. The Debt and The Fed
3. Contrasting Monetary & Fiscal Policy
Shall We Take A Test Drive?

Look at your watch...do we have time?
I hope so. The next slide is counting on us.
The “Buy Local” Discussion

Where econ and pf meet. No, collide. No, get into an argument. Nonono, have an absolute knock down drag out.

When you buy from a small business, you’re not helping a CEO buy a 3rd holiday home. You’re helping a little girl get dance lessons. A little boy get his team jersey. A mom & dad put food on the table. Thanks for shopping local.
Nuggets

DR: Live like no one else so that one day you can live like no one else

SO: Live in your own truth

ME?? Yeah, I’ve got a few.
Kautzisms

- If someone tells you something is free, put your hand on your wallet and back away slowly. Eye contact optional.

- Econ is my BS filter.

- Now let’s get out there and destroy the economy!

- The Kohl’s Principle – 80% off? See “Econ is my BS filter”
Bonus Nuggets Just For You

notice I didn’t say “free” – practice what you preach

• Humor and honesty are emotional.
• Emotions help to write long-term memory.
• No matter what part of economics, make it honest, funny, controversial, etc.
• Lead with your aces.
• Once upon a time... Personal Finance used to be in schools. It was called Home Economics.
• “...it completely changed my econ experience in college”
Give your students the gift of economics as a lens through which to see the fundamentals of personal finance.

They Will Love It.

OK, at the very least they will listen, they will get it, and they will use it.
Economics
Shall we tackle health care?

I think you’re ready.

Thank you for your time and attention.
Questions?