

# **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?*

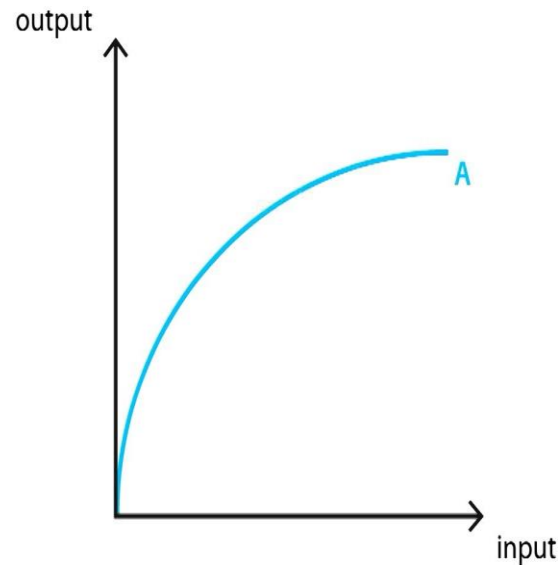
# **Our Task**

**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.**

PRODUCTION FUNCTION

$$Y = y(K, L)$$

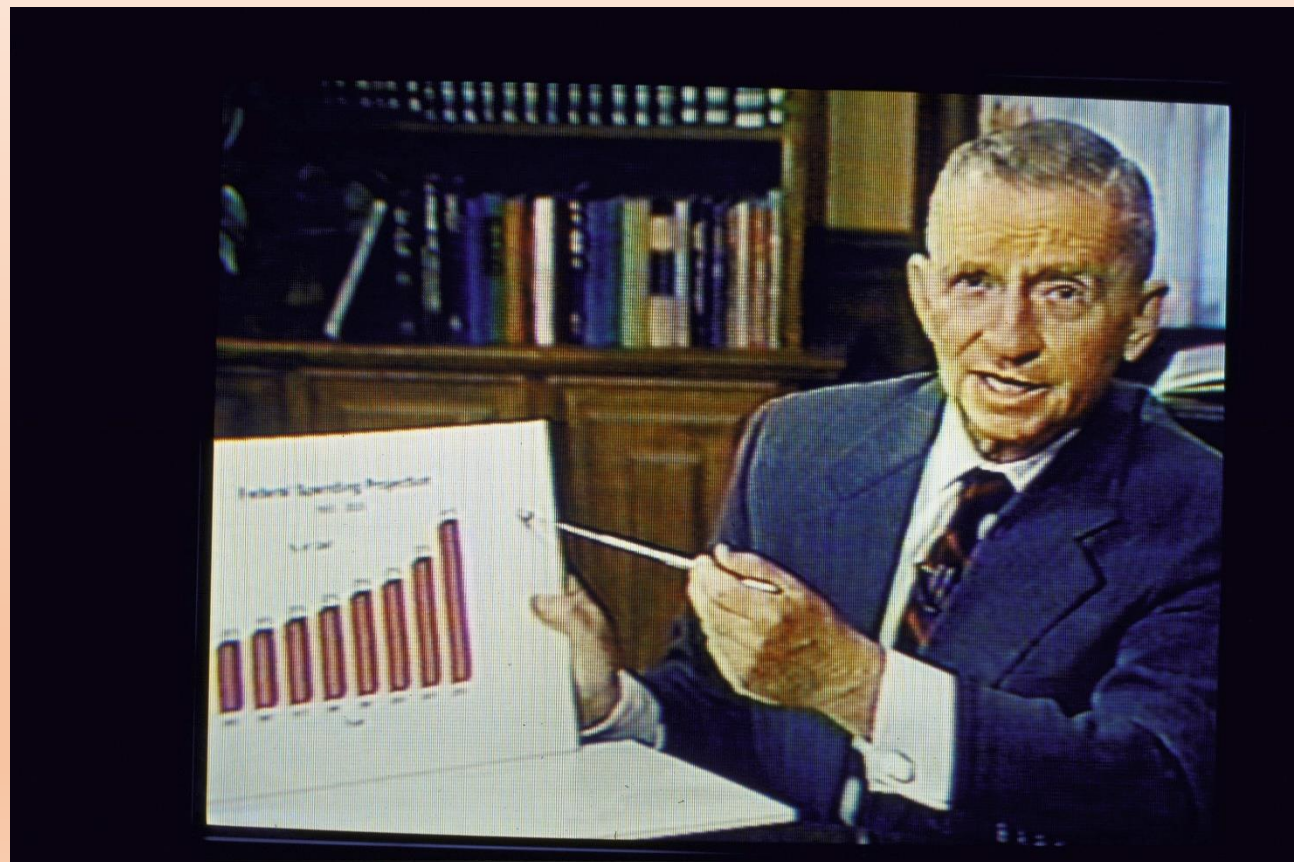


- **Oh, this graph...**
- **I love a good production function as much as the next guy...**
- **There is a time...**
- **\$choolhouse Rock 2018?**



# I Saw The Light

**Anyone remember Ross Perot?**



But who is  
this guy?



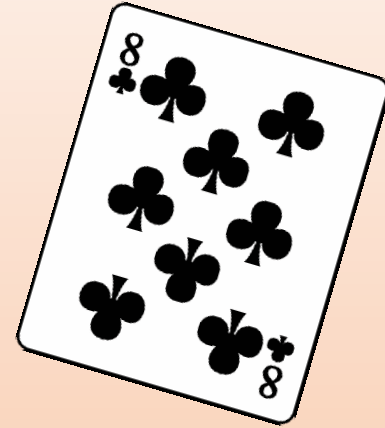
# **Add Just The Right Amount Of Cumin**

- **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?*

# First Up...



## **Scarcity**

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

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

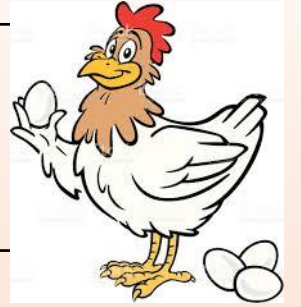
- not the best, but kids **DO** *get* this
- trade-off is easy, but **OC** needs some digging

## **TANNSTAFL**

- that's the ticket
- but...what is it?

# **TANSTAAFL**

*What came first, the  
economics or the budget?*



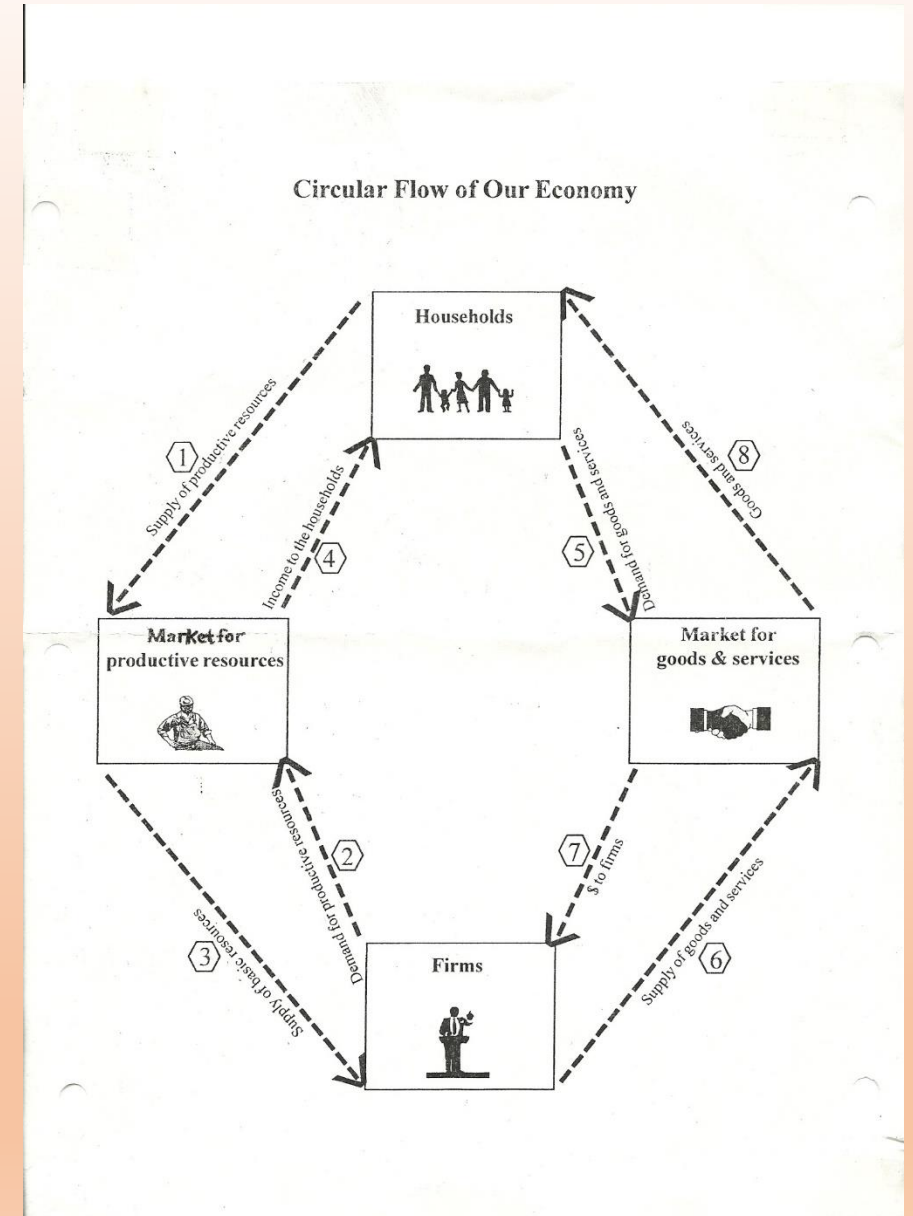
- **Nothing is free!**
- **The American marketing machine does everything it can to hide costs – often denying them outright**
- **Politics gets into the act**
  - **What do 1000 mile-long walls and college tuition have in common?**
  - **Unintended consequences**
  - **Current Events - too bad there is nothing to discuss**



# 2

## Circular Flow

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



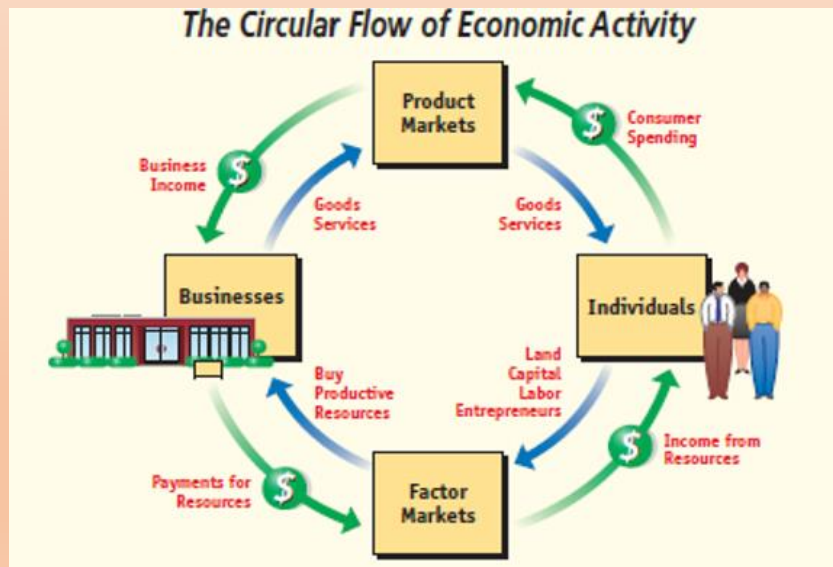
# Injects and Withdrawals (Leaks)

**IN**

- 1. Government spending**
- 2. Investment**
- 3. Exports**



*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.*

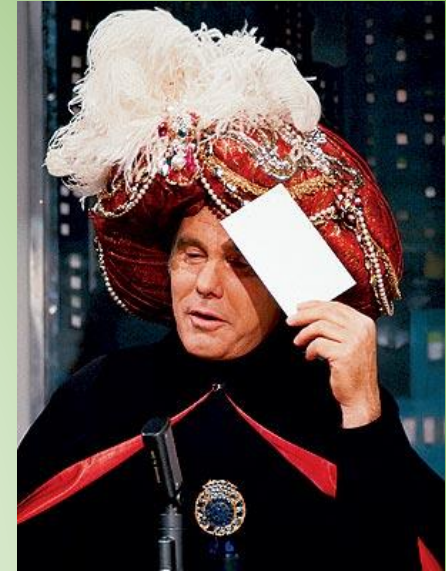


**OUT**

- 1. T** \_\_\_\_\_
- 2. S** \_\_\_\_\_
- 3. I** \_\_\_\_\_

# **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

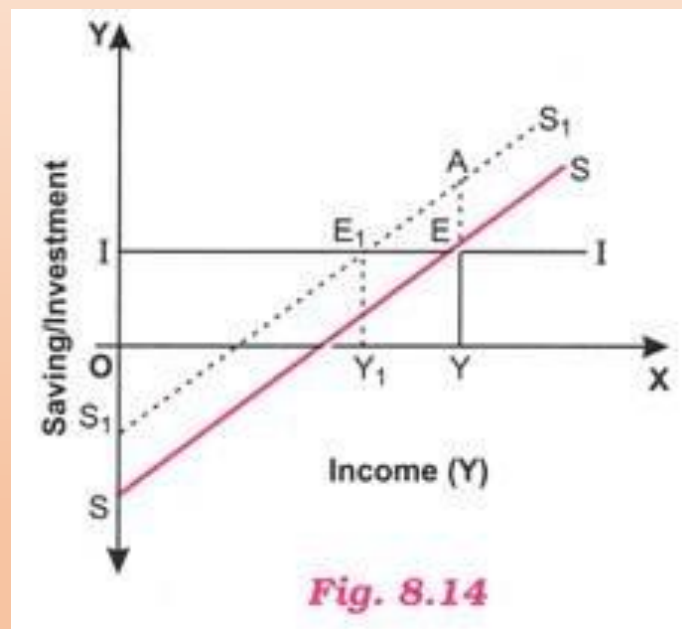
**Walls, free tuition, guns & butter** → **gov't**  
**spending** → **taxes** → **my pocket**





# The Paradox Of Thrift

- **Ok, this one is a bit abstract, but it works!**
- **Friends don't let friends use graphs like this one**



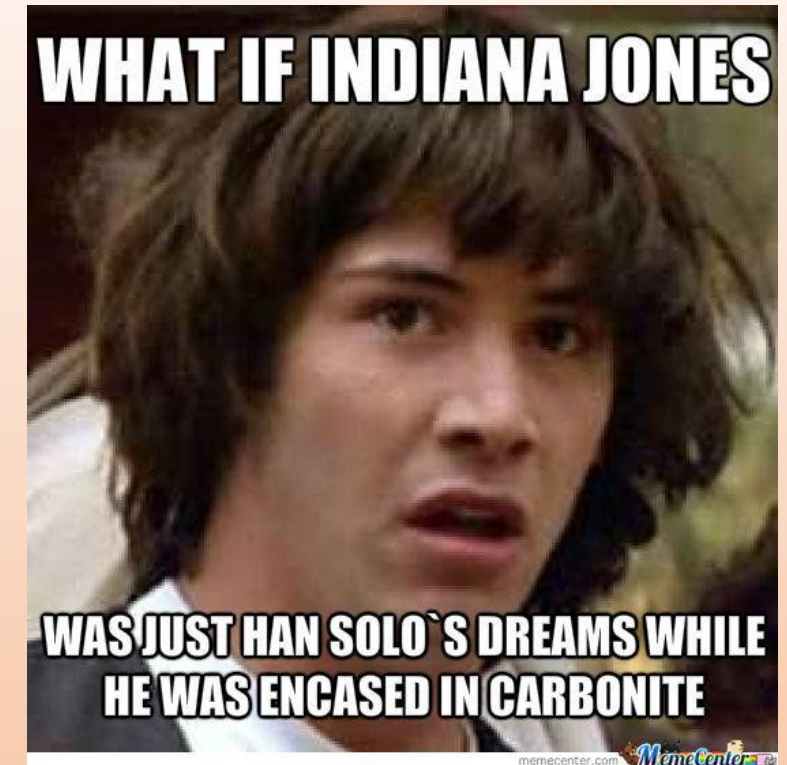


# **The Paradox Of Thrift**

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

---

**“Whoa, Kautz, that is philosophy”  
—My Students**





### 3. Contrasting Monetary & Fiscal Policy



# Shall We Take A Test Drive?

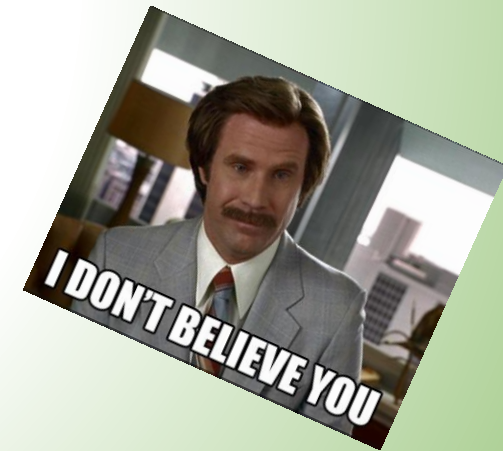
**Look at your watch...do we have time?  
I hope so. The next slide is counting on us.**

*another story?*



# The “Buy Local” Discussion

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



# **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*

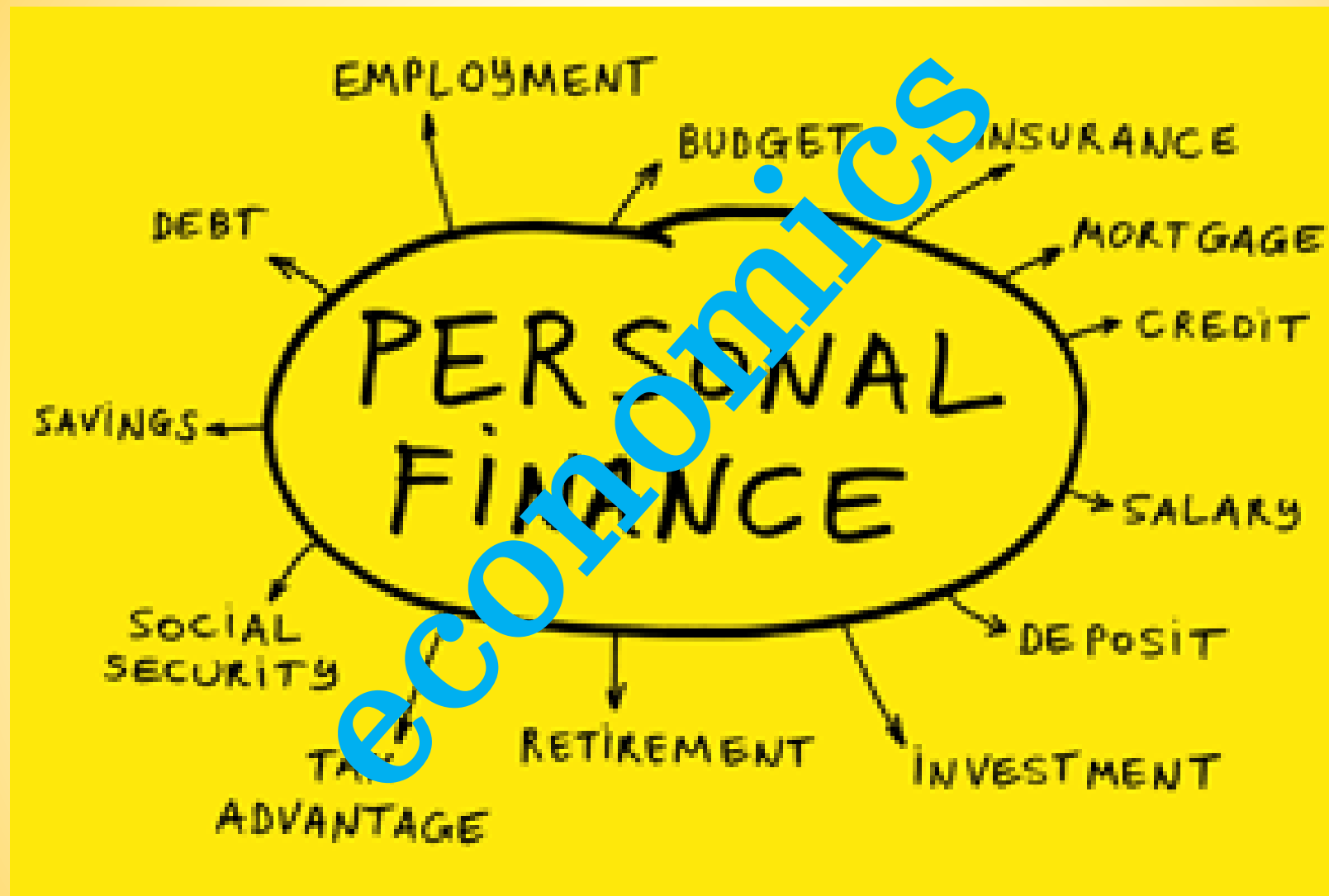
- **Humor and honesty are emotional.**
- **Emotions help to write long-term memory.**
- **No matter what part of economics, make it honest, funny, controversial, etc.**
- **Lead with your aces.**
- **Once upon a time...Personal Finance used to be in schools. It was called Home Economics.**
- **"...it 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.**



**Shall we tackle health care?**

**I think you're ready.**

---

**Thank you for your time and attention.**  
**Questions?**