

Lesson 2: Key Issues

BIG IDEA:

Governments make financial decisions to address important issues and in an effort to influence the economy. In a democracy, citizens should strive to be informed on the issues and proposed policies, and take an active role in public discourse.

LEARNING GOALS:

Upon completion of the lesson, students will be able to:

- Reinforce critical-thinking skills regarding the Québec government's funding priorities;
- Understand the concepts of economic policy, stimulus, austerity and fiscal restraint;
- Understand the importance of paying attention to the government budgeting process;
- Identify the most important issues for the upcoming budget; and
- Compare and analyze different viewpoints on the same issue.

RESOURCES:

- Activity Sheet 2.1: My Québec Budget
- Activity Sheet 2.2: Examining the Issues
- Slide Deck D: The Québec's 2017-2018 Budget
- Slide Deck E: Québec Budget Comparisons
- *Expert Opinions* videos (Québec journalists weigh in on major issues for the upcoming budget)

ACTIVITIES:

Hook: 10-15 min

1. Using Activity Sheet 2.1, tell students to imagine that they are Québec's Minister of Finance. Ask them how they would spend and collect the approximately \$108 billion needed to operate the Government of Québec and deliver services to Quebecers for the coming year.

Teacher Note: Activity Sheet 2.1 asks students to compare their allocation of provincial finances to the actual breakdown of expenditures and revenues. The actual breakdown of government budget can be found on the first slide of the Slide Deck D.

2. Allow students time to share their budget allocations with their peers. Students could create pie charts to show how they would structure their own Québec budget, and these could be posted around the classroom for comparison and discussion.

Background: 10-15 min

1. Review the actual breakdown of the Québec government's main expenditures and revenue sources for the current year (Slide Deck D). How does it compare to the students' ideas from the *Hook* activity?
2. Using Slide Deck D, examine the budget estimates for the Government of Québec's current fiscal year (April 1, 2017 to March 31, 2018) including the November 2018 fall economic update and the 2017-2018 budget.
 - Expenditures = \$104.27 billion (money spent)
 - Revenues = \$106.47 billion (money received/earned)
 - Debt = \$186.5 billion (money borrowed and not yet repaid)

Follow up questions: Will the Québec government have a surplus or a deficit? What is the amount of the surplus or deficit? How do you calculate this amount?

Teacher Note: The surplus projected for this fiscal year is \$2.2 billion.

3. Introduce the following key terms: **economy, economic policy, stimulus, austerity and the Generations Fund**

- **Economy:** The wealth and resources of a country or region, specifically in relation to the production and consumption of goods and services.
- **Economic policy:** When a government adjusts its revenue and/or spending in order to influence the economy.
- **Stimulus:** The fiscal policy of ‘government spending’, typically investment in infrastructure, which creates jobs or supports employment, and aims to boost the economy. Governments around the world, including Canada and Québec, initiated stimulus programs to try to combat the Great Recession (the sharp decline in economic activity which began during the late 2000s).
- **Austerity/ fiscal restraint:** The fiscal policy of ‘government cost-cutting,’ which entails strict measures to limit spending and minimize the deficit. As a result of recent economic turmoil (like the ‘Great Recession’), some national and subnational governments around the world (e.g., provinces and states) are dealing with significant debt and deficit problems. In order to avoid bankruptcy, some countries have implemented strict cost-cutting measures to try to improve conditions. The terms ‘austerity’ and ‘fiscal restraint’ are interchangeable; for example, Québec’s government currently refers to fiscal restraint while some opposition parties refer to austerity.
- **Generations Fund:** A provincial trust fund dedicated to repaying Québec’s debt. The fund is made up of money originating from Hydro-Québec, mining revenues, taxes on alcoholic beverages and other sources.

Getting Into It: 25-40 min

1. Using the *Expert Opinions* videos posted on the Québec Student Budget Consultation website, explore issues raised by several journalists as they share major issues that they believe will be addressed in the 2018 provincial budget. These include issues such as poverty, guaranteed minimum income, infrastructure for public transportation, health care and more.

Depending on the time available, you could focus on one or all of the issues discussed, or assign additional issues to be researched for homework.

2. Allow students to share their own opinions following each set of video. Guiding questions:

- What did you learn by listening to the perspective shared in each video?
- Whose opinions did you agree with most and why?
- Whose opinions do you disagree the most with and why?
- Do your views on these issues differ from those of your friends and family? Why do you think that is?
- Why is it important to listen to ideas from people with different perspectives, including those who represent different media organizations?

Teacher Note: Alternatively, you could assign Activity Sheet 2.2 for homework.

Consolidation: 5-10 min

Have a closing discussion about the public policy issues that impact the creation of the provincial budget. Alternatively, ask students to prepare a written reflection.

- Why is it important that citizens pay attention and participate in the government’s budgeting process?
- Are you optimistic about your future? What are the biggest challenges you face and how can the government help?
- Which issue facing the province do you believe is the most important?
- How can you, as a young Quebecer, advocate for an issue (or issues) that you believe is important?

EXTENSION ACTIVITIES:

A. What do you think the most important issue is for the upcoming budget? Are there any issues that weren’t included in the *Expert Opinions* videos that you feel should have been? CIVIX-Québec invites students to share their own 60-90 second video or audio submission discussing an issue that matters to them.

Students can submit entries individually, in small groups or as a class. There is no limit to the number of entries per school. You can send your video at info@civix.quebec or tweet it @CIVIX_Québec. The deadline to enter is Friday, March 2, 2018. All submissions will be reviewed by CIVIX and selected entries will be posted on the Student Budget Consultation website to be accessed by other project participants. Five entries, as selected by CIVIX-Québec, will each receive a \$50 gift card to Archambault.

B. Finance Minister Carlos Leitão and the Liberal government delivered their most recent budget in March 2017. Review the highlights from the 2017 provincial budget using different media sources. Are there aspects you like or dislike? What policies impact you and your family?

Recommended articles:

- [“Québec 2017-18 budget highlights,” *Montreal Gazette* \(March 29, 2017\)](#)
- [“Québec budget 2017,” *CBC News* \(March 28, 2017\)](#)
- [“Québec’s balanced budget boosts spending, cuts income taxes,” *The Globe and Mail* \(March 28, 2017\)](#)
- [“Highlights of Quebec's 2017-18 budget,” *CTV News Montreal* \(March 28, 2017\)](#)
- [“Quebec budget 2017: What it means for your wallet,” *CBC News* \(March 28, 2017\)](#)

C. In preparation for the Student Budget Consultation survey, ask students to conduct research into economic issues facing the province, and/or ask their family members how the government could improve the economy and support their family.

Key questions:

1. Which step could the government take to fight poverty?
2. Do you think Québec should exploit its natural resources such as fossil fuels and natural gas?
3. Should the Québec government continue the funding of private schools?
4. What measures should be put in place to ensure that the population is up to date technologically? For example, should the government set up programs to teach coding to young Quebecers?
5. What can the government do to help Quebecers develop their skills and their full potential within the province?
6. How can we better prepare Québec to deal with climate change?

D. Québec and several U.S. states are not only geographically close, but similar in other ways as well. While the fiscal situation is in many ways similar, the approach to government spending, taxes and social

measures are drastically different on each side of the border.

- In Québec, a person earning \$50,000 will pay around 24 per cent of his revenue in income taxes. In the US, for instance in Virginia, a person making the same amount would be about 22 per cent in taxes. A Quebecer earning \$100,000 would pay 34 per cent of his revenue in income taxes, while a similar person in Virginia would pay only 29 per cent.
- The Québec health system is almost entirely funded by government. In the United States, health care is only partially funded. Citizens are required to have private health insurance or risk high and potentially financially crippling health costs.
- Québec spends much more on social programs. For example, new parents are eligible to take up to one year off after the birth of a child while still being eligible for employment insurance payments. In the United States, employers are only required to provide up to 12 weeks of unpaid leave. Social benefits are not mandatory and depends on the employer.
- Post-secondary institutions in Québec receive partial government funding to keep tuition costs low. Colleges and universities do not receive significant public funding in the United States, making tuition costs higher. The average cost for a year of post-secondary tuition in Québec is around \$3,000, while it can cost as much as \$30,000 per year in the United States.

Guiding questions:

- Would you still go see a doctor if you had to pay for the visit?
- How would your personal budget change if you were responsible for your own health care costs?
- How would higher tuition costs impact your decision to go to university or college?
- Would you rather have lower taxes and fewer services, or more services and higher taxes?

E. Using Slide Deck E, analyze Québec's fiscal situation compare to other provinces: look at the employment rate, national debt, debt per person and debt-to-GDP ratio.

The **debt-to-GDP ratio** is a measure of a jurisdictions debt in relation to its gross domestic product (GDP). By comparing what a government owes to what it produces, the debt-to-GDP ratio indicates their likelihood to pay back its debt. Generally, governments want to have low debt-to-GDP ratios.

Discussion questions:

- How does Québec's financial situation compare to the other provinces?
- Are there other provinces with stronger economies and job prospects than Québec? If so, which one?
- Economically-speaking, what is the most attractive province to live in long-term?

ADDITIONAL RESOURCES:

- [Québec Student Budget Consultation website](#)
- [Québec Ministry of Finance – Budget 2017, Government of Québec– 2017 Fall Economic Statement](#)
- [The Organisation for Economic Co-operation and Development \(OECD\) website](#)
- [Montreal Gazette, Alison Hanes - columnist](#)