

The market and we, the citizens

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After the introduction of laws and principles ruling the democratic society, the participants will explore the basic features of the new economic reality. The acquisition of basic economic knowledge will help them understand the essence of newly introduced market mechanisms.

Naturally, in the course of a few sessions the idea underlying the functioning of the contemporary Bulgarian economy or the economy of their town/village cannot be presented exhaustively. However, the young people can acquire knowledge about the mutual dependency between different factors affecting market economy, the basic economic categories and participants.

A special session on entrepreneurship is included in the chapter, because the entrepreneurs (businessmen) are those who will revive our economy, they are the symbol of the new economic relations. Of course the main purpose of the chapter is to help the participants get a clearer idea about the relations and the correspondence between the market economy and the democracy. They have to be sure that the principles of democracy, which they had already learnt, are the basis of market economy and vice-versa – that modern economy cannot function if these principles are not observed.

The participants have to know what is the role and place of the state in this process and first of all what are the actions of the state, aimed at the defence of the public interests in the economy. Thus the young people will have a chance to build up not only market-oriented, but also civilly responsible behaviour.

To make the presentation of the economic problems and categories more persuasive and understandable, they are discussed within the context of a given town/village. In this way we not only arouse the interest of a young person to the economic reality but also enable him to think of concrete problems, to establish his civic code of conduct in the local community.

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The economy of my native place



Objectives:

The children should:

- Be able to describe the distribution of the economic activities;
- Obtain an idea and develop the ability for elementary analysis of various types of economic activity which determine the economic structure of the town/village and its historical background;
- Be able to explain the spatial distribution of various economic activities.



Background information:

This is mainly an informative chapter. Its aim is to acquaint the participants with the spatial distribution of the activities in their town/village, to foster elementary skills for analysis of this distribution, to differentiate between various types of economic activity – trade, agriculture, industry, services.

Drawing up a map of the economic activities in the town/village can be used to approach the problems. The participants already have experience with such maps from the Community section and can use it in their new activities. Thus they will be able to establish the links and dependencies between the social and economic characteristics of a given town/village.

The aim of this topic is to teach the young people to distinguish not only between the basic types of economic activities, but also to explain why in the town/village certain activities prevail; to trace these specifics back in history,

traditions, resources, political decisions and various interests. Thus the links and dependence between the social and economic characteristics of the town/village (community) will be clearer.

It is important to differentiate between the basic types of economic activity, to find an explanation why a given activity prevails in a town/village, to relate it to history, traditions, natural resources, political decisions and interests.

It is also important for the participants to establish their view of the town/village as an economic entity with its peculiarities and characteristics, which will be of use for the work on the next topics within this chapter. Thus the participants will come to the idea of the principal role of economy for the development of the region. They will reach the conclusion that the image of the region and people's wellbeing to a great extent depends on the resource distribution and organisation of economic activity.

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For the development of civic consciousness it is important to consider someone's own town /village as an entity of different factors. In order to be a good citizen, he needs to account for these mutual dependencies, and the success of any civic action practically depends on the ability to make an comprehensive assessment of the environment and a lot of other factors.

To prepare sessions the trainer should collect information about the basic types of economic activity in the town/village at present and in the past.

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Activities:

The trainer can use different scenarios for the activities related to the topic, having in mind the size of the town/village, diversity of economic activities, possibility for finding the necessary information about a corresponding activity, the readiness of parents, local institutions or business representatives.

to co-operate in the process.

1. A map of the economic activities – a group task – 40 minutes

To fulfil this task the trainer asks the participants to find out what industrial enterprises are there in the region and where they are located; how many and

what types of commercial companies are there; where and what types of services are offered.

According to the size of the town/village and the diversity of the developed economic activities the task may be reduced to presenting of the economic structure of “my street”, “my district”, “my village”. The participants can be divided into three groups and each group can prepare accordingly: *a map of the production activities, a map of the commercial companies and a map of the services.*

A more detailed picture of the diversity of economic activities the participants will get if each group marks their type of activity on one and the same map.

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2. The economy of my town/village in the past and now – an overview – 2 weeks

For the purposes of the survey the trainer divides the participants into three groups. Each group receives the task to collect information about the economic situation of the town/village during a certain period – before 1944; since 1944 to 1989 and from 1989 till now. The trainer suggests to the groups to choose some points of reference for the structuring of the collected information – number of citizens, available resources, basic activities, traditions etc.

To support the participants in their task, the trainer may seek the assistance of historians from the local museums, ex-governors of the town/village, older people who will try to recollect in front of the participants what was the economic situation in the town/village during a given period in the past.

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3. The professions in my family – independent task – 40 minutes

To fulfil this task the participants will need two weeks, and 40 minutes are allotted for the presentation. The trainer has to clearly state the aim of the task and the deadline that the participants have to meet.

Sample of instructions for the participants:

“Together with your parents, grandmother and grandfather try to make a family tree marking the professions of your ancestors. Try to explore the traditions, factors and reasons that had influenced different generations in their choice of an occupation. Look for a contribution of your parents or ancestors in the development of the town, collect information about the people who had contributed to the development of the town.

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4. A scheme of the shopping street – a creative task – 40 minutes

The trainer preliminary asks the participants to observe what kind of shops and offices are there in the main shopping street– e.g. where are the food stores and how many are they, where and how many are the cafes and restaurants, where and how many are the supermarkets and what types of services are offered in this street.

The task may be reduced to a part of the shopping street, if the town is big. After this information is available, during the session it is suggested that the participants should show artistic and creative approach for the presentation of the shopping street. They should present every site in a specific way – as a drawing, collage, etc.

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The entrepreneur and his role in the local economy



Objectives:

The children should:

- Understand the character of the activity of the entrepreneur, his key role in the economic development;
- Be able to identify the basic features of a modern entrepreneur and the basic spheres of entrepreneurship;
- Try to develop a code of acting of the entrepreneur.



Background information:

The important factor for the success of every market economy is the availability of several conditions: *private property, price policy, market competition and entrepreneurship.*

Entrepreneurship means the ability to look for possibilities and when they are found to act in order to introduce more or better products and services on the market. *The entrepreneurs* take risks, invest their time, efforts and money in the innovative ideas and products although they are not completely sure of their success. *The entrepreneurs* experiment with new methods of management and organisation with the hope that they will be able to use the resources more

effectively than their competitors. They develop new ideas and technologies even if they are unpopular.

Free initiative encourages *entrepreneurship* through important market indicators and stimuli. If the consumers are unhappy with a given product, the entrepreneurs look for a better one. If the price of a given product is high, they try to reduce the costs and hence - the price. If some resources become more expensive and rare, they try to replace them with other ones.

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Activities:

1. Interview with a successful entrepreneur – independent task – 1 week

The trainer gives the participants the task on a sheet of paper with the following text:

“Ask someone you know – a successful entrepreneur – the following questions:

- *Why did you decide to make your own business?*
- *What difficulties did you meet on the way to success?*
- *Did your friends and relatives change their attitude toward you?*
- *Put down the answers?*

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2. A meeting with an entrepreneur – public event – 40 minutes

Preliminarily the trainer invites to the session a relative – businessman or a famous entrepreneur from the town/village asking him to tell the participants about his business-day, how he is planning his activities, which personal traits help him and which impede him in his work, how the state, the municipality, authorities and the local community affect his business, what prospects he sees for his business, how he assesses the competition.

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3. The entrepreneur through our eyes – Brainstorming –40 minutes

In order to succeed together with the participants in creating the image of an entrepreneur today, you can use brainstorming, asking questions in the following order:

- *What qualities are necessary today to be an entrepreneur?*
- *What must an entrepreneur do to organise his activity?*
- *How does an entrepreneur contribute to the economic development of the society?*

After pointing out the entrepreneur's qualities they should be rated according to their importance.

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Conditions for economic activity



Objectives:

The children should:

- Be able to make a general analysis of the resources of a given town/village;
- Identify the needs and how they are satisfied when there is a shortage of certain goods,

and also to understand the meaning of the categories “Demand” and “Supply” and their influence on the economic decisions and the image of a given town/village;

- Be able to get the idea about resources utilisation and economic independence or dependence of the region.



Background information:

In order to attain their aims, the participants should get acquainted with the basic economic categories in more general terms and be able to identify their impact on a given human community.

They will have to be able to use these categories in the analysis of the peculiarities of their town/village and their impact not only on the type of economic activity but also on the overall image of the local society and its civil presentations.

It is necessary that the different types of needs of a given community and the ways of meeting them be identified.

The topic has an introductory part illustrating various ways of satisfying the demand and effective use of resources.

For this topic the trainer has to gather enough important information about the resources in the region and the historically established reasons for the use of

these resources. If there is no sufficient information, it is advisable to use the potential of the local community – to organise meetings with managers, businessmen, representatives of the civil society (the non-government organisations), parents and relatives.

The participants have to realise that their town/village economy depends on the national economy and there is a necessity of international economic integration for satisfying certain needs.

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Activities:

1. The resources available at my town/village – A group task – 80 minutes

To make an overview of the resources available in the town/village, the trainer divides the participants into four groups and each group gets the following instructions:

First group – to estimate the natural resources at the town/village;

Second group – to find out what working power (labour resources) is available, what are the qualifications needed in general.

Third group – to collect information about the capital resources – how many are the industrial enterprises and what equipment they have (new, efficient or old and depreciated);

Fourth group – to make a survey of the state of the entrepreneurship in the town/village – is there any well-developed small and medium-size business and what is its share in the business sector.

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2. Influence of the economic activities upon the resources in the town/village – A discussion – 40 minutes

The aim of the discussion to teach the participants distinguish between the creative and destructive power of man which determines different resource structure of the town/village (region) from a historical perspective; how the natural resources are wasted due to human activity; how this has affected the environment (pollution, migration, water shortage and other proofs of irrational resources utilisation).

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3. Supply and Demand – A game – 40 minutes

There are three stages in this game. In advance the trainer has prepared coupons for the money and make-believe articles labelled “VEST” which will be bought and sold.

First stage – imitation of a buy-sell process under limited demand.

The participants are divided into two groups - traders and buyers (2:1), e.g. the traders are twice as many as the buyers (e.g.: 10 buyers and 5 tradesmen). All buyers will possess equal, but limited resources (10 coupons with nominal value 1000 leva, which is the currency used in the game). The aim of every buyer is to get by all means the only product offered by the tradesmen. Every tradesman has to sell only one “VEST” product, e.g. the minimum offer is 5 products. The minimum price at which the tradesmen are likely to sell is 7000.

The trainer gives individual instructions to the two groups.

Instruction for the tradesmen: “You are not interested to sell at prices lower than 7000 because you will lose. Try to make maximum profit from the sales of your only product.”

Instruction for the buyers: “Your aim is by all means to get that product. Try to buy it at the lowest possible price.”

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Instructions for the trainer: Instruct the two groups separately.

The tradesmen: Give them two “VEST” products. Explain to them that they are interested to sell the product at a minimum of 14000 leva, at this price the revenue for the tradesman is only 1000, because the expenses for the production of the item have increased due to resource consumption and it costs the producers 13000. The tradesmen should not sell it at a lower price because they will lose. Allow the tradesmen to use different means for attracting clients without reducing the price below 14000 – advertisements, additional services for the client, good service, good arrangement of the place for sale etc. Their aim is to sell by all means and to sell more of the products available. Give them enough time to think about their sales strategy and get prepared.

The buyers: Again, the buyers are 10 and every one of them will get an additional 5000, so those who did not buy at the beginning of the game would have 15000 each. The buyers have a choice and have to decide which tradesman to buy from. They should not be in a hurry with the purchase but try to find the best and negotiate the lower price. Obviously, at that price 5 items will be

bought at the maximum, and if some of the buyers decide to take a loan it is possible to sell more than 5 items.

Put down the results again after the completion of the trading. Discuss why some of the tradesmen sold more than the others. Discuss some of the used competition techniques – to what extent are they effective or not under the conditions of increased supply and limited demand, due to high prices and low payment. At what conditions some of them borrowed money and if not comment on this possibility - how to find money for the purchase.

Those who have failed to sell anything during the two stages of the game and those who have sold under the minimum price – **go bankrupt and** do not participate in trading anymore.

Conclusion: *At an increased supply and limited demand it is normal that prices go down and various approaches can be used to attract customers. The shortage of finances creates the necessity of borrowing money under certain conditions of crediting.*

Stage three – imitation of a buy-sell process when we have good agreement between supply and demand.

Instructions to the trainer:

On the market *there* are less buyers left, who, as a result of good organisation of their work, have managed to reduce the production cost of the item to 10000 and are inclined to sell it for a minimum of 12000 leva. Each of the tradesmen offers one more product, so those who have sold everything at the second stage will now have only one item for sale, and those who have something unsold – respectively two or three products. Again, the buyers are 10 and they have surplus income of 10000. Those who have saved money during the first round will have more and those who have debts – will have to pay them back. The buyers are not inclined to give more than 13000 for the “VEST” product. At that stage of the trading probably all products will be sold with good profit for the tradesmen and at good price for the buyers.

Conclusion: *When there is a balance between supply and demand on the market, “balanced” prices are maintained, which satisfies the interests of both tradesmen and buyers.*

**4. I am a businessman– Business project – *Time for preparation – 3 weeks;*
*Time for presentation – 40 minutes.***

The trainer describes to the participants a situation in which they play the role of businessmen who want to invest in their own town/village. He includes possible variants in which every participant should develop his own idea of business or several participants unite and present their own idea. The ideas have to be developed in a written form and presented at a promotion. It is desirable that at the promotion real businessmen be invited who will give their assessment of the real value and prospects of the presented ideas.

For an assessment of the ideas the criteria can be used, which “the future businessmen” will have to use in the development of their tasks, namely:

- the geographical position and peculiarities of the town/village;
- the resources of the town/village and the qualified labour;
- the necessities that have to be met;
- the expected demand;
- the supply – is there any competition;
- the profit – how it will satisfy the investor;
- is the activity promising;
- is the activity going to affect some socially handicapped groups;
- its impact on the environment.

In this game the participants develop entrepreneurial thinking and ability for early orientation in business environment.

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Interaction between the participants in the economic process – contracting, competition, prices

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Objectives:

The children should:

- Be able to comprehend the contractual character of the market relations and the contract as a universal form of settling the relations between people and between people and institutions in the democratic environment;
- To get the idea of competition as a conflict of interests, which at the same time is based on the laws and contractual activities;

- To understand the interrelations and the necessity of agreement in actions between the manufacturers and the clients.



Background information:

In this topic a basic concept is *the contract* as a means of settling the relations in the democratic society and market economy.

The contract means achieving agreement on a given problem between the parties. The problems can be different. E.g.: providing service – when we go to a hairdresser there is an agreement between the provider and us of the service on the hairstyle and the price of this service. The tradesmen in different shops usually contract with the manufacturers what commodities have to be delivered, in what period, in what quantities and at what prices.

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The execution of the contract's provisions is a guarantee for the sustainability of a given society. If the contracts are not executed, it exposes the citizens to arbitrariness and does not provide conditions for the development of democracy.

Apart from this, the participants have to learn what legal procedures are there and whom to turn to in case of breach of contracts.

The other major point is:

- understanding the *competition*, as a foundation of the market economy and democracy – competition of goods, capitals, ideas;
- to understand that the lack of competition leads to arbitrariness and monopoly; that competition also is subject to certain rules and this is reflected in the contracts;
- to understand that the state is the institution which defends the principle of competition;
 - That the competition in different spheres of society is the driving force of public development and economy.

The prices are the expression of an agreement between the producers and the clients through the market mechanisms, but they also reflect the expenses made for the manufacture of goods.

The economy and the effectiveness in the use of resources is the basis for profit under conditions of market economy.

The prices depend not only on an agreement, but also on the public necessity of a given product, as such they are subject to control exercised by specialised bodies, whose duty is to control possible violation of the citizens (clients) rights.
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Activities:

1. Forms of contracting – A task for individual work –40 minutes

The trainer assigns the task to the participants – they should put in three columns at least 5 examples of forms of contracting in the family, in school, in the shop – for about 30 minutes.

One by one the participants read their examples, as every next student only adds the examples that have not been mentioned so far. The list with examples from this collective effort is put on the blackboard and the trainer concludes by commenting with the group the differences in the terms of contract – subject of the contract relations, positions of the contracting parties, conditions of contracting, trust between the contracting parties, etc.

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2. I make a contract –homework – 40 minutes

You will be absent for a long time from your town/village – for a year you will study in another country. Thinking of the marketing in perspective, your parents ask for your permission to give your room for rent for the period of your absence. They suggest to you to make a draft of a contract. Under what conditions would you agree to let your favourite room to someone you don't know.

When giving the task for homework the trainer explains to the participants that preparing a draft contract you must have in mind the positions of both contracting parties. In the contract the rights and obligations of the lessor and the tenant should be mentioned separately. Special clauses should be included in case that the contract is unilaterally broken and others - to envisage termination of the contract by mutual consent.

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3. Competition at my town/village (region, quarter) – A task for group work –40 minutes

To complete this task, the trainer has to divide the participants into several groups and to assign a concrete task to each group:

Example:

First group – analyse the competition between pizza places in the region;

Second group – analyse the competition between the food stores;

Third group – analyse the competition between the cafes.

Let the participants try to find out what are the methods used in the competitive fight – better service, good interior, prices, range of product, etc. and make their own suggestions as to how the places in question can be more competitive.

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4. Discussion “Why do you prefer to meet with friends in one and the same place?”, “Why do you prefer to shop in one of the two food stores near your house?” – 40 minutes

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5. The best advertisement – A game – 40 minutes

The trainer announces that today a firm offering school stationery will have a contest for advertising agents. Five volunteers are chosen who will participate in the competition. In 5-10 minutes each of them can get acquainted with the object for advertising (e.g. a box of pencils, a set of a pen and a pencil, a pencil sharpener, a corrector, a set of markers) and to prepare his own project for its advertising. The trainer explains that the object of the advertising competition will be given to the winner. He mentions some constraints: the advertisement should not contain comparisons of the object with the ones advertised by a competing firm; the information about the product should not be misleading, the advertisement should not take longer than 1 minute.

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Participants in the economic process

Producers

Consumers – individual, unions of customers

The state (the local power)

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Objectives:

The children should:

- Get a clear idea of interrelations between different participants in the economic process;
- Get acquainted with the role of the state in the regulation of market relations;

- Explore samples of contradictory interaction between the local and the central power;
- Understand the role of taxes as a means of meeting public demand.



Background information:

In this session we emphasise the interaction between manufacturers, consumers and the state (local, national authorities), the necessity of regulation of this interaction, defending the interests of given strata of society.

The pupils are a specific social group, which needs a special regime for the protection of their interests, and this must be used in the chapter.

The participants have to understand the necessity to observe the laws and unite to protect common interests – the way manufacturers are united or the way the state represents a purposefully acting institution.

It is important to help the young people realise not only their rights and responsibilities as consumers and participants in the economic process, but also as citizens, fulfilling their obligations to the state and the society. That is why we pay attention to taxes – as a possibility to ensure funds for the functioning of the state, for the protection of certain social groups in a disadvantaged position (children, lonely people, invalids, people with low income) and to develop the social welfare programs. It is important to realise the personal responsibility related to paying taxes and to understand that tax evasion undermines the society as a whole.



Activities:

We would like to offer ideas for a couple of imaginary situations in which the participants can be introduced so that they could see the problems from within. The trainer could use another, real problem of the town/village.

1. Leather-Processing Factory – 40/80 minutes

Local media inform the community that the leather-processing factory situated in the outskirts of the town seriously pollutes the river. Worried citizens collect signatures and submit the letter to the chairman of the municipality council with a request that the problem be discussed at municipality session. The owners of

the factory, agricultural producers from the region and other representatives are invited to take part in the session.

The participants are divided into four groups:

First group – *the owners of the factory*;

Second group - agricultural producers from the region;

Third group – representatives of ecological organisations;

Fourth group – *municipality councillors*.

Each of the groups at the session defends its position.

Position of the owners of the factory: We provide jobs for the greater part of the working population in the region. We make good profit and pay good wages to the workers. We pay high monthly taxes to the state and society. We make donations to the local school on a regular basis. We built the factory here because of the availability of skilled labour and a river, as leather processing requires enormous amounts of water. It is true that we pollute water with chemicals, but we cannot afford purifiers because that will rise the price of our product and make too expensive to sell.

Position of the agricultural producers – Agriculture is one of the main sources of income for the people of our region. Restitution of land and high unemployment rate makes more and more people dependent on income from agricultural products. The land is fertile, the climate – mild and there is good harvest of early vegetables, which are sought on the market and are sold at a profitable price. With the start of the factory for leather processing the water in the river is polluted, as a result our products are not ecologically clean and it is difficult to market them. Apart from that, we, our families and citizens also eat these vegetables containing toxic elements, which threatens our health and the health of our children. Our business and our health are doomed, if measures are not taken against those who pollute the river.

Position of the representatives of the environmental organisation:

We protested before the start of the factory but the municipality officials didn't want to hear us and the civic support of the protest was insignificant. People were unemployed and depended on the income that the factory will ensure to its employees, they did not pay any attention to our warnings about the negative effects on the environment. Now we protest again, but we have solid civic support already, because the waters of the river are polluted, the children no

longer can swim there, fish is dead, agricultural land is permeated with chemicals, vegetables and fruit that we eat are poisonous.

Each of the groups prepares its written statement on the problem for the municipality councillors and suggests its own way to solve it.

Municipality councillors – The three suggestions are discussed at a municipality session. The problem is considered in all its aspects. The participants in the session are looking for solution that will suit all parties and will help to mend the damage done to the environment.

If this situation represents a real problem in the region it is possible that a group submits to the mayor a statement on the problem prepared by the participants. Thus the group will actively participate in its solution, which will become a good example of civic action.

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2. Taxes – the necessary evil – A case – 40 minutes

“As a result of tax evasion, the municipality budget revenues are 20% less than expected. The municipality confronts with a problem: Because of funds shortage it will have to allocate money for only one of the three activities planned in the budget for the year: repair of the local school – the roof is leaking and the classrooms are constantly wet; equipping the new pediatric ward in the municipal hospital; provide central heating for one of the big districts in town. How will the municipality make the decision? Comment on how the unpaid taxes can create tension in the municipality.”

Drawing up a personal code of conduct in the economic reality

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Objectives:

The children should:

- Draw up and discuss their own code of conduct applicable under the conditions of market economy



Background information:

In this concluding topic it is important that the participants use the acquired knowledge and try to define the appropriate behaviour of a citizen in the new economic reality. To fulfil the task better, the young people can use materials on civic behaviour they prepared working on the topic related to

civil society, to explore texts from the Constitution dealing with civil and economic rights.

To prepare a code of conduct that will be valid for all, we suggest that the participants divide into three groups and make their suggestions respectively for the state employee, consumer and manufacturer. It is important to make the young people understand that we all as participants in the economic process, we all have rights and obligations.



Activities:

To draw up a universal code of conduct valid for individual subjects involved in the market situation, we suggest that the trainer should carry out the session in the following order:

Divided into three groups, the participants independently work on the preparation of the code of conduct for a consumer; manufacturer (tradesman) and state employee.

Discussion of the results of the three small groups within the big group. For the visualisation of the working process it would be good if each group presents a poster with their views on the issue. Thus, during the second stage the "critical points" will be marked, e.g. the problems that may provoke conflict of interests. In a common discussion the groups are trying to reach an agreement.

Creation of a common code which will satisfy the needs of all three groups of individuals taking part in market relations.

Comparison of "our code" with the statements in the Constitution and the reality.

Giving ideas in the group "How our code can become everybody's code?" with a description of the concrete steps.