ECONOMIC SYSTEMS IN CANADA AND THE UNITED STATES

THE PRINCIPLES AND PRACTICES OF MARKET AND MIXED ECONOMIES

WHAT ARE THE PRINCIPLES OF A MARKET ECONOMY?

- Decisions about production and prices are based on supply and demand
- Very little or no government intervention
- Importance of competition, private ownership, efficiency, consumer sovereignty, and pursuit of self-interest
- People are responsible for their own economic and social well-being
- Consumers drive the production and prices of goods by the choices they make

FOR WHAT REASON DO GOVERNMENTS INTERVENE IN A MARKET ECONOMY?

- Governments sometimes intervene to protect consumers with laws
- Ensure competition in the market
- Prevent price fixing
- Ensure businesses adhere to minimum ethical practices

FOR WHAT REASON IS CANADA VIEWED AS HAVING A MIXED ECONOMY?

- Private ownership and competition are important but the government is more heavily involved
- Most of the economy is privately owned
- Government does have ownership of some industries
- Government has more regulations on businesses
- Government also provides services such as welfare and old age pension

WHAT IS THE ROLE OF THE CONSUMER IN MARKET AND MIXED ECONOMIES?

- Consumers are the largest driving force for the production of goods
- Most aspects of the markets are privately owned
- Consumers drive production by choosing what they will or will not spend their money on
- Consumers can affect the quality and price of products
- Helps to drive competition
- Consumers can also influence business practices by refusing to support a company known to abuse laborers or not adhere to environmental standards

TO WHAT EXTENT DO CONSUMER ACTIONS REFLECT INDIVIDUAL AND COLLECTIVE IDENTITY?

- An individual’s identity can be reflected through the types of products he/she chooses to buy
- A consumer’s choice can reflect his/her values
- A collective identity can be reflected in the same way if a group of people make specific choices about what to purchase

HOW HAS THE EMERGENCE OF LABOUR UNIONS IMPACTED MARKET AND MIXED ECONOMIES?

- Labor union is a group that operates to protect and promote the rights of its workers
- First started to appear in Canada in the late 1800s
- Industries with unions must make sure that working conditions and pay coincide with the expectations of the union
- In a mixed economy – unions have led to changes in government legislation

Adapted from THE KEY – Social Studies 9 (2010 Edition)
• Legislation protects workers who try to demand change
• Supporters of market economies often feel that unions can have a negative effect on the economy
• When unions exercise their right to strike, the economy is disrupted

WHAT ARE SOME SIMILARITIES AND DIFFERENCES IN THE WAY GOVERNMENTS IN CANADA AND THE UNITED STATES INTERVENE IN MARKET ECONOMIES?

• Majority of the economy is privately owned and operated
• Both governments pass laws to protect the consumer as well as competition
• Both set some standards for labor and environmental protection
• Both governments provide some form of social services
• Most of the differences come from the extent of government involvement in the economy
• Canada – social services are considerably more comprehensive and a broader range of the population has access to those services
• United States – few social programs and a smaller percentage of the population qualifies for them
• Canada – certain services are deemed essential to the population (health care) – regulated and controlled by the federal and provincial governments
• United States – citizens pay for their health services either out of pocket or through insurance companies
• Canada has more publicly owned companies
• Protect and promote Canada’s economy, sovereignty, and cultural identity
• Ie: Canadian Broadcasting Corporation (CBC), Bank of Canada, Royal Canadian Mint, Via Rail

HOW DO THE ECONOMIC SYSTEMS OF CANADA AND THE UNITED STATES DIFFER IN ANSWERING THE BASIC ECONOMIC QUESTION OF SCARCITY?

• Scarcity is an economic condition where there are unlimited wants and needs but limited resources
• All types of government must deal with scarcity
• Three economic questions are...
  o What should be produced?
  o How should it be produced?
  o Who should have access to the products?
• Questions associated with scarcity are answered through supply and demand
• Canada – more allowance is given to services or products deemed essential
• Canadian government may regulate or outright control the production and distribution of products and services deemed essential to ensure all people have access

THE RELATIONSHIP BETWEEN CONSUMERISM AND QUALITY OF LIFE

WHAT ARE THE INDICATORS OF QUALITY OF LIFE?

• Is the extent to which a person or group of people is able to achieve well-being
• Extent to which basic needs (food, clothing, shelter) are being met
• Other factors include social or spiritual well-being – ability to speak your own language, practice your chosen religion
• The degree to which a person can access services like health care, education, and even green spaces
• Political and economic situations – ability to vote or the state of the economy

HOW DOES INDIVIDUAL CONSUMER BEHAVIOR IMPACT QUALITY OF LIFE?

• Through the choices consumers make
• Consumers have started demanding that products be more eco-friendly
• Such demands have improved quality of life
• Consumers are becoming more aware of the impact of waste as landfills fill up

Adapted from THE KEY – Social Studies 9 (2010 Edition)
HOW DOES MARKETING IMPACT CONSUMERISM?

- Marketing is the way in which companies convey knowledge of their product to the masses and try to influence consumers to buy it
- Can have immense impact on consumerism
- Advertising might appeal to a person’s ethical values, emotions or fears
- May suggest that a product will improve a person’s quality of life
- Is a very effective tool for manipulating the behavior of consumers

HOW DOES CONSUMERISM PROVIDE OPPORTUNITIES FOR AND LIMITATIONS ON IMPACTING QUALITY OF LIFE?

- Consumers have a major impact on their own quality of life through the decisions they make
- Consumers can provide opportunities for the improvement of quality of life by demanding products that are good for themselves and society
- Consumers can also have an adverse effect on their quality of life by buying products even when those products are known to be bad for themselves, society or the environment

HOW IS CONSUMERISM USED AS A POWER OF A COLLECTIVE?

- Can be a very effective way for consumers to influence the production, sale or distribution of a product
- Will use boycotts – encourage the public not to buy certain products in order to draw attention to the issue
- People hope to put enough pressure on companies to change their practices

TO WHAT EXTENT DO PERSPECTIVES REGARDING CONSUMERISM, ECONOMIC GROWTH, AND QUALITY OF LIFE DIFFER REGIONALLY IN NORTH AMERICA?

- Canada, United States and Mexico are connected through trade agreements and the movement of goods across their borders
- Most citizens in Canada and United States are generally wealthier than the average citizen in Mexico
- Perspectives on consumerism, economic growth and quality of life are very different in each country
- The ability to purchase products that people both need and want effects their belief about the benefits of economic growth as well as quality of life

WHAT SOCIETAL VALUES UNDERLIE SOCIAL PROGRAMS IN CANADA AND THE UNITED STATES?

- Values demonstrate what a person or society believes to be important
- Different values are apparent through the ways in which social programs are provided in each country
- Both have systems of social services – extent and accessibility of the programs vary greatly
- Canada – belief that all people should have equal access to some services deemed essential to the population
- Canada has a universal health-care system
- Low-income Canadians can apply for coverage on services that are not publicly funded
- Canada has a pension program for all senior citizens
- United States – only very low-income earners qualify for publicly funded health care
- No automatic pension program for senior citizens in the States
- More of a value placed on collectivism in Canada
- More of a value placed on individualism in United States
THE INTERRELATIONSHIP BETWEEN POLITICAL DECISIONS AND ECONOMIC SYSTEMS

HOW DO THE ECONOMIC PLATFORMS OF POLITICAL PARTIES DIFFER FROM ONE ANOTHER?

- An economic platform is a description of what policies a political party believes are appropriate to maintain and stimulate the country’s economy
- Includes policies about taxation, spending and international affairs

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<th>LEFT WING</th>
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<tr>
<td>- More government involvement and ownership in economy</td>
<td>- Primarily private ownership</td>
<td>- Less government involvement and ownership</td>
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<td>- Government spending on social programs</td>
<td>- Some government intervention and ownership</td>
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<td>- Higher taxes to pay for services</td>
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- Canada – Liberal and Conservative Parties – two of the major political parties
- Liberal Party is at the centre
- Conservative Party is to the right
- Liberal Party supports more spending on social programs
- Conservative Party supports more corporate tax cuts
- Canada has three other parties that are considered mainstream – New Democratic Party (NDP), the Green Party, and the Bloc Quebecois
- Bloc supports policies left of centre
- United States – two main parties are Republicans and Democrats
- Both parties are considered to be right of centre
- Republicans are further right on the spectrum

HOW IS A POLITICAL PARTY’S PHILOSOPHY REFLECTED IN ITS PLATFORM?

- Can be reflected in its platform through policies it makes and the way the party believes government funds should be collected and spent
- Policies regarding social programs – whether a political party believes citizens should be able to rely on the government for certain services or if citizens should be responsible for their own well-being
- Policies and taxes can also be reflected in a party’s platform
- How much to tax citizens, what goods and services to tax, and how to spend the money
- Higher taxes = more social programs
- Lower taxes = citizens more responsible for their well-being
- Flat tax means that everyone pays the same percentage of tax
- Alberta’s income tax is a flat tax
- Parties supporting a flat tax = support wealth as a motivation for hard work
- Progressive taxation means that people are charged a higher percentage of tax for making more money
- Parties supporting a progressive tax = support idea of more support for the collective

HOW DOES THE UNDERGROUND ECONOMY IMPACT THE FEDERAL AND PROVINCIAL TAX BASE AND SOCIAL PROGRAMS?

- Government income is almost completely reliant on taxation
- Those who illegally refrain from paying taxes can have a negative impact on government spending
- Tax evasion is illegal
- Black market is when goods and services are sold illegally

Adapted from THE KEY – Social Studies 9 (2010 Edition)
• Tax base is affected by these practices because all the economic activities and taxes are not revealed to the government
• Government collects less tax than it should
• Government has less money to spend on social programs

HOW DO GOVERNMENT DECISIONS ON ENVIRONMENTAL ISSUES IMPACT QUALITY OF LIFE?

• Government’s decisions about how to deal with environmental issues can have an impact on the quality of life of Canadian citizens
• Can either work toward the preservation of the environment or the exploitation of it
• Can exploit the environment
• By allowing development like the oilsands or more deforestation, the government is allowing for more pollution and the loss of trees and foliage
• Demand for resources can result in damage to the environment and the loss of habitats
• Trade of natural resources can affect quality of life as well
• Canadian government has the potential to make substantial gains through trade of resources
• Some believe this improves quality of life as the government is wealthier
• Others believe that environmental impact with reduce quality of life