

Important Concepts . . .

Preview Review



Social Studies Grade 9

**W3 - Lesson 2: The Roles of Government,
Labour, and Consumers in
the Economy**

Important Concepts of Grade 9 Social Studies

W1 - Lesson 1 Citizenship, Government, and Identity
W1 - Lesson 2 Making Laws in Canada and the Role of the
..... Media
W1 - Lesson 3 Youth Criminal Justice
W1 - Lesson 4 The Charter of Rights and Freedoms
W1 - Lesson 5 The Charter and the Workplace
W1 - Quiz

W2 - Lesson 1 Collective Rights
W2 - Lesson 2 Collective Rights of the French and Métis
W2 - Lesson 3 Immigration Issues
W2 - Lesson 4 Immigration
W2 - Lesson 5 Review
W2 - Quiz

W3 - Lesson 1 Market and Mixed Economies
W3 - Lesson 2 The Roles of Government, Labour, and
..... Consumers in the Economy
W3 - Lesson 3 . Quality of Life, Consumerism, and the Economy
W3 - Lesson 4 Social Programs and Political Parties
W3 - Lesson 5 The Environment
W3 - Quiz

Materials Required

Textbook Required
Issues For Canadians

Social Studies Grade 9

Version 6

Preview/Review W3 - Lesson 2

1-894894-82-0

Publisher: Alberta Distance Learning Centre

Written by: Tom Dirsá

Reviewed by: Donna Klemmer

Project Coordinator: Jerry Pon

Preview/Review Publishing Coordinating Team:

Heather Martel and Marlyn Clark



Alberta Distance Learning Centre has an Internet site that you may find useful. The address is as follows: <http://www.adlc.ca>

The use of the Internet is optional. Exploring the electronic information superhighway can be educational and entertaining. However, be aware that these computer networks are not censored. Students may unintentionally or purposely find articles on the Internet that may be offensive or inappropriate. As well, the sources of information are not always cited and the content may not be accurate. Therefore, students may wish to confirm facts with a second source.

ALL RIGHTS RESERVED

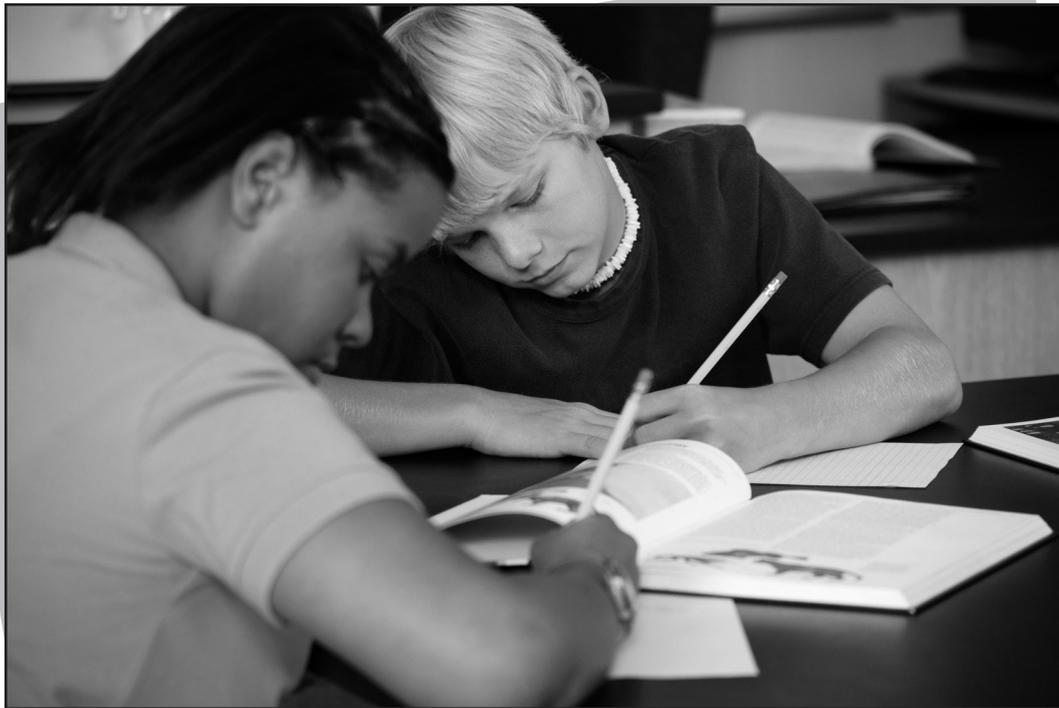
Copyright © 2010, by Alberta Distance Learning Centre, 4601-63 Avenue, Barrhead, Alberta, Canada, T7N 1P4. Additional copies may be obtained from Alberta Distance Learning Centre.

No part of this courseware may be reproduced or transmitted in any form, electronic or mechanical, including photocopying (unless otherwise indicated), recording, or any information storage and retrieval system, without the written permission of Alberta Distance Learning Centre.

Every effort has been made both to provide proper acknowledgement of the original source and to comply with copyright law. If cases are identified where this effort has been unsuccessful, please notify Alberta Distance Learning Centre so that appropriate corrective action can be taken.

IT IS STRICTLY PROHIBITED TO COPY ANY PART OF THESE MATERIALS UNDER THE TERMS OF A LICENCE FROM A COLLECTIVE OR A LICENSING BODY.

Preview/Review Concepts for Grade Nine Social Studies



Week 3 - Lesson 2:

***The Roles of Government,
Labour, and Consumers in the
Economy***

OBJECTIVES

By the end of this lesson, you should

- understand why governments intervene in a market economy
- know some of the similarities and differences in the ways the governments in Canada and the United States intervene in the market economies
- recognize how the emergence of labour unions impacted market and mixed economies
- understand the role of the consumer in mixed and market economies

GLOSSARY

advertising – communication designed to influence people’s buying or consuming patterns

collective bargaining – the negotiations between organized workers and their employer or employers to determine wages, hours, rules, and working conditions

consumer – an individual who uses goods and services generated within the economy

contract – in economics, it is when a market becomes smaller

disposable income – income that is available for saving or spending after taxes and after basic necessities such as food and shelter are paid for

grants – money provided to groups by the government to support an activity

Industrial Revolution – the change in the production of goods marked by the introduction of power-driven machinery

interest rates – the cost for borrowing money

labour unions – organizations of workers formed for the purpose of serving the members’ interests with respect to wages and working conditions

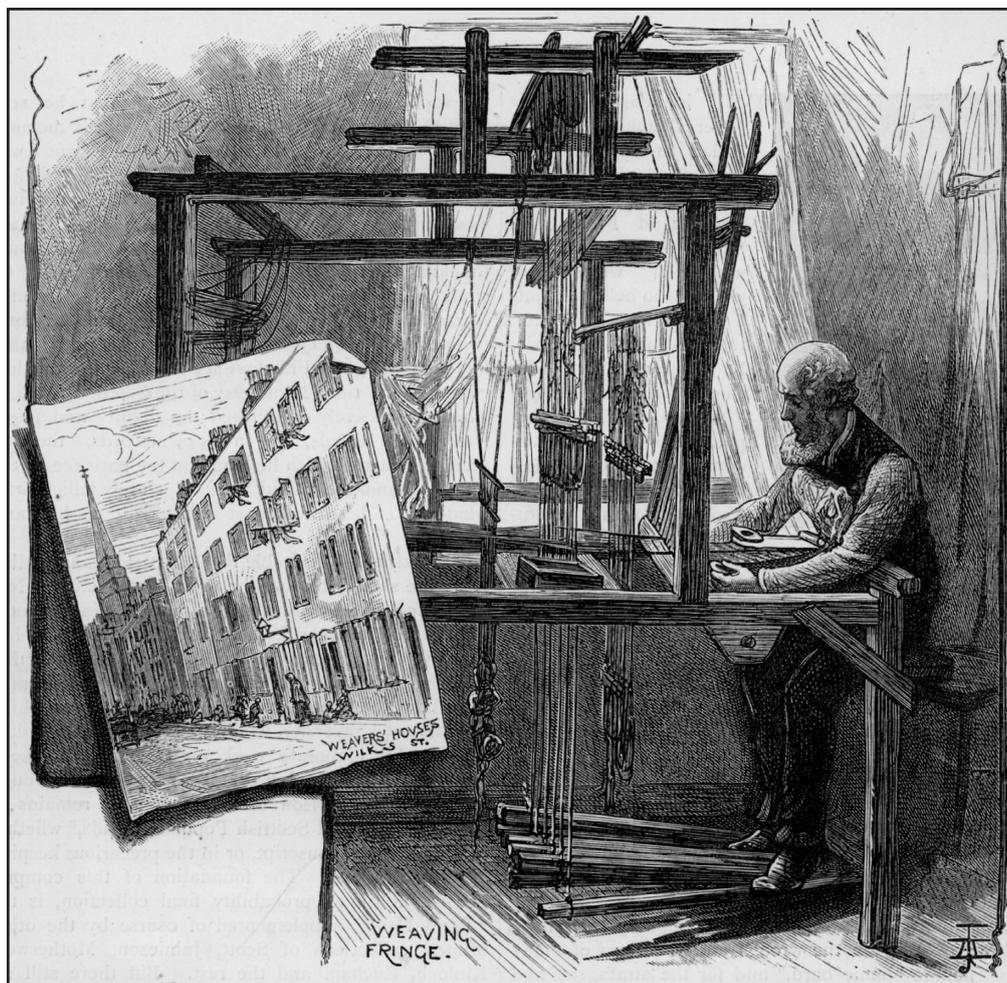
laissez-faire – an economic theory that opposes government intervention in business affairs

strike – the refusal to work by a group of workers in protest against low pay or poor working conditions

GLOSSARY continued...

trend – the direction in which a market is heading (up or down)

unemployment rate – the percentage of people in a labour force who are unemployed



Week 3 – Lesson 2: The Roles of Government, Labour, and Consumers in the Economy

Reading 1: Government Involvement

When countries began to industrialize, many governments believed it was best that the individuals involved in industry be left alone to make the decisions on how an industry should develop. This was an economic theory called *laissez-faire* and it was widely accepted throughout the western world for many years.

On the other extreme of economic theory was the development of a planned economy in which a government is in total control of the decisions regarding the country's economy.

China uses a planned economy model, but the government does allow for individuals to have an input in some of the basic economic decisions. Canada is a mixed economy because it has elements of the economy that the government regulates and has Crown corporations, such as the CBC, actively involved in the economy. The United States believes in the market economy model in which the government should only interfere in the economy when it is absolutely necessary.

Today, most countries have a mixed economy and their governments will, from time to time, become more or less involved in the decision-making aspects of the economy. Governments will get involved in the economy when they see a need to protect and inform their citizens. Governments will also become more involved in the economy if citizens are not being treated fairly or if there is a danger to their citizens. In Canada, the government also supports industries that foster Canadian culture.

To examine Canada's involvement in protecting our cultural heritage, read pages 214 to 215 and pages 218 to 224 in your textbook, *Issues For Canadians*. Then complete Activity 1.



© Thinkstock

Activity 1: Government Involvement

To complete Activity 1, fill in the blanks for each of the following sentences by writing the correct word or phrase on the lines provided. If you are working in a classroom, you may discuss this activity. If you are working individually, complete the activity and check your work with your learning facilitator or teacher.

1. _____ is an economic theory that opposes government intervention in business affairs.
2. When a government has total control of its country's economy, that economy is known as a _____ economy.
3. Most countries have a _____ economy.
4. Market economies rely on the decisions made by individual _____ and producers.
5. _____ agreeing among themselves on what to charge for a product they all _____ is illegal.
6. _____ often fund products and services such as education and postal services considered to be essential to the _____ (2 words).
7. _____ industries such as _____ receive support from Canada's government. It is one of the things that _____ Canada's economy from the _____ (2 words) economy.
8. To maintain a _____ country, some Canadians believe the _____ government must support Canadian creators and _____.
9. Telefilm Canada, a federal government Crown corporation, supports Canadian filmmakers with _____ to produce programs that reflect Canadian _____.
10. In the United States, the government does not directly _____ film companies.
11. Canada's victory at _____ is a story of determination, commitment, and triumph. The battle is considered important in the development of Canada's _____ as a nation.

Reading 2: The Role of Labour Unions

In the late 1700s and early 1800s, a major change in the way goods were produced occurred. Machines driven by power began to replace simple, handmade tools. These machines did not require much skill and could be operated by children.

Children have been considered a source of inexpensive labour ever since man learned to domesticate animals and grow crops. Power-driven machines did not require adult strength, and children could be hired more cheaply than adults. By the mid-1800s, the use of child labour had become commonplace in many factories.

During the 1800s, a child with a factory job worked from sunrise to sunset, six days a week, to earn a dollar. It was not unusual for children to begin working before the age of 7, tending machines in spinning mills or hauling heavy loads. The factories were often dirty and unsafe places to work. Some children even worked underground in coalmines. The working children had no time to play or go to school, and they had little time to rest. They often became ill.

Child labour was less of a problem in Canada because Canada's industry did not fully develop until the 1900s. Canada was able to avoid many of the negative aspects of child labour by introducing child labour laws in the early developmental stages of Canada's industry. Today, all of the provinces and the federal government have laws regulating child labour.¹

At the beginning of the **Industrial Revolution**, people moved from rural communities to cities to work in factories. Workers had few rights to determine the length of the workday or the pay they received. In many cases workers were mistreated. Canadian workers began, in the mid 19th century, to organize into **labour unions** to bargain with employers for improvement in wages, workplace safety, benefits, and working conditions.

Through the use of **collective bargaining**, labour unions were able to improve workers' wages and working conditions. These improvements did not come easily and sometimes a labour union would ask its members to go out on **strike** to impress upon companies how serious the union members felt about an issue.²

To understand the affect of **unemployment** on the economy and how workers rights have changed in Canada, read pages 226 to 235 in your textbook, *Issues For Canadians*. Then complete Activity 2.

¹Scholastic – History of Child Labor <http://content.scholastic.com/browse/article.jsp?id=5428>

²The History of Labor Unions by Joseph Devine Article Source: http://EzineArticles.com/?expert=Joseph_Devine

Activity 2: The Role of Labour Unions

Read each of the statements carefully. If the statement is true, write **T** on the line provided. However, if the statement is false, write **F** on the line provided. Then **rewrite the sentence correctly to make the statement true**. If you are working in a classroom, you may discuss this activity. If you are working individually, complete the activity and check your work with your learning facilitator or teacher.

- _____ 1. In the *Letters to the Editor*, a mixed economist believes the government should consider jobs a public good and take action when required.

- _____ 2. A market economist believes that private companies respond to consumer demand and that creates more and better jobs for everyone.

- _____ 3. A labour strike is the percentage of workers that do not have jobs.

- _____ 4. Child labour was never used before the start of the Industrial Revolution.

- _____ 5. Labour unions provide a way for workers to act as a group and make collective bargaining possible.

_____ 6. Strikes are a form of pressure on employers in which workers refuse to do their jobs.

_____ 7. Today all Canadian jobs are unionized.

_____ 8. The Canadian Labour Code bans the formation of unions.

_____ 9. Labour shortages can drive up wages.

_____ 10. In 1872, the “Nine Hour Movement” lobbied to reduce the workday from nine hours to eight hours.

_____ 11. Canada no longer allows employers to hire children full time, or for dangerous jobs.

_____ 12. A general strike happens when workers from one sector of the economy walk off the job at different times.

_____ 13. The Supreme Court decision about collective bargaining failed to establish collective bargaining as a right.



© Thinkstock

Reading 3: The Role of the Consumer

The term **consumer** refers to an individual who uses goods and services provided by an economy. Consumers have a major impact on our economy because consumer spending drives the production of goods and services. The household spending by consumers accounts for a majority of the Canadian economic output. In market and mixed economies, the role of consumers is to make decisions about what goods and services they will purchase.

If consumers are confident about the economy, they tend to spend more, especially on durable goods and other large purchases. If the overall demand for goods and services increases, it results in an increase in output and employment. If Canadian consumers lose confidence in the economy, then the economy is likely to falter.

What are the factors that can determine consumer confidence?

- **Unemployment rates** will affect consumer confidence. If unemployment rates rise, fewer people have jobs and there is less **disposable income** to spend on goods and services.
- The federal government establishes **interest rates**. If the rates are set too high, it will discourage consumers from spending. If the rates are low, then consumers are encouraged to spend rather than to save their money.
- Companies will use **advertising** to try to influence consumers to purchase certain goods or services. Advertising is used to establish consumer confidence in a brand or convince consumers to continue to buy a brand name because of the confidence consumers already have with a product.

Consumer spending is about choices. These choices are influenced by market conditions and by **trends**. In times of economic boom, consumer spending increases and this encourages companies to expand their products and services. In times of economic difficulties, consumer trends will result in the reduction of spending and possible collapse of some markets.

When a market begins to **contract** and unemployment rates rise, consumers begin to change their spending habits. An example of this is the increase in individuals who begin to shop at discount stores. To save money, consumers often also change what they buy at the grocery store. For example, consumers may spend less on fresh fruit and vegetables, less on expensive meats such as steak, and more on affordable meats such as hamburger. Many consumers will also put off the purchase of a new car or buy a used one instead.

In times of economic distress, entertainment and recreation activities are among the first things consumers will curtail. For example, a trip to Hawaii may be replaced with a vacation to the local lake. Or consumers may reduce spending by refraining from eating out at restaurants or going to the movies.

As hundreds or thousands of consumers make individual choices about their spending, they collectively affect the various markets that make up the economy. If all consumers choose to reduce their spending on non-essential items such as magazine subscriptions, the latest technological devices, or trendy new fashions, those markets may find it difficult to survive.

Governments realize that consumer spending is an important factor in the development of a strong economy. When an economy goes through a downward trend, governments are likely to intervene by providing funds and incentives to stabilize the economy. The Canadian government may extend unemployment benefits, provide funds to the financial markets, encourage consumers to purchase items by lowering interest rates, provide grants for specific goods and services, and provide tax cuts. When the economy took a downturn in 2009, the Canadian government provided tax breaks for Canadians to encourage them to renovate their homes. These and other measures are taken to encourage consumers to invest in the economy and to stimulate growth.¹

To review the role of consumers and how their actions are reflected in the mixed and market economies, complete Activity 3.



© Thinkstock

¹Sources of information provided by: Industry Canada - Canada's Office of Consumer Affairs
<http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca02088.html>
Environmental Systems Research Institute (ESRI) Consumer Spending
<http://www.esri.com/library/whitepapers/pdfs/esri-data-consumer-spending.pdf>
Professor Jim Lee Consumer confidence and the economy
http://www.tracer2.com/admin/uploadedPublications/181_tlmrexpert0210.pdf

- 3. Identify **two** consumer spending habits that often change if the economy beings to falter.

- 4. What are **three** things a government can do to provide incentives to encourage consumers to buy goods and services?

Week 3 – Lesson 2: The Roles of the Government, Labour, and the Consumer in the Economy Review Assignment

Complete pages 11 to 14 as your review assignment for this lesson. If you are working in a classroom, you may be reviewing this together. If you are working individually, complete the assignment and check your work with your learning facilitator or teacher. Use your notes and work from this lesson to help you. This assignment is worth 25 marks

Section A: Matching

Match the term on the right with the correct definition on the left. Write the letter on the appropriate line to indicate your choice. An answer will only be used once. This section is worth 10 marks.

- | | | |
|-------|--|--------------------------|
| _____ | the negotiations between organized workers and their employer | A. contract |
| _____ | communication designed to influence people's buying patterns | B. interest rate |
| _____ | income after taxes and purchasing the necessities | C. grants |
| _____ | the direction where a market is heading | D. strike |
| _____ | the cost for borrowing money | E. consumer |
| _____ | money provided to groups by the government to support an activity | F. disposable income |
| _____ | an individual who uses goods and services generated within the economy | G. labour unions |
| _____ | the refusal to work by a group of workers | H. trend |
| _____ | organizations of workers | I. advertising |
| _____ | when a market becomes smaller | J. collective bargaining |

Section B: Fill-in-the-Blanks

Choose the **best** word to complete each statement from the list of words provided. Write the correct words on the lines. The words will be used only once. Not all the words will be used. This section is worth 10 marks.

children	collective bargaining	consumer	cultural
decision	disposable	economy	goods
Industrial Revolution	intervene	labour union	market
monopoly	planned	price fixing	protect
services	strike	unemployment	unions

1. Canada's government encourages the creation of Canadian _____ products with support and funding.
2. Economic _____ making affects the number and types of jobs available in communities across Canada.
3. _____ make collective bargaining possible.
4. Canadian labour laws no longer allow employers to hire _____ full time.
5. A general _____ is when workers in different sectors of the economy in a particular place organize to stop working at the same time.
6. The _____ _____ (2 words) resulted in people moving from rural communities to the cities to work in factories. (1 mark)
7. When unemployment rises, there is less disposable income to spend on _____ and _____. (1 mark)
8. Governments realize that _____ spending is an important factor in the development of a strong _____. (2 marks)
9. If _____ rates rise, fewer people have jobs.

Section C: Short Answers

Answer the following questions in complete sentences. The value of each question is indicated at the end of the question. This section is worth 5 marks.

1. What is a laissez-faire economy? (1 mark)

2. How do interest rates affect the economy? (2 marks)

3. How can advertising affect the economy? (1 mark)

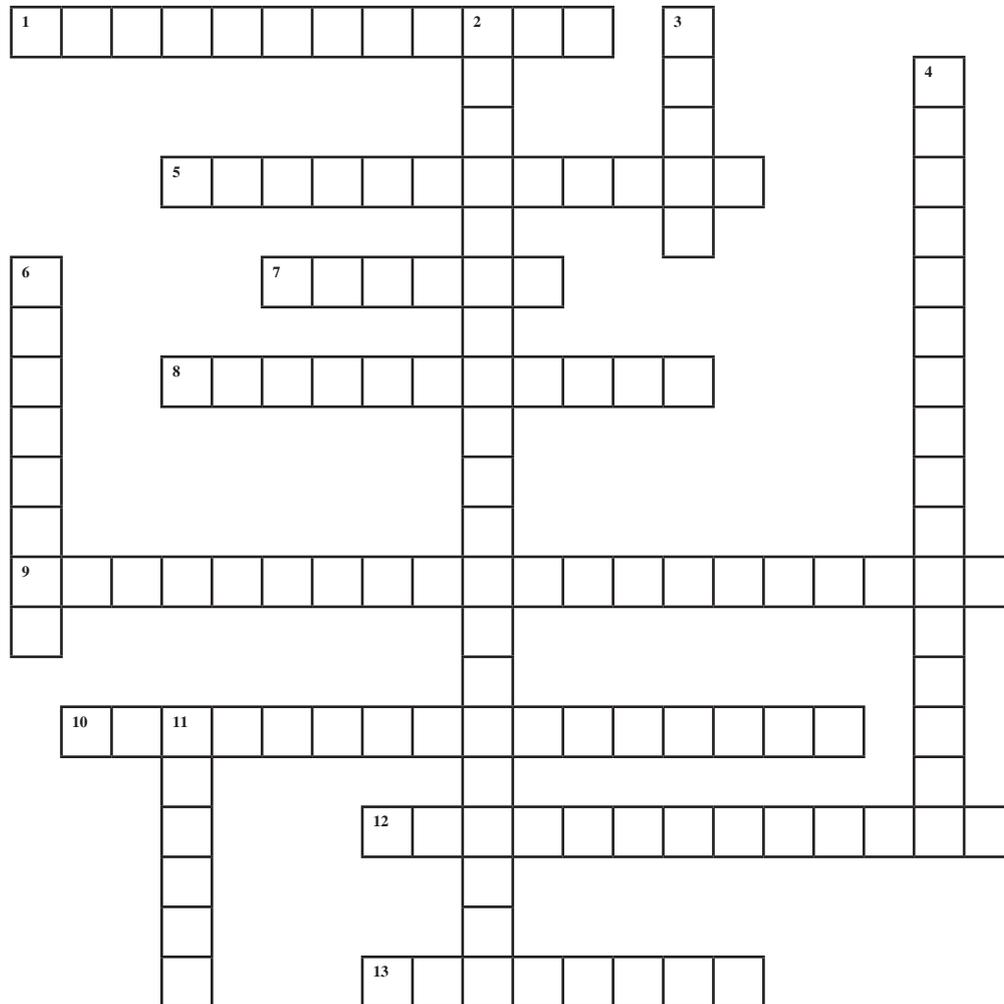
4. What can a government do if the economy goes into a downward trend? (1 mark)



© Thinkstock

Bonus Crossword Puzzle: The Roles of Government, Labour, and the Consumer in the Economy

Use the clues below to identify the words and phrases in the crossword puzzle.



Across

- 1 an economic theory (2 words)
- 5 organizations of workers (2 words)
- 7 the money provided to groups by the government
- 8 communications designed to influence people’s buying patterns
- 9 negotiations between organized workers and their employer (2 words)
- 10 income after taxes (2 words)
- 12 the cost for borrowing money (2 words)
- 13 an individual who uses goods and services

Down

- 2 the introduction of power-driven machinery (2 words)
- 3 where a market is headed
- 4 the percentage of people in a labour force who are unemployed
- 6 when a market becomes smaller
- 11 the refusal to work

