

*Important Concepts . . .*

# Preview Review



**Social Studies   Grade 9   TEACHER KEY**  
**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

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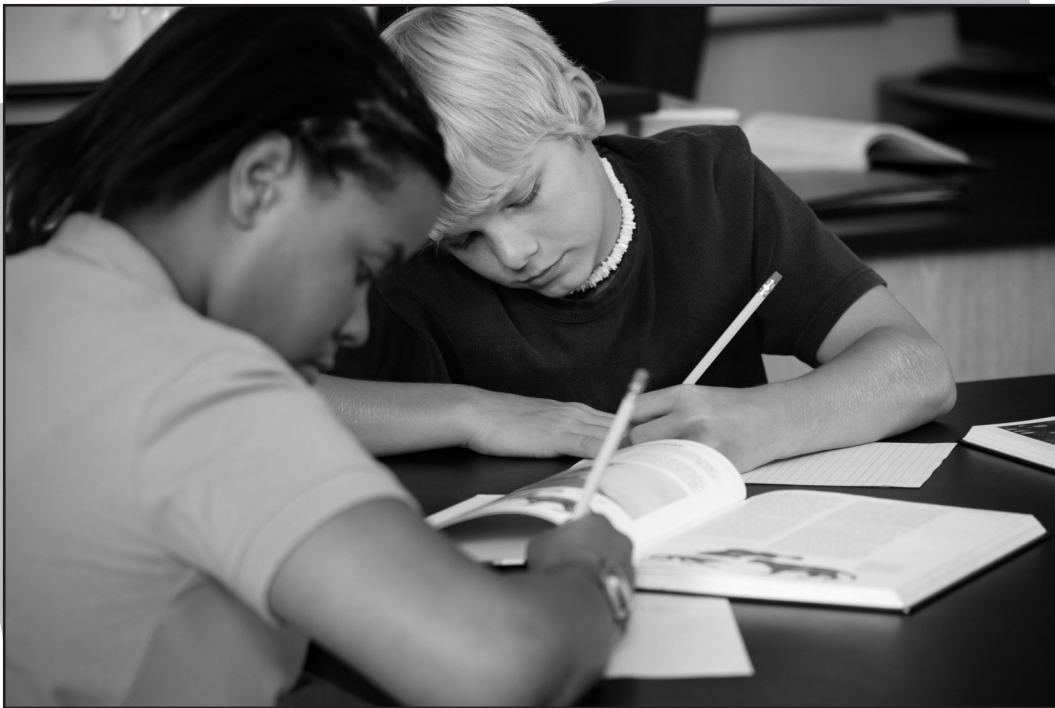
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# **Preview/Review Concepts for Grade Nine Social Studies**

## **Teacher Key**



### ***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

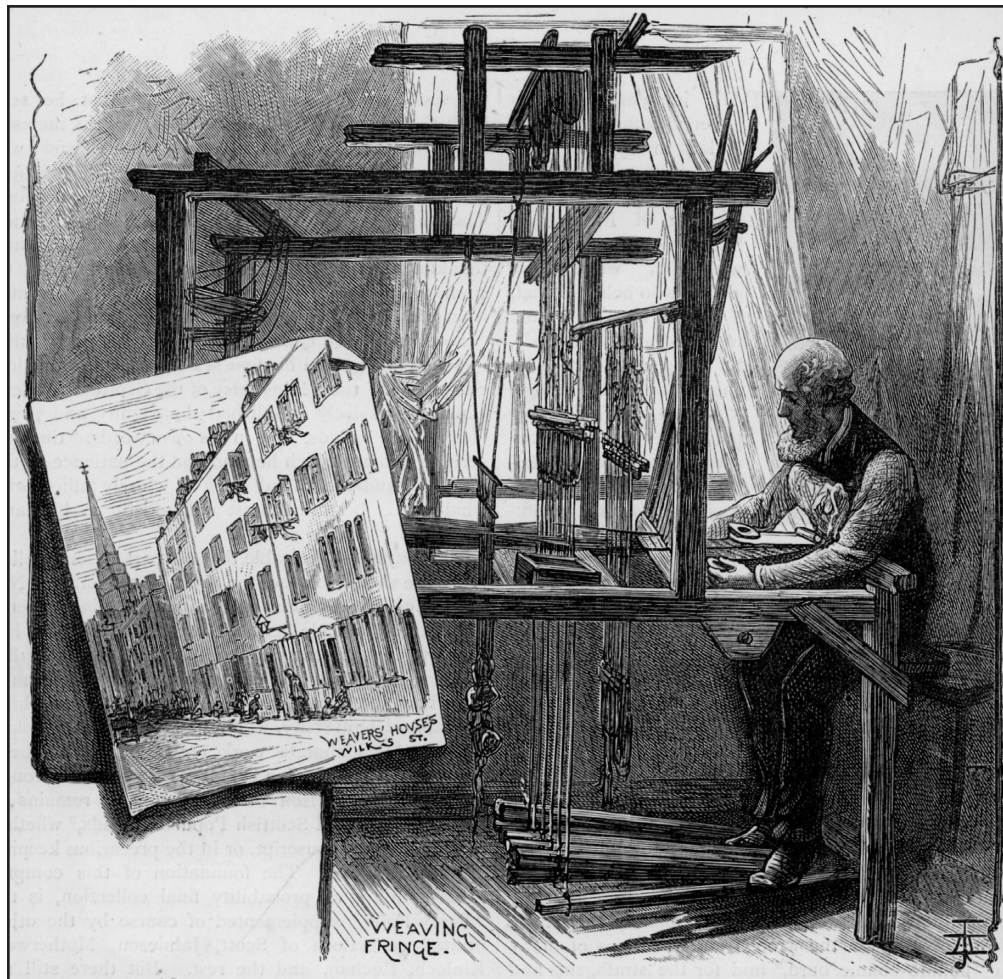
**strike** – the refusal to work by a group of workers in protest against low pay or poor working conditions



## 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



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## 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.



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## 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. **Laissez-faire** 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 **planned** economy.
3. Most countries have a **mixed** economy.
4. Market economies rely on the decisions made by individual **consumers** and producers.
5. **Producers** agreeing among themselves on what to charge for a product they all **supply** is illegal.
6. **Governments** often fund products and services such as education and postal services considered to be essential to the **public** **good** (2 words).
7. **Cultural** industries such as **film** receive support from Canada's government. It is one of the things that **distinguish** Canada's economy from the **United** **States'** (2 words) economy.
8. To maintain a **strong** country, some Canadians believe the **federal** government must support Canadian creators and **artists**.
9. Telefilm Canada, a federal government Crown corporation, supports Canadian filmmakers with **funds** to produce programs that reflect Canadian **society**.
10. In the United States, the government does not directly **support** film companies.
11. Canada's victory at **Passchendaele** is a story of determination, commitment, and triumph. The battle is considered important in the development of Canada's **identity** 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.<sup>1</sup>

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.<sup>2</sup>

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.

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

<sup>2</sup>The History of Labor Unions by Joseph Devine Article Source: [http://EzineArticles.com/?expert=Joseph\\_Devine](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.

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

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

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- F**     3. A labour strike is the percentage of workers that do not have jobs.  
***The unemployment rate is the percentage of workers that do not have jobs.***

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- F**     4. Child labour was never used before the start of the Industrial Revolution.  
***Children have been considered a source of inexpensive labour ever since man learned to domesticate animals and grow crops.***

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

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

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    **F**     7. Today all Canadian jobs are unionized.  
***Not all Canadian jobs are unionized.***

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    **F**     8. The Canadian Labour Code bans the formation of unions.  
***The Canada Labour Code establishes that workers have a right to form unions.***

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    **T**     9. Labour shortages can drive up wages.

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

***In 1872, the “Nine Hour Movement” lobbied to reduce the workday from twelve hours to nine hours.***

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

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- F** 12. A general strike happens when workers from one sector of the economy walk off the job at different times.  
*A general strike is when workers in different sectors of the economy organize to stop working at the same time.*
- F** 13. The Supreme Court decision about collective bargaining failed to establish collective bargaining as a right.  
*The Supreme Court decision about collective bargaining stated collective bargaining is protected as a right under the Charter of Rights and Freedoms.*



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## 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.

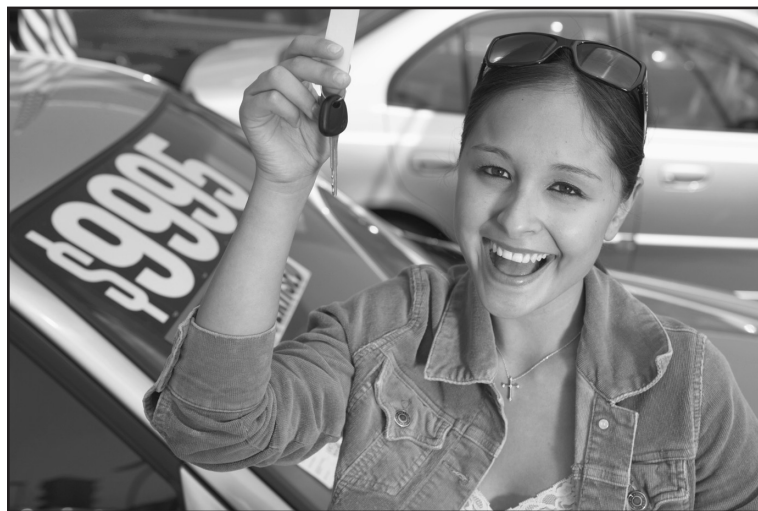


In times of economic distress, entertainment and recreation activities are among the first things consumers will curtail. For example, a trip to Hawaii may be replaced with a vacation to the local lake. Or consumers may reduce spending by refraining from eating out at restaurants or going to the movies.

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.<sup>1</sup>

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



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<sup>1</sup>Sources 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](http://www.tracer2.com/admin/uploadedPublications/181_tlmrexpert0210.pdf)

## Reading 3: The Role of the Consumer

Answer the following questions in complete sentences. 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. What is the role of consumers in mixed and market economies?

*The role of consumers in mixed and market economies is to make choices about which goods and services they will purchase.*

2. Identify and explain **two** of the factors mentioned in the reading that can determine consumer confidence.

*Students should identify and explain any two of the following points.*

- *The unemployment rate can determine consumer confidence. If more people have jobs, consumers will have more money to spend on goods and services and the economy will improve. If unemployment rates go up, then there is less money and the economy will slow down.*
- *If interest rates go up, then there is less money available for consumers to spend on goods and services and this will slow down the economy. When interest rates drop, consumers are encouraged to spend more money.*
- *Advertising can encourage consumer spending and consumer confidence in the goods and services being purchased.*

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

*Students should identify any two of the following points.*

- *Consumers shop more often in discount stores.*
- *Consumers refrain from buying more expensive foods.*
- *Consumers postpone buying expensive items such as a car.*
- *Consumers reduce or change their entertainment and recreation activities.*
- *Any other choice that shows the consumer reducing spending is acceptable.*

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

*Students should identify any three of the following points.*

- *The government can extend unemployment benefits.*
- *The government can provide funds to the financial markets.*
- *The government can encourage consumers to purchase items by lowering interest rates.*
- *The government can provide grants for specific goods and services.*
- *The government can provide tax cuts.*
- *Other answers are possible if they show a government action that assists consumers.*

## 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.

<u>    <b>J</b>    </u>	the negotiations between organized workers and their employer	A. contract
<u>    <b>I</b>    </u>	communication designed to influence people's buying patterns	B. interest rate
<u>    <b>F</b>    </u>	income after taxes and purchasing the necessities	C. grants
<u>    <b>H</b>    </u>	the direction where a market is heading	D. strike
<u>    <b>B</b>    </u>	the cost for borrowing money	E. consumer
<u>    <b>C</b>    </u>	money provided to groups by the government to support an activity	F. disposable income
<u>    <b>E</b>    </u>	an individual who uses goods and services generated within the economy	G. labour unions
<u>    <b>D</b>    </u>	the refusal to work by a group of workers	H. trend
<u>    <b>G</b>    </u>	organizations of workers	I. advertising
<u>    <b>A</b>    </u>	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 **cultural** products with support and funding.
2. Economic **decision** making affects the number and types of jobs available in communities across Canada.
3. **Unions** make collective bargaining possible.
4. Canadian labour laws no longer allow employers to hire **children** full time.
5. A general **strike** is when workers in different sectors of the economy in a particular place organize to stop working at the same time.
6. The **Industrial Revolution** (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 **goods** and **services**. (1 mark)
8. Governments realize that **consumer** spending is an important factor in the development of a strong **economy**. (2 marks)
9. If **unemployment** 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)

*A laissez-faire economy is one that opposes government intervention in business affairs.*

*Students may also indicate that a laissez-faire economy operates on the belief that it is best that the individuals involved in industry be left alone to make the decisions on how an industry should develop.*

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

*Students' responses should include the following points.*

- If interest rates rise, it will discourage people from spending money to buy goods and services and slow down the economy.*
- If interest rates drop, it will encourage people to spend money and the economy will improve.*

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

*Advertising encourages consumers to spend money on certain goods and services; consumer spending benefits the economy.*

*Students may also mention that the more successful the advertising, the more sales will occur, which will help the economy.*

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

*Students' responses should include one of the following points.*

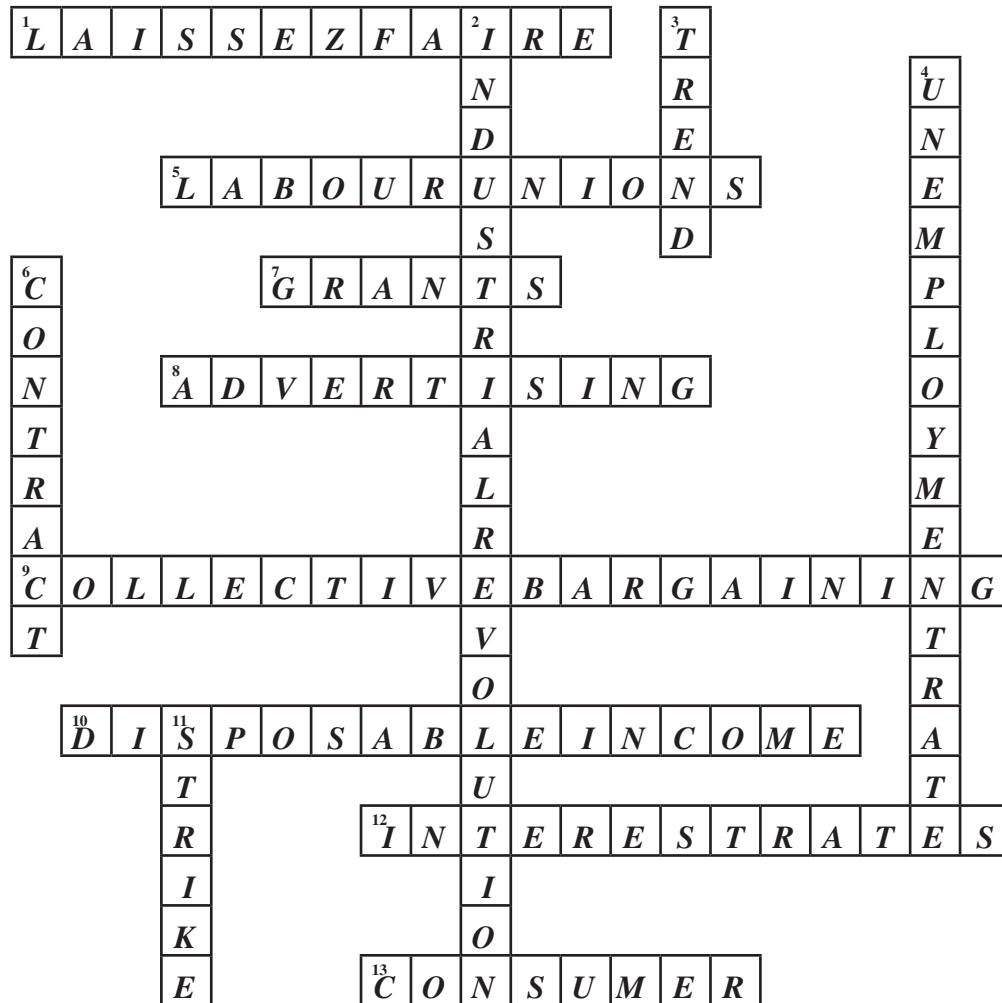
*If the economy begins to slow, a government may*

- *extend unemployment benefits*
- *provide funds to the financial markets*
- *encourage consumer spending by lowering interest rates*
- *provide grants for specific goods and services*
- *provide tax cuts*



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



## Down

- |    |   |    |   |
|----|---|----|---|
| 1  | an economic theory (2 words)  | 2  | the introduction of power-driven machinery (2 words)          |
| 5  | organizations of workers (2 words)                                  | 3  | where a market is headed                                      |
| 7  | the money provided to groups by the government                      | 4  | the percentage of people in a labour force who are unemployed |
| 8  | communications designed to influence people's buying patterns       | 6  | when a market becomes smaller                                 |
| 9  | negotiations between organized workers and their employer (2 words) | 11 | the refusal to work   |
| 10 | income after taxes (2 words)  |    |   |
| 12 | the cost for borrowing money (2 words)                              |    |   |
| 13 | an individual who uses goods and services                           |    |   |







