Social Studies 9 Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Student Booklet 6B Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 **Economic Systems of Canada and the United States**

 **Scarcity & Supply and Demand**

**TYPES OF ECONOMIES**

Make notes on the Economic Spectrum provided below as you progress through the interactive on the board.

*Summary*: economies are based on the ownership or resources. Governments can have varying amounts of involvement in the economy. This may depend on the political party in power.

***How does the metaphor apply???***

The **command economy** at the far left of the economic continuum is a government controlled economy, much like the zoo, where the animals are totally dependent on the zoo keepers to provide their basic needs and make most of the decisions. The zoo keepers’ decisions impact and maintain the animal’s quality of life. In a command economy, the government makes the decisions, and consumers have very little to no influence on economic decisions.

On the far right is the untamed wild where it is survival of the fittest for these animals. In a true **market economy**, there is no government intervention. Individuals make economic decisions. Values and beliefs help an individual make decisions that ultimately determine quality of life.

The game reserve falls in the middle: Animals are protected to some degree but are allowed to roam freely.

In a **mixed economy**, there is some government decision making as well as economic freedom where individuals make independent decisions. Therefore, the government and the individual will both determine quality of life.

A mixed economic system and a market economic system are the two most common economic systems in the world. At one point, the command or planned economic system was much more common and was a great influence on the world’s economy. China was once a command economy but has shifted toward a more mixed economy.

**Government Spending**

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In government, different political parties vary in their values and beliefs about how much government control there should be. What political party has been elected will determine how much government spending occurs.

The United States economic system is founded on capitalism, where the goal is minimal government control and minimal spending on the economy. China’s economic system, by contrast, is based on socialism, where there is more government control and more spending.

***60 Second Adventures in Economics (Video Notes)***

Summarize each section of this video as best as you can.

Part 1: The Invisible Hand –

Part 2: The Paradox of Thrift –

Part 3: The Phillips Curve –

Part 4: The Principle of Comparative Advantage –

Part 5: The Impossible Trinity –

Part 6: Rationale Choice -

**Comparison Chart**

**Government Involvement in the Economy**

Governments get involved in the economy to ensure that **public good** is achieved. Government funds goods and services that it feels benefits everyone in society for the public good, such as education and health care. Depending on the values of the nation, a government can have a small role or a very large role in making these economic decisions.

1. Complete the following chart based on what you read in “Canadian Economic History versus U.S. Economic History” on page 205 of your textbook.

|  |  |  |
| --- | --- | --- |
|  | **Canada** | **United States** |
| **How is the Public Good achieved?** |  |  |
| **What are similarities in the economic systems?** |  |
| **What are differences in the economic systems?** |  |
| **Why do governments get involved?** |  |
| **My thoughts on government involvement in the economy.** |  |

1. Read page 206. How can an economy “shift” left or right on the economic spectrum?
2. Read page 207. What is a **crown corporation**?
3. How might a Crown corporation impact identity?
4. Define the following terms in a way that you can understand them. Give an example to illustrate your definitions.

**Unemployment Rate:**

**Gross Domestic Product (GDP):**

**Imports:**

**Exports:**

1. Consider how events in United States history have shaped the way that the public good is achieved in the United States. Examine “The U.S. Economy” on page 208 of your textbook to view some examples that reflect the ideal of public good and individualism. Jot down some key points.
2. Why does government get involved in the economy? Read “Why do governments get involved in market economics” on pages 214 and 215 of the textbook. As you read, consider what the economy and your quality of life might be like if government was not involved.

**SCARCITY**

Define the following words:

**Supply:**

**Demand:**

**Scarcity:**

***Scarcity happens when peoples’ needs and wants are not met because there is a shortage or lack of a desired good or service.***

**Scarcity Explained (video notes)**

Three points that capture your attention as you watch the video:

*

*

**Factors of Production**

Think about your needs and wants. Scarcity, in economic terms, occurs when there are unlimited wants and limited resources. Most things that people need or want are limited because there are limited resources available.

Factors of production are the resources needed to produce goods and services. The term ***production*** refers to the producing of goods and services. The resources of land, labour, and capital are called factors of production and used to produce the goods and services.

* Create your own definition of the word ***land*** as a factor of production based on the pictures:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Write the actual definition: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Create your own definition of the word ***labour*** as a factor of production based on the pictures:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Write the actual definition: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Create your own definition of the word ***capital*** as a factor of production based on the pictures:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Write the actual definition: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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***So What???***

When producing goods, the producers combine the factors of production. When producers cannot produce enough of a good to meet the demand, **scarcity** is created.

**The Three Economic Questions**

Unlimited needs and wants and limited resources result in scarcity. To solve the problem of scarcity, all societies must answer three basic economic questions.

1)

2)

3)

How a country answers these questions determines the type of economy the country has and the quality of life that the society experiences.

**Read “Economics in Action”**

Read another example of scarcity in “Economics in Action,” the comic on pages 199 to 201 of your textbook and answer the following questions. Consider what you now understand about scarcity, needs and wants, goods and services, and factors of production.

1. Why didn’t the game manufacturer make more games?
2. Why did the truckers go on strike?
3. Why did the store decide to sell the games for less?
4. Why would anyone buy it for $99.99?

**SUPPLY AND DEMAND**

**Consumer Choice**

I**n a market economy, consumer choices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economic decision making**. Market economies are characterized by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Buyers compete with buyers; sellers compete with sellers. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ owns and controls all of the businesses. Supply and demand is based on consumer choices.

**In a mixed economy, consumer choices \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the economic decision making**. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, however, does remove the role or need for consumers to be concerned about all of their needs. An example of this would be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which is controlled by the government and paid for by \_\_\_\_\_\_\_\_\_\_.

**Government Involvement**

**Supply and Demand**

Mixed and market economies are influenced by the ever-changing relationship between supply, demand, and price. Supply and demand impacts quality of life because of their effects on the prices of products, the availability of products, and the jobs connected to creating the products.

**The Doughnut Shops**

Read the case study of the two doughnut shops on page 212 of your textbook.

Complete the following comparison chart for the two doughnut shops described on page 212 of your textbook. You may have to make a few assumptions based on the information provided.

|  |  |  |
| --- | --- | --- |
| Category | Automatic Doughnuts | Baker’s Dozen Doughnuts |
| Ingredients |  |  |
| Quantity |  |  |
| Employees |  |  |
| Variety |  |  |
| Price |  |  |

When you have finished filling in the chart, analyze the information to determine which company you think will be the most successful. Explain your answer.