Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Class: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Canada’s Economy: Summative Study Guide**

*Section 1: Economic Systems/Mixed Economic Continuum/Canada’s Mixed Economy*

1. Complete the sentences to describe the three economic questions all systems must answer.
	1. \_\_\_\_\_\_\_WHAT\_\_\_\_\_\_\_\_\_\_\_\_\_\_ goods and services should be produced?
	2. \_\_\_\_\_\_\_\_HOW\_\_\_\_\_\_\_\_\_\_\_\_\_ should the goods and services be produced?
	3. \_\_\_\_\_\_\_\_\_FOR WHOM\_\_\_\_\_\_\_\_\_\_\_\_ will the goods and services be produced?
2. All economic systems deal with the problem of \_\_\_\_SCARCITY\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, meaning it is impossible for an individual country to produce everything its citizens need and want.
3. A \_\_\_\_\_\_\_TRADITIONAL\_\_\_\_\_\_\_\_\_\_\_\_ economic system is based on customs and habits of the past. It is used in small tribal groups in remote areas of the world.
4. Fill in the chart by describing each of the economic systems.

|  |  |  |
| --- | --- | --- |
| **Traditional Economic System** | **Command Economic System** | **Market Economic System** |
| * Uses customs and habits of the past to answer the economic questions
* Tribal
* Not found on the economic continuum
* Not a modern economy
* Not the system used by any modern country
* Bartering is used instead of paper money
 | * The government answers the economic questions
* Strict government control of what goods and services are produced
* Government controls decisions
* No such thing as a PURE command system, but some systems have some of the features
 | * Uses supply and demand (what the people want to buy and sell)
* Citizens control what they produce
* Supports entrepreneurs in starting their own businesses
* No country has a PURE market system, but some countries use features of market systems
 |

1. Label the economic continuum below. You must label all of the following in the correct location: pure market, pure command, mixed economy, Canada.
2. Canada has a \_\_\_\_\_MIXED\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economic system.
3. Both Canada and the US have \_\_\_\_\_\_MIXED\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ economic systems, with more market characteristics than command.
4. A pure \_\_\_\_\_MARKET\_\_\_\_\_\_\_\_\_\_ economic system would be considered the MOST free, while a pure \_\_\_\_\_\_\_COMMAND\_\_\_\_\_\_\_\_\_\_\_ system would be considered the LEAST free.
5. A pure \_\_\_\_\_\_\_MARKET\_\_\_\_\_\_\_\_\_\_ economy can better adjust to changes over time, because decisions are made by producers and consumers.
6. Based on Canada’s location on the economic continuum and your knowledge of Canada’s economic system, answer the following true/false questions.
	1. TRUE or FALSE: It is easy to start a business in Canada.
	2. TRUE or FALSE: Canada’s government controls all the means of production.
	3. TRUE or FALSE: Canada protects private property rights.
	4. TRUE or FALSE: Canada has limited government control of economic activity.
	5. TRUE or FALSE: Canada’s government equally distributes all resources.
	6. TRUE or FALSE: Canada allows prices to be determined by buyers and sellers.
	7. TRUE or FALSE: Canada’s economy features strong competition between businesses.

*Section 2: Canada’s GDP and Factors of Production*

1. Gross Domestic Product (GDP) is the total value of all \_\_\_\_\_\_\_\_\_\_GOODS\_ and \_\_SERVICES\_\_\_\_\_ produced in a country in one year.
2. GDP per capita is the total value of all \_\_ GOODS \_\_\_\_\_\_ and \_\_\_\_ SERVICES \_\_\_ produced in a country in one year divided by the total \_\_NUMBER OF PEOPLE\_\_\_\_\_\_ of the country.
3. Explain each of the following Factors of Production. Use the examples to help you.

|  |  |  |  |
| --- | --- | --- | --- |
| Capital Goods | Natural Resources | Human Capital  | Entrepreneurship |
| THINGS THAT ARE MAN-MADEExamples: Factories, Computers, Delivery Trucks | THINGS FROM NATUREExamples: Water, Soil, Natural gas, Minerals | WORKERS AND THEIR SKILLS AND EDUCATIONExamples: Workers, Education, Training, Healthcare | WHEN PEOPLE TAKE THE RISK TO START THEIR OWN BUSINESSESExamples: Steve Jobs, Truett Cathy, Bill Gates |

1. List one example of an INVESTMENT in each of the following Factors of Production:
	1. Capital Goods \_\_\_A BUSINESS PURCHASING COMPUTERS OR TOOLS\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
	2. Natural Resources \_\_ A BUSINESS PURCHASING RAW MATERIALS TO MAKE PRODUCTS\_\_\_
	3. Human Capital \_\_\_\_ A BUSINESS PAYING FOR WORKER TRAINING \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Section 3: Literacy Rate and Standard of Living*

1. Define literacy rate. \_\_\_ THE PERCENT OF PEOPLE IN A COUNTRY THAT CAN READ/WRITE \_\_\_\_\_\_\_\_\_\_

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

1. Does a low literacy rate usually HELP or HURT economic development and growth?
2. Low literacy rate typically suggests a country has **not** invested in which type of resource? (CAPITAL, HUMAN, or NATURAL)
3. Why would a country with a low literacy rate struggle to find skilled workers?

\_\_\_\_\_PEOPLE WHO CAN’T READ AND WRITE HAVE A HARD TIME TRAINING IN NEW SKILLS\_\_\_\_\_\_\_\_\_

1. Define standard of living. \_\_\_\_\_THE LEVEL OF COMFORT AVAILABLE TO CITIZENS IN A SOCIETY \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Canada’s literacy rate is 99%, one of the highest in the world. What impact does the high literacy rate have on Canada’s standard of living? \_\_\_\_\_THE STANDARD OF LIVING IS ALSO HIGH\_\_\_\_\_\_

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

*Section 4: Specialization and Trade*

1. \_\_SPECIALIZATION\_\_\_\_ is the decision made by a country to focus on producing a specific good or service based on what the country can produce most efficiently.
2. Based on what you know about specialization, select TRUE or FALSE for the following statements.
	1. TRUE or FALSE: Specialization encourages international trade.
	2. TRUE or FALSE: Specialization allows governments to set prices for goods.
	3. TRUE or FALSE: Specialization discourages private property ownership.
	4. TRUE or FALSE: Specialization improves economic productivity.
	5. TRUE or FALSE: Specialization discourages the division of labor.
	6. TRUE or FALSE: Specialization encourages countries to depend on each other.
3. Which goods or services does Canada specialize in? \_\_\_\_oil, lumber, agricultural products, minerals, and more\_

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

1. Which country does Canada trade with the most? \_\_\_\_\_\_\_\_the U.S. \_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Canada’s free trade with the United States allows both countries to \_\_\_\_\_\_SPECIALIZE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in the production of the goods that each country can produce quickly and cheaply.

*Section 5: Trade Barriers*

1. Match the following terms with the correct defintions.

1. Tariff = C. A tax placed on imported goods

2. Quota = A. Limits how many goods can be imported.

3. Embargo = D. Completely stops all trade.

4. Free Trade = B. Trade without any quotas, tariffs, or embargos.

1. Why do countries put trade barriers in place? \_\_\_TO PROTECT DOMESTIC INDUSTRIES (TARIFFS AND QUOTAS), OR TO PUNISH OTHER COUNTRIES POLITICALLY (EMBARGO)
2. Canada places a tariff on all imported maple syrup, which increases the price by about 10%. How does the tariff help Canadian maple syrup farmers sell more of their product? \_\_\_\_CONSUMERS (CUSTOMERS) ARE MORE LIKELY TO BUY THE SYRUP WITH THE LOWER PRICE THAT COMES FROM INSIDE CANADA\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Canada places a quota on imported video games, which limits the amount of imported video games in Canadian markets. How does the tariff help Canadian video game companies sell more of their product? MORE GAMES ARE AVAILABLE FROM CANADIAN COMPANIES, SO MORE FROM CANADA WILL BE SOLD

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

1. Monetary \_\_EXCHANGE\_\_\_\_\_ rates help compare the value of different forms of currency.
2. NAFTA stands for \_NORTH AMERICAN FREE TRADE AGREEMENT\_\_\_ and allowed Canada, the United States, and Mexico to freely trade with one another.