

# Canada's Economy

Economic System &  
Factors of Economic Growth

# Standards

**SS6E1 The student will analyze different economic systems.**

- a. Compare how traditional, command, and market, economies answer the economic questions of 1-what to produce, 2-how to produce, and 3-for whom to produce.
- b. Explain how most countries have a mixed economy located on a continuum between pure market and pure command.
- c. Compare and contrast the basic types of economic systems found in Canada\*, Cuba, and Brazil.

\*This file focuses on Canada only. Cuba & Brazil are in my “Comparing Latin American Economies” file.

# Teachers

Print off the following page for each student. They should complete the chart while discussing the presentation.

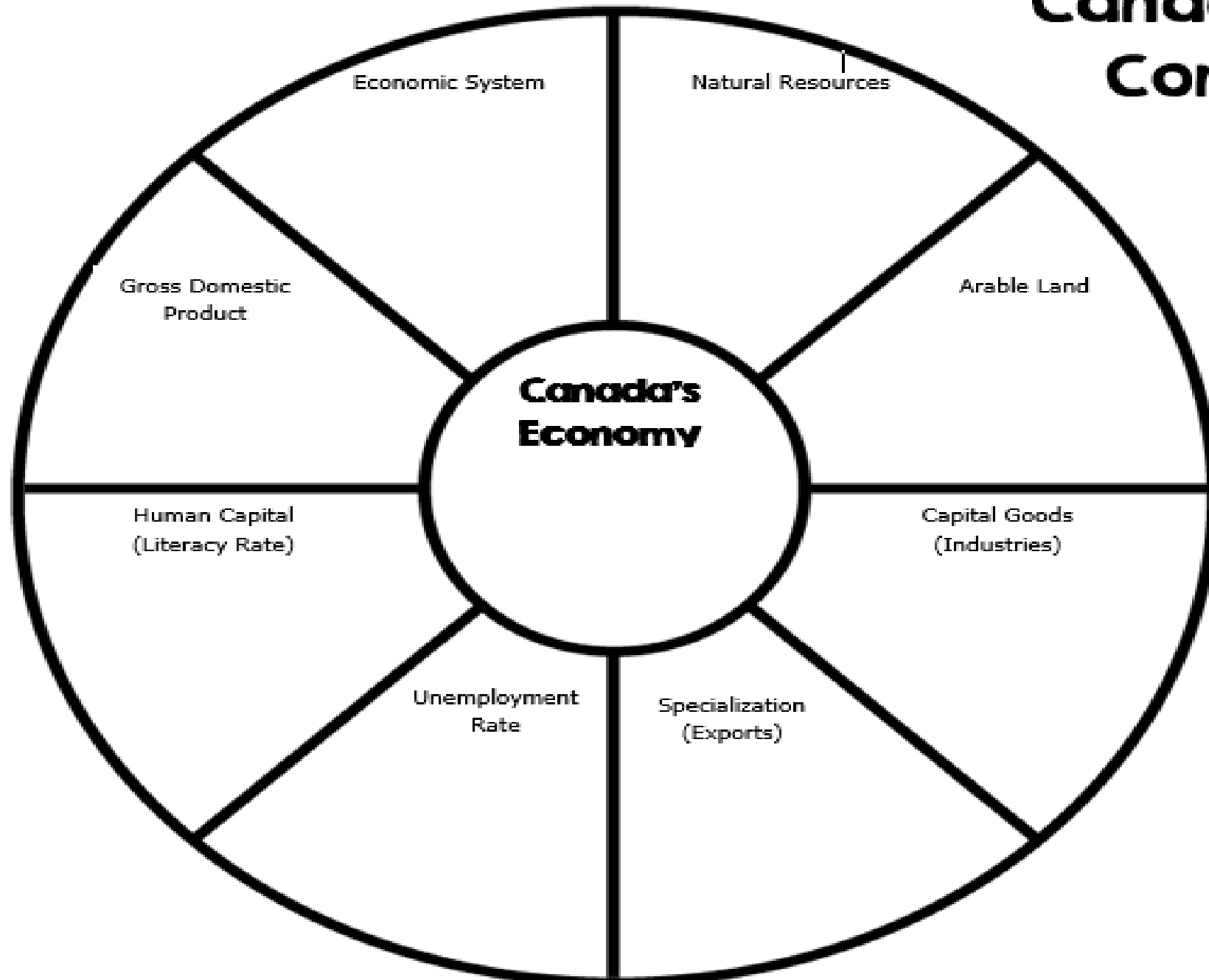
\*You can choose which graphic organizer you'd like for them to use.



# Canada's Economy: Concept Wheel

## Directions:

1. As we review the *Canada's Economy* PowerPoint, fill in the concept wheel with information that you learn about each section.
2. Draw an illustration that could represent Canada's economy in the center section of your wheel.
3. Be creative—make your concept wheel colorful. 😊
4. Cut out the concept wheel and turn it in!



# Canada's Economy

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# Let's Review

## ECONOMIC SYSTEMS

- Do you remember the three questions that every country must answer when developing its economic plan?

1. What goods/services will be produced?
2. How will goods/services be produced?
3. Who will consume the goods/services?

- The way a country answers these questions determines what kind of economic system it will have:

TRADITIONAL

COMMAND

MARKET

# Traditional Economy

- All economic decisions are based on customs, traditions, & beliefs of the past.
- People will make what they always made & do the same things their parents did.
- The exchange of goods is done through bartering.
  - Bartering = trading without using money
- Some examples: villages in Africa & South America, the Inuit in Canada, Aborigines in Australia



# Command Economy

- All economic decisions are made by the Government.
  - The government owns most of the property, sets the prices of goods, determines the wages of workers, plans what will be made...everything.
- This system has not been very successful. More and more countries are abandoning it.
- This system is very harsh to live under; because of this, there are no PURE command countries in the world today.
  - Some countries are close: Cuba, former Soviet Union, North Korea, former East Germany, etc.
- All of these countries have the same type of government: Communist! The government is in control of everything.

# Market Economy

- Economic decisions are made based on the changes in prices that occur as buyers & sellers interact in the market place.
- The government has no control over the economy; private citizens answer all economic questions.
- In a truly free market economy, the government would not be involved at all. Scary...
  - There would be no laws to make sure goods/services were safe. \*Food! Medicine!
  - There would be no laws to protect workers from unfair bosses.
- Because of this, there are no PURE market economies, but some countries are closer than others.
  - Some Examples: US, UK, Australia, etc.

# Hmmm...

- Since there are no countries that are purely command or purely market, what does that make them?
- Most democratic countries have some characteristics of both systems, so we keep it simple and call them: **MIXED**
- Of course, most countries' economies are closer to one type of system than another.

# Let's Review

## FACTORS OF PRODUCTION

- There are 4 factors of production that influence economic growth within a country:
  1. **Natural Resources** available
  2. **Investment in Human Capital**
  3. **Investment in Capital Goods**
  4. **Entrepreneurship**
- The presence or absence of these 4 factors determine the country's Gross Domestic Product (GDP) for the year.

# Gross Domestic Product

- GDP is the total value of all the goods and services produced in that country in one year.
- It measures how rich or poor a country is.
- It shows if the country's economy is getting better or worse.
- Raising the GDP of a country can improve the country's standard of living.

# Natural Resources

- “Gifts of Nature”
- Natural resources are important to countries because without them, countries must import the resources they need (can be costly).
- A country is better off if it can use its own resources to supply the needs of its people.
- If a country has many natural resources, it can trade/sell them with other countries.

# Capital Goods

- To increase GDP, countries must invest in capital goods:
  - All of the factories, machines, technologies, buildings, and property needed by businesses to operate.
- If a business is to be successful, it cannot let its equipment break down or have its buildings fall apart.
- New technology can help a business produce more goods for a cheaper price.

# Human Capital

- To increase GDP, countries must invest in human capital.
- Human capital is the knowledge and skills that make it possible for workers to earn a living producing goods and services.
- This includes education, training, skills, and healthcare of the workers in a business or country.



# Entrepreneurship

- People who provide the money to start and operate a business are called entrepreneurs.
  - These people risk their own money and time because they believe their business ideas will make a profit.
- Entrepreneurs must organize their businesses well for them to be successful .
  - They bring together natural, human, and capital resources to produce foods or services to be provided by their businesses.

# Specialization

- Not every country can produce all of the goods and services it needs.
  - Countries specialize in producing those goods and services they can provide best and most efficiently.
  - They look for others who may need these goods and services so they can sell their products.
  - The money earned by such sales then allows the purchase of goods and services the first county is unable to produce.
- In international trade, no country can be completely self-sufficient (produce all the goods and services it needs).
- Specialization creates a way to build a profitable economy and to earn money to buy items that cannot be made locally.

# Canada's Economy

- Canada has a **mixed** economic system.
  - It's actually pretty close to a Market economy; however, there is some government regulation among industries.
- It does have “free enterprise”, which is competition between businesses.
- Canada is economically strong.

# Canada's GDP

- Canada's GDP is \$1.819 trillion (US dollars).
  - The GDP per capita (value of goods and services produced per person) is \$43,400.
- This is a very high number; they are ranked 14<sup>th</sup> in the world!
- Canada has such a high GDP because of the abundance of the four factors of economic growth within the country:
  - Natural Resources
  - Human Capital
  - Capital Goods
  - Entrepreneurship

# Natural Resources

- What are Canada's major natural resources?
  - iron ore, nickel, zinc, copper, gold, lead, rare earth elements, molybdenum, potash, diamonds, silver, fish, timber, wildlife, coal, petroleum, natural gas, hydropower
- The country's petroleum sector is rapidly growing with Alberta's oil reserves, ranking the country third in the world behind Saudi Arabia and Venezuela.
- The sales of Canada's natural resources bring in money from all over the world.



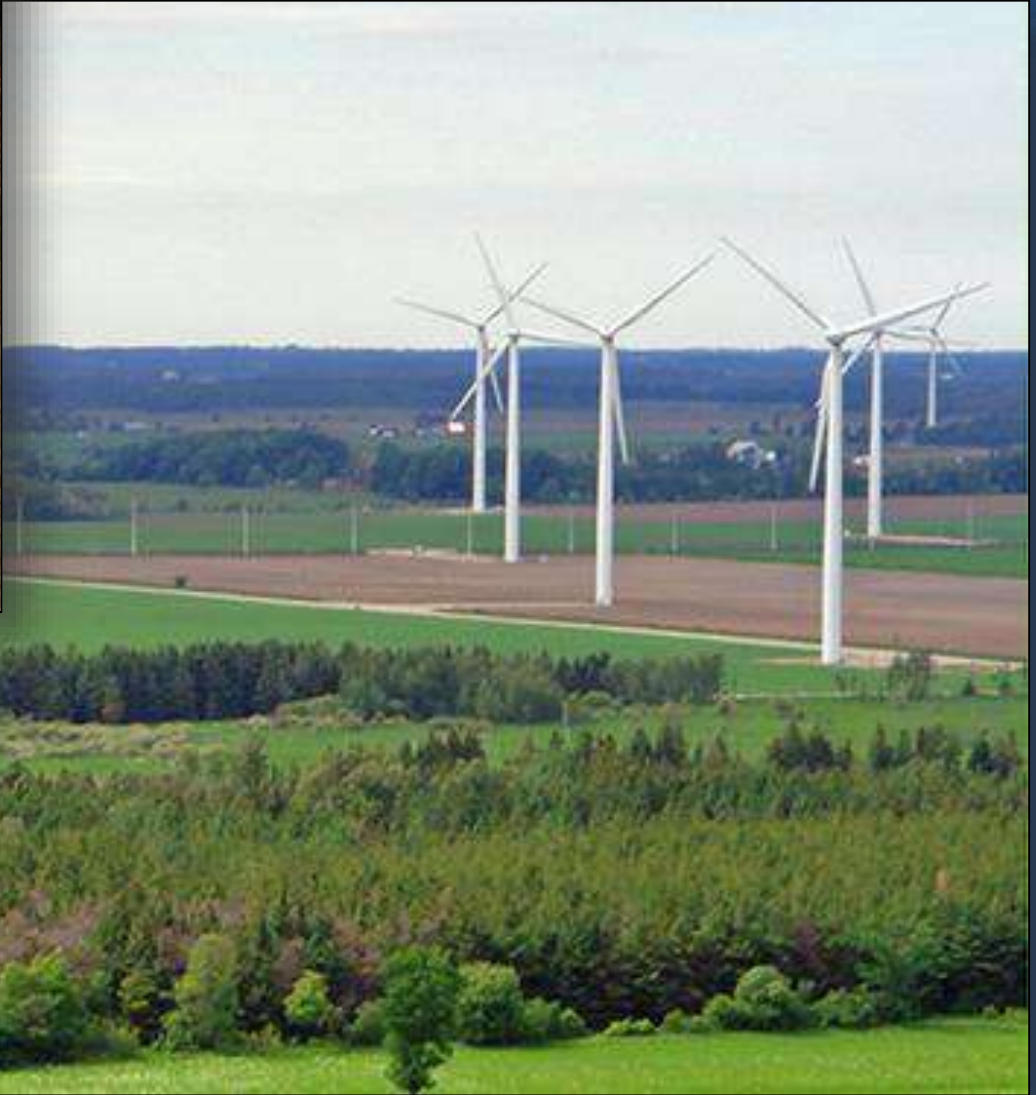
Timber



Diamond Mine

# Land Use

- What percentage of the land is **arable** (capable of being farmed)?
  - 4.3% (only in Southern Canada; Northern Canada's terrain is permafrost)
  - This is actually a large amount, considering Canada is the world's 2<sup>nd</sup> largest country.
- What are the major agricultural products?
  - wheat, barley, oilseed, tobacco, fruits, vegetables, dairy products, fish, forest products





# Industries

- What's produced in Canada's factories?
  - transportation equipment, chemicals, processed and unprocessed minerals, food products, wood and paper products, fish products, petroleum, and natural gas
- The service industry (helping someone) accounts for much of Canada's economy – areas such as insurance, banking, retail, and tourism.

# Pulp & Paper Factory

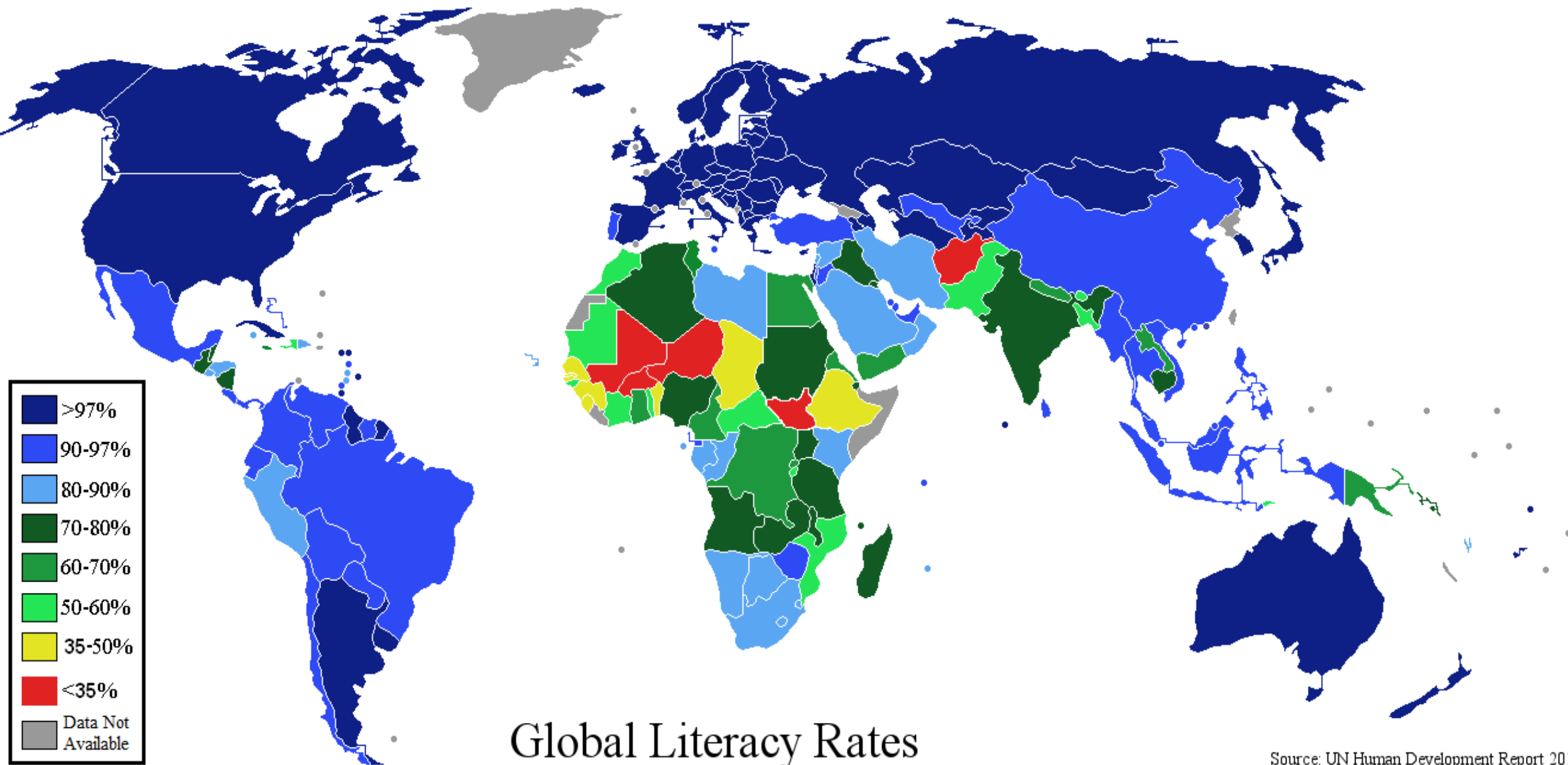


# Specialization

- Canada's chief exports include:
  - motor vehicles and parts, industrial machinery, aircraft, telecommunications equipment, chemicals, plastics, fertilizers, wood pulp, timber, crude petroleum, natural gas, electricity, & aluminum
  - Nearly 75% of Canada's exports are sold to the United States.

# Literacy Rate

- What percentage of the population over the age of 15 can read and write?
  - 99%
- How long are students expected to stay in school?
  - 17 years old



Global Literacy Rates

Source: UN Human Development Report 2011



# Economic Struggles

- Unemployment & poverty
- Over-depletion of natural resources
- Acid rain from factories near Great Lakes region is destroying timber resources
- Improving public services (which forces the country to raise taxes)

# Unemployment Rate

- What percentage of people do not have jobs?
  - 7.3%
- What percentage of people live in poverty?
  - 9.4% can't meet basic needs



# Currency Exchange

- Currency exchange is the price of one country's currency compared to another.
  - 1 US dollar = 1.04 Canadian dollars
  - 1 US dollar = .74 EU euros
  - 1 Canadian dollar = .71 EU euros
- What does this mean?
  - The US economy is a *little* stronger than Canada's; however, the economy of the European Union is stronger than both!

# Canada's Economy Comprehension Check

**Directions:** Write the letter of the vocabulary term that matches the definitions below.

A. Entrepreneur	B. Human Capital	C. Market	D. Command Economy	E. Capital Goods
F. Mixed Economy	G. Specialization	H. GDP	I. Traditional Economy	J. Literacy Rate
K. Natural Resources	L. Currency Exchange			

- \_\_\_\_\_ In this economic system, decisions are made by private citizens with no government regulation.
- \_\_\_\_\_ Someone who is willing to take a risk to begin a new business
- \_\_\_\_\_ Factories, machinery, and technology available in a country
- \_\_\_\_\_ Producing those goods a country can make most easily so they can trade them for goods made by others that cannot be produced locally
- \_\_\_\_\_ The ability of the people over the age of 15 to read and write
- \_\_\_\_\_ Gifts of nature
- \_\_\_\_\_ In this economic system, decisions are based on customs and beliefs of their ancestors
- \_\_\_\_\_ The total value of all goods and services produced within a country in a single year
- \_\_\_\_\_ Canada's economic system.
- \_\_\_\_\_ Education, skills, and training the workers have
- \_\_\_\_\_ In this economic system, the government makes all economic decisions.
- \_\_\_\_\_ The price of one country's currency compared to another.

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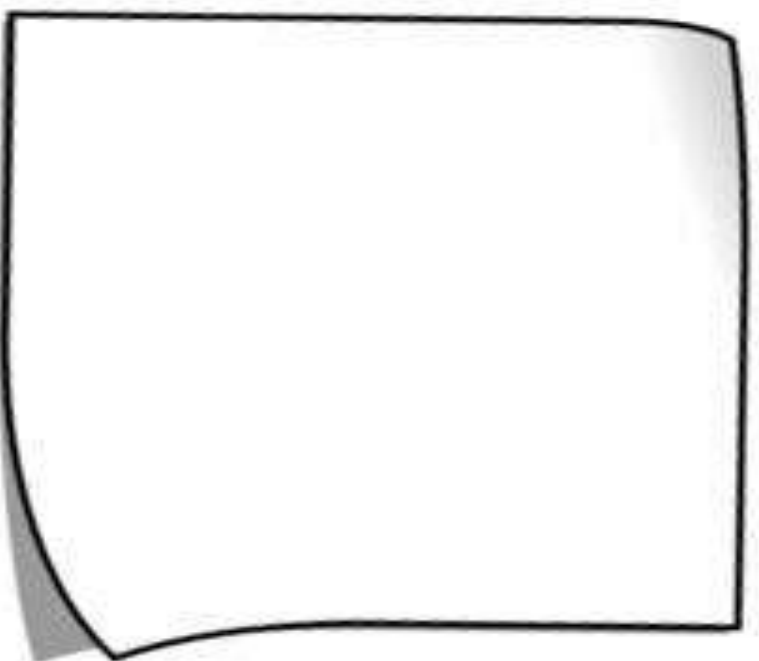
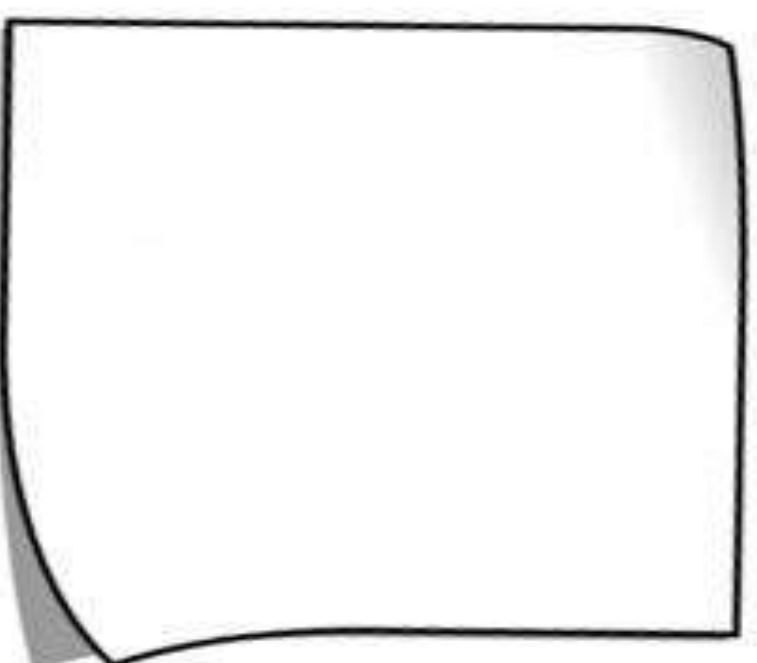
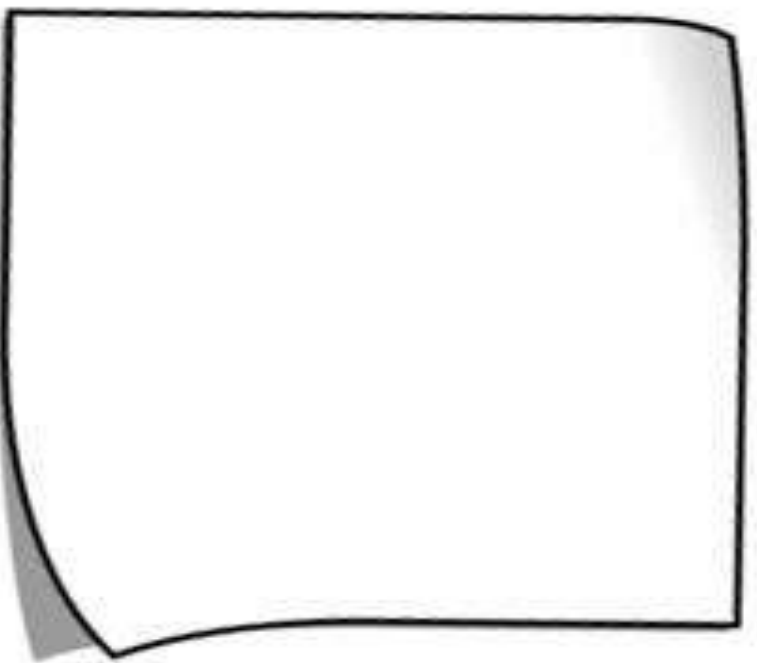
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## Answer Key

1	C
2	A
3	E
4	G
5	J
6	K
7	I
8	H
9	F
10	B
11	D
12	L

# Stump Your Classmates!

**Directions:** On the sticky notes below, write down two true statements/facts and one false statement/fact about Canada's economy. Don't label them! We are going to move around the classroom and challenge each other. Let's see if you can STUMP YOUR CLASSMATES!



# **Teacher Directions - Txt Msg Sumre Ticket Out the Door**

Have the students write a short summary of the lesson. You can choose to let them write in “texting language”, but I will warn you, this takes longer! I make them write out the summary in long-form first, and then if there’s extra time, they can change some words to “txts”.

\*There are two per page.

# Txt Msg Sumre

Summarize today's lesson in a short text message.



# Txt Msg Sumre

Summarize today's lesson in a short text message.



# Teachers

Thank you for downloading this file. I hope you enjoy using it with your students, and I can't wait to read your feedback in my TPT store! 😊

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<http://www.teacherspayteachers.com/Store/Brain-Wrinkles>
- I teach Language Arts and Social Studies in Georgia, so my products are aligned with Common Core (LA) and Georgia Performance Standards (SS).

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