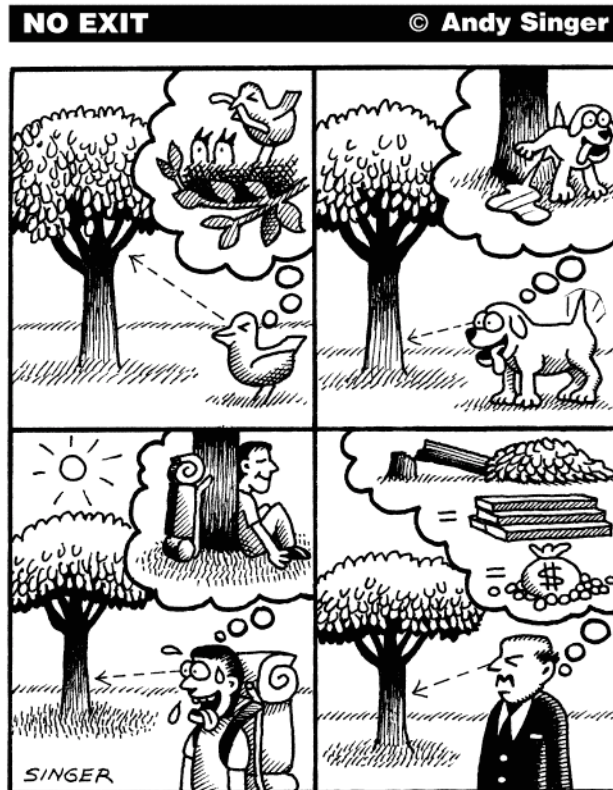


Chapter #6 – To what extent do different ECONOMIC SYSTEMS affect quality of life?

MULTIPLE CHOICE PRACTICE QUESTIONS

Use the following cartoon to answer questions 1 and 2



1. The person in the bottom left of the cartoon is meant to represent
 - a. an environmentalist
 - b. an entrepreneur
 - c. an economist
 - d. a politician

2. The author of the cartoon has what attitude about the person in the bottom left?
 - a. Respect because the person is looking into the long term impacts of their choices
 - b. Respect because the person is approaching the business idea from a sustainable resource approach
 - c. Disrespect because the person has no concern for the profitability of the business being considered
 - d. Disrespect because the individual is more concerned about short term profit than then long term impacts of the business model

Use the following cartoon to answer questions 3 and 4



3. What statement would the cartoonist make about the spending habits of the couple?
- a. They are reasonable based only on their needs
 - b. They are reasonable based on both needs and wants
 - c. They are too high, but based on their needs
 - d. They are too high, based on their wants

4. What does the cartoonist believe will be happening in the future?
- a. The couple will suffer financial hardship unless they adjust their spending
 - b. The couple will be able to sustain their current spending habits
 - c. The couple will adjust their spending on their needs
 - d. The couple will adjust their spending on their wants

5.

Government decisions, policies and programs have an impact on the economy of Canada. For example, during the 1960's, the Liberal Prime Minister Lester B. Pearson increased government involvement in the economy by creating publicly funded health care and pensions for seniors. Conversely, in the 1980's, Conservative Prime Minister Brian Mulroney decreased the government's involvement in the economy by reducing government spending and privatizing some Canadian Crown Corporations.

Using this information, which of the following statements about the Canadian economy is most accurate?

- ☐ A) The economic system changes over time, and has at some times been a 'planned economy' and at other times a 'market economy.'
- ☐ B) Canada is not a true mixed economy because the ratio of private to government ownership of corporations in the Canadian economy has not stayed 50:50.
- ☐ C) Our economy is a mixed economy with the degree of government involvement dictated by political policies and agendas.
- ☐ D) The Canadian government should limit or end its involvement in the economy so that it does not impact the economy and allow Canada to remain a true mixed economy.

6.

The United States has an economic system known as a 'market economy.' The United States' development of a market economy can be traced back to the events which led to the founding of the United States and an independent nation. The United States places a great deal of value on the idea that individualism, or that people do what is best for the individual, is the best way

of achieving the public good, because through each person taking care of their needs, it will add up to create a society that works for everyone.

The United States' history and process of becoming a nation has led to the belief that independence and individualism is the best way to achieve the public good because of the:

- ☐ A) cooperative effort between many different nations (Britain, Spain, France)
- ☐ B) desire to be unlike Canada and fill a different niche in the world economy.
- ☐ C) founders of the U.S.A. having to fight for its independence from colonial Britain.
- ☐ D) past as a British colony which led to an economic system that mirrors that of Great Britain.

7.

Economist: High consumer demand, increased inflation and low unemployment are followed by low consumer demand, decreased inflation and high rates of unemployment. Then the situation reverses again.

Many economists believe this situation is a naturally-occurring feature of which type of economic system?

- ☐ A) Free market system
- ☐ B) Planned Economic system
- ☐ C) Mixed Economy system
- ☐ D) All types of economic systems

8. The emergence of labour unions has had an impact on both mixed and market economic systems. It could be said that generally mixed economies feel that labour unions are _____, while market economies tend to view labour unions as _____.

- ☐ A) optional; positive.
- ☐ B) positive; negative.

C) essential; positive.

☒ D) optional; essential

9. If the government of a country were to own all railways, as well as the majority of utilities and communications infrastructure, while construction businesses, agriculture, manufacturing, and financial centers are primarily privately owned, this is a good indication that the country likely has a

- ☐ A) market economy
- ☐ B) centrally planned economy
- ☐ C) mixed economy
- ☐ D) free enterprise economy

10. In a market economy, an equilibrium is reached where supply, demand and price are stable if the:

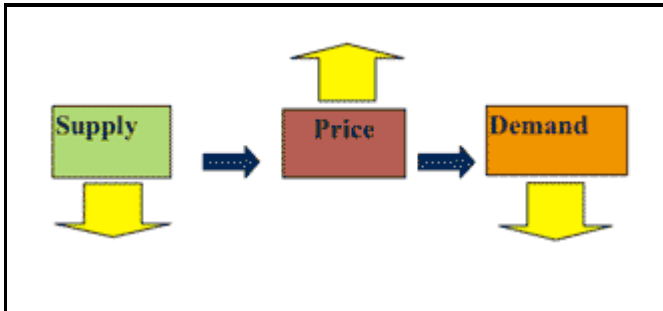
- ☐ A) producers can supply more product than consumers want to buy, at a price that restricts the number of consumers that can afford to buy that product.
- ☐ B) price of a product minimizes cost for the consumer and maximizes profit for the producer.
- ☐ C) consumer demand for a product exceeds the supply the producers can create, and the price minimizes the cost to the consumer.
- ☐ D) producers can supply as much of a product as consumers will buy at a price that maximizes the profit for the producers.

11. The economic issue of scarcity is addressed is by:

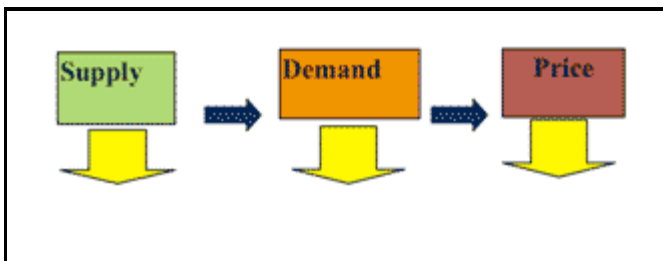
- ☐ A) creating an economic system which organizes the production, distribution and consumption of goods and services.
- ☐ B) rationing desirable goods and services to ensure that all consumers have equal opportunities to access these goods and services.
- ☐ C) raising the price of desirable goods and services to make them out of the reach (economically) of many consumers and thereby lowering the demand.
- ☐ D) implementing a market economy where resources are privately owned which ensures that everyone has the right to own the resources they want or require.

12. Which of the diagrams shows what happens to demand and price if the supply of a product decreases?

☐ A)



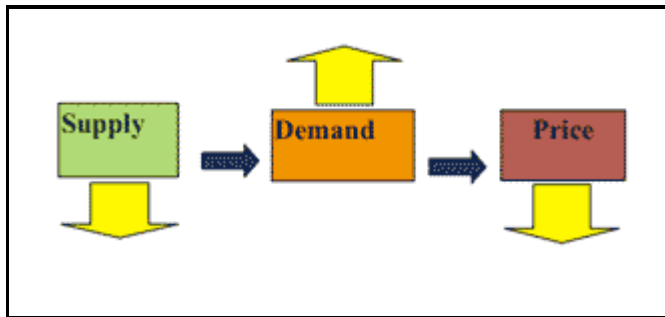
☐ B)



☐ C)



☐ D)



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13.

| Style of Economy | Major Societal Value | Type of Government Sponsored Social Programs |
|------------------|----------------------|--|
| Mixed | ??? | <ul style="list-style-type: none"> ○ Universal Health Care ○ Senior Pensions ○ Income Assistance (welfare, unemployment benefits) |
| Market | Individualism | <ul style="list-style-type: none"> ○ Health care for low income earners ○ Social Security for low income earners |

The societal value which is missing from the table shown above is best labeled as:

- ☐ A) Cooperation
- ☐ B) Independance
- ☐ C) Co-dependance
- ☐ D) Individualism

WRITTEN RESPONSE PRACTICE QUESTIONS

- To what extent should Canada and the United States have a common economic system with little government involvement?
- To what extent should government become involved in people's lives?
- To what extent do different economic systems affect quality of life?
- Should Canada have a similar economic system to the United States?