CHAPTER 3: Politics and the Economy

**MULTIPLE CHOICE**

1. The Canadian economy has been described by economic historians as \_\_\_\_\_\_\_\_\_ based.
2. staples
3. revenue
4. import
5. low-cost

*Answer:* a *Difficulty:* easy *Page:* 57

1. In what sector were the bulk of Canadians employed in 2011?
2. Manufacturing
3. Services
4. Transportation
5. Forestry

*Answer:* b *Difficulty:* moderate *Page:* 58

1. In 2001, the death of Kimberly Rogers in her Ontario apartment revealed that government is sometimes not sympathetic to people in poverty. What was the key issue in this case?
2. Right to privacy
3. Cuts to welfare benefits
4. Quality of health care
5. Lack of jobs

*Answer:* b *Difficulty:* moderate *Page:* 56

1. What are the drawbacks of a staples-based economy for long-term economic development?
2. Lack of consumer goods
3. Low rate of growth
4. Cycles of “boom” and “bust”
5. Low currency values

*Answer:* c *Difficulty:* moderate *Page:* 57

1. Canadian businesses tend to lag behind other advanced countries in the proportion of their expenditures devoted to \_\_\_\_\_\_\_\_\_.
2. employment education
3. skills training
4. paid leaves of absence
5. research and development

*Answer:* d *Difficulty:* moderate *Page:* 69

1. What is a branch plant?
2. A corporate head office building
3. The purchase of land for the forestry industry
4. A foreign-owned factory set up to sell products domestically
5. A form of indirect investment in low-wage industries

*Answer:* c *Difficulty:* easy *Page:* 60

1. What is a key criticism of foreign investment and ownership in Canada?
2. An outflow of profits and fees
3. An increase in employment
4. High tariff barriers and regulation
5. High levels of inflation

*Answer:* a *Difficulty:* easy *Page:* 60

1. Critics have argued that the NAFTA agreement is flawed because it \_\_\_\_\_\_\_\_\_.
2. has prevented the imposition of U.S. duties
3. undermines the principles of free trade
4. expires in 2013
5. is hard to enforce

*Answer:* d *Difficulty:* moderate *Page:* 66

1. The NAFTA is \_\_\_\_\_\_\_\_\_.
2. a regional free trade agreement
3. a key transportation link at the U.S. border
4. a cultural exchange agreement
5. an international commodity

*Answer:* a *Difficulty:* easy *Page:* 64

1. In addition to Canada and the United States, which among the following countries is/are signatory(s) in the North American Free Trade Agreement?
2. Mexico and Jamaica
3. Mexico and Greenland
4. Mexico and Cuba
5. Mexico

*Answer:* d *Difficulty:* easy *Page:* 64

1. Which among the following is a Crown (state-owned) corporation?
2. VIA Rail
3. Nortel Networks
4. Inco
5. BlackBerry

*Answer:* a *Difficulty:* moderate *Page:* 67

1. In recent years, Canada and the United States have been at odds over \_\_\_\_\_\_\_\_\_.
2. development assistance
3. cross-border regions
4. softwood lumber
5. the Great Lakes

*Answer:* c *Difficulty:* moderate *Page:* 65

1. Who among the following would be most likely to support a “welfare state”?
2. John Maynard Keynes
3. Brian Mulroney
4. Ronald Reagan
5. Stephen Harper

*Answer:* a *Difficulty:* moderate *Page:* 69

1. In the 1970s, the Keynesian economic doctrines that guided policy in Canada and other Western countries were challenged by \_\_\_\_\_\_\_\_\_\_\_\_\_\_.
2. protectionism
3. neo-liberalism
4. NAFTA
5. high tariffs

*Answer:* b *Difficulty:* moderate *Pages:* 69-70

1. In 1984, Prime Minister Brian Mulroney came to office committed to restoring harmonious relations with\_\_\_\_\_\_\_\_\_.
2. the Soviet Union
3. Mexico
4. the United States
5. the United Nations

*Answer:* c *Difficulty:* easy *Pages:* 61

1. What economic conditions in the country prompted a shift to the neo-liberal right in the 1970s?
2. High levels of defence spending
3. Reduction in tariffs
4. Economic stagnation and inflation
5. High levels of foreign ownership

*Answer:* c *Difficulty:* moderate *Pages:* 69-70

1. Who is *most* likely to believe in a reduction in the role of government in the economy?
2. A Neo-Liberal
3. A Keynesian
4. A Marxist
5. A Socialist

*Answer:* a *Difficulty:* moderate *Page:* 70

1. Who is *most* likely to say that class-consciousness is needed to collectively transform capitalism?
2. A neo-liberal
3. A Marxist
4. An economist
5. A free trader

*Answer:* b *Difficulty:* easy *Page:* 77

1. Canada’s industrial, commercial, financial, and cultural activities tend to be concentrated in \_\_\_\_\_\_\_\_\_.
2. southern Ontario and the Montreal region
3. Alberta and British Columbia
4. Quebec and the Atlantic provinces
5. western Canada

*Answer:* a *Difficulty:* easy *Page:* 78

1. While pay equity involves laws or policies that require equal pay for work of equal value, employment equity involves programs that\_\_\_\_\_\_\_\_\_.
2. ensure that men and women are paid equally
3. subsidize employment by offering incentives to employers
4. encourage the hiring of women in underrepresented occupations
5. increase the number of jobs designated as female-only

*Answer:* c *Difficulty:* moderate *Page:* 82

1. Employment insurance in Canada is funded by contributions from \_\_\_\_\_\_\_\_\_.
2. employers only
3. employees only
4. employers and employees
5. federal and provincial governments

*Answer:* c *Difficulty:* moderate *Page:* 74

1. The “Occupy” movement that developed in Canada and many other countries in 2011 raised awareness of the very high incomes obtained by \_\_\_\_\_\_\_\_\_.
2. the British royal family
3. the top 1 percent of society
4. the Screen Actors Guild
5. employees of the World Bank

*Answer:* b *Difficulty:* easy *Page:* 74

1. Some define class in terms of a combination of income, education, and \_\_\_\_\_\_\_\_\_.
2. occupational status
3. age
4. gender
5. religious affiliation

*Answer:* a *Difficulty:* moderate *Page:* 74

1. Homosexual behaviour was a criminal offence in Canada until \_\_\_\_\_\_\_\_\_.
2. 1969
3. 1979
4. 1984
5. 1929

*Answer:* a *Difficulty:* moderate *Page:* 82

1. In the mid-1990s, the Liberal government of Jean Chrétien slashed government spending in response to \_\_\_\_\_\_\_\_\_.
2. the Great Recession
3. a perceived financial crisis
4. a strike of federal civil servants
5. a report from the United Nations

*Answer:* b *Difficulty:* moderate *Page:* 70

**TRUE/FALSE**

1. The NAFTA agreement ensures that Canada is exempted from American trade remedy laws.

*Answer:* False *Difficulty:* challenging *Page:* 65

1. The NAFTA agreement creates a “supranational” government with institutions to oversee rules in North America.

*Answer:* False *Difficulty:* moderate *Pages:* 66

1. The Canadian government reviews proposals from foreigners to take over Canadian businesses.

*Answer:* True *Difficulty:* moderate *Page:* 61

1. Class consciousness is relatively high in Canada.

*Answer:* False *Difficulty:* moderate *Page:* 77

1. Young women are now more likely than young men to obtain a university degree.

*Answer:* True *Difficulty:* moderate *Page:* 80

1. Canada spends less on family benefits than most other developed countries.

*Answer:* True *Difficulty:* moderate *Page:* 75

1. The Universal Child Care Benefit provides $100 per month for each child less than six years of age.

*Answer:* True *Difficulty:* moderate *Page:* 74

1. Income inequality in Canada has increased in recent decades.

*Answer:* True *Difficulty:* moderate *Page:* 76

1. Canadian governments have devoted considerable attention to regional economic disparities.

*Answer:* True *Difficulty:* moderate *Page:* 79

1. Atlantic Canada continues to have higher unemployment rates than other provinces.

*Answer:* True *Difficulty:* moderate *Pages:* 79-80

**SHORT ANSWER**

1. What is a countervailing duty?

*Answer:* A countervailing duty is a duty imposed on imports of a particular product that has been subsidized by the exporting country in a way that harms the home producers of that same product.

*Difficulty:* easy *Page:* 64

1. In the absence of a strong sense of class consciousness, what other identities are significant in Canada?

*Answer:* Other identities, such as those based on province, ethnicity, religion, gender, or sexual orientation, are often stronger than class-based identities.

*Difficulty:* moderate *Page:* 77

1. What are four key features of neo-liberalism?

*Answer:* Neoliberals believe in a free market system that advocates a major reduction in the role of government, the dismantling of the welfare state, a substantial reduction in taxes, and global free trade.

*Difficulty:* moderate *Page:* 70

1. Why is the investor-state dispute resolution mechanism, contained in Chapter 11 of NAFTA, controversial?

*Answer:* This section allows foreign companies to sue governments that they allege are harming their investments through expropriation or actions “tantamount to expropriation.” Claims for compensation may be based on government actions that affect the company’s future profitability or opportunities for growth.

*Difficulty:* challenging *Page:* 65