

CASE STUDY

## Canadian Economic History versus U.S. Economic History

The economies of Canada and the U.S. are similar in many ways, but they developed from different starting points. Their starting points involve different answers to this fundamental question of values:

### What's the best way to achieve the **public good**?

The public good is about what's best for society as a whole. Worldviews differ on how best to achieve it.

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**public good:** what's best for society as a whole

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### The Public Good and Cooperation

Some people believe that individuals must consider each other and set aside their individual interests to achieve what's best for society. This worldview values equity: responding to others in a way that recognizes their needs and circumstances.



### The Public Good and Individualism

Some people believe that what's best for each person individually adds up to what's best for society. This worldview values individual creativity and independence.



Examine the information on Canada and the U.S. on pages 206 to 208. How do the founding principles of Canada and the U.S. answer the question of the public good differently? How have Canada and the U.S. answered the question differently at different points in their histories? Why?

## Canada's Economy

**shift left:** a shift on the economic continuum towards more government involvement in the economy. A shift left is usually described as taking a more liberal position.

**shift right:** a shift on the economic continuum towards less government involvement in the economy. A shift right is usually described as taking a more conservative position.



Prime Minister Lester Pearson, a leader of the Liberal Party of Canada, supported more government involvement in the economy.



Prime Minister Brian Mulroney, a leader of the Progressive Conservative Party of Canada, supported less government involvement in the economy.

### Founding principle: “peace, order and good government.”

- The founding principle of Canada reflects the idea of cooperation. It connects to an agreement between Francophones and Anglophones that established Canada (see page 146).
- The idea of cooperation affects Canada’s economic system. For example, government plays an important role in the economy, making decisions on behalf of everyone.
- Canada is said to have a mixed economy because of the role government plays, and because individuals still own private property.
- Canada’s position on the economic continuum is not static. It shifts left and shifts right depending on the political party that forms the government.

### 1963–1968: An Example of a **Shift Left**

Lester Pearson became prime minister of Canada in 1963, when the Liberal Party of Canada won an election and formed a minority government. (Remember minority governments in Chapter 1? See page 28.) To stay in power, the Liberals cooperated with the New Democratic Party. This resulted in legislation that gave government a larger role in the economy, including:

- Publicly funded health care.
- Pensions for senior citizens.

### 1984–1993: An Example of a **Shift Right**

Brian Mulroney became prime minister in 1984 as leader of a majority government of the Progressive Conservative Party of Canada. He took steps to reduce government involvement in the economy, including:

- Cuts to government spending.
- Privatizing government-owned corporations, called Crown corporations. For more on Crown corporations, see the next page.
- The North American Free Trade Agreement (NAFTA) with the U.S. and Mexico, which increased the influence of the market in shaping Canada’s economy.



**CRITICAL THINKING CHALLENGE** How might the history of Canada shape values and attitudes in Canada?

## What's a Crown corporation?

A Crown corporation is a company owned by Canada's government to provide products and services to Canadians. The reasons for government to create Crown corporations include:

- To provide essential services.
- To promote economic development.
- To support Canadian culture and identity.

Economists say Canada has a mixed economy partly because of its Crown corporations. The United States also has some publicly owned corporations, but not as many as Canada. Here are some examples of Crown corporations from Canada's past and present.

Air Canada was originally Trans-Canada Airlines, established by Canada's parliament in 1936, and owned and managed by the federal government. Parliament decided to privatize the airline — sell it to private investors — in 1988.



### CRITICAL THINKING CHALLENGE

What Crown corporations does Canada have today? Why does Canada's government assess the value of Crown corporations differently at different times?



### SPOT AND RESPOND TO THE ISSUE

To what extent should Crown corporations play a role in Canada's economy?

Petro-Canada was established by Canada's parliament in 1975. The purpose of Petro-Canada was to compete with foreign-owned companies in developing Canada's oil and gas resources. Today, Petro-Canada is owned by private investors.

This is a poster advertising a radio show in Alberta on Radio-Canada. CBC/Radio-Canada is Canada's public broadcaster, with an English-language network and a French-language network. CBC/Radio-Canada was created to promote bilingualism in Canada, and to promote Canadian culture as distinct from American culture. **Think critically: What's the connection between CBC/Radio-Canada and collective rights in Canada? What's the connection to identity?**

Franklin Roosevelt was a member of the Democratic Party. Roosevelt supported more involvement of the government in the economy to combat the effects of the Great Depression.



Ronald Reagan was a member of the Republican Party. Reagan supported less involvement of the government in the economy.

## The U.S. Economy

### Founding principle: “life, liberty and the pursuit of happiness.”

- The founding principle of the U.S. reflects the idea of individualism. It connects to the roots of the U.S. as a colony of Britain from the 1600s until 1776, and in fighting to become independent of Britain from 1776 to 1783.
- The idea of individualism influences the economic system of the U.S. For example, the U.S. generally values individual economic decision making, with little involvement of the government.
- The U.S. is often said to have a market economy, because of its emphasis on the role of the individual, versus the government, in economic decision making.
- The position of the U.S. on the economic continuum shifts right and left, depending on the political party that forms the government.

### 1933–1944: An Example of a Shift Left

Franklin Roosevelt became president of the United States in 1934, during a worldwide economic crisis called the Great Depression. The Depression put millions of people out of work. In the U.S., Roosevelt responded with a policy called the New Deal, which established:

- Pensions for senior citizens.
- Funds to support farmers.
- Corporations funded and run by the government. These created jobs and built projects to strengthen the economy, such as dams and roads.

### 1980–1988: An Example of a Shift Right

Ronald Reagan became U.S. president in 1980. He wanted government less involved in the economy. He took steps such as:

- Reduced government spending.
- Reduced government regulation of corporations, for example on environmental standards.



**CRITICAL THINKING CHALLENGE** How might the history of the U.S. shape values and attitudes in the U.S.?