

**CIA4U**

**Lesson 3.2 Fiscal Policy Assessment**

**Type of Assessment: Homework**

**Purpose of Assessment: Assessment FOR Learning**

**Method of Assessment: Yes/No**

**Learnings Goals:**

* Students will assess the significance of factors that influence fiscal policy decisions in Canada
* Students will describe ways in which individuals and groups influence macroeconomic policies, and assess the effectiveness of their actions
* Students will analyse how political and economic institutions (e.g., governments, Crown corporations, banks, industry) respond to economic change in Canada (e.g., moral suasion, public-private partnerships, regulation)
* Students will explain how fiscal policies of governments in Canada influence the economic decisions of individuals and organizations, and analyse the macroeconomic consequences of some of these policies (e.g., with reference to changes to pension plans and/or employment insurance, changes in transfer payments to provinces, Canada Mortgage and Housing Corporation policy, eco fees, income and corporate tax rates, tariffs)

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| **Macroeconomics** | D2 Fiscal Policy: demonstrate an understanding of fiscal policy in Canada, including how it is shaped and its impact |

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| **Ontario Curriculum Expectations** | |
| **D2.1** | assess the significance of factors that influence fiscal policy decisions in Canada |
| **D2.2** | describe ways in which individuals and groups influence macroeconomic policies, and assess the effectiveness of their actions |
| **D2.3** | analyse how political and economic institutions (e.g., governments, Crown corporations, banks, industry) respond to economic change in Canada (e.g., moral suasion, public-private partnerships, regulation) |
| **D2.4** | explain how fiscal policies of governments in Canada influence the economic decisions of individuals and organizations, and analyse the macroeconomic consequences of some of these policies (e.g., with reference to changes to pension plans and/or employment insurance, changes in transfer payments to provinces, Canada Mortgage and Housing Corporation policy, eco fees, income and corporate tax rates, tariffs) |

**Instructions:**

As you read the case studies that follow, take notes in response to the questions.

**Case Study A**

Read the following articles:

[**https://www.cbc.ca/news/canada/federal-government-ontario-agree-on-3-3b-auto-bailout-package-1.766418**](https://www.cbc.ca/news/canada/federal-government-ontario-agree-on-3-3b-auto-bailout-package-1.766418)

[**https://www.theglobeandmail.com/report-on-business/canadian-taxpayers-lose-35-billion-on-2009-bailout-of-auto-firms/article23828543/?ref=http://www.theglobeandmail.com&**](https://www.theglobeandmail.com/report-on-business/canadian-taxpayers-lose-35-billion-on-2009-bailout-of-auto-firms/article23828543/?ref=http://www.theglobeandmail.com&)

Following the 2008 recession, General Motors (GM) and Chrysler in the US filed for bankruptcy. The American government provided financial support. The Canadian governments (Ontario and Canada) provided financial support as well. There are economic and political arguments for and against these actions. Determine:

1. The causes and effect of the government actions (e.g., budget, debt, deficit).

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1. The different economic perspectives that influenced the decisions.

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1. What was the impact on stability and variability?

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1. Did the Canadian and Ontario governments make the correct decision, from an economic perspective?

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**Case Study B**

Read the following article:

[**https://beta.theglobeandmail.com/report-on-business/economy/liberals-take-regional-approach-to-ei-benefits/article29336192/**](https://beta.theglobeandmail.com/report-on-business/economy/liberals-take-regional-approach-to-ei-benefits/article29336192/)

“Why might the federal government consider raising Employment Insurance (EI) premiums? How might such a policy affect firms and workers?”

Employment insurance is an automatic stabilizer that can be used to help the unemployed during an economic downturn. As you read determine:

1. The causes and effects of the government action (e.g., budget, debt, deficit).

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1. The different economic perspectives that influenced the decisions.

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1. What was the impact on stability and variability?

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1. What alternative economic choices did the government have?

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**Submit your assignment in your shared course folder.**