

ECONOMIC GOALS

The broad social goals that relate to economics and which are given considerable importance in American society today are:

- 1)
- 2)
- 3)
- 4)
- 5)
- 6)

These goals and the importance attached to each of them,

These goals provide targets and a sense of direction in formulating the means for reaching these targets.

These goals can also be thought of as criteria for

A. Economic Freedom

Freedom as an economic goal concerns the _____

The freedom of _____ among various goods and services

The freedom of _____, join unions, and go on strike,

The freedom to _____ and to decide _____

The freedom of _____

People argue _____ of some people to make their own choices.

Others argue that _____ provided in a market economy.

B. Economic efficiency

Efficiency can have two meanings.

_____ which focuses on using the least input of resources to obtain some stated level of output

or _____

Economic efficiency is the broader concept than technical efficiency.

Economic efficiency _____.

By this standard, economic actions should not be undertaken if the _____

This would result in an over allocation of resources (inefficiency).

Alternately, when economic actions result in marginal costs that are less than marginal, one should continue until marginal benefits and marginal costs are approximately equal, stopping short of that point at which marginal costs exceeded marginal benefits.

_____ and it should receive heavy emphasis in both individual and public decision-making.

C. Economic equity

Equity, which deals with what is "_____" or "_____" or what is "_____" and what is "_____" is difficult to define precisely.

Economic equity can be described as the application of our concepts of what is fair and what is unfair - or what "ought to be" and "ought not to be" - to economic policy.

To be sure, people differ in their conception of what represents equity or fairness.

Many people would not be indifferent about who benefits from a policy, because they harbor some general idea of that is equitable.

From the viewpoint of economics, _____

One way of dealing with this question is simply to talk about the effects of economic actions on the distribution of income and wealth: who gains and who loses?

The distinction between _____ is also important when economic equity is addressed.

D. Economic security

The goal of economic security concerns the desire of people _____ over which they may have little or no control.

Economic security is _____ such as _____ as well as by the growth of the economy, through which the mass of people receive more material well being.

Various government programs

are also aimed at increasing economic security in the US.

Nations also engage in the quest for economic security in seeking international agreements which assure them of access to key resources or of adequate prices for their exports.

E. Full employment

Full employment prevails when _____

but most discussion turns on employment or unemployment of labor.

In practice, an unemployment rate that reflects normal

frictional unemployment- _____

structural unemployment- _____

of the economy have come to be viewed as full employment. Because frictional and structural unemployment are always present in a dynamic and free economy, a natural rate of unemployment occurs.

Cyclical unemployment- _____

the unemployment rises above the natural rate of unemployment indicating that labor resources are no longer fully employed.

Debate continues about what- at present, suggestions range from ____% to ____% of the labor force-

_____ .

F. Price Stability

...Overall price stability _____ not the absence of changes in relative prices in particular markets.

_____ when there is an increase in the general level of prices in the economy.

_____ the purchasing power of the consumer declines (the dollar depreciates in value).

Deflation entails the opposite.

In reality, overall price-level changes are not often likely to be zero.

Not only do our price indexes fail to reflect some improvements in product quality that in effect lower some prices, but more important,

In the U.S., _____;

however, when the price level approaches the double digits,

In other nations, inflation rates of 30, 50, or even 200% may be the norm. Nonetheless, this goal recognizes that sharp price changes necessitate costly adjustments in the

G. Economic Growth

Economic growth means

If the people of a society want to raise their level of living, they must produce more goods and services. If the population is growing, the amount produced must still be greater to provide for the additional people.

This is why changes in real GDP per capita (that is, per person) are usually more meaningful than changes in total GDP as a measure of growth.

Both individual and nations _____ and wellbeing by expanding output.

Individuals seek ways to enhance their earning ability while nations seek to stimulate the growth of per capita output and income.

If output does not grow, one person or one group can obtain more goods and services only if another person or group receives less.

But to revert to an often-used metaphor,

everyone can have a larger slice.

If an economy is in a recession and aggregate demand is too low to fully employ existing resources,

Investment in capital, technological progress, and access to newly discovered resources are factors that influence productive capacity.

