

Evaluating Broad Economic Goals**name:**

Economic Systems

Unit 1

Key Idea:

Economic Systems and Nations must balance between economic and social goals.

A) Rewrite the Key Idea as an investigative question.

The five broad goals described below can be thought of as criteria for evaluating an economic system. Some of these goals are difficult to measure in objective terms while others can be easily stated as numerical targets. In political campaigns and public policy discussions, there is often considerable debate concerning differing interpretations of these goals, their relative importance in the American economic system, and how well the system is achieving these goals.

Directions: Read each of the five economic goals below.

- 1) Decide, which economic system best fulfill the goal as it is described.
- 2) **"Your Ranking"**: Rank each of the goals based on which YOU think is the most important, 5 for the most, 1 for the least.
- 3) At the bottom, explain the "why" for your MOST important and your LEAST important.
- 4) **"Your Grade"**: For each, assign a letter grade A-F on how well you think the American economic system achieves this goal today.
- 5) At the bottom, explain the "why" for the grade you gave to your MOST important economic goal.

Your Ranking	Economic Goals	Your Grade
	Economic Freedom refers to such things as the freedom for consumers to decide how to spend or save their incomes. the freedom for workers to change jobs and join unions, and the freedom of individuals to establish new businesses or close old ones. Which Economic System best fulfills this goal? ☐ Market ☐ Command ☐ Traditional	
	Economic Efficiency refers to how well productive resources are allocated with respect to the costs and benefits of using those resources. One definition of an efficient allocation of resources is a situation in which all resources are employed and no person can be made better off by shifting resources from their current use without making someone else worse off. When government actions alter the results of a market economy. such actions can be evaluated in terms of economic efficiency by examining the additional costs and the additional benefits of the action. Economic efficiency is improved only if the additional benefits exceed the additional costs. Which Economic System best fulfills this goal? ☐ Market ☐ Command ☐ Traditional	
	Economic Equity Equity, in this sense. simply means what is "fair". Economic actions and policies have to be evaluated in terms of what people think is right and wrong. Equity issues often arise in questions dealing with the distribution of income and wealth. For example, some people might think that a particular tax is fair while others consider it unfair. Which Economic System best fulfills this goal? ☐ Market ☐ Command ☐ Traditional	
	Economic Security refers to protection against economic risks such as work injuries, unemployment, inflation, business failures. and poverty. Individuals often pursue the goal of economic security through savings and insurance. Many government programs are also directed toward the goal of economic security, including unemployment insurance, social security, and workers' compensation. Which Economic System best fulfills this goal? ☐ Market ☐ Command ☐ Traditional	
	Economic Growth refers to increasing the production of goods and services over time. The rate of economic growth is measured by changes in the level of real gross domestic product, and a target of 3 to 4% growth per year is generally considered to be a reasonable goal. Economic growth complements some other broad social goals. For example, a growing economy can help achieve the goal of economic security by making it easier for people to spend more on private and social insurance programs. Which Economic System best fulfills this goal? ☐ Market ☐ Command ☐ Traditional	
MOST Important Economic Goal: _____ Why is this YOUR most important?		
LEAST Important Economic Goal: _____ Why is this YOUR least important?		
YOUR Grade for YOUR Most Important Goal: _____ Why did YOU give this grade to your most important goal?		