

## Trade-offs with Broad Social Goals

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### Standards and Benchmarks (see page 18)

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### Lesson Description

In this lesson, students learn about broad social goals. They rank six goals in order of importance to them. They create a “human bar graph” representing how students in the class rank various goals. They work with a partner to review a potential government policy, analyze the social goals affected, and identify the trade-offs that must be made among those goals if the policy is approved. Finally, they work in small groups to analyze policies and social goals. They create posters and participate in a gallery walk to review the work of their peers. They finish by coming back to their ranking of social goals and consider whether they would change the ranking based on knowledge gained in the lesson.

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### Economic Concepts

Broad social goals  
Economic efficiency  
Economic equity  
Economic freedom  
Economic growth  
Economic security  
Economic stability  
Trade-off

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### Objectives

Students will be able to

- define broad social goals and trade-offs;
  - describe economic efficiency, economic equity, economic freedom, economic growth, economic security, and economic stability; and
  - analyze the trade-offs made among broad social goals as a result of policy actions.
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## Grade Level

9-12

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## Compelling Question

Why must society make trade-offs among its broad social goals?

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## Time Required

90-120 minutes

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## Materials Required

- PowerPoint slides
  - Visual 1
  - Handout 1, one copy of each of the six broad social goal signs
  - Handouts 2, 3, and 5, one copy for each student
  - Handout 4, cut apart to provide one card for each group of 4-5 students
  - Handout 5—Answer Key, one copy for the teacher
  - Masking or painter's tape
  - A sheet of chart paper, markers, and cellophane tape for each group of 4-5 students
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## Preparation

Prior to the start of class, tape each of the signs from *Handout 1: Broad Social Goals of an Economy* in a row across the top of one wall.

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## Procedure

1. Introduce the lesson by discussing the following:
    - What is a goal? (*Something you want to achieve or accomplish*)
    - What types of goals do you have? (*Answers will vary.*)
    - What goals do you have for high school? (*Answers will vary but may include learning something, making friends, graduating, playing a varsity sport, belonging to a club, and so on.*)
    - What goals do you think the principals, teachers, and staff have for students in the school? (*Answers will vary but may include having students learn, having students perform well on state and national assessments, having students attend school, having students graduate, offering fulfilling extracurricular activities for students, and so on.*)
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2. Define **trade-offs** as giving up some of one thing in order to gain more of something else. Point out that people have to make trade-offs among their goals because resources, time, and budgets are limited. Ask students to give examples of trade-offs they must make among their goals for high school because their time is limited. (*Answers will vary, but students may say that they can't spend time completing community-service hours for a club, because they have to spend that time practicing for band, a sport, or some other endeavor.*)
3. Point out that principals, faculty, and staff must also make trade-offs among their goals for school because resources, time, and budgets are limited. For example, if one team is given more time to practice on a field, another team must give up practice time. If more money is spent on sports teams, less money is available for academic needs, and so on.
4. Explain that people have goals for their societies, too. There is a set of **broad social goals** that are related to the economy. Distribute a copy of *Handout 2: Notes on Broad Social Goals of an Economy* and display Slide 2. Tell students to take notes as you discuss the following:
  - **Economic efficiency** answers the question, "How well are scarce productive resources (land, labor, capital, and entrepreneurial ability) being allocated?" Economic efficiency involves both producing the goods and services that people want and using inputs in a way that keeps production costs as low as possible.
  - **Economic equity** answers the question, "Is this policy or action fair?" Most often, equity issues arise when dealing with distribution of income and wealth. For some, equity means providing equal opportunity for people in society. This means allowing everyone the same chance of success. For others, equity means equality of outcomes. For example, does everyone have the same income, the same access to healthcare, and so on?
  - **Economic freedom** answers the question, "Do I get to decide where to live, what job to have, how to spend and save my money, and so on?" Economic freedom means allowing students to choose career paths, workers to change jobs and join unions, consumers to choose how to spend and save their money, people to start businesses and close businesses, people to travel as they wish to, and so on.
  - **Economic growth** answers the question, "How can we increase the standard of living for people in our society?" Economic growth involves increasing the production of goods and services over time. Economic growth is measured by changes in the level of real gross domestic product (GDP). A target annual growth rate of 3 percent in real GDP is generally considered reasonable and sustainable. When more goods and services are produced, it means that more goods and services are available to people. These goods and services include cars and computers, as well as healthcare and education.
  - **Economic security** answers the question, "How do we protect people from risks in society?" This means protecting consumers, producers, and resource owners from risks that exist in society. Each society must decide from which uncertainties individuals can and should be protected, and whether individuals, employers, or government (taxpayers) should provide or pay for this protection. These risks might include unemployment,

disability, identify theft or fraud, destruction of property by natural disasters, financial failure for individuals or businesses, and so on.

- **Economic stability** answers the question, “How do we keep the economy stable so that people feel secure and can plan?” Economic stability means maintaining stable prices and full employment and keeping economic growth reasonably smooth and steady. Price stability means avoiding inflation or deflation—we don’t want prices on average to rise too much or fall too much. Full employment occurs when an economy’s scarce resources, especially labor, are fully utilized. We don’t want office buildings, manufacturing facilities, and equipment sitting idle. And, we don’t want people to be unemployed. Efforts to promote full employment and price stability usually involve government and/or the central bank. Each society must decide how much government intervention they prefer.

5. Read the directions for Part 2 on Handout 2 with the students. Allow time for students to rank the goals.
6. Point out the broad social goal signs on the wall in the classroom. Ask students to go stand in a single-file line under the sign for the social goal that they ranked as most important (forming a human bar graph). Record the number (NOT names) of students for each goal in a table like the one below. Or display *Visual 1: Ranking Goals* (also Slide 3) and record the numbers there. Ask several students why they chose a specific goal as the most important. (*Answers will vary.*)

Goal	Ranked #1	Ranked #2	Ranked #3	Ranked #4	Ranked #5	Ranked #6
Economic efficiency						
Economic equity						
Economic freedom						
Economic growth						
Economic security						
Economic stability						

7. Have students move to stand under the sign for the goal that they ranked as second-most important. Record the numbers in the table. Ask several students why they chose the goal as second-most important. Have students move to Goal 3 and continue the process through Goal 6.
8. Point out that students valued different goals differently and that people in society value different broad social goals differently, too. Some people think that economic freedom is the

most important; others believe that economic growth is most important; and still others think economic security is most important.

9. Explain that how we value broad social goals affects the types of policies we want to see implanted. Because we view goals differently, implementing policy usually requires making trade-offs among our goals. Distribute a copy of *Handout 3: Minimum Wage* to each student. Review the directions with the students. Have students work with an “elbow buddy” to decide which broad social goals are impacted by the policy and whether they are willing to support the policy given the trade-offs they might make regarding how they personally value the goals.
10. After students have had a chance to share their examples, discuss the following:
  - A change in minimum wage would have an impact on economic equity from the view of economic outcomes: Those who have jobs will earn higher incomes at the higher minimum wage.
  - A change in minimum wage would have an impact on economic security: Employers will pay higher wages, which has a positive impact on the economic security of low-skilled workers who have jobs. However, at the higher wage it is likely that firms will hire fewer low-skilled workers, so there may be fewer job opportunities for job seekers while others might lose their jobs—creating more insecurity for some.
  - A change in minimum wage would have an impact on economic freedom: Employers will be forced to pay a wage higher than the wage established in the market. As a result, they are likely to pass at least some of the costs of higher wages on to their customers.
  - A change in minimum wage would have an impact on economic efficiency: Wages for low-skilled workers are above the efficient wage that occurs in the market.
  - To summarize, a policy that mandates a higher minimum wage would likely mean trading off some economic efficiency, economic freedom, and economic security for some people in order gain more equity and security for others.
  - With this policy, as with any other, members of society must weigh these trade-offs and support policies they believe achieve the goals they value as being most important.
11. Divide the class into groups of 4-5 students and distribute a card from *Handout 4: Policy Decisions* to each group. Have student groups discuss the policy on their cards. Distribute chart paper, markers, and tape to each group. Instruct groups to do the following:
  - Tape their policy cards to the chart paper.
  - Write the broad social goals on which the policy has an impact.
  - Identify the trade-offs that would be made among broad social goals as a result of this policy.

12. Have students tape their chart paper on the walls. Conduct a gallery walk so that students can review each poster. Then review student work, pointing out the broad social goals impacted and the trade-offs made among broad social goals for each policy.
13. Have students return to their copies of Handout 2. Ask them if they would make changes in how they rank the goals. Allow time for students to make any changes. Repeat the exercise from Procedure Step 6 and record new numbers (if there are new numbers) in the table. Ask students to explain why they ranked the goals differently as a result of this lesson. (*Answers will vary.*)

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### Closure

14. Review the key concepts in the lesson by displaying Slide 4 and discussing the following:
  - What are the broad social goals of an economy? (*Economic efficiency, economic equity, economic freedom, economic growth, economic security, economic stability*)
  - What does each of these goals mean? (*Economic efficiency—the economy is producing the goods and services that people want and producing them without waste; economic equity—people have equal opportunity to be successful; economic growth—the economy is producing more goods and services each year; economic freedom—people are able to choose their job, change jobs, join unions, spend and save their money as they wish, open and close businesses, live where they can afford to live, and so on; economic security—people have some protection from risks such as loss of jobs, disability, natural disasters, financial fraud, and so on; economic stability—inflation remains low and steady, unemployment is low*)
  - What is a trade-off? (*Giving up some of one thing in order to gain some of another thing*)
  - What must policy makers do in order to develop policies for society? (*They must make trade-offs.*)
  - Give an example of a policy and the trade-offs among broad social goals that occur as a result of the policy. (*Answers will vary but might include instituting a policy requiring social distancing for health reasons, which promotes economic security for some by preventing the spread of illness to vulnerable populations; however, it infringes on the economic freedom of others.*)
  - People in a society must decide which broad social goals are most important to them and support policies that help achieve those goals, which may necessitate trading off other goals.

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### Assessment

15. Distribute a copy of *Handout 5: Assessment* to each student. Allow time for students to work, then review their answers using *Handout 5: Assessment—Answer Key*.

## Visual 1: Ranking Goals

Goal	Ranked #1	Ranked #2	Ranked #3	Ranked #4	Ranked #5	Ranked #6
Economic efficiency						
Economic equity						
Economic freedom						
Economic growth						
Economic security						
Economic stability						

Handout 1: Broad Social Goals of an Economy Signs (page 1 of 3)

**Economic efficiency**

**Economic equity**



Handout 1: Broad Social Goals of an Economy Signs (page 2 of 3)

**Economic freedom**

**Economic growth**

Handout 1: Broad Social Goals of an Economy Signs (page 3 of 3)

**Economic security**

**Economic stability**

## Handout 2: Notes on Broad Social Goals of an Economy

**Part 1 directions:** Use the space below to take notes about each broad social goal.

\_\_\_ **Economic efficiency**

\_\_\_ **Economic equity**

\_\_\_ **Economic freedom**

\_\_\_ **Economic growth**

\_\_\_ **Economic security**

\_\_\_ **Economic stability**

**Part 2 directions:** Rank each goal in order of importance to you by placing a number between 1 and 6 on the line in front of each goal above. Rank the goal that is most important to you as number 1, the goal second-most important to you as 2, and so on.

### Handout 3: Minimum Wage

The U.S. Congress is considering a bill that would increase the minimum wage for most unskilled jobs to \$15 per hour. A higher minimum wage would benefit some workers because they would earn higher wages. However, economists suggest that some businesses would likely reduce the number of workers they employ because of the workers' higher cost to the firm. As such, unskilled workers would likely have fewer job opportunities, and some workers would likely have their hours reduced or lose their jobs.

Data from the newly released 2019 Congressional Budget Office (CBO) Study:

The \$15 option would boost the wages of 17 million workers who would otherwise earn less than \$15 per hour. But 1.3 million other workers would become jobless, according to CBO's median estimate.

- If the bill becomes law, on which broad social goals will it have an impact and what will the impact be?
- If you were a member of the U.S. Congress, would you support this bill? What trade-offs are you making, among the broad social goals?

Please record your responses below.

**Handout 4: Policy Cards (page 1 of 3)****Travel Safety and Security**

The Transportation Security Administration (TSA) is a U.S. government agency that has authority over the security of the traveling public in the United States. The agency was created in response to the terrorist attacks of September 11, 2001. The TSA is primarily focused on air travel, conducting screening of passengers and their luggage in airports. But it also inspects rail cars, patrols subways, and provides security for various modes of transportation. TSA's 50,000 security officers, inspectors, air marshals, and managers screen more than 2 million passengers and their baggage every day.

**Benefits:** By screening more than 2 million passengers and their baggage per day, the TSA provides security and helps prevent acts of terrorism and other crimes.

**Costs:** Airport screening is very costly in terms of time and money. The agency employs approximately 50,000 employees, all of which receive wages and benefits paid by the U.S. government (at taxpayer expense). In addition, the extra time that people spend going through security is time they could be spending doing other things that they value—working, relaxing, or spending time with friends and family.

**Social Security**

The Social Security Administration provides financial protection by providing retirement, disability, and survivors benefits. Social Security is regarded by many to be one of the most successful anti-poverty programs in U.S. history. Currently, the agency pays benefits to more than 64 million people, including retirees, children, and widows and widowers. Economists warn that as demographics change and people live longer, the program will become financially unsustainable in its current form, and some combination of higher taxes, reduced benefits, or acceptance of higher government debt levels will be needed.

**Benefits:** Social Security provides financial benefits to more than 64 million people. People who receive these benefits are able to use the steady stream of income to pay their bills and maintain a basic lifestyle. Social Security provides a type of "social insurance" that protects people from poverty.

**Costs:** Providing benefits to more than 64 million people (about 20 percent of the U.S. population) is very costly. It requires workers to pay taxes on the income they earn. Employers match the amount paid in by workers. And, because of a larger group of retirees and the fact that people are living longer, the tax will likely increase in the future, or the benefits paid will likely be cut.

Handout 4: Policy Cards (page 2 of 3)

### Healthcare

The government sponsors a variety of insurance programs to provide basic healthcare to people. The largest of these are Medicare and Medicaid. Medicare is a national health insurance program that provides health insurance benefits for Americans aged 65 years or older and for younger people with some disabilities and diseases. The program provides benefits to nearly 60 million people. Medicaid is a government health insurance program that helps pay medical costs for people with limited income.

**Benefits:** Medicare and Medicaid are both government health insurance programs that provide benefits for people who might find it difficult to pay for health insurance in the private health insurance market. These programs improve the overall health of the nation and increase health-care access to underserved communities.

**Costs:** As the U.S. population becomes older (due to demographics) and lives longer, medical costs will continue to rise. In addition, medical costs tend to rise faster than the average inflation rate. As such, funding these programs will be more difficult to sustain in the future. As a result, taxes will likely increase in the future, or the benefits paid will likely be cut.

### Food and Drug Safety

The Food and Drug Administration (FDA) is a federal government agency responsible for protecting and promoting public health by ensuring the safety of drugs, biological products, and medical devices, as well as the safety of the nation's food supply, cosmetics, and products that emit radiation. Providing protection requires extensive testing and research on new and existing products. For example, a company might want to sell a new, promising pharmaceutical drug, but in order to ensure safety for consumers, the FDA will need to do extensive testing. On one hand, this extensive testing will likely reduce the risk that a dangerous drug causes unintended health problems. On the other hand, the process can delay the drug from being prescribed by many years, which means that it cannot be used to treat patients who need it.

**Benefits:** Safer foods and drugs help protect consumers from serious illness or death.

**Costs:** The longer the process takes, the longer that patients don't have access to the benefits of a medication. And the 17,000 people employed by the FDA to provide that protection come at taxpayer expense.

Handout 4: Policy Cards (page 3 of 3)

**Protection in International Trade**

International trade can affect businesses and their employees negatively. For example, some U.S. companies might have difficulty competing with a foreign business because the foreign company might sell a good at a lower price. This might have to do with a difference in availability of natural resources or because the foreign company has access to lower-cost labor, better infrastructure and capital, or more generous government subsidies. When U.S. businesses can't compete, they might have to reduce the number of people they employ, or they may have to shut down entirely. Businesses and workers in that situation might lobby government for a tariff (import tax) on the particular good in question. The tariff would potentially make the imported good or service more expensive and make it easier for U.S. companies to compete.

**Benefits:** If a tariff were added to imports, U.S. companies would have an easier time competing with foreign companies. As a result, U.S. companies might employ more U.S. workers.

**Costs:** The tariff is an import tax that is paid by U.S. consumers, so these taxes increase prices for Americans. And when one country imposes a tariff on imported goods and services, the other country usually retaliates by imposing its own tariffs on goods and services exported by the first country.





## Handout 5: Assessment—Answer Key

Directions: Answer the following questions.

1. Give examples of two broad social goals that you think are very important and explain why you think they are important.

*Answers will vary.*

2. What is a trade-off?

*A trade-off is giving up some of one thing in order to gain some of something else.*

3. Ambrosia School District has implemented the following policy for the schools in the district:  
“Schools in the Ambrosia School District will no longer use print textbooks. All content for classes will be provided online. Students must access online content using only Android devices and must provide their own devices to access this content. Students must provide all work in an online format. All grades will be reported through the district’s online portal.”

Analyze this policy in light of the broad social goals, and highlight trade-offs that must be made among the goals as a result of this policy.

*Answers will vary.*

## Voluntary National Content Standards in Economics

### Standard 2: Decision Making

- **Benchmark: Grade 4**
  1. Choices involve getting more of one thing by giving up something else.
- **Benchmark: Grade 12**
  2. To determine the optimal level of a public policy program, voters and government officials must compare the marginal benefits and marginal costs of providing a little more or a little less of the program's services.