Chapter 12

* 1. **– explore the extent to which governments should encourage economic equality**

**3.5 – examine the extent to which the practices of political and economic systems reflect the values of liberalism**

Which do you think societies should value more:

Economic \_\_\_\_\_\_\_\_\_\_\_\_\_ to make your own choices and succeed and fail at your own risk?

OR

Economic \_\_\_\_\_\_\_\_\_\_\_\_\_\_ with others; sharing success or failure as a society?

The issue for Chapter 12 is:

* To what extent should governments encourage economic equality?
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a key value of liberalism. But an economy based on values of individual self-interest, competition, and a free market may lead to economic inequality among people
* So…should governments encourage economic equality? If so, to what extent?
* Understandings of   
  Economic Equality
* There are three major tenets of economic equality:

**Egalitarianism:**

* People should own the means of production \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Marxism)
* There should be a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ annual income to meet people’s basic needs

**Equality of Opportunity:**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ wage for all
* No \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in hiring practices

**Equitable distribution of income/wealth:**

* All people should earn equal wages for work of similar value
* People with larger incomes should pay taxes at a \_\_\_\_\_\_\_\_\_\_\_\_\_ rate than people with lower incomes

Economies and Liberalism

* We are going to examine three forms of economic systems and consider whether they reflect the values of liberalism. They are:

\_\_\_\_\_\_\_\_\_\_\_\_ economy

\_\_\_\_\_\_\_\_\_\_\_\_ economy

\_\_\_\_\_\_\_\_\_-\_\_\_\_\_\_\_\_\_\_\_\_economy

**Command Economy**

* Based on \_\_\_\_\_\_\_\_\_\_ (state) ownership of property, in which government planners decide which goods to produce, how to produce them, and how they should be distributed (price, etc,)
* Also known as a *centrally planned economy*
* Usually found in communist states
* The government :
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_ what will be produced (no consumer input)
  + \_\_\_\_\_\_\_\_\_\_\_ the factories, resources, and all the means of production
  + \_\_\_\_\_\_\_\_\_\_\_ goods according to people’s \_\_\_\_\_\_\_\_\_\_\_\_\_ – promotes economic equality

**Free-market Economy**

* A theoretical concept – no pure free-market economy really exists
* Also known as a \_\_\_\_\_\_\_\_\_\_\_\_\_\_ economy, laissez-faire economy, or \_\_\_\_\_\_\_\_\_\_\_ enterprise economy
* Supply and demand determine what is produced and in what quantities
* Whoever can afford to pay for goods or services will buy them. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ property and private ownership are protected by law
* Gov’t allows businesses and consumers to determine prices, wages and salaries

**Mixed Economy**

* Involves gov’t intervention in combination with free-market principles. Canada is an example of this
* Through supply and demand, companies listen to \_\_\_\_\_\_\_\_\_\_\_\_\_ and produce what they want, as in a free-market economy; however, when businesses do not provide an important good/service, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_can step in to provide it
* Private companies still decide how goods and services will be produced, but the government may intervene with regulations and laws regarding employment, safety, consumer rights, or subsidies
* Those who can pay will buy, but those unable to fulfill their basic needs will receive assistance from the gov’t – otherwise known as a *\_\_\_\_\_\_\_\_\_\_\_ safety net*
* Private companies must accept gov’t intervention and legislation in the marketplace