

Economic Objective	Government's Aim	Benefits
<p>Economic growth refers to expansion in the productive output of the economy</p> <p>Quality of life refers to specific outcomes such as health and education</p>	<p>The government aims for a strong, but sustainable growth rate so not to conflict with/harm other objectives and also aims to simultaneously raise quality of life</p>	<ul style="list-style-type: none"> • Rising real per capita incomes, employment creation and higher standards of living for Australians • Increased productive capacity, creation of employment opportunities, helps reduce unemployment • Opportunities for investment and international trade
<p>Full employment refers to the achievement of full employment of the economy's resources and when there is no cyclical unemployment</p>	<ul style="list-style-type: none"> • Government aims to achieve an unemployment rate near the non-accelerating rate of unemployment (NAIRU) i.e. only the natural rate of unemployment – 4-6% • Government also wants to lower overall unemployment by reducing the natural rate factors of unemployment <p>E.g. skills training (reducing factors contributing to structural, frictional, seasonal unemployment)</p>	<ul style="list-style-type: none"> • Economy is working at full productive capacity • High efficiency • Higher economic growth • Rising living standards and quality of life
<p>Price stability is the objective to minimise inflationary pressures i.e. maintaining a low rate of inflation</p>	<p>The RBA adopted a formal target band of 2-3% level of inflation</p>	<ul style="list-style-type: none"> • Avoids inflation
<p>External stability refers to the government's aim the external accounts are sustainable</p>	<p>The government aims to sustain all external accounts e.g. CAD, foreign debt</p>	<ul style="list-style-type: none"> • Australia can pay off its debt and is stable • Does not retrain other factors
<p>Environmental sustainability is ensuring economic growth does not compromise or seriously harm the environment</p>	<p>Governments aim to leave an adequate and good condition environment for the next generation</p>	<ul style="list-style-type: none"> • Higher quality of life and living standards • Sustainable long-term growth
<p>Distribution of income objective is when governments seek to promote greater equality of income</p>	<p>Governments aim to bridge the gap between rich and poor mainly through taxation and transfer payments</p>	<ul style="list-style-type: none"> • Equal society • More productive • No social division