

Solution

1.)

Aims:

- revive job market (6 f), employment, growth,
- consolidation of budget (21)
- boost consumer spending (8)
- improve conditions of employment in low-wage sector (26)

Measures:

- 25-billion-investment program (10 ff) for research, infrastructure, families;
- lower taxes for capital investment and home improvement

2.)

Ziele im Stabilitätsgesetz (“magisches Viereck”)	Aims of Government 2006
Beschäftigung	See line 6, 22 f
Wachstum	See line 11 f
Preisstabilität	in Gefahr, endangered
Außenwirtschaftliches Gleichgewicht	nicht erwähnt, not mentioned

*Sind die Ziele richtig dargestellt und erläutert (oder nur benannt)? Vergleich vorgenommen?
Wird der mögliche Konflikt zwischen Beschäftigungsförderung und Preisstabilität erörtert?*

3.)

Demand side economics (see footnote)	Supply side economics (see footnote)
- support families - low taxes for home improvement - subsidies for wages	- infrastructure improvement - lower taxes for capital investment - subsidies for wages - research funding - budget consolidation

4.)

German economy is still growing – see figures for GDP, unemployment, wages ... *Give evidence and show consequences for recovery (business cycle)!*

Risks for recovery:

- higher wages > increase of demand > higher prices > inflation – danger of recession
- Government spending in conflict with budget consolidation, risk of inflation
- High contribution of trade (international crisis?!)
- Loss of good jobs (“Kombilöhne”)
- East-west gap in Germany