

6.2 SOCIAL MARKET ECONOMY: WORKPLACE AND SOCIAL SERVICES

? FOCUS QUESTION:

- How are the basic needs of people met by societal and economic institutions?

STANDARD #5 INDIVIDUALS, GROUPS AND INSTITUTIONS.

LESSON OVERVIEW:

This lesson focuses on the social welfare policies and working conditions of Germany's social market economy. To better understand the relevance and impact of the German system, students will compare the conditions and policies of Germany, the United States, and another member nation of the European Union. Students will search the Internet for relevant data about the current programs and policies. After completing a chart listing the principal details, students will create a poster depicting 5-8 aspects of Germany's social welfare system that make it unique. Upon completion of the lesson, the students will be able to analyze the social welfare aspects of the German social market economy and compare it with other nations' economies.

TEACHER BACKGROUND INFORMATION:

The German phrase "*soziale Marktwirtschaft*," or "social market economy," refers to the modified free-market system developed in Germany after World War II. The phrase came into common use because it underscored the widely held belief that the "laissez-faire" market system of pure capitalism did not take people's social and human needs adequately into account. The basic idea in the German system was that all parts of society need to cooperate with each other in order for the society as a whole to flourish and grow. The young support the old, the rich support the poor and the healthy support the sick. Through workers' councils, employees have a say in how enterprises are run. German society also shares many common elements found in other western European social welfare states: health care, paid vacations, old-age pensions, protection of the unemployed and destitute. By and large, these social benefits are supported by the vast majority of German citizens. Over time, this system has become very expensive for tax-payers, local governments, and industry. Given the competition from Asian and Eastern European countries, with their lower labor costs, German governments, companies, and workers' representatives have had to reform and even cut some of its well-known social programs in order to remain productive and competitive. These changes engender new strains and stress within society, particularly in areas of higher unemployment.



For additional information on the economic philosophy behind the "social market economy" the teacher may want to read "The German Social Market Economy and its Transformations" by Michael Rösch which was written in the late 1990's. This paper can be found as the Teacher Resource (**Handout 6.2.1 on the Instructional Resource CD**).

In order to get a better understanding of recent challenges to the German social market economy and the country's response

to globalization and the latest financial and economic crises, the teacher may also read *The Economist's Special Report on Germany*, dated March 2010, available at: <http://www.economist.com/node/15641069>



TIME:



(3) 45 minute class periods

INSTRUCTIONAL RESOURCES:

- Social Market Economy Teacher Resource (**Handout 6.2.1 on Instructional Resource Disc**)
- Exercise in Economics Statistics (**Handout 6.2.2 on Instructional Resource Disc**)
- Poster board — 1 piece per 2 students

PROCEDURE:



DAYS 1-2:

Anticipatory Set: The teacher should distribute the handout, Exercise in Economics Statistics (**Handout 6.2.2 on Instructional Resource Disc**) and review the instructions. The students may share their knowledge or perceived knowledge about the social welfare and working conditions of the United States. Once the discussion is exhausted of ideas, students should use the internet to research the current programs and policies in the US using the remaining class time or completing the US section for homework. This is not expected to be extensive, just a general understanding of the facts that can be collected. A review of US policies will give students a foundation with which they will be able to compare the social systems of Germany and other nations. The teacher should review the homework assigned during the Anticipatory Set and then ask the students what they learned about US policies. What surprised them? On what topics do they need clarification?

Now that students have a better understanding of their own economic system, they may begin research on Germany's policies. What are the working and living conditions for today's Germans living in a social market economy? What does the social market economic system provide for its people? How long is the average work week? What about vacation time and parental leave? What, if any, health care is guaranteed and regulated by the government of the individual German states (the "Länder") for the general public, elderly, and poor? Students will answer these questions and more as they work in pairs to conduct research using the Internet.

The students should then replicate the research for another EU country.

DAY 3:

Upon completing the research, each team will create a comparative poster depicting 5-8 of the topics. The collected data should be displayed in a creative, yet organized and readable manner. Any form of additional artwork, e.g., pictures, drawings, and cartoons is acceptable.

Students should include these required elements on their poster:

- 5-8 topics with appropriate labels/captions
- relevant graphics
- accurate data
- names of contributors / data sources in appropriate format

Each team will present its poster to the class in a 3-5 minute oral presentation.

WHOLE GROUP REFLECTION:

- After the posters have been presented, the teacher should facilitate a class discussion about Germany's social market economy. How well does it address the needs of the people? How do its policies compare to those of the other two countries?

MODIFICATIONS:

- Students may choose a country in Asia, Africa, or South America (rather than the European Union) to compare to Germany and the US.
- Instead of creating a poster, students may write a paper discussing the similarities and differences among the three countries and draw conclusions based on the collected data.
- Instead of creating a poster, students may create a PowerPoint depicting the similarities and differences among the three countries and draw conclusions based on the collected data.

EXTENSIONS:

- Students may research a different area of Germany's social market economy and write an essay explaining the data and comparing it to two other industrial nations.
- Students may read *The Economist's Special Report on Germany* (March 13, 2010) that discusses Germany's social market economy, available at: <http://www.economist.com/node/15641069>
 - After reading the article, students may write a summary or give an oral presentation to the class summarizing it and highlighting details that may not have been previously reported during the poster presentations.
- Students may read *The Economist's Special Report on Germany* (June 13, 2013) that discusses Germany's social market economy, available at: <http://www.economist.com/news/leaders/21579456-if-europes-economies-are-recover-germany-must-start-lead-reluctant-hegemon>

