

The magic Quadrangle

The targets which was phrased by the government realise together is the some as if you try a 4 legs table at the uneven ground to protect from wobble. Therefore it's called magic quadrangle.

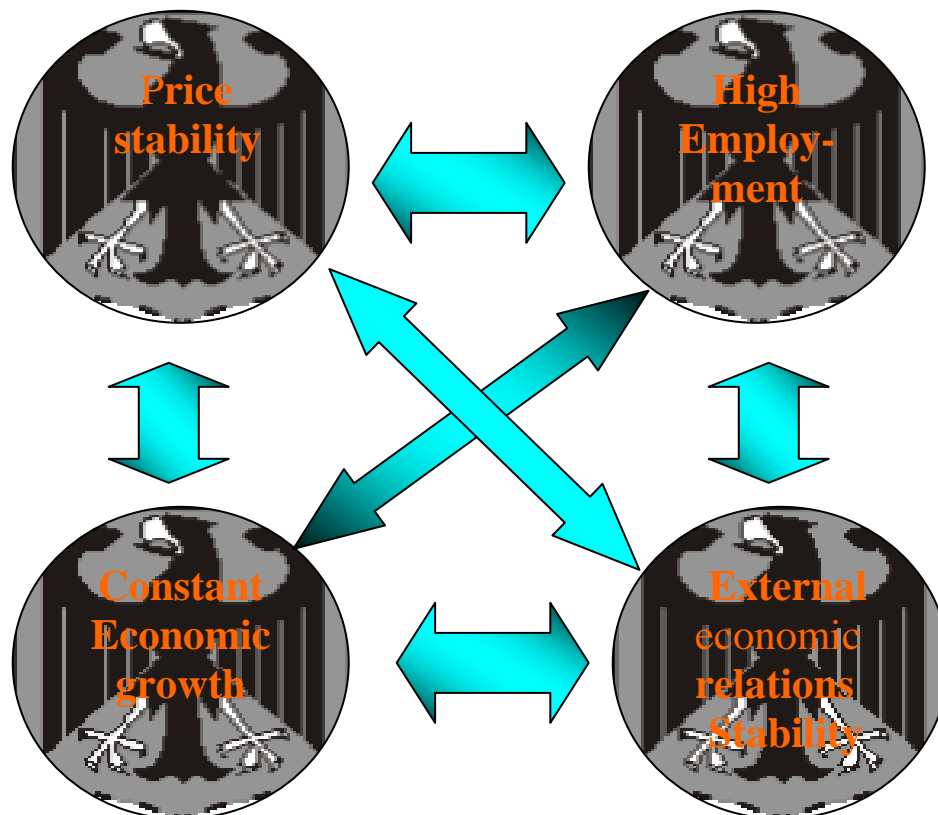
Especially the labour union shows interest at the real income, here the increase in wages for, example 4% doesn't give the employee a higher standard of living, if at the same time all the prices are rise 4% too. It would be just compensated the inflationary.

In this case we talk about the

Wage-price spiral

Some figures for 1999

- Employment quote - current 10,5%
- GNP 3,5 Bill. €
- Exportations 1 Bill €
- Importation's 870 Bill. €
- Export surplus 130 Bill. €
- Tourism balances 80 Bill. €



To the 4 main targets from the magic quadrangle are coming more now like:

- Fair income and possessions distribution
- Environmental protection and quality of life as another main targets (magic hexagon)

The problem from the magic quadrangle is that you can't get all together. You must neglect one or two of this to let the other come true. The realising of one target can only been make if you doesn't fix the others

If we try to get more targets at the same time, than we become, because of competed tasks, to **target conflicts**. For example: during full employment and so occupied productions capacity's exceeded the demand for goods the performance ability for the economy so that as result the prices rise.

The **inflation rate** is always high, if we have full employment or over employment. The price level and thus the purchasing power from the money become affected by the prices from goods and services in our country.

All salaried employee are can get own profit from the salary rise, but only such long as the its not bigger than the inflation rate. If we divide the purchasing power loss and the money devaluation from the gross pay, we can get the **real pay**

$$\text{Real pay} = \frac{\text{Nominal pay (Wages without consideration of purchasing power)}}{\text{Price index}} \times 100$$