Teacher Answer Key

Case Study

1. Rail and broadband projects created jobs (short run) and improved logistics and connectivity (long run).

2. Strong GDP growth and later fiscal consolidation kept the ratio stable.

Multiple Choice

1. A

2. B

3. D

Matching

1-D, 2-A, 3-E, 4-C, 5-B

Fill-in-the-Blank

1) rise, 2) supply-side, 3) minimal

Short Answer (Sample Responses)

Q1: They expand productive capacity, shifting supply out and sustaining growth beyond the stimulus period.

Q2: Higher interest costs can crowd out public services and raise borrowing rates if investors doubt repayment.

Q3: By front-loading investments during the downturn and consolidating finances in recovery, Germany achieved both objectives.