УЧЕБНО-МЕТОДИЧЕСКОЕ ПОСОБИЕ

Your First Budget

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МОСКОВСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ
имени М. В. Ломоносова
Экономический факультет

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Your First Budget

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Учебно-методическое пособие «Your First Budget» представляет собой интерактивный обучающий ресурс, предназначенный для студентов экономических и смежных специальностей.

Пособие сочетает теоретические материалы с практическими заданиями по образовательной игре-симуляции «The Budget Game», разработанной британской деловой газетой Financial Times (FT). Цель пособия - повышение уровня владения студентами профессиональной экономической лексики, развитие навыков анализа данных и принятия решений в сфере государственного бюджета.

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Contents

1 Overview

Introduction

"The Budget Game" is an interactive simulation game launched in October 2024 by the Financial Times. The purpose of the "Budget Game" is to engage readers in understanding the intricate nature of decision-making while running the national economy of Great Britain, especially in the context of the 2026 UK Autumn Budget.

The game allows players to step into the shoes of the UK's Chancellor of the Exchequer to give participants hands-on experience in devising a national budget plan, reflecting the real-world trade-offs and challenges faced by policymakers when balancing government spending, taxation, and public services.

Players have to make decisions on the key areas of the economy, such as health, defence, investment, welfare, and taxation while adhering to fiscal rules and managing political pressures from the cabinet, prime minister, and voters. The economic modelling of the game was provided by the Resolution Foundation, an independent think tank, using forecasts from the Office for Budget Responsibility extended to 2029-30.

"The Budget Game" serves as both an educational tool and an interactive news feature by the Financial Times to deepen public comprehension of fiscal policy and economic constraints.

Instructions

Before playing:

- Read all the instructions.
- Read the section "**Key Terms and Definitions**".
- Study **Worksheet 1 "Your First Budget"**, p.18, **Worksheet 2,** p. 20, **Worksheet 3,** p. 22. Download the worksheets using the QR-code, p. 18.
- Click on the link: https://ig.ft.com/chancellor-game/.

While playing:

- Start the game. Follow the instructions provided by the game.
- Screenshot your decisions and insert the screenshots in **Worksheet 1** under the appropriate headings.
- Do the tasks in **Worksheets 2, 3.**
- Be ready to explain your decisions.
- Screenshot your results - **"Your Budget explained"** and insert it in **Worksheet 1** under the appropriate heading.

After playing:

- Be ready to comment on your decisions and final results (orally or in a written form).
- Complete the tasks in **Worksheets 2, 3.**
- Take part in debates about related economic issues.

2 Glossary

Key terms and definitions

Home Office

The Home Office is the United Kingdom's interior ministry responsible for ensuring public safety and security. Its main responsibilities include:

- Public safety and policing in England and Wales.
- Border security and immigration control, including visa and asylum processing.
- Passport issuance and civil registration services.
- Counterterrorism, drug policy, and national security.
- Managing law enforcement agencies such as the police, Border Force, UK Visas and Immigration, and the Security Service (MI5).

The Home Office is headed by the Home Secretary, a senior Cabinet minister, supported by various ministers and civil servants. It oversees policing, border security, immigration enforcement, and national security policies to protect the UK and its citizens.

The Treasury

The term reflects the constitutional monarchy system where government institutions are formally under the sovereignty of the reigning king, currently His Majesty.

The Treasury, officially known as HM Treasury (His Majesty's Treasury), is the United Kingdom's government department responsible for managing the country's economic and financial affairs. The term reflects the constitutional monarchy system where government institutions are formally under the sovereignty of the reigning king, currently His Majesty. Thus, HM Treasury means the Treasury department serving His Majesty's Government.

Its core functions include:

- Controlling public spending and ensuring money is used efficiently across government departments.
- Setting the direction of the UK's economic and fiscal policy, including budget planning and taxation.
- Managing the government's borrowing and debt levels to maintain economic stability.
- Overseeing tax policy and customs through collaboration with HM Revenue & Customs.
- Leading policy on financial services regulation and legislation.
- Working with the Bank of England on coordinating fiscal and monetary policy to support growth and economic stability.

The Treasury plays a central role in the government's efforts to achieve strong and sustainable economic growth and fiscal responsibility. It is led by the Chancellor of the Exchequer and supported by a team of ministers and civil servants. The Treasury also prepares key financial documents such as the annual Budget and Spending Reviews.

Abridged from:

https://www.gov.uk/government/organisations/home-office/about#:~:text=reducing%20and%20preventing%20crime%2C%20and,issuing%20passports%20and%20visas

https://www.gov.uk/government/organisations/hm-treasury

https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2025-to-2026/consolidated-budgeting-guidance-2025-26

The Chancellor of the Exchequer

The Chancellor of the Exchequer is the United Kingdom's chief financial minister responsible for managing the country's economy and public finances. The key responsibilities of the Chancellor include:

- Overseeing fiscal policy, including taxation and government spending.
- Preparing and delivering the annual budget, which details taxation and spending plans.

- Managing government borrowing and public debt levels.
- Setting the monetary policy framework, working closely with the Bank of England.
- Leading economic growth strategies and productivity initiatives.
- Representing the UK in international economic and financial forums such as the G7, G20, and at the IMF.
- Addressing issues such as the gender pay gap and economic security.

The Chancellor heads His Majesty's Treasury and is one of the most senior figures in the UK government, often considered the second most powerful after the Prime Minister. The official residence is 11 Downing Street. The current Chancellor, as of 2024, is Rachel Reeves MP.

The role has historically been described as the government's chief "taxing machine," responsible for balancing the challenge of raising necessary revenue while managing public welfare.

Abridged from: https://www.gov.uk/government/ministers/chancellor-of-the-exchequer

Winter fuel payment

Winter Fuel Payment in Great Britain for 2025–2026 is a government benefit designed to help older people with their heating bills during winter. Key details include:

- Eligibility: People born on or before September 21, 1959, living in England or Wales during the qualifying week (September 15-21, 2025) are eligible.
- Payment amount: Between £200 and £300 per household; the higher amount is for those aged 80 or over.
- Payment timing: Most eligible people receive the payment automatically from mid-November 2025, usually in the same account as their State Pension or other benefits.
- Conditions: Not eligible if living outside England/Wales, in hospital for the full qualifying week, in prison the full week, or subject to immigration restrictions on public funds.
- Income threshold: If total income exceeds £35,000 per year, the payment may be recovered through the tax system.
- It is a tax-free payment and does not affect other benefits. People living in Scotland receive a similar payment called the Pension Age Winter Heating Payment from the Scottish Government.

Abridged from: https://www.gov.uk/winter-fuel-payment

The two-child limit on low-income benefits

The two-child limit on low-income benefits in the UK is a policy that restricts most families from receiving means-tested benefits such as Universal Credit or Child Tax Credit for any third or additional children born after April 2017. This limit means that financial support is only provided for the first two children in a family.

Key points about the policy and its implications:

- The policy was originally introduced by the Conservative government in 2017.
- It affects around 1.6 million children, with an estimated 350,000 children who could be lifted from poverty if the limit were removed.
- The limit results in families losing roughly £3,514 per year for each third or subsequent child.
- Critics argue that this "tax on siblings" significantly contributes to rising child poverty in the UK.
- The Labour government, elected in July 2024, has plans to scrap this two-child cap, with an official announcement expected in the upcoming budget on November 26, 2025.
- The Scottish Government is abolishing the impact of the two-child limit from March 2026 in Scotland, aiming to reduce child poverty.
- There is ongoing debate about alternatives, including tapering benefits based on the number of children or applying the cap only to non-working families.
- Advocates emphasize that lifting this limit would improve family living standards and reduce child poverty significantly.

Abridged from: https://cpag.org.uk/policy-and-research/our-position/two-child-limit-our-position

The personal independence payment

The Personal Independence Payment (PIP) is a benefit in the UK designed to help people aged 16 to 64 who have a long-term illness or disability that affects their daily life or mobility.

Key points about PIP in 2025:

- It is non-means-tested, so your income or savings do not affect eligibility.
- It helps with the extra costs caused by long-term health conditions or disabilities.
- You can receive PIP if you have difficulty doing everyday tasks or moving around, and these difficulties are expected to last at least 12 months.
- The benefit is paid weekly, with rates varying depending on the level of support needed.
- You may be asked to attend a face-to-face assessment as part of the application process.
- The two main components are Daily Living and Mobility, both of which can be awarded at standard or enhanced rates.
- The specific eligibility criteria include being over 16, under State Pension age, having a health condition affecting your daily activities, and experiencing these difficulties for at least 3 months and expecting them to last for at least 9 months.

Abridged from: https://www.gov.uk/pip

Triple lock

The "triple lock" is a UK government policy that guarantees the state pension increases each year by the highest of three measures:

1. Inflation (measured by the Consumer Prices Index from the previous September).
2. Average wage growth (from the previous year).
3. A minimum guaranteed increase of 2.5%.

Introduced in 2010, the triple lock ensures that pensioners' income keeps pace with the cost of living and earnings growth. For 2025, it resulted in a 4.1% increase in the state pension, raising the new full state pension to £230.25 per week or approximately £11,973 per year.

This policy aims to protect pensioners' purchasing power and improve their financial security in retirement. The triple lock has been a subject of debate due to its rising costs, but the current government has committed to maintaining it for the time being

Abridged from: https://www.ageuk.org.uk/siteassets/documents/reports-and-publications/reports-and-briefings/money-matters/2024_oct_debunking-the-myth-that-all-pensioners-will-receive-the-full-increase-in-state-pension-amount-from-april-2025_v1-final.pdf

Fuel duty

Fuel duty in the UK is a tax applied to petrol, diesel, and certain other fuels used in vehicles and heating.

Key points for fuel duty in 2025:

- The standard fuel duty rate on petrol and diesel is 52.95 pence per litre.
- This rate has been frozen since 2011-12.
- A temporary 5 pence per litre cut introduced in 2022 has been extended multiple times and remains in effect through March 2026.
- Fuel duty is included in the price at the pump, along with VAT, which is charged at 20% on the fuel price plus duty.
- The duty also applies to biodiesel and bioethanol.
- Rates differ for other fuels; for example:
- Marked gas oil (off-road diesel) is taxed at 10.18 pence per litre.
- Liquefied petroleum gas is taxed at 28.88 pence per kilogram.
- Natural gas used as vehicle fuel is 22.57 pence per kilogram.
- Fuel duty is a major revenue source for the government, expected to raise £24.4 billion in tax year 2025-26.
- The duty has been maintained to encourage fuel efficiency and environmental goals while balancing government revenue needs.

Abridged from:

https://obr.uk/forecasts-in-depth/tax-by-tax-spend-by-spend/fuel-duties/

https://www.gov.uk/government/publications/fuel-duty-extending-the-temporary-cut-in-rates-to-march-2025

https://www.gov.uk/guidance/vat-road-fuel-scale-charges-from-1-may-2025-to-30-april-2026

EV road tax

In the UK for 2025, electric vehicles (EVs) are required to pay Vehicle Excise Duty (VED), commonly known as road tax, under new rules introduced from April 1, 2025:

- EVs registered on or after April 1, 2025, pay a first-year VED of £10.
- From the second year onwards, the standard VED rate of £195 per year applies.
- EVs with a list price over £40,000 also pay an additional Expensive Car Supplement of £425 annually for five years, making their total road tax £620 per year.
- EVs registered between April 1, 2017, and March 31, 2025, pay the standard £195 per year.
- Older EVs registered before April 1, 2017, pay a reduced rate of £20 per year.
- Zero-emission vans now pay the standard rate for petrol and diesel light goods vehicles, which is £335 annually.
- The previous exemption from road tax for electric vehicles was abolished starting April 2025.

These changes mean EV owners now have similar road tax obligations as petrol and diesel vehicle owners, though EV running costs are still generally lower due to fuel savings and other incentives.

Abridged from:

https://www.gov.uk/guidance/vehicle-tax-for-electric-and-low-emissions-vehicles

https://www.gridserve.com/electric-car-tax-2025-changes-explained/

VAT

In the UK, Value Added Tax (VAT) in 2025 has three main rates:

- Standard Rate: 20%.
  - Applies to most goods and services including electronics, clothing (except children's), household goods, professional services, restaurant meals, alcohol, and tobacco.
- Reduced Rate: 5%.
  - Applies to specific items such as domestic fuel and power, children's car seats, certain energy-saving materials, mobility aids for the elderly, and smoking cessation products.
- Zero Rate: 0%.
  - Applies to essentials like most basic food items, children's clothing and shoes, books, newspapers, public transport fares, prescription medications, and certain medical equipment.

Some goods and services are exempt from VAT altogether, including education, healthcare services, and financial transactions. VAT is a consumption tax charged at each stage of the supply chain but ultimately paid by the end consumer.

Abridged from:
https://www.gov.uk/vat-rates
https://merrantiaccounting.com/uk-vat-rates-in-2025/

Inheritance tax

Inheritance tax (IHT) in the UK for 2025–2026 is a tax on the estate (property, money, possessions) of someone who has died.

Key details:

- The standard rate of IHT is 40%, charged on the value of the estate above the tax-free threshold.
- The nil-rate band (NRB) is £325,000 per individual; estates below this are not taxed.
- There is an additional allowance called the residence nil-rate band (RNRB) of £175,000 per individual, which applies if the main residence is left to direct descendants (children or grandchildren).
- Together, these allowances can raise the tax-free threshold to £500,000 per individual, or £1 million for a married couple or civil partners.
- The RNRB tapers off for estates valued over £2 million.
- Transfers between spouses or civil partners are exempt from IHT, and unused allowances can be passed to the surviving partner.
- Gifts made 3 years or less before death are usually included in the estate for IHT.
- Certain reliefs, like Business Relief, may reduce the tax on qualifying assets.

For example, if an estate is worth £750,000 and the tax-free allowance is £500,000, then IHT is 40% on £250,000 (£750,000 - £500,000), amounting to £100,000 due.

Abridged from: https://www.gov.uk/inheritance-tax

Homebuyers' stamp duty break
"Льгота по гербовому сбору для покупателей жилья"

The homebuyers' stamp duty, also known as Stamp Duty Land Tax (SDLT) in England and Northern Ireland, is a tax paid when purchasing residential property.

The homebuyers' stamp duty break in the UK has changed significantly as of April 1, 2025:

- The zero rate threshold for stamp duty on main residences has been reduced from £250,000 to £125,000.
- For property values between £125,001 and £250,000, a 2% stamp duty rate applies (previously 0%).
- First-time buyers' stamp duty relief has been reduced: no stamp duty is payable on properties up to £300,000 (down from £425,000); 5% applies to amounts between £300,001 and £500,000.
- First-time buyers no longer get relief if the property price exceeds £500,000 (previously £625,000).
- Buyers of additional properties face a stamp duty rate starting at 5% on the first £125,000 and 7% from £125,001 to £250,000.

These changes mean many homebuyers now pay more in stamp duty than before, especially on lower and mid-price properties, making homes less affordable for some buyers. The break for first-time buyers still provides some relief but over a smaller price range than previously.

Abridged from:

https://mortimers-property.co.uk/blog/buying/stamp-duty-2025-key-changes-for-buyers

https://www.gov.uk/stamp-duty-land-tax/residential-property-rates

https://myhomemoveconveyancing.co.uk/buyers/what-can-you-afford/stamp-duty-changes-2025/

https://muve.me.uk/conveyancing-advice/uk-stamp-duty-2026-updates-for-homebuyers

Social safety net

The social safety net in the UK in 2025 broadly refers to a system of government programs and services designed to support vulnerable individuals and families, helping them meet basic needs and maintain a minimum standard of living.

Key components of the UK social safety net include:

- Social Housing: Provides affordable, stable housing for millions of low-income and vulnerable people. Social housing rents are typically much lower than private market rates, offering financial relief and preventing homelessness. However, demand far outstrips supply, with more than 1.2 million households on waiting lists, causing long waits for suitable homes. Efforts are underway to build more social homes, improve existing stock, and tackle homelessness.
- Benefits and Income Support: Includes Universal Credit, Personal Independence Payment, Winter Fuel Payment, and other benefits aimed at helping people who cannot fully support themselves due to low income, disability, age, or other factors.
- Emergency Assistance: Local councils provide emergency funds and temporary housing for those in crisis through programs like the Household Support Fund, helping with essentials such as food, fuel, and rent.
- Support for Vulnerable Groups: Special programs target disabled individuals, elderly people, and those at risk of homelessness or domestic violence, providing tailored financial and housing assistance to improve quality of life.
- Addressing Poverty and Inequality: The social safety net helps reduce poverty by offering access to affordable housing, basic income support, and healthcare, contributing to social stability and inclusion.
- Climate and Energy Support: Upgrading social housing to improve energy efficiency helps reduce fuel poverty and environmental impact, crucial in the UK's commitment to Net Zero by 2050.

In sum, the UK social safety net encompasses housing, financial aid, health, and social services that protect citizens from extreme hardship and promote social welfare amid economic and social challenges.

Abridged from:

https://yieldinvesting.co.uk/uk-social-housing-outlook-2025/

https://niesr.ac.uk/publications/uk-living-standards-review-2025-part-two?type=report

3 Tasks

Worksheet 1: Your First Budget

Click on the link and start the game.
https://ig.ft.com/chancellor-game

Who is your advisor?

Insert the screenshot of your advisor here.

Spending: Health and Education

Insert the screenshot of your spending here.
Be ready to explain the amount of spending.

Defence and Home affairs

Insert the screenshot of your spending here.
Be ready to explain the amount of spending.

Public Investment

Insert the screenshot of your spending here.
Be ready to explain the amount of spending.

Welfare

Insert the screenshot of your spending here. Be ready to explain the amount of spending.

Tax policy

Insert the screenshot of your spending here. Be ready to explain the amount of spending.

Solution (rabbits)

Insert the screenshot of your decisions here. Explain why you've made such decisions.

Results

Your Budget explained: Did you stick to your fiscal rules? - Yes/No

Screenshot and insert the feedback given by the economists. Be ready to comment on it.

What kind of chancellor are you?

Insert the information provided by the game.

Worksheet 2

Basic economic vocabulary Quiz

Drawing on the definition provided, guess the correct term that it explains.

1. A financial plan outlining expected income and expenses over a specific period.

   ____

2. Money received, typically from employment or investments.

   ____

3. The amount of money spent on goods and services.

   ____

4. Government policies regarding taxation and spending to influence the economy.

   ____

5. The total amount of money that a government owes to creditors.

____

6. A situation where expenses exceed revenue, leading to borrowing.

____

7. When income exceeds expenditures, allowing for savings or debt reduction.

____

8. The process of collecting taxes from individuals and businesses to fund government activities.

____

9. Allocating resources, usually money, in order to generate income or profit.

____

10. An increase in the production of goods and services in an economy over time.

____

11. Government expenditure aimed at providing support to individuals in need.

____

12. Services provided by the government for the benefit of its citizens, such as healthcare and education.

____

13. Individuals or groups that have an interest in the outcomes of budget decisions, including citizens, businesses, and government officials.

14. Money collected via taxes on income, sales, and property.

15. Overall debt minus available cash and liquid assets.

Worksheet 3

Idioms and Economic Terms Quiz

Match the collocations in List A with their definitions in List B.

Copy and paste the definitions in **List B** below the corresponding collocations in **List A**.

List A

1. What does the idiom 'to tighten your belt' mean in a financial context?

____

2. If a government is 'balancing the budget,' what are they doing?

____

3. What does 'fiscal responsibility' involve?

____

4. What does it mean ‘to clamp down on spending growth’?

____

5. When a government decides to splash out on shiny new hospitals, what are they doing?

____

6. What is the purpose of capping annual increases in benefits?

____

7. What does it mean ‘to boost in line with earnings’?

____

8. What do tax thresholds refer to in a tax system?

____

9. Who is considered a non-dom?

____

10. What does the phrase ‘to pull rabbits out of the hat’ imply in budgeting?

____

11. What might it mean ‘to lock in rabbits’ in a fiscal context?

____

12. What does it mean ‘to impose a steep squeeze on something like public spending’?

____

13. If a budget ends up in the red, what is the situation?

14. What happens when the government decides to slash spending?

15. How would you explain the need to sustain welfare?

16. What is a fossil fuel car?

17. Why might a policy incur motorists' wrath?

18. What is a retirement pot in financial planning?

19. What does it mean when authorities crack down on some activities?

20. What does the phrase 'a big chunk of something' mean?

21. What is The Personal Independence Payment?

22. What is Social safety net?

23. What is Winter Fuel Payment?

____

24. What is Homebuyers' stamp duty break?

____

25. What is Triple lock?

____

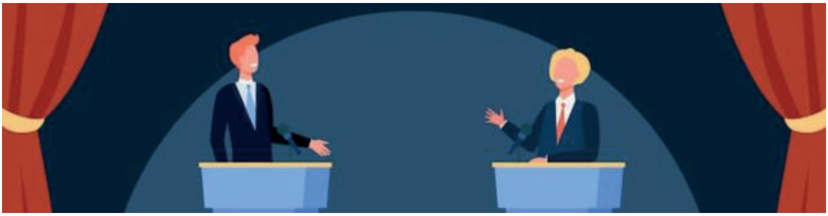
List B

1. It involves managing government finances prudently to avoid excessive debt and ensure sustainable spending.
2. It means to increase payments or benefits at the same rate as average wage growth.
3. It means to strictly limit or reduce the rate at which government or organizational spending increases.
4. It refers to the income levels at which different rates of tax start to apply in a tax system.
5. It means to reduce spending and live more frugally due to financial constraints.
6. It is a person who resides in a country but claims their permanent home (domicile) is outside that country for tax purposes.
7. It means sharply reducing the amount of money allocated to it.
8. Ensuring that the expenditures do not exceed the revenues.
9. It means securing certain financial gains or arrangements firmly in place.
10. When a government decides to splash out on shiny new hospitals, they are spending a large amount of money on building or upgrading healthcare facilities.
11. It implies coming up with unexpected or clever financial solutions to meet budget challenges.
12. It means there is a financial deficit where spending exceeds income.
13. A vehicle that runs on traditional fuels derived from fossil fuels, like petrol or diesel.
14. To maintain social support systems over time to help those in need.

15. To limit how much government benefits can rise each year, controlling public expenditure.
16. The government makes large cuts to their expenditures to reduce the budget deficit.
17. A large portion or share of smth.
18. Enforcing stricter controls or penalties to reduce or stop those activities.
19. It is a tax relief policy that reduces or removes stamp duty for eligible homebuyers.
20. It is the total amount of money accumulated in savings or pensions intended to support someone financially after retirement.
21. It is a UK government benefit that helps older people with the cost of heating during winter.
22. It is a UK benefit providing financial help to disabled adults with daily living and mobility needs.
23. It is a UK state pension policy that guarantees annual increases based on the highest of inflation, wage growth, or 2.5% to protect pensioners' income.
24. A system of government programs designed to provide financial support and services to individuals facing hardship.
25. A policy might incur motorists' wrath if it imposes costs or restrictions that drivers find unfair or burdensome.

4 Follow-up activities

Debate Topics



1. **Balancing the budget vs. economic growth**

- Should the government prioritize balancing the budget over stimulating economic growth? Discuss the potential long-term impacts of both approaches. (see the scenario, p. 29).

2. **Taxation policies**

- What is the most effective taxation policy for promoting economic equity? Debate the benefits and drawbacks of progressive versus flat tax systems (see the scenario, p.31).

3. **Public spending on welfare**

- Should increased public spending on welfare programs be prioritized in national budgets? Explore the implications for society and the economy (see the scenario, p. 33).

4. **Investment in green initiatives**

- Is it more beneficial for the government to invest in green initiatives rather than traditional infrastructure? Discuss the potential economic and environmental impacts (see the scenario, p.36).

5. Impact of austerity measures

- Do austerity measures help or hinder economic recovery? Analyze case studies where austerity has been implemented and its effects on public services and economic growth (see the scenario, p.39).

6. Public debt

- Is it acceptable for a government to run a high level of debt? Discuss the conditions under which government borrowing is justified and its long-term effects on the economy (see the scenario, p.42).

7. Role of technology in budgeting

- How can technology improve government budgeting processes? Debate whether investments in technology are worth the costs associated with implementation (see the scenario, p.45).

8. Prioritizing education funding

- Should education funding be prioritized over other areas such as defense or infrastructure? Discuss the long-term benefits of investing in education (see the scenario, p.47).

9. Impact of tax increases on economic growth

- Do tax increases hinder economic growth? Debate the balance between necessary taxation for public services and its effects on overall economic performance (see the scenario, p.50).

10. Economic inequality and budget allocation

- How should national budgets address economic inequality? Debate the effectiveness of various policies aimed at reducing disparity (see the scenario, p. 53).

11. Public vs. private sector investment

- Is it more effective for the government to invest in public services or to incentivize private sector investment? Analyze the potential outcomes of both strategies.

12. Consumer spending vs. saving

- In times of economic uncertainty, should consumers focus more on saving or spending? Explore how consumer behavior impacts overall economic health.

13. Funding for health care vs. defense

- How should a government prioritize funding between health care and defense? Discuss the societal implications of each choice.

14. Role of international aid in national budgets

- Should countries allocate a portion of their budget to international aid? Explore the ethical and practical considerations involved.

15. Financial literacy education

- Should financial literacy be a mandatory part of school curricula? Debate its importance in preparing students for real-world financial decisions.

16. Sustainability in budget planning

- Should environmental sustainability be a primary consideration in budget planning? Discuss how this can be balanced with other fiscal responsibilities.

17. Role of public opinion in budget decisions

- To what extent should public opinion influence government budgeting decisions? Analyze the pros and cons of responsive versus principled budgeting.

18. Effects of inflation on budgeting

- How should governments adapt their budgets in response to inflationary pressures? Discuss strategies for maintaining fiscal health during inflationary periods.

19. Education funding as an economic investment

Should education funding be viewed primarily as an expense or an investment? Debate the long-term benefits of investing in education versus immediate budget constraints.

20. Long-term vs. short-term budgeting

- Should governments focus more on long-term fiscal strategies rather than short-term fixes? Discuss the implications of each approach on economic stability.

Debate Scenario 1

Balancing the Budget vs. Economic Growth

— *Should the government prioritize balancing the budget over stimulating economic growth? Discuss the potential long-term impacts of both approaches.*

Context:

A country is facing increasing public debt and slower economic growth. The government must decide its fiscal strategy to ensure economic stability and improve living standards. Two competing approaches emerge: balancing the budget versus prioritizing economic growth.

Debate proposition:

“This house believes that the government should prioritize balancing the budget over stimulating economic growth.”

Participants:

a) Pro-balancing budget team

- Argues that maintaining a balanced budget is essential for long-term economic stability.
- Highlights the risks of high national debt, such as increased interest payments and the "crowding out" of private investment.

- Emphasizes fiscal discipline as a foundation for sustainable welfare systems and investor confidence.
- Supports policies that reduce deficits, even if it means temporary economic slowdown, to avoid fiscal crises.

b) Pro-economic growth team

- Advocates that stimulating economic growth should be the government's top priority.
- Argues that economic expansion naturally increases tax revenues, reducing deficits over time without harsh cuts.
- Focuses on investing in infrastructure, education, and innovation to create jobs and improve living standards.
- Warns that premature austerity can depress demand, increase unemployment, and harm social welfare.

c) Moderator

- Presents the debate question and ensures equal time for both teams.
- Guides discussion to consider both short-term and long-term impacts, political feasibility, and socio-economic consequences.
- Invites closing statements summarizing which approach better serves the country's future.

Debate flow example:

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring nuances like ***cyclical recessions, interest rates, and public opinion.***
- Closing statements and final decision or vote (optional).

Read more:
https://www.econstor.eu/bitstream/10419/305465/1/1903864895.pdf
https://fiveable.me/principles-macroeconomics/unit-17/7-question-balanced-budget/study-guide/yqG1WScf3Ghf1Ds9
https://courses.lumenlearning.com/wm-macroeconomics/chapter/the-question-of-a-balanced-budget/
https://fansakone.github.io/files/BBR_and_growth__paper_.pdf
https://www.forbes.com/sites/johntharvey/2015/03/01/balancing-the-budget-economic-catastrophe/

Debate Scenario 2

Taxation Policies

— *What is the most effective taxation policy for promoting economic equity? Debate the benefits and drawbacks of progressive versus flat tax systems.*

Context

Progressive taxes increase rates with income levels to reduce inequality, while flat taxes apply a single rate to all, promoting simplicity. No single policy is universally "most effective" for economic equity, as it depends on goals like growth versus redistribution; progressive systems often better target equity but face efficiency critiques.

Debate proposition

"Progressive taxation is superior to flat taxation for promoting economic equity."

Participants:

a) **Pro-progressive taxation:** economists advocating fairness and redistribution.

- **Equity principle**: wealthier individuals benefit more from public goods (infrastructure, security), justifying higher contributions to equalize societal sacrifice.
- **Reduction in inequality**: lowers Gini coefficients, funds social programs, and stabilizes economies by curbing excessive wealth gaps.
- **Economic benefits:** boosts productivity via public investments in education and health, without overly deterring growth when balanced.

b) **Pro-flat taxation (Opposition):** policy analysts emphasizing growth and simplicity.

- **Simplicity and transparency**: flat taxes are easier to understand and administer, reducing compliance costs and tax evasion opportunities compared to complex progressive systems.
- **Encourages economic growth**: flat taxes avoid high marginal rates that can discourage work, investment, and entrepreneurship, potentially boosting overall economic productivity and job creation.
- **Fairness in equal treatment**: a single tax rate treats all taxpayers equally, avoiding penalizing success and fostering a perception of fairness in tax burden distribution.
- **Reduces Government Overreach**: flat taxes limit the government's role in income redistribution, promoting individual freedom and responsibility while reducing bureaucratic inefficiency.
- **Supports Investment Incentives**: lower and consistent tax rates encourage savings and capital formation, which can drive long-term economic development more effectively than progressive rates.

c) **Moderator**: a neutral facilitator ensuring a balanced discourse.

Debate flow example

- Opening statements: Each team presents key arguments.
- Rebuttal round: Teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***economic equity, inequality, and income redistribution.***
- Closing statements and final decision or vote (optional).

Read more:

https://www.investopedia.com/ask/answers/042815/progressive-tax-more-fair-flat-tax.asp

https://globaltaxjustice.org/news/a-look-at-progressive-tax/

https://itep.org/the-pitfalls-of-flat-income-taxes-2025/

https://www.ecb.europa.eu/pub/pdf/other/mb200709_focus10.en.pdf

https://publications.gc.ca/Collection-R/LoPBdP/BP/prb0110-e.htm

Debate Scenario 3

Public Spending on Welfare

— *Should increased public spending on welfare programs be prioritized in national budgets? Explore the implications for society and the economy.*

Context

Increasing public spending on welfare programs is a critical policy decision affecting economic equity and social well-being. Advocates argue it reduces poverty and inequality by funding health, education, and income support, while critics caution against fiscal sustainability and possible negative economic incentives. Balancing welfare priorities and economic growth is complex and context-dependent.

Debate proposition

"Increased public spending on welfare programs should be prioritized in national budgets."

Participants:

a) **Pro-welfare:** Dr. Sophia Martinez, social policy expert, advocating enhanced welfare.

- **Poverty and inequality reduction: i**ncreasing welfare funds helps lift people out of poverty and reduces income inequality, promoting a fairer society.
- **Improved public health and education:** welfare programs finance essential health services and educational opportunities, which build a healthier, more skilled workforce that benefits the economy long-term.
- **Social cohesion and stability:** welfare spending strengthens social bonds, reduces crime, and fosters community stability, creating an environment conducive to economic growth and well-being.
- **Economic productivity:** by investing in human capital through welfare, the economy gains a more capable labor force, which supports sustainable growth and innovation.
- **Countercyclical role:** welfare acts as an economic stabilizer during downturns by supporting consumer demand and preventing deeper recessions.

b) Against-welfare priority (Opposition): Mr. James Carter, fiscal economist, emphasizing budget discipline and economic growth.

- **Fiscal responsibility**: raising welfare spending risks creating unsustainable budget deficits and increasing national debt, which can destabilize public finances.
- **Economic growth concerns**: high welfare costs may require higher taxes that discourage work, saving, and investment, potentially slowing economic growth and job creation.
- **Dependency and incentives:** excessive welfare can promote dependency, reducing individuals' motivation to seek employment or improve their skills, which undermines personal responsibility and productivity.
- **Resource allocation efficiency:** public funds might be better spent on infrastructure, innovation, and other investments that directly stimulate economic growth rather than on welfare programs.
- **Role of the private sector:** charities and private organizations may be more efficient and flexible in supporting vulnerable populations without burdening government budgets.

c) Moderator: facilitates balanced discussion, ensures each participant presents arguments and rebuttals fairly, and manages debate timing and flow.

Debate flow example

- Opening statements: Each team presents key arguments.
- Rebuttal round: Teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like *fiscal responsibility, social bonds,* and *a fair society*.
- Closing statements and final decision or vote (optional).

Read more:

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Government_expenditure_on_social_protection

https://www.resolutionfoundation.org/comment/is-welfare-spending-out-of-control/

https://arrington.house.gov/news/documentsingle.aspx?DocumentID=2420

https://obr.uk/docs/dlm_uploads/An-OBR-guide-to-welfare-spending-Bud-17.pdf

https://www.resolutionfoundation.org/publications/new-year-outlook-2026/

Debate Scenario 4

Investment in Green Initiatives

— *Is it more beneficial for the government to invest in green initiatives rather than traditional infrastructure? Discuss the potential economic and environmental impacts.*

Debate proposition

"It is more beneficial for governments to invest in green initiatives rather than traditional infrastructure."

Participants:

a) **Pro-green initiatives:** Dr. Lena Voss, environmental economist, advocating sustainability.

- **Long-term economic returns**: green infrastructure boosts property values (up to 9% increases), creates green jobs (e.g., 122,000 in sectors like landscaping), and reduces lifecycle costs by 36-50% through efficient stormwater and energy management.
- **Environmental resilience**: it mitigates climate risks like floods and urban heat islands, saving billions in disaster recovery while improving air/water quality and biodiversity for sustainable growth.
- **Health and productivity gains**: enhanced public health from cleaner environments lowers healthcare costs, boosts workforce productivity, and supports mental well-being via green spaces.
- **Multiple co-benefits**: unlike traditional builds, green options deliver simultaneous gains in ecotourism, energy savings, and community revitalization, with payback periods as short as 4 years.

b) **Pro-traditional infrastructure (Opposition):** Mr. Raj Patel, infrastructure policy analyst, focusing on immediate needs.

- **Immediate economic stimulus**: traditional infrastructure projects like roads, bridges, and utilities create direct construction jobs and stimulate economic activity quickly, providing immediate growth benefits.
- **Essential for commerce and connectivity**: reliable transport and utilities are fundamental for business operations, supply chains, and access to markets, which are vital for GDP growth and competitiveness.
- **Proven technology and predictable results**: traditional infrastructure projects use well-established technologies with predictable costs and timelines, reducing investment risks compared to emerging green technologies.
- **Addressing urgent repair needs**: many existing infrastructures are aging and require immediate repairs to prevent economic disruptions, safety hazards, and losses in productivity.
- **Challenges of scaling green alternatives**: green infrastructure often needs subsidies and may not be scalable or reliable enough yet to replace traditional systems fully, risking underperformance or fiscal inefficiency.

c) **Moderator: p**romotes balanced discussion, ensures each participant presents arguments and rebuttals fairly, and manages debate timing and flow.

Debate flow example

- Opening statements: Each team presents key arguments.
- Rebuttal round: Teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***environmental resilience, green jobs, and lifecycle costs.***
- Closing statements and final decision or vote (optional).

Read more:

https://www.epa.gov/green-infrastructure/economic-benefits-green-infrastructure

https://watersheds.ca/economic-value-of-green-infastructure/

https://www.gchu.org.uk/2023/06/the-economic-impacts-of-green-and-blue-infrastructure-a-long-term-view/

https://www.tandfonline.com/doi/full/10.1080/00036846.2023.2184461

https://documents1.worldbank.org/curated/en/553061639760111979/pdf/How-Much-Does-Physical-Infrastructure-Contribute-to-Economic-Growth.pdf

Debate Scenario 5

Impact of Austerity Measures

— *Do austerity measures help or hinder economic recovery? Analyze case studies where austerity has been implemented and its effects on public services and economic growth.*

Context

Austerity measures involve government policies to reduce budget deficits through spending cuts and tax increases, often implemented during economic crises to restore fiscal stability and investor confidence. Post-2008 financial crisis, countries like Greece, Ireland, and the UK adopted austerity amid high debt levels, sparking debate on whether it accelerates recovery by signaling discipline or hinders growth by contracting demand. Case studies reveal mixed outcomes: Greece's GDP fell over 25% with severe public service cuts, while Ireland achieved rapid recovery through €30 billion in austerity, aided by export-led growth and social consensus.

Debate proposition

Austerity measures hinder economic recovery more than they help, as they reduce demand, prolong recessions, and damage public services without sustainably lowering debt ratios.

Participants:

a) **Pro-austerity: e**conomist Carmen Reinhart, citing historical data on debt thresholds.

- **Debt thresholds suppress growth**: public debt-to-GDP ratios exceeding 90% in advanced economies reduce median real GDP growth by about 1 percentage point to 2.9% (from 3-4% below the threshold), with average growth dropping even more sharply to around 1%, as evidenced in her 2010 paper with Kenneth Rogoff.
- **Rarely grow out of debt overhangs**: countries seldom escape heavy debt burdens through growth alone; historical episodes like post-WWII debt surges show sustained high debt leads to stagnation without adjustment.
- **Stricter limits for emerging markets**: external debt above 60% of GDP cuts growth by up to 2% and risks defaults, termed "debt intolerance," as in Mexico (1982 at 47% debt-to-GNP) and Argentina (2001 near 50%).
- **Austerity restores confidence**: proactive spending cuts and fiscal discipline lower borrowing costs, signal stability to investors, and prevent crises, exemplified by Ireland's post-2010 recovery with 20% GDP-equivalent adjustments yielding 6% growth and falling

b) **Anti-austerity (Opposition): e**conomist Paul Krugman, advocating Keynesian stimulus.

- **Austerity prolongs recessions**: cutting spending during downturns reduces consumption and investment, deepening slumps; UK's 2010 austerity exemplifies this by slowing GDP growth by up to 15% and straining public services, unlike stimulus which multiplies output via higher multipliers in depressed economies.
- **Liquidity trap demands fiscal action**: at zero interest rates, central banks can't stimulate effectively, making temporary public spending essential to utilize idle resources like unemployed labor at near-zero

cost, creating a "free lunch" expansion without crowding out private activity.

- **Stimulus is temporary and offsetable**: increases in government outlays (e.g., infrastructure) raise employment and income now, then can be reversed post-recovery as the Fed accommodates by delaying tightening, avoiding permanent debt burdens.
- **Empirical superiority to austerity**: US stimulus post-2008 outperformed Europe's austerity path, with faster recovery; even New Keynesian models show fiscal policy works when households face constraints, countering Ricardian equivalence assumptions.

b) **Moderator:** ensures equal time, fact-checking claims (e.g., citing IMF data on multipliers), and posing questions like "Did UK's success stem from austerity or external factors?"

Debate flow example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***liquidity trap, debt intolerance, and recession.***
- Closing statements and final decision or vote (optional).

Read more:

https://arxiv.org/html/2510.10449v1

https://equitablegrowth.org/research-paper/what-is-austerity-and-how-does-it-affect-the-broader-u-s-economy/

https://www.sciencedirect.com/science/article/abs/pii/S0304393219300959

https://onlinelibrary.wiley.com/doi/10.1111/obes.12646

Debate Scenario 6

Public Debt

— *Is it acceptable for a government to run a high level of debt? Discuss the conditions under which government borrowing is justified and its long-term effects on the economy.*

Context

High government debt raises concerns about fiscal sustainability, as levels above 90-100% of GDP often correlate with reduced economic growth, lower private investment through crowding out, and higher interest payments that strain budgets and public services. Borrowing is justified during crises like recessions or wars to stabilize demand and fund essential investments, but long-term effects include slower GDP growth (e.g., 1-5% annual losses), wage suppression, and potential crises if investor confidence erodes.

Debate proposition

It is acceptable for governments to run high levels of debt when used for productive investments during downturns, as the benefits outweigh risks under controlled conditions.

Participants:

a) **Pro-high debt: e**conomist Paul Krugman, advocating flexible fiscal policy.

- **Debt sustainability in reserve currencies:** governments issuing safe, widely used currencies like the US dollar can sustain high debt levels at low borrowing costs without triggering crises, making debt an affordable tool to manage economic stability.
- **Stimulus to boost growth:** during recessions, especially when interest rates are near zero, deficit spending through government borrowing is essential to stimulate aggregate demand, increase employment, and reduce economic slack, which markets alone cannot address effectively.
- **Multiplier effect of government spending:** public investment has a multiplier effect in depressed economies, meaning each dollar spent can generate more than a dollar in economic output, thus accelerating recovery and ultimately improving fiscal health through higher tax revenues.
- **Temporary and manageable debt:** fiscal expansion is advocated as temporary and reversible; governments should borrow to stimulate activity during crises, then manage deficits responsibly once growth resumes, avoiding permanent debt accumulation that could hamper future growth.
- **Empirical evidence of success: t**he US's relatively faster recovery after the 2008 financial crisis compared to Europe’s austerity approach supports Krugman’s view that flexible fiscal policy and high debt during crises foster quicker economic and employment recovery.

b) **Anti-high debt (Opposition):** economist Carmen Reinhart, citing debt thresholds.

- **90% threshold for advanced economies:** public debt-to-GDP ratios above 90% reduce median real GDP growth by about 1 percentage point to 2.9% (from 3-4.5% below the threshold), with average growth falling even more sharply to around 1%, based on over 200 years of data across dozens of countries.

- **Debt overhangs cause stagnation:** countries rarely "grow their way out" of heavy debt burdens; historical episodes, including post-WWII surges, show prolonged high debt correlates with notably lower growth outcomes rather than expansion.
- **Stricter limits for emerging markets: e**xternal debt (public and private) exceeding 60% of GDP cuts annual growth by up to 2% and heightens default risks, as seen in over half of emerging market defaults since 1970 occurring below 60%, termed "debt intolerance" linked to default histories.
- **Need for proactive consolidation:** exceeding thresholds erodes investor confidence, raises borrowing costs, and necessitates austerity to avert crises and restore growth, as thresholds are country-specific but broadly evident in both advanced and emerging economies.

c) Moderator: introduces the topic, enforces time limits, poses questions and ensures balanced participation among speakers.

Debate flow example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***fiscal expansion, fiscal health, and debt sustainability.***
- Closing statements and final decision or vote (optional).

Read more:

https://wautier.co.uk/national-debt/

https://www.pgpf.org/article/new-report-rising-national-debt-will-cause-significant-damage-to-the-u-s-economy/

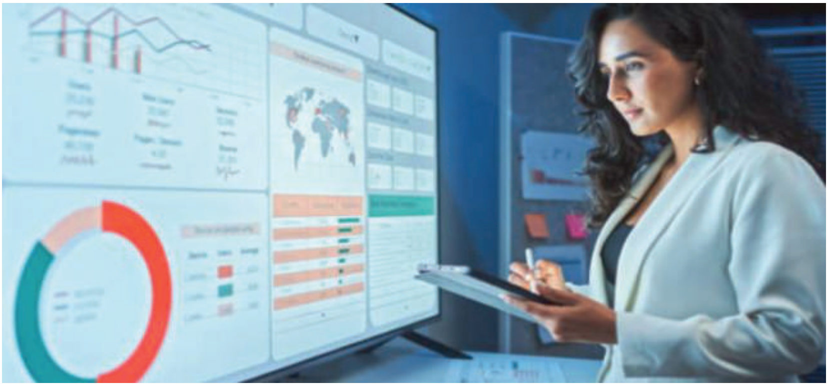
https://www.imf.org/en/blogs/articles/2024/03/28/the-fiscal-and-financial-risks-of-a-high-debt-slow-growth-world

https://www.mercatus.org/research/policy-briefs/impact-public-debt-economic-growth-what-empirical-literature-tells-us

https://www.cato.org/cato-journal/fall-2021/impact-public-debt-economic-growth

https://www.mercatus.org/research/policy-briefs/debt-and-growth-decade-studies

Debate Scenario 7



Role of Technology in Budgeting

— *How can technology improve government budgeting processes? Debate whether investments in technology are worth the costs associated with implementation.*

Context

Government budgeting involves allocating limited resources across public services like healthcare, education, and infrastructure. Traditional processes rely on manual data entry, spreadsheets, and siloed departments, leading to errors, delays, and inefficiencies. Technology—such as AI-driven analytics, blockchain for transparency, cloud-based ERP systems, and big data tools—promises real-time forecasting, fraud detection, and citizen engagement.

This debate examines if investing in these technologies justifies the high upfront costs, ongoing maintenance, and potential risks like cybersecurity threats.

Debate proposition

"Investments in technology for government budgeting processes are worth the associated implementation costs."

Participants:

a) **Pro-investments in technology**: Alex Rivera, expert in public sector digital transformation with 15+ years implementing AI budgeting systems, specializes in fiscal efficiency, having advised on tech integrations in multiple governments.

- **AI predictive analytics**: enables 95% accurate revenue forecasting, cutting preparation time from months to weeks, as in Estonia's e-budgeting system.
- **Real-time dashboards**: integrate agency data, reducing errors by 40% per World Bank studies on FMIS.
- **Blockchain transparency**: provides tamper-proof ledgers, slashing global fraud losses (5% of budgets) via smart contracts.

b) **Anti-investments in technology (Opposition):** Robert J. Gordon, Northwestern economist and author of "*The Rise and Fall of American Growth*".

- **Cost-benefit imbalance**: heavy spending on AI and IT yields minimal GDP uplift—productivity growth post-2004 reverted to pre-IT lows (1.4% annually vs. 2.8% during 1996-2004 boom), with trillions wasted on unproven scalability.
- **Headwinds amplify waste**: aging populations, debt, inequality, and education stagnation compound implementation failures; legacy integration (70% failure rate per Deloitte) drains millions without proportional gains.
- **Hype vs. reality**: firms prioritize buybacks over capex because innovations lack required returns; AI misses nuanced human judgment, mirroring your manual process point, and small-nation wins like Estonia flop at India's scale.

c) **Moderator:** facilitates the discussion by introducing the topic, enforcing time limits, posing questions, managing rebuttals and cross-examinations, and ensuring balanced participation among speakers.

Debate flow example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***FMIS*****,** ***e-budgeting system*****, and** ***cloud-based ERP systems*****.**
- Closing statements and final decision or vote (optional).

Read more:

https://www.nlc.org/article/2025/02/18/the-budgeting-process-governments-find-power-in-ai/

https://www.businessofgovernment.org/sites/default/files/Viewpoint%20Budget_0.pdf

https://www.zayo.com/resources/from-legacy-to-leading-edge-how-to-budget-for-government-it-transformation/

https://digital.intosairussia.org/docs/Digital-Transformation-of-Public-Sector-Cases-and-Best-Practices.pdf

Debate Scenario 8

Prioritizing Education Funding

— *Should education funding be prioritized over other areas such as defense or infrastructure? Discuss the long-term benefits of investing in education.*

Context

Governments face tough choices in allocating budgets amid competing needs like defense for security, infrastructure for economic growth, and education for human capital development. Education funding builds skilled workforces, drives innovation, and reduces inequality, but proponents argue it should not eclipse immediate priorities like national defense or roads and bridges that enable commerce. This debate weighs short-term imperatives against education's compounding long-term returns.

Debate proposition

"Education funding should be prioritized over other areas such as defense or infrastructure."

Participants:

a) **Pro - education funding**: Dr. Elena Vasquez, education policy expert, professor with 20 years researching human capital economics, advocating for knowledge-based economies.

- **GDP growth:** a 10% increase in schooling years boosts GDP per capita by 7-10%, per UNESCO data, outpacing other sectors.
- **Innovation and poverty reduction:** builds skilled workforces that drive tech leadership, as South Korea's education focus transformed its economy from aid-dependent to global powerhouse.
- **Sustainability:** ensures population effectively utilizes and demands infrastructure, preventing waste in under-skilled economies.
- **Security link:** educated forces enhance defense through better recruitment and technological edges, not just funding tanks.

b) **Anti-education funding (Opposition):** Bryan Caplan, a George Mason University economist, argues strongly against heavy public funding for education in his book "*The Case Against Education*". He views most schooling as wasteful signaling rather than skill-building.

- **Fiscal signaling over skills:** students spend years on irrelevant subjects (e.g., Shakespeare for engineers) mainly to signal intelligence and conformity to employers, not to gain useful knowledge—most forget coursework post-graduation, inflating credentials without boosting productivity.
- **Credential inflation**: subsidies drive mass enrollment, devaluing degrees; bachelor's now signal bare minimum, forcing over-education arms race that costs trillions (5%+ of U.S. GDP) with minimal wage gains tied to actual learning.
- **Low social returns:** education's economy-wide benefits (e.g., civic knowledge, health) are overhyped and dwarfed by private gains; public funding creates negative externalities like debt burdens on taxpayers for low-ROI amenities and admin bloat.
- **Opportunity costs:** time/money sunk in classrooms could go to direct job training or work; slash subsidies to cut years in school, deflate

credentials, and redirect resources to high-value apprenticeships without harming skills.

Moderator: maintains debate integrity by fact-checking claims in real-time, intervening on off-topic remarks, and summarizing key points to guide audience understanding.

Debate Flow Example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***dual-use technologies***, ***under-skilled economies***, **and *UNESCO*.**
- Closing statements and final decision or vote (optional).

Read more:

https://www.aljazeera.com/news/2025/6/25/nato-countries-budgets-compared-defence-vs-healthcare-and-education

https://www.usgovernmentspending.com/defense_education_comparison

https://www.johnstonsarchive.net/policy/edgraph.html

https://costsofwar.watson.brown.edu/costs/economic/us-federal-budget

Debate Scenario 9

Impact of Tax Increases on Economic Growth

— *Do tax increases hinder economic growth? Debate the balance between necessary taxation for public services and its effects on overall economic performance.*

Context

Taxation funds essential public services like infrastructure, education, healthcare, and defense, which underpin economic stability and growth. However, higher taxes can reduce disposable income for individuals and firms, potentially discouraging investment and consumption. This debate examines whether tax increases primarily hinder growth or if they enable it through better public goods, drawing on economic theories from Keynesians (favoring government spending) to supply-siders (emphasizing low taxes for incentives).

Debate proposition

"Resolved: Tax increases significantly hinder economic growth more than they support it via public services."

Participants:

a) **Pro - tax increases hinder growth:** business Leader Mr. Raj Patel: Taxes crowd out private investment; governments spend less efficiently than markets. Post-tax funds for R&D dropped in high-tax Europe versus low-tax Asia, stifling innovation and job creation. Public services often suffer from bureaucracy, yielding diminishing returns beyond a baseline.

- **Crowding out private investment: h**igher taxes reduce the capital available for businesses to invest in expansion, R&D, and hiring, as governments absorb funds less efficiently than competitive markets, leading to slower overall economic expansion.
- **Evidence from global comparisons:** high-tax regions like parts of Europe have seen lower R&D spending and innovation rates compared to low-tax Asian economies, where post-tax profits fuel technological breakthroughs and job growth.
- **Bureaucratic inefficiency in public services:** beyond basic infrastructure, public spending often involves waste and red tape, delivering diminishing returns; for example, administrative costs in welfare programs exceed private sector equivalents, diverting resources from productive uses.
- **Distorted incentives for entrepreneurship:** elevated corporate and personal taxes discourage risk-taking and business formation, as entrepreneurs retain less of their success, resulting in fewer startups and reduced dynamic growth.

c) **Anti - taxation balances growth with services (Opposition):** Paul Krugman, Nobel laureate who supports progressive taxation to fund public investment, arguing it sustains demand and long-term growth through education and infrastructure, as seen in Nordic success.

- **Multiplier effect of public spending**: tax revenues enable government investments in infrastructure, education, and healthcare, which generate economic multipliers greater than 1, boosting overall demand and long-term productivity far beyond any initial drag from higher taxes.

- **Historical evidence from high-tax eras:** during periods like the 1950s-1960s U.S. with top marginal rates over 70%, robust growth occurred because revenues funded human capital development, countering claims that high taxes inherently stifle expansion.
- **Addressing inequality for stable growth**: progressive taxation reduces wealth concentration that leads to bubbles and recessions; by funding social safety nets, it sustains consumer spending and prevents demand shortfalls that hinder recovery.
- **Critique of supply-side myths**: tax cuts for the rich rarely "trickle down" as promised, instead increasing deficits without proportional growth, while targeted taxes on high earners capture monopoly rents without harming incentives at optimal rates around 70%.

Moderator: ensures debate fairness through live fact-checking of statements, steps in to address irrelevant comments, and recaps main arguments to clarify insights for the audience.

Debate Flow Example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.
- Audience or panel questions exploring the terms like ***red tape*, *social safety nets*, and *trickle-down economics*.**
- Closing statements and final decision or vote (optional).

Read more:
https://www.oecd.org/en/topics/tax-policy.html
https://www.cbo.gov/publication/59711
https://www.brookings.edu/articles/effects-of-income-tax-changes-on-economic-growth/
https://taxreform.ru/fileadmin/user_upload/site_15907/2024/03-Stoilova.pdf
https://www.abacademies.org/articles/the-impact-of-tax-reforms-on-economic-growth.pdf

Debate Scenario 10

Economic Inequality and Budget Allocation

— *How should national budgets address economic inequality? Debate the effectiveness of various policies aimed at reducing disparity.*

Context

Economic inequality has surged globally, with the top 1% capturing a disproportionate share of income growth while wages stagnate for the bottom half. National budgets, as tools of fiscal policy, allocate resources through taxes, spending, and transfers to influence wealth distribution. In this debate, experts clash over whether budgets should prioritize redistributive measures or growth-oriented strategies to reduce disparities. The discussion draws on real-world examples like the U.S. tax cuts of 2017, Nordic welfare models, and India's subsidy programs, weighing short-term equity against long-term prosperity.

Debate proposition

"National budgets should prioritize aggressive redistributive policies - such as progressive taxation, universal basic income (UBI), and expanded social welfare spending - to effectively reduce economic inequality."

Participants:

a) **Pro - aggressive redistributive policies**: Dr. Sarah Thompson, economist at UC Berkeley: Inequality isn't just unfair; it's economically toxic, stifling growth by undercutting consumer demand and social mobility.

- **Inequality as an economic toxin**: it stifles growth by reducing consumer demand from the bottom half and blocking social mobility for talent.
- **Progressive taxation impact**: top 1% rates of 50-70%, like U.S. Build Back Better (BBB) proposals, fund essential education and healthcare to lift the poor.
- **UBI real-world success**: pilots in Stockton, California, cut poverty rates sharply without discouraging employment.
- **Budget reallocation potential**: shifting just 2% of GDP from corporate subsidies to cash transfers could halve U.S. Gini coefficients, countering a system rigged for elites.

b) **Anti - aggressive redistributive policies:** John Redwood, Conservative MP and economist, former UK Treasury Head: low taxes, spending cuts, and free-market growth can foster prosperity.

- **Low-tax budgets outperform redistribution**: post-2010 UK cuts reduced unemployment from 8% to 4% and lifted 1 million children from poverty through work incentives, unlike 1970s high-spend failures.
- **UBI is unaffordable and ineffective**: it would cost the UK £250B yearly—more than GDP gains from trials like Finland's—while fostering dependency over self-reliance.
- **Progressive supertaxes cause capital flight**: France's 75% rate led to net revenue losses and exodus, proving high taxes on wealth punish success without equality benefits.
- **Growth via deregulation shrinks inequality naturally**: models like Singapore halved Gini coefficients through 7% GDP expansion and private-sector focus, not state handouts.

c) **Moderator:** steers the debate by introducing speakers, enforcing time limits, ensuring rebuttals stay evidence-based, sharing audience polls, and guiding toward orderly final statements without interruptions.

Debate Flow Example

- Opening statements: each team presents key arguments.
- Rebuttal round: teams challenge opposing views.
- Real-world examples and data cited to support positions.

- Audience or panel questions exploring the terms like ***UBI, Gini coefficient, and Build Back Better (BBB)***.
- Closing statements and final decision or vote (optional).

Read more:

https://belonging.berkeley.edu/six-policies-reduce-economic-inequality

https://www.cgdev.org/blog/rising-global-inequality-how-can-fiscal-and-monetary-policies-be-reformed-promote-fairer

https://wautier.co.uk/fiscal-policies/

https://international-partnerships.ec.europa.eu/system/files/2022-09/income-inequalities-executive-summary_en.pdf

https://www.cbo.gov/publication/62105

https://moderndiplomacy.eu/2025/09/04/how-universal-basic-income-programs-will-influence-public-finance-and-welfare-systems/

https://www.feasta.org/2026/01/30/beyond-the-artist-subsidy-universal-basic-income-as-a-radical-shift-in-how-people-receive-their-money/

Scenario Design Workshop

Develop 10 complete debate scenarios based on the provided topics (11–20), using the examples of Scenarios 1–10 as models. Transform each topic into a structured, engaging debate format, ensuring balance, realism, and practical application. Take part in a debate contest.

Debate Topics 11–20

11. Public vs. private sector investment

- Is it more effective for the government to invest in public services or to incentivize private sector investment? Analyze the potential outcomes of both strategies.

12. Consumer spending vs. saving

- In times of economic uncertainty, should consumers focus more on saving or spending? Explore how consumer behavior impacts overall economic health.

13. Funding for health care vs. defense

- How should a government prioritize funding between health care and defense? Discuss the societal implications of each choice.

14. Role of international aid in national budgets

- Should countries allocate a portion of their budget to international aid? Explore the ethical and practical considerations involved.

15. Financial literacy education

- Should financial literacy be a mandatory part of school curricula? Debate its importance in preparing students for real-world financial decisions.

16. Sustainability in budget planning

- Should environmental sustainability be a primary consideration in budget planning? Discuss how this can be balanced with other fiscal responsibilities.

17. Role of public opinion in budget decisions

- To what extent should public opinion influence government budgeting decisions? Analyze the pros and cons of responsive versus principled budgeting.

18. Effects of inflation on budgeting

- How should governments adapt their budgets in response to inflationary pressures? Discuss strategies for maintaining fiscal health during inflationary periods.

19. Education funding as an economic investment

- Should education funding be viewed primarily as an expense or an investment? Debate the long-term benefits of investing in education versus immediate budget constraints.

20. Long-term vs. short-term budgeting

- Should governments focus more on long-term fiscal strategies rather than short-term fixes? Discuss the implications of each approach on economic stability.

5 References

1. CPAG. https://cpag.org.uk/policy-and-research/our-position/two-child-limit-our-position
2. Financial Times. https://ig.ft.com/chancellor-game/
3. Institute for Fiscal Studies (IFS). https://ifs.org.uk/living-standards-poverty-and-inequality-uk
4. OECD. https://www.oecd.org/en/topics/public-finance-and-budgets.html
5. Office for Budget Responsibility (OBR). https://obr.uk/
6. Adam Smith Institute. https://www.adamsmith.org/research
7. UK government. https://www.gov.uk/
8. Yield Investing. https://yieldinvesting.co.uk/

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