Teacher Answer Key

Case Study

1. Primary surpluses + GDP growth + broad-based consumption tax.

2. It raised revenue efficiently without heavy distortions and broadened the base.

Multiple Choice

1. D

2. C

3. B

Matching

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

Fill-in-the-Blank

1) GDP, 2) rise, 3) interest

Short Answer (Sample Responses)

Q1: Larger interest payments crowd out funds for infrastructure or social programs.

Q2: Benefit: reduces debt burden; Risk: may slow growth if it requires spending cuts or tax hikes.

Q3: Future generations bear higher taxes or reduced services to repay past debts.