[Transcript: US investment banking expected to stay in the doldrums](https://www.ft.com/content/623537d1-aa1a-4f6e-9f88-b31c2d6a3e66)

## **1-Hour Lesson Plan: FT News Briefing – "EU Delays Tariffs, Wall Street Pain, Greece's Comeback"**

**Podcast Episode:** "The EU delays imposing tariffs on the US. Investment banking on Wall Street is still feeling the pain. Plus, it’s been 10 years since Greece’s economy was in dire straits." **Date:** Monday, July 14th (as per transcript context) **Overall Goal:** To understand key financial and economic concepts related to international trade, investment banking performance, and sovereign debt crises/economic recovery.

### **Part 1: International Trade & Tariffs (15 minutes)**

**A. EU-US Tariff Standoff (7 minutes)**

* **Podcast Context:** The EU is pausing plans to impose tariffs on US goods, hoping for a negotiated solution, after President Trump threatened new tariffs on the bloc.
* **Key Concepts:**
  + **Tariff:** A tax imposed by a government on imported (or exported) goods.
  + **Trade Agreement/Negotiated Solution:** A formal pact between countries to reduce or eliminate trade barriers (like tariffs) and set rules for trade.
  + **Retaliatory Tariffs:** Tariffs imposed by one country in response to tariffs imposed by another, often escalating trade disputes.
* **Notes:**
  + EU planned €21bn tariffs on US goods starting Tuesday.
  + Trump threatened 30% tariffs on EU starting August 1st.
  + EU's response: Delaying its own levies, prefers "negotiated solution."
* **Prompt for Understanding:**
  + *Why do countries use tariffs as a trade tool? What are they trying to achieve?*
    - Countries use tariffs primarily to **protect domestic industries** from foreign competition, **generate government revenue**, or **gain leverage in trade negotiations**. They aim to make imported goods more expensive, encouraging consumers to buy local products.
  + *In this specific scenario, what is the EU hoping to avoid by delaying its tariffs?*
    - The EU is hoping to avoid an **escalating trade war** with the US. By delaying, they aim to de-escalate tensions and signal a preference for a **negotiated trade agreement** rather than a cycle of retaliatory tariffs.

**B. Economic Impact of Tariffs (8 minutes)**

* **Key Question:** What are the economic consequences of tariffs, and why do they create uncertainty?
* **Notes:**
  + **Higher Prices:** Tariffs increase the cost of imported goods for domestic consumers and businesses.
  + **Reduced Trade Volume:** Higher costs can lead to less importing and exporting.
  + **Supply Chain Disruption:** Businesses may need to find new suppliers, leading to inefficiencies.
  + **Uncertainty for Businesses:** Companies face unpredictable costs and market access, making long-term planning difficult.
  + **Impact on Investor Sentiment:** Uncertainty and potential for reduced profitability can make investors cautious.
* **Prompt for Discussion:**
  + *Who ultimately pays the economic burden of a tariff? (Connect to previous discussions if applicable).*
    - Ultimately, the economic burden of a tariff is largely paid by **domestic consumers and businesses** in the importing country, through higher prices for goods. This connects to our prior discussion that tariff revenue, while federal income, is a cost borne by the domestic economy.
  + *How does the threat of tariffs (like Trump's) create "market volatility" and dampen business confidence, even before they are imposed?*
    - The *threat* of tariffs creates **uncertainty** about future costs, supply chains, and market access. This unpredictability makes businesses hesitant to invest or expand, leading to market volatility as investors react to potential negative impacts on corporate earnings and economic growth.

### **Part 2: Wall Street Investment Banking vs. Trading (20 minutes)**

**A. The "Feast and Famine" on Wall Street (10 minutes)**

* **Podcast Context:** Analysts predict a 14th consecutive bad quarter for US investment banking, while trading flourishes.
* **Key Concepts:**
  + **Investment Banking (IB):** A division of a bank or financial institution that helps governments, corporations, and institutions raise capital and provides financial advisory services. Key activities include:
    - **Mergers & Acquisitions (M&A):** Advising companies on buying, selling, or merging with other companies.
    - **Equity Capital Markets (ECM):** Helping companies issue new stock (e.g., IPOs).
    - **Debt Capital Markets (DCM):** Helping companies issue bonds.
  + **Trading:** Activities where banks buy and sell financial instruments (stocks, bonds, currencies, derivatives) for their own account or on behalf of clients, aiming to profit from price movements or spreads.
  + **Volatile Financial Markets:** Markets characterized by rapid and unpredictable price changes.
* **Notes:**
  + Investment banking revenue expected to be less than 25% of Wall Street revenues for big US banks.
  + Trading has had a "spectacular run" for 4-5 years due to volatile markets.
  + IB has been "much patchier," especially over the last 3 years.
* **Prompt for Understanding:**
  + *What are the core differences between what Investment Banking does and what the Trading division does at a big bank?*
    - **Investment Banking** advises companies on raising capital (IPOs, bonds) and M&A. **Trading** involves buying/selling financial instruments for profit or clients, capitalizing on price movements. IB is advisory and deal-focused; Trading is market-driven and transactional.
  + *Why would "volatile financial markets" be lucrative for trading desks? (Hint: More price movement, more opportunities to buy/sell).*
    - Volatile markets mean **more price movement**. This creates **more opportunities** for trading desks to profit by buying low and selling high (or vice-versa) rapidly, as assets swing in value. They leverage this increased activity to generate higher revenues.

**B. Reasons for Underperformance & Outlook (10 minutes)**

* **Key Question:** Why is investment banking underperforming, and what's the overall outlook for banks?
* **Notes:**
  + **Reasons for IB Underperformance:**
    - **Lack of Confidence:** Boards need confidence about the economy to do M&A or IPOs. Uncertainty dampens activity.
    - **Higher Borrowing Costs:** Rising interest rates make it more expensive for companies to borrow money for deals.
    - **Tough Regulatory Environment (US):** Harder to get deal approval.
  + **Reasons for Trading Outperformance:**
    - **Market Volatility:** Rising interest rates, geopolitical conflicts (Ukraine, Middle East), Trump's return and policies (tariffs, trade) create enormous market volatility.
    - **Facilitation & Financing:** Big banks profit from facilitating and financing this increased trading activity.
  + **Overall Bank Outlook:**
    - "Don't need to cry for the banks" – still doing okay, profits "pretty elevated" relative to before.
    - Optimism for eventual IB recovery.
    - Hope for a "slightly lighter touch regulatory environment" under Trump administration.
* **Prompt for Discussion:**
  + *How do "rising interest rates" and "geopolitical conflicts" contribute to market volatility that benefits trading desks but hurts investment banking?*
    - Rising rates and geopolitical conflicts create **uncertainty and price swings**, which trading desks profit from by actively buying/selling. However, this uncertainty also makes companies hesitant to undertake long-term deals like M&A or IPOs, which are the core business of investment banking, thus hurting it.
  + *What does "lighter touch regulatory environment" mean for banks, and why would they be optimistic about it?*
    - It means **fewer or less stringent rules and oversight** from regulators. Banks are optimistic because it could reduce compliance costs, free up capital, and allow for more aggressive risk-taking and potentially higher profits, making their operations less constrained.

### **Part 3: Greece's Economic Comeback (20 minutes)**

**A. The 2015 Meltdown & Bailouts (10 minutes)**

* **Podcast Context:** Greece, once on the verge of exiting the euro, has made a significant economic comeback.
* **Key Concepts:**
  + **Economic Crisis:** A period of severe economic contraction, high unemployment, and financial instability.
  + **Sovereign Debt Crisis:** When a country struggles to pay its government debt.
  + **Bailout Programme:** Financial assistance provided by international lenders (e.g., IMF, EU, ECB) to a country facing a financial crisis, often with strict conditions (austerity measures, reforms).
  + **Euro Exit (Grexit):** The hypothetical scenario of Greece leaving the Eurozone (the common currency area).
* **Notes:**
  + Huge economic crisis since 2010.
  + Signed three international bailouts over eight years.
  + 2015: Radical left-populist government (Tsipras) rejected bailout, leading to country being "on the brink of exiting the euro," banks closed, "step before economic catastrophe."
  + Tsipras did a "somersault" and signed a third bailout, laying foundations for recovery.
* **Prompt for Understanding:**
  + *What are the immediate consequences of a country being "on the brink of exiting the euro" and facing a "financial meltdown"? (Think about banks closing, currency uncertainty).*
    - Immediate consequences include **bank closures** (to prevent a run on deposits), **severe currency uncertainty** (fear of a new, devalued national currency), **capital controls** (restricting money movement), and a **liquidity crisis** as financial markets freeze. This leads to a sharp economic contraction, widespread panic, and the inability of businesses and individuals to access funds, pushing the country to the brink of economic catastrophe.
  + *Why would a country reject a bailout program, and what are the risks of doing so?*
    - A country might reject a bailout program due to **austerity measures** imposed by lenders (e.g., spending cuts, tax hikes) which are often politically unpopular and can worsen a recession in the short term. They might also reject it due to **loss of sovereignty** concerns, as bailouts come with external conditions.
    - The **risks** of rejection are severe: immediate financial meltdown, bank collapses, exclusion from international financial markets, inability to pay public sector salaries or pensions, and potential default on national debt, leading to economic isolation and prolonged hardship.

**B. The Turnaround & Remaining Risks (10 minutes)**

* **Key Question:** How did Greece achieve its economic turnaround, and what challenges remain?
* **Notes:**
  + **Drivers of Recovery:**
    - Fiscal condition reforms (initial bailout).
    - Centre-right government (2019) implemented major reforms:
      * Digital transformation of public sector (sharp reduction in "red tape").
      * Progress in tackling tax evasion.
      * Cleaning up the banking sector.
    - Now "one of the fastest-growing economies in the Eurozone."
  + **Remaining Risks/Unfinished Business:**
    - **Low Investment:** Investment as a share of GDP is "still very low." Hard for foreign companies to invest.
    - **Economic Structure:** Economy based more on tourism, less on high-value production/innovation.
    - **Wages & Cost of Living:** Wages (especially private sector) have not grown much, while cost of living increased due to inflation.
    - **Poverty Risk:** More than a fourth of population at risk of poverty/social exclusion.
  + **Impact on EU:**
    - Eurozone was "completely unprepared" for Greece's crisis (no mechanisms, no permanent rescue fund).
    - Legacy: Underscored need for EU solidarity and building a "very big recovery fund."
    - Now better prepared (permanent rescue fund, system for winding up failed banks).
    - Still "not a complete union" (no sizeable budget or permanent fund to offset shocks).
* **Prompt for Discussion:**
  + *Which of Greece's reforms (e.g., digital transformation, tax evasion) do you think had the biggest economic impact, and why?*
    - **Tackling tax evasion** likely had the biggest immediate economic impact. It directly increased government revenue and improved fiscal health, crucial for exiting bailouts and restoring investor confidence, which are fundamental for economic stability and growth.
  + *Despite economic growth, why is a high "risk of poverty or social exclusion" a significant social and economic problem for Greece?*
    - It's a problem because **wages haven't kept pace with inflation and cost of living**, leaving many struggling. This creates social inequality, reduces domestic demand (hurting growth), and can lead to political instability despite overall GDP growth.
  + *How did the Greek crisis influence the development of the Eurozone's financial architecture? What are its remaining weaknesses?*
    - The Greek crisis highlighted the Eurozone's unpreparedness, leading to a **permanent rescue fund** and a system for **winding up failed banks**. Its remaining weakness is the **lack of a sizeable central budget or permanent fund** to effectively offset future economic shocks across the union.

### **Part 4: Q&A and Key Takeaways (5 minutes)**

* **Open Discussion:**
  + What was the most surprising economic or financial concept you learned or had clarified from this podcast?
    - The most surprising was how **market volatility, often seen as risky, can be highly lucrative for bank trading desks**, while simultaneously hurting investment banking due to increased uncertainty dampening deals.
  + How do the three main stories (EU tariffs, Wall Street, Greece) connect to broader themes of global economic interdependence, financial sector resilience, and the role of government policy?
    - They show **interdependence** (tariffs' global ripple), **resilience** (banks adapting, Greece's comeback), and **government policy's** crucial role in shaping trade, financial stability, and national recovery.
* **Consolidate Key Takeaways:**
  + **Trade Policy Impact:** Tariffs create economic uncertainty and can lead to complex negotiations and retaliatory cycles.
  + **Financial Sector Dynamics:** Volatility can be a boon for trading desks but a bane for investment banking, highlighting different business models within finance.
  + **Sovereign Debt & Recovery:** Economic crises can lead to significant reforms and strengthen regional financial mechanisms, but long-term challenges (e.g., investment, wages) may persist.
  + **Geopolitical Risk:** Continues to be a major driver of market volatility and business confidence.

[Bank of England prepared to cut rates if job market slows, says governor](https://www.bbc.com/news/articles/cqx2pj42395o)

[Faisal Islam: We are heading for significant tax rises](https://www.bbc.com/news/articles/c9dgn647nplo)

[The deepening water shortage row between the US and Mexico](https://www.bbc.com/news/articles/c0epzp21z47o)

## One-Hour Lesson Plan: Economics & Finance News Analysis

Objective: Understand key economic and financial concepts from the BBC articles and apply critical thinking to real-world scenarios.

### 1. Warm-up (5 mins)

Prompt:

* What do you already know about central bank interest rates, taxation, and international resource disputes?
* Why are these topics important in economics?
  + 1. Central Bank Interest Rates
  + Why it matters:
    - Controls inflation & spending: Higher rates reduce borrowing, slowing inflation. Lower rates encourage spending and investment.
    - Affects employment & growth: Cheap loans boost businesses (hiring, expansion), while high rates can slow job creation.
    - Currency value: Higher rates attract foreign investors, strengthening the currency (e.g., stronger pound/dollar).
  + Example:
    - The Bank of England considering rate cuts signals concern over a weak job market—highlighting the trade-off between growth and inflation.
  + 2. Taxation
  + Why it matters:
    - Funds public services (healthcare, education, infrastructure).
    - Redistributes wealth: Progressive taxes reduce inequality.
    - Influences behavior: High taxes on cigarettes/alcohol discourage use ("sin taxes"), while low corporate taxes may attract businesses.
    - Economic stability: Taxes help manage public debt (e.g., UK’s potential tax rises to cover deficits).
  + Debate:
    - Keynesian view: Higher taxes in boom times, lower in recessions.
    - Supply-side view: Lower taxes spur growth (e.g., Reaganomics).
  + 3. International Resource Disputes (e.g., US-Mexico Water Conflict)
  + Why it matters:
    - Scarcity = Economic & political tension: Water, oil, and minerals impact agriculture, energy, and trade.
    - Trade dependencies: Disruptions can spike prices (e.g., food inflation if farming suffers).
    - Climate change exacerbates conflicts: Droughts force renegotiation of treaties (1944 US-Mexico water pact).
  + Real-world impact:
    - Mexico’s farmers vs. US cities: Water shortages could harm cross-border trade (e.g., crops, manufacturing).
  + How These Issues Connect
    - Interest rates affect business taxes (borrowing costs vs. corporate tax burdens).
    - Tax policies influence public investment in resources (e.g., water infrastructure).
    - Resource conflicts disrupt trade, affecting inflation and central bank responses.
  + Example:
    - A US water shortage → higher food prices → UK imports cost more → BoE may raise rates to curb inflation.
  + Conclusion: These three areas shape economic stability, inequality, and global power dynamics. Understanding them helps predict policy shifts, market trends, and geopolitical risks.

### 2. Article 1: Bank of England Prepared to Cut Rates (15 mins)

#### Key Notes:

* The Bank of England (BoE) may cut interest rates if the job market weakens.
* Lower rates stimulate borrowing and spending but can increase inflation.
* The BoE balances economic growth and price stability.

#### Discussion Prompts:

* Why would a slowing job market lead to rate cuts?
  + A weak job market signals low economic demand. Cutting rates makes borrowing cheaper, encouraging businesses to invest and hire, while consumers spend more. Central banks (like the BoE) use this tool to stimulate growth.
* How do interest rates affect businesses and consumers?
  + Businesses: Lower rates reduce loan costs, aiding expansion. Higher rates squeeze profits.
  + Consumers: Cheaper mortgages/loans boost spending; higher rates increase savings but hurt debtors (e.g., credit cards).
* What risks come with cutting rates too soon?
  + Premature cuts may overheat the economy, worsening inflation. It could also weaken currency exchange rates, raising import costs. Central banks risk losing credibility if inflation rebounds sharply.
* If the UK cuts rates but also raises taxes, what’s the net effect on growth?
  + Mixed impact: Rate cuts boost spending, but higher taxes reduce disposable income. Growth depends on which force dominates—likely a neutral or slightly negative effect if taxes offset stimulus.
* Could water wars become the next oil crises?
  + Yes. Climate change intensifies droughts, and water is irreplaceable for agriculture/industry. Conflicts like US-Mexico disputes may escalate, disrupting trade and spiking prices, similar to oil shocks in the 1970s.

#### Exercise:

* Imagine you’re a small business owner. How would a rate cut affect your decisions on loans or hiring?
  + As a small business owner, a rate cut would significantly influence my decisions:
    - Loans: Cheaper borrowing costs might prompt me to take out loans for expansion, equipment upgrades, or inventory.
    - Hiring: If demand grows due to increased consumer spending (from lower rates), I’d hire more staff to meet needs.
    - Caution: If inflation remains high, I might delay big moves—uncertainty over future costs could offset the benefit.
  + Bottom line: A rate cut could spur growth, but only if consumer demand follows.

### 3. Article 2: Faisal Islam on Tax Rises (15 mins)

#### Key Notes:

* The UK may face significant tax increases due to public debt, aging population, and slow growth.
* Governments raise taxes to fund public services (NHS, education, infrastructure).
* Higher taxes can reduce disposable income but may stabilize the economy.

#### Discussion Prompts:

* What are the pros and cons of raising taxes?
  + Pros:
    - Funds public services (healthcare, education, infrastructure).
    - Reduces government debt, stabilizing the economy long-term.
    - Can reduce inequality via progressive taxation.
  + Cons:
    - Decreases disposable income, lowering consumer spending.
    - May discourage business investment if corporate taxes rise.
    - Risk of capital flight (wealthy/businesses moving assets abroad).
* How could higher taxes impact consumer spending and business investment?
  + Consumers: Spend less on non-essentials (e.g., retail, dining out), slowing economic growth.
  + Businesses: May cut expansion/R&D if profits shrink, reducing job creation.
  + Exception: If taxes fund productivity-boosting infrastructure, long-term growth may offset short-term pain.
* Are there alternatives to tax rises (e.g., spending cuts, borrowing)?
  + Spending Cuts: Reduces deficits but risks underfunding critical services.
  + Borrowing: Buys time but increases debt burden (higher future taxes/interest costs).
  + Economic Growth Policies: Stimulate revenue via innovation, trade, or deregulation.
  + Wealth/Asset Taxes: Target inequality without broadly hurting consumers.

#### Exercise:

* Debate: *"Should governments raise taxes or cut spending to reduce debt?"*
  + Wealth Inequality as Root Cause:
    - The post-1980s neoliberal model created a paradox: economic growth now disproportionately benefits capital over labor
    - Top 1% capture grows while median wages stagnate, eroding the tax base
    - Globalization enables tax avoidance (Apple's $214b offshore cash) while small businesses bear burden
  + State Deconstruction:
    - 40 years of privatization hollowed out revenue streams (UK sold £650b in assets since 1980)
    - Financialization shifted power from democratic institutions to markets
    - Aging populations strain systems designed for different demographics
  + Policy Traps:
    - Moderate measures can't offset these seismic shifts - like using a bucket on a sinking ship
    - Austerity creates downward spiral (see Eurozone crisis)
    - QE inflated asset prices, worsening wealth gaps
  + Emerging Solutions:
    - Modern Monetary Theory rethinks fiscal constraints
    - Wealth taxes (Spain collects 0.5% of GDP from wealth tax)
    - Global minimum corporate tax (OECD 15% deal)
    - State capacity rebuilding (EU's €800b recovery fund model)
  + The core issue? Our policy tools assume 20th century economic structures while facing 21st century capitalism. Real solutions may require rethinking fundamentals rather than tweaking ratios.

### 4. Article 3: US-Mexico Water Shortage Dispute (15 mins)

#### Key Notes:

* The US and Mexico are in conflict over water-sharing agreements (1944 Treaty).
* Climate change and drought worsen resource scarcity.
* Economic impacts: Agriculture, trade, and diplomatic relations are at risk.

#### Discussion Prompts:

* How does water scarcity affect economies?
  + Water shortages disrupt agriculture (70% of global water use), raising food prices. Industries like textiles and semiconductors face production halts. Droughts reduce hydropower output, increasing energy costs. The World Bank estimates water crises could cost some regions 6% of GDP by 2050 through lost productivity and conflict.
* Should international treaties be renegotiated due to climate change?
  + Yes. Historic agreements like the 1944 US-Mexico water pact assume stable rainfall patterns. Climate change alters river flows and aquifer recharge rates. Updated treaties should include:
  + Flexible allocation during droughts
  + Joint conservation funding
  + Groundwater management rules
* What economic solutions exist (e.g., desalination, better irrigation)?
  + Desalination (costs dropped 50% since 2000)
  + Drip irrigation (saves 30-60% water vs. flooding)
  + Water markets (Australia's trading system cut usage 25%)
  + AI monitoring (predicts leaks/optimizes use)
  + Circular systems (Singapore recycles 40% of water)

### 5. Synthesis & Critical Thinking (10 mins)

Connecting the Dots:

* How do these three stories relate? (Hint: economic policy, resource allocation, global challenges)
  + Economic Policy Links:
    - The BoE’s potential rate cuts (stimulus) clash with looming tax rises (austerity), showing policy dilemmas in managing growth vs. debt.
    - US-Mexico water disputes reveal how resource scarcity forces economic trade-offs (agriculture vs. urban needs).
  + Resource Allocation:
    - Water conflicts mirror tax debates: both involve who pays and who benefits from limited resources (water/money).
    - Central bank policies indirectly affect resource distribution (e.g., cheap loans could fund water tech).
  + Global Challenges:
    - Climate change (water scarcity) and aging populations (tax rises) are long-term stressors requiring coordinated policy.
* Which issue do you think is most urgent? Why?
  + Water Scarcity
  + Why?
    - Immediate Tipping Point: Unlike gradual tax/rate decisions, water shortages can trigger sudden collapses (crop failures, mass migration).
    - Irreversible Damage: Depleted aquifers and dead rivers permanently harm economies.
    - Geopolitical Risk: Wars over water are already emerging (e.g., Nile River disputes).
  + While taxes and rates are cyclical, water is a non-negotiable input for all economic activity. Solving it requires rethinking both policy and resource allocation globally.
* Could central banks play a role in funding water solutions? (E.g., "green QE" for infrastructure?)
  + Yes, central banks could—and increasingly are—playing a role in funding water solutions, but with important limits. Here’s how and why:
  + 1. Direct Mechanisms
    - "Green QE": Central banks could buy bonds tied to water infrastructure (e.g., desalination plants, irrigation tech), lowering borrowing costs for projects. The ECB and BoJ have already purchased green bonds.
    - Collateral Rules: Adjusting lending terms to accept water-conservation assets (e.g., water rights, recycling facilities) as collateral could incentivize private investment.
  + 2. Indirect Levers
    - Climate Stress Tests: Requiring banks to assess water-related risks (e.g., drought-hit agribusiness loans) could redirect capital toward resilient projects.
    - Sectoral Policies: Penalizing water-intensive industries’ borrowing costs (like carbon-heavy sectors in ECB policies).
  + 3. Challenges
    - Mission Creep: Central banks traditionally target inflation/employment, not resource allocation. Overreach risks politicization.
    - Effectiveness: Water solutions often need local governance (e.g., irrigation cooperatives), not macroeconomic tools.
  + Case Studies
    - EU’s Recovery Fund: Blends ECB support with fiscal spending for green projects, including water.
    - China’s PBoC: Directs credit to water infrastructure via state banks.
  + Verdict: Central banks can enable funding, but governments must lead. A "water QE" program would work best alongside:
    - Carbon/water pricing (market signals)
    - Public-private partnerships (e.g., Israel’s desalination model)

### 6. Homework/Extension (Optional)

* Research another country’s interest rate policy and compare it to the UK’s.
  + Taiwan’s Approach (2023–2024):
    - Hawkish stance: Taiwan’s central bank (CBC) raised rates to 1.875% (2023) to curb inflation (2.95% in 2023), prioritizing price stability.
    - Strong exports/tech sector buffer domestic demand, allowing tighter policy.
    - Tax impact: Corporate taxes (20%) fund infrastructure, avoiding major hikes.
  + UK’s Approach:
    - Cautious cuts: BoE holds at 5.25% (2024) despite slowing growth, wary of wage-driven inflation.
    - Tax rises likely: Weak growth + high debt (96% of GDP) force tough choices (e.g., frozen income tax thresholds = “stealth tax").
  + Key Difference: Taiwan’s export-led growth lets it balance rates/taxes; UK’s stagnation makes austerity or tax hikes likelier.
* Write a short opinion piece: *"Are tax rises inevitable in modern economies?"*
  + The Hard Truth: Yes, But Not for the Reasons You Think
  + Tax rises loom globally—not just due to debt (UK: 96% of GDP; US: 122%) but structural shifts:
    - Aging Populations: More retirees (UK’s 18% >65 by 2030) strain pensions/healthcare. Taiwan’s younger workforce delays this pressure.
    - Climate Costs: Net-zero transitions (water/energy infrastructure) demand funding.
    - Wealth Inequality: Post-1980s tax cuts for top earners eroded revenue bases.
  + Alternatives Exist, But Are Unpopular:
    - Spending cuts risk unrest (see France’s pension riots).
    - Borrowing punts the problem (rising interest costs).
    - Growth miracles are rare post-2008.
  + The Fix? Smart tax reforms:
    - Target wealth (not just income), like Spain’s 3.5% net-worth tax.
    - Close loopholes (global minimum corporate tax).
    - Tie rises to productivity (e.g., Germany’s "debt brake" exemptions for green investment).
  + Taxes aren’t inherently bad—misallocation is. The real question: Will governments spend wisely, or keep chasing short-term fixes?