

国家级特色专业

21世纪应用型本科财税系列规划教材

财税英语

PUBLIC FINANCE AND TAXATION ENGLISH

 东北财经大学出版社
Dongbei University of Finance & Economics Press



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李琦 编著

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前言

随着经济全球化趋势的扩大，国家间交流日益密切，学习、借鉴世界各国的财政理论与实践，推广我国财政改革经验与成果，已成为财税工作者面临的紧迫任务。高等财经院校不仅要培养具备坚实理论知识的经济工作者，而且还应培养外语水平高、沟通能力强的复合型经济人才，本教材就是为适应高等院校财经专业英语教学需要而编写的。

本教材具有以下特点：第一，语言规范，教材资料全部选自英美经典，用原汁原味的语言反映西方学者的思想精髓、思维逻辑；第二，体系完整，教材借鉴国外原版教材的结构体系，全面介绍财政理论基础、财政支出理论、财政收入理论、政府间财政关系问题，使读者在提高专业英语水平的同时，系统掌握财税专业知识。此外，为了便于读者学习，本教材附有英汉对照术语词汇表，并对知识重点、专业难点做出中文翻译和注释。

本教材分为16个单元，每单元选取一个财政问题介绍，对其中的专业术语用英语讲解，提出本单元思考讨论问题，并附编扩展阅读材料，以供财税专业人员进一步学习。

本教材可以供高等院校财经专业学生使用，也可以为非财经专业学生及广大英语爱好者了解财税理论知识提供帮助。

编者从2001年开始讲授财税英语课程，点滴积累，现集十年教学经验，意欲打造一本真正满足学生需求的财税英语教材。全书由李琦编著，苏扬参加了第10至12单元的习题设计。尽管倾注了

大量的心血和情感，但由于水平有限，时间仓促，难免有不足之处，希望广大师生给以批评和建议。

作者
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Unit

1

Government in a Market System

The Role of Government

One of the great figures of 20th-century public finance, Richard Musgrave divided the economic role of government into allocation, distribution and stabilization. Allocation refers to anything the government does that affects the mixture (quantity and quality) of goods and services that the economy produces, from direct government production to regulation to tax incentives to penalties for illegal activities. Distribution refers to anything the government does that affects the distribution of income and wealth. Just about everything the government does, from locating roads to tax cuts to school vouchers and college scholarships to mortgage insurance guarantees, affects the distribution of income and wealth. Finally, stabilization refers to those government actions that influence the overall level of employment, output and prices. To do justice to all of those aspects of government involvement in the economy would require several volumes and span several courses, so courses and textbooks in public sector economics or public finance have over time set some boundaries that have narrowed the subject matter somewhat.

The Definition of Public Finance

Although the name public sector economics has been displacing public finance as the preferred title of the field, the older title of public finance does have an advantage in defining the scope. The “finance” in public finance refers to the taxing, spending, and budgeting activities of government. A second way in which public finance/public sector economics narrowed its scope in the last two decades was to assign the stabilization function to courses in macroeconomics and money and banking, along with government policies that encourage or retard economic growth. So technically speaking, a course in public sector economics or public finance is really a course in the microeconomics of public finance.

More recently, as public finance has evolved into public sector economics, the scope of the field has broadened beyond the components of the budget. The use of taxes, fees, and charges as instruments to achieve social or regulatory objectives has led to much more analysis of issues in public sector pricing, such as the design of congestion fees and effluent charges, demand measurement for public goods, Lindahl pricing, and other topics that will be addressed in public finance. The relatively new field of public choice that has developed during the last 30 years has also exerted considerable influence on economists’ understanding of how decisions are made in the public sector. Public choice is a partially separate field of economics that analyzes the behavior of elected officials and bureaucrats in the public sector and explores the policy implications of government failure.

Government and Market

Although economies can be designed with very diverse spheres for the public and private sectors, the market system has become the dominant form of economic organization at the beginning of the 21st century. While some things governments do are quite similar to what markets do, some fundamental differences between markets and governments will be explored more fully in later units. Two central differences between market processes and government processes, however, should be noted at the beginning. In the market, citizens vote with dollars. Unequal incomes make for very different abilities to make purchases in the market. In most markets, furthermore, buyers all pay the same price but may consume different quantities of goods and services. With government, citizens vote with votes. They also try to influence legislators in other ways—with letters, phone calls, paid lobbyists, and campaign contributions. Each citizen has one and only one vote. And when governments provide services financed with taxes, citizens all pay different prices yet have the option to consume the same quantity of goods and services. Clearly, some citizens will be happier with market processes and outcomes, others with government processes and outcomes—or the same citizen may be happier with markets for some services and government for others.

Market and Efficiency

In a market system, private individuals and organizations (including corporations) make most of the economic decisions in pursuit of their own self-interest. The widespread preference for markets as the

decision-making tool is grounded in microeconomic theory. Microeconomics demonstrates that under ideal conditions, the market will be more efficient than any alternative system. Economic efficiency is measured by the quantity and variety of goods and services that its members produce, consume, and distribute out of their limited available resources. The market is more efficient than any other method for discerning what combination of goods and services people want and delivering that combination. The market is more efficient in ensuring that goods are produced at the lowest possible resource cost and sold at the lowest possible price. The market is more efficient at rewarding those who heed market signals and punishing those who pay no attention. If efficiency in the use of scarce resources is a primary objective, the market is the ideal tool to achieve that goal.

In its strongest form, this ideal efficient outcome of markets is referred to as Pareto optimality. An economic situation of production or distribution or both is Pareto optimal when it is not possible to make at least one person better off without making one or more persons worse off. All prices are equal to marginal cost, all products are being produced with the most efficient resource mix, all inputs are paid the value of their marginal product, and all consumers have allocated their budgets so that the satisfaction that they receive from the last unit of each goods purchased is just equal to the price, which is in turn equal to the marginal cost of producing it. Costs and prices reflect social as well as private costs. In such a Pareto-optimal world, there would be little need for government.

Government, Efficiency, and Equity

Because a perfectly functioning market system would lead to a

Pareto-optimal allocation of resources, such a system would limit government's role to those functions that the market cannot perform at all. The list is surprisingly short. Almost all of the activities that people have come to associate with government—providing for defense, controlling the money supply, ensuring law enforcement, building highways, and educating the next generation, for example—can be and have been produced privately by either nonprofit or for-profit firms at some time. Is there anything the market can't do? That is, is there any essential, indispensable function for government in a market system?

It is true that just about every function of government can be, or has been, performed by private groups, but often the market does not perform those functions very satisfactorily or even very efficiently. Why? Perhaps one or more of the ideal market conditions needed to ensure efficiency (or Pareto optimality) do not hold. Students should recall from earlier courses what those conditions are, because they are the assumptions that underlie the perfectly competitive model:

Large numbers of individuals and firms,

Little or no concentration of market power,

Perfect information, free mobility of resources and products, and

No spillover effects in either production or consumption so that private and social costs and benefits are the same.

When any of these assumptions are violated, there is a likelihood of market failure. When the market delivers less than satisfactory outcomes, a case can be made for turning to government for improved results.

A second reason for calling in the government is that the objective function—that is, the desired goals and objectives of economic activity—may include additional considerations besides economic efficiency. Most often, those additional considerations involve equity, or some agreed-on

notion of fairness in the distribution of the costs and benefits of government among groups of citizens at the current time, or between present and future generations. Equity between members of the same generation or between successive generations is very difficult to define in a way that will result in broad agreement. Despite the difficulty of defining equity, however, it has been a central concern of philosophers of the public sector since Plato's Republic more than 2 000 years ago gave central place to justice in the design of the perfect society.

Government Response to Market Failure

When the market fails to produce desired goods and services, or to produce them in sufficient quantity/quality, or when it produces undesirable goods and services, or produces too much of goods with harmful spillovers, then governments may intervene to try to restore production to something closer to optimal levels. The government has a number of tools at its disposal to encourage or discourage production of particular goods and services:

1. Subsidies (reducing seller costs or net price paid by the buyer, e. g. , subsidizing higher education with grants to students and/or to colleges and universities) can encourage private production or consumption of goods and services with broad public benefits.

2. Tax incentives (e. g. , tax deductions for educational expenditures or charitable contributions) can encourage private production/consumption of specified goods and services that are believed to provide broad public benefits.

3. Guarantees can reduce risk (e. g. , disaster insurance, crop insurance, mortgage loan guarantees, student loan guarantees, bank deposit insurance) and thus encourage private production/consumption

of specified goods and services.

4. Penalties can be levied in the form of taxes, charges, or fines, for excessive production of goods or services that are believed to impose costs on others.

5. Mandates can require production/consumption of a particular good or service (e. g. , seat belts in cars, safety helmets on motorcycles).

6. Laws and regulations can forbid production/consumption of a particular good or service (e. g. , cocaine, tobacco, or pornography to people under age 18, prostitution outside of Nevada).

7. Public production can provide certain products and services (e. g. , national defense, law enforcement).

8. Private production with public financing can provide certain products and services.

New Words

retard	slow the progress or development, hinder
instrument	implement or apparatus used in performing an action
exert	bring (a quality, skill, pressure, etc) into use, apply sth
lobbyist	a person who lobbies
dominant	most important or prominent
convey	transfer full legal rights to the ownership
indispensable	that cannot be dispensed with, absolutely essential

Key Terms

market mechanism	市场机制
tax incentives	税收优惠
tax cut	税收减免

public finance	公共财政
public sector economics	公共部门经济学
public choice	公共选择
economic efficiency	有效经济
Pareto optimality	帕累托最优
market failure	市场失灵

Notes to the Text

1. With government, citizens vote with votes. 对于政府,公众用政治选举决定公共产品需求。
2. Economic efficiency is measured by the quantity and variety of goods and services that its members produce, consume, and distribute out of their limited available resources. 有效经济是通过社会成员对有限可利用资源的生产、消费、分配的产品及服务的品种与数量来判断。
3. ... so that the satisfaction that they receive from the last unit of each goods purchased is just equal to the price... 从所购买的最后一个单位的产品获得的效益恰好等于价格……
4. When the market delivers less than satisfactory outcomes, a case can be made for turning to government for improved results. 当市场不能提供满足人们需要的足额产品,就会由政府去改进。
5. Most often, those additional considerations involve equity, or some agreed-on notion of fairness in the distribution of the costs and benefits of government among groups of citizens at the current time, or between present and future generations. 通常另外关注的问题是公平问题,或者说普遍认可的政府在当前公民或当代与未来公民之间分配成本与收益的公平问题。
6. When government provides services financed with taxes, citizens all

pay different prices yet have the option to consume the same quantity of goods and services. 当政府以税收筹资提供公共服务时,各公民支付不等的价格却有权消费等量的产品与服务。

Understanding the Text

Choose the right answer for each of the following questions.

- Musgrave divided the economic role of government into _____ .
A. allocation
B. distribution
C. stabilization
D. monopoly
- The finance in public finance refers to the activities of government _____ .
A. debt
B. tax
C. spend
D. budget
- The differences between market and government are _____ .
A. in the market, citizen vote with votes
B. in the market, buyers all pay the same price but may consume different quantities of goods and services
C. with government, citizens vote with dollars
D. with government, citizen all pay different prices yet have the option to consume the same quantity of goods and services
- The government has a number of tools at its disposal to encourage production of particular goods and services, they are _____ .
A. subsidies
B. guarantees
C. penalties
D. laws and regulations
- In a Pareto-optimal world there exist the following situations: _____ .
A. it is possible to make one person better off without making one or more persons worse off

- B. all prices are equal to marginal cost
- C. costs and prices reflect private costs
- D. all consumers receive the satisfaction from the last unit of each goods purchased equal to the price
6. What are the assumptions of the perfectly competitive model?
- A. Large numbers of individuals and firms
- B. Much or more concentration of market power
- C. Perfect information, free mobility of resources and products
- D. Spillover effects in either production or consumption

Question for Discussion

Which of the following services traditionally provided by government would be good candidates for privatization? Why or why not?

- a. Fire protection
- b. Preschool education
- c. Rescues at sea
- d. Highway construction and maintenance

Extended Reading

Public Finance and Ideology

Public finance economists analyze not only the effects of actual government taxing and spending activities but also what these activities ought to be. Views of how government should function in the economic sphere are influenced by ideological views concerning the relationship between the individual and the state. Political philosophers have distinguished two major approaches.

1. Organic View of Government

Society is conceived of as a natural organism. Each individual is a part of this organism, and the government can be thought of as its heart. Yang Chang-chi, Mao Tse-tung's ethics teacher in Peking, held that "a country is an organic whole, just as the human body is an organic whole. It is not like a machine which can be taken apart and put together again". The individual has significance only as part of the community, and the good of the individual is defined with respect to the good of the whole. Thus, the community is stressed above the individual. For example, in the Republic of Plato, an activity of a citizen is desirable only if it leads to a just society. Perhaps the most infamous instance of an organic conception of government is provided by Nazism: "National Socialism does not recognize a separate individual sphere which, apart from the community, is to be painstakingly protected from any interference by the State. . . Every activity of daily life has meaning and value only as a service to the whole."

The goals of the society are set by the state, which leads society toward their realization. Of course, the choice of goals differs considerably. Plato conceived of a state whose goal was the achievement of a golden age in which human activities would be guided by perfect rationality. On the other hand, Adolf Hitler viewed the state's purpose as the achievement of racial purity: "The state is a means to an end. Its end lies in the preservation and advancement of a community of physically and psychically homogeneous creatures." According to Lenin, the proletarian state has the purpose of "leading the whole people to socialism . . . of being the teacher, the guide, the leader of all the working and exploited people".

Because societal goals can differ, a crucial question is how they are to be selected. Proponents of the organic view usually argue that certain