

中央财经大学

二〇〇八年硕士研究生复试考试试题 (041)

招生专业: 财政学 (中国公共财政与政策研究院)

考试科目: 财政学综合

注意: 本试题所有答案, 应按试题顺序写在答题纸上, 不必抄题, 写清题号。本卷试题鼓励英文作答, 也可中文作答, 答案写在试卷上不得分。

1. (10 points) According to conventional welfare economics, under what conditions is a government intervention in the economy appropriate?

2. (20 points) In a competitive market, a steel firm dumps pollution into a river that harms a fishery downstream. Assume the steel firm faces the following MB and MPC curves: $MB=300-Q$, $MPC=20+Q$.

Assume the fishery faces the following MD curve: $MD=40+2Q$. Calculate the steel firm's choice, the socially efficient choice, and the dead weight loss of the negative externalities. Explain how the efficiency would be improved if moving from the steel firm's choice to the socially efficient outcome.

3. (20 points) Suppose country X legislature passes a law requiring that \$1 billion a year be raised via two new taxes, one on good X and another on good Y, but leaves the choice up to the Prime Minister what rates to choose for t_x and t_y . Suppose that these goods are produced by competitive industries at constant marginal cost, and suppose the demand and supply curves for each kind of good are known, and the goods are neither complements nor substitutes. How should the Prime Minister choose the various tax rates to minimize the total excess burden raised by the new taxes? Finally, suppose that demand for good X is less elastic than demand for good Y. Does that mean the tax rate on X will be higher or lower? If the reason X demand is less elastic is that richer people consume more X and they can afford the extra taxes, does this undermine or enhance the case for the tax scheme?

4. (30 points, 10 points each) Indicate whether each of the following statements is true, false, or uncertain, and explain why:

1) A proportional tax on all commodities including leisure is equivalent to a lump-sum tax.

2). Suppose that a public good is provided in a Pareto-efficient amount. It is possible that different members of society will place different values on the last unit of the public good that they consume.

3). It is undesirable for an economy to be to the right of the peak of the Laffer Curve, because the peak depicts the socially optimal tax rate.

5. (20 points) Suppose that the government requires employers to provide day care for their workers. Suppose further that the market value of the day care provided by a particular employer is 10000 Yuan per year. Can we conclude that an employee who takes advantage of the day care is better off by 10000 Yuan per year? Use graphic illustration to show this.

中央财经大学

二〇〇七年硕士研究生复试考试试题 (040)

招生专业：财政学（中国公共财政与政策研究院）

考试科目：财政学或数学与英语

注意：本试题所有答案，应按试题顺序写在答题纸上，不必抄题，写清题号。本卷试题全部用英文作答，答案写在试卷上不得分。

1. (30 points) In your own words explain what Median Voter Theorem states. Assuming that there are two parties in a country, what does this Theorem imply in terms of politicians positioning themselves (in the left-center-right spectrum) during elections? Name at least three complications that arise in real life that may render the predictions based on this theorem implausible?
2. (20 points) There are a number of policy initiatives intended to replace government welfare programs (financed through taxes) by privately charity (organized by churches and other local community centers). Can 'fair income distribution' be considered a public good? Do you think that there would be enough of this good if income redistribution is left to people themselves? Relate your answer to the free-rider problem.
3. (20 points) Determine whether each of the statements is true or false:
 - a. In a general equilibrium model, a tax on a single factor in its use only in a particular sector can affect returns to all factors in all sectors.
 - b. Working fewer hours to reduce your tax burden is tax evasion.
 - c. Tax credits are generally more equitable than tax deductions.
 - d. If government uses flat tax only, the tax system cannot be progressive (progressivity is based on average tax rates).
4. (15 points) Consider a general equilibrium economy with two goods – pencil sharpeners and all-other-goods produced by competitive firms using two inputs (labor and capital). Assume that production of pencil sharpeners is labor intensive and production of all-other-goods is capital intensive
 - a. What is the economic incidence of a general tax on labor (labor used in both sectors)?

中央财经大学

二〇〇九年硕士研究生复试考试试题 (043)

招生专业: 财政学 (中国公共财政与政策研究院)

考试科目: 财政学综合

注意: 本试题所有答案, 应按试题顺序写在答题纸上, 不必抄题, 写清题号。本试题用中英文作答, 首选英文, 答案写在试卷上不得分。

1. (10 points) After years of terrible traffic congestion, the City of Xijing recently started charging a toll for any car that wanted to enter the city limits. Explain how public finance theory would describe the cause of the congestion problem, and explain why imposing a toll can achieve an efficient solution. What does theory say is the level of the toll that will produce the efficient result?
2. (20 points) Explain what is an excess burden. Why do most taxes impose an excess burden, but lump-sum taxes do not? However, lump-sum taxes have their own disadvantages, which make them unpleasant. Then, what is the main disadvantage of lump-sum taxes?
3. (10 points) Children who have the flu are more infectious than prime-age adults. Elderly people can die of the flu. Suppose there is a shortage of flu vaccine and it must be rationed. Use the logic and terminology of public finance theory to explain the logic of why children and the elderly should be vaccinated before prime-age adults.
4. (10 points) Suppose someone discovers a set of 50 Picasso prints in his attic, and before the prints can be sold Congress passes a law that says that the buyer of all Picasso artworks must pay the government \$10,000 for every artwork they buy. The person who found the prints hates art and so auctions them off anyway. According to the theory of tax incidence, who bears the statutory incidence of the Picasso tax? And the economic incidence of the tax? How will the pretax purchase price of the artworks change? Explain.
5. (30 points, 10 points each) Indicate whether each of the following statements is true, false, or uncertain, and explain why:
 - 1). Conventional welfare economics suggests that, because income

maintenance programs for the poor are associated with moral hazard, it is undesirable for the government to sponsor such programs.

2). When correcting externalities both taxes and subsidies can be used; they would have the same consequences in terms of equity but could have very different efficiency consequences.

3). The Second Fundamental Theorem of Welfare Economics tells us that the competitive allocation of resources is socially desirable.

6. (20 points) Consider a tax system in which people are taxed at a marginal rate of 2 percent on the first \$10,000 of their income and at a marginal rate of 30 percent on any income above \$10,000. Thus, someone earning \$20,000 would pay $0.02(10,000) + 0.30(20,000 - 10,000) = \$200 + \$3000 = \3200 of taxes. The new tax reform proposes a two-part tax cut: Tax rates on the first \$10,000 of income would drop to 1 percent, and marginal tax rates on income above \$10,000 would drop to 20 percent. Evaluate the claim that this tax cut is targeted toward low income households because “the proportion of tax revenue coming from people earning less than \$10,000 will fall.”

(Hint: to analyze this, assume there are only two people in this economy: One person with an income of \$5000 and one person with an income of \$100,000.)

In your answer, use the following measure of progressivity:

$P = (T_1/I_1 - T_0/I_0)/(I_1 - I_0)$, where person 1 is the rich person and person 0 is the poor one. In your answer, use the symbols P and P' to designate progressivity of the tax system before and after the tax cut, respectively.



- b. What is the economic incidence of a tax on labor used in pencil sharpener sector?
 - c. Would your analysis still apply if people in this economy had different preferences?
5. (15 points) For each of the following determine whether it should be counted as income (all of it or part of it) according to the Haig-Simons income definition:
- a. The dividends paid on Microsoft stock.
 - b. The increase in the value of the Microsoft stock.
 - c. The value of child care services provided at home by a family member.
 - d. The price of airline ticket provided by a potential employer for an onsite visit and interview.
 - e. Salary at the main job.