

**SAMPLE QUALIFYING TEST
ENGLISH FOR ECONOMISTS
FOR MASTER STUDENTS**

Booth

Name: _____ First name: _____ Date: _____

Matr. no.: _____

Time allowed: 90 minutes

*Always write in complete sentences, not notes!
NO dictionaries or any other aids are allowed.*

Section A: Grammar

A. Insert the correct tense - active or passive voice - of the verbs in brackets:

Retailers _____ (lately, give) more shelf space to their own products, on which they _____ (earn) better margins, further squeezing the big brands by making them less visible. Last week, Jan-Benedict Steenkamp, a marketing expert at the University of North Carolina, _____ (estimate) that the share of private-label goods is now 20% at Wal-Mart and 35% at Kroger, two huge American retailers.

In the past year private-label sales _____ (grow) by around 9% in America and 5% in Europe, gaining market share from branded goods in many categories. Middle-market brands, measured by price or sales, are particularly vulnerable to competition from private labels; even in countries like Germany, where private labels _____ (now, account) for almost 40% of sales, the best-selling and most expensive brands _____ (not, lose) much ground so far.

Many analysts believe that the flight to private labels _____ (outlast) the present downturn. Ali Dibadj of Sanford C. Bernstein, a research firm, estimates that about half the people who _____ (up to now, switch) to private labels will never go back. The quality of private-label goods _____ (certainly, improve), making it harder for consumers to discern any difference between a

store's brand and a more expensive rival, particularly for commodities such as paper towels or milk. If, however, there _____ (suddenly, be) a price war, retailers would react by launching more aggressive promotion campaigns.

Total points possible: 20

B. Complete the text below by inserting just ONE word into each gap:

Victor Hugo once remarked: "You can resist an invading army; you cannot resist an idea _____ time has come." Today entrepreneurship is such an idea.

The triumph of entrepreneurship is driven by profound technological change. A trio of inventions—the personal computer, the mobile phone and the internet—is democratising entrepreneurship at a cracking pace. Today even cash-strapped innovators can reach markets _____ were once the prerogative of giant organisations.

The internet is a _____ platform for entrepreneurs to build interactive businesses. Meg Whitman grew rich by developing an online marketplace, eBay, where people could buy and _____ without ever meeting. An army of pyjama-clad bloggers has repeatedly outsmarted long-established newspapers on breaking stories. Automated news-collecting services such as RealClearPolitics and Memeorandum, using tiny amounts of capital, have established _____ as indispensable tools for news junkies.

The development of "cloud computing" is giving small outfits yet more opportunity to _____ the advantages of big organisations with none of the sunk costs. People running small businesses, _____ they are in their own offices or in a hotel half-way round the world, can use personal computers or laptops to _____ access to sophisticated business services.

The mobile phone has been almost as revolutionary. About 3.3 billion people, or half the world's population, already have access to one. The technology has allowed entrepreneurs to break into _____ used to be one of the world's most regulated markets, telecoms. And many developing countries have been _____ to leapfrog rich ones by going straight to mobile phones, thus cutting out landlines.

Total points possible: 10

C. Forms. Insert the correct forms of the words in brackets into the gaps in the sentences - together with prepositions, if necessary - and thus complete them:

1. Could I suggest _____ (hire) new staff for this project?
2. In order to curb costs _____ (far) steps must be taken.
3. On his way to the office yesterday, Mr Jones stopped _____ (pick up) his colleague.
4. Of all the qualified staff we have ever hired Tom was _____ (bad).
5. I must say that I object _____ (wait) for the bus any longer. Let's take a taxi home.
6. Do you still dream _____ (make) a fantastic deal?
7. Thirty-five-hour weeks are _____ (usual) in industrialised countries than in _____ (little) developed ones.
8. All the staff are looking forward _____ (go) on holiday.
9. At the last minute we managed _____ (fix) the deal.
10. I hate the idea _____ (move) to Singapore.

11. I remember _____ (start) work there at the age of 16.
12. Discipline and a level head are needed if you want to stop yourself _____ (risk) _____ (lose) all your money on gambling.
13. The CEO denies _____ (tell) anyone about the confidential talks.
14. This _____ (high) efficient person suits us very _____ (good).
15. _____ (Few) people nowadays worry about the risks involved in investing in real estate than they did a decade ago.
16. You will never succeed _____ (land) a job with a CV that looks as bad as that.
17. He has always been afraid _____ (fail) in his duties as deputy head.

Total points possible: 20

D. Read the text below about Japanese trading companies. Choose the correct word A, B, C or D to fill each numbered gap. Mark your chosen answer by underlining it like this:

Example: (0) A long B forever C general D seldomly

Do NOT write any words or numbers in the gaps in the text itself!

Japanese trading companies have (0)_____ been reviled by Western businessmen as (1)_____ middlemen and huge, monolithic entities that strangle the Japanese economy. But as the credit crunch causes firms in America and Europe to flounder for lack of funds, throwing supply-chains into disarray, Japan's trading-company model seems to have some (2)_____.

This is because the *sogo shosha*, or trading houses, have always done far more than make a living from arbitrage and (3)_____: they also provide credit to the companies within their folds. Private firms in Japan receive more than ¥180 trillion (about \$2 trillion) in trade credit and loans from outside the banking sector, with trading companies being most active. That is around two-thirds of the amount they receive from banks, notes Ichihiro Uesugi, an economist at Hitotsubashi University.

The five big houses—Mitsubishi, Mitsui, Sumitomo, Itochu and Marubeni—tower over corporate Japan and worm their way into almost all business activity. Some date back to the 17th century. They came to the fore during Japan's rapid industrialisation in the late 19th century, (4)_____ material from overseas for the resource-impooverished country and handling the export of (5)_____ goods. The *sogo shosha* attracted the brightest and most adventurous graduates. A retired Sumitomo man recalls an arduous elephant ride through the Burmese jungle in the 1950s to explore a mining site. The companies still sometimes act as diplomatic arms of the state.

But the middleman model was (6)_____ in the 1990s. Now the firms use knowledge of one market to move into adjacent areas, take control of an entire supply chain and improve their pricing power. Mitsubishi, for example, imports food, processes it, distributes it and sells it via (7)_____ stores in which it holds a stake, says Ichiro Mizuno, the firm's finance chief. The *sogo shosha* also anticipate future needs and invest accordingly, for example in rare minerals for electronic firms.

As ersatz investment banks, they make short- and long-term loans and take equity stakes. In their role as wholesalers, they provide trade credit to facilitate transactions. Together the trading houses represent 3% of all trade credit in Japan, a huge figure (though down from a staggering 12% in the 1970s). Critically, they provide market confidence that the debts of their (8)_____ will be honoured. This is often done (9)_____, since no company wants to (10)_____ its reputation—the most important currency in corporate Japan.

- | | | | | |
|-----|-----------------|---------------|-----------------|-----------------|
| 1. | A effective | B inefficient | C conscientious | D praise-worthy |
| 2. | A merit | B motive | C drawback | D well-being |
| 3. | A commissions | B purchases | C contracts | D business |
| 4. | A producing | B bidding | C selling | D procuring |
| 5. | A completed | B ended | C finished | D faulted |
| 6. | A adopted | B abandoned | C abided | D submitted |
| 7. | A junk | B electronic | C dealers | D convenience |
| 8. | A subsidiaries | B subsidies | C subordinates | D dealings |
| 9. | A inaccountably | B invariably | C implicitly | D implicit |
| 10. | A deter | B promote | C damage | D influence |

Total points possible:10

E. Re-write each of the sentences using the words given *but without changing the essential meaning of the original sentences:*

- Susan is a much more conscientious organiser of road shows than Tina is.
Tina organises _____
- I arrived too late at the station and so missed my train.
If I _____

- “If I were you, I would not sign a contract with this company,” she told me.
She _____
- At the border the policeman was searching the lorry when the lorry-driver ran away.
At the border the lorry _____

- The last time he held a presentation was six months ago.
He has not _____

Total points possible:20

Section A : 80 / 2 = 40

Section B: Reading Comprehension

A. In the text below there are whole sentences missing. Decide among the sentences A – I which of them fits each gap. Note that there are 7 sentences, yet only 6 gaps!

They sat silently through two lectures, but then they couldn't control their anger any longer. The civil servants from the Environment Ministry, the Environment Agency and the German Emissions Trading Authority made it sound easy for industry to take up carbon trading. _____ . "If that's the shape the trading will take, we will simply move our cement operation to Ukraine," a cement factory manager shouted into the lecture hall. "Then there won't be any trading here, nothing will be produced here anymore — the lights will simply go out here."

The businessmen's anger surprised the emissions-allowance trading experts. _____. They wanted to present international developments in the carbon trading market. However, the mood in the German business world has soured — managers no longer have the stomach for academic lectures. The reason is that emissions allowances are already burdening some companies that require a lot of energy for production purposes.

In the last 12 months alone, the price for the right to pump a ton of carbon into the atmosphere has shot up from €23 (\$36.5) to nearly €30 (\$47.6), according to the European Energy Exchange in Leipzig. _____ .

According to calculations by Point Carbon — a Norwegian company that specializes in analyzing global power, gas and carbon markets — this price hike would drive up the marginal cost of energy from an old brown coal power plant by the entire price of carbon. For modern natural gas power plants, it would increase prices by a third. Energy company RWE, which is based in the German city of Essen, reckons it alone will have to pay €9 billion (\$14.2 billion) for its own electricity production, which it, of course, will pass on in higher electricity prices. _____ .

"If the cement industry is gradually pulled into the trading of carbon emission allowances, companies will move production to countries that don't take part in the scheme," Andreas Kern, President of the German Cement Industry Federation, has warned. Still, the really tough measures of the European emissions trading scheme have not yet been put into force. Only from 2013 — the start of the third trading period — will prices shoot up.

According to European Commission plans, every European company will then have to acquire pollution permits from a sort of stock exchange. _____. In the coming months the European Council and European Parliament are supposed to give their blessing for the Commission's plans. And then the pressure to relocate abroad will likely rise for affected German firms.

"The cement industry is also facing cost increases of around €900 million (\$1.4 billion) from 2013," Kern said. _____. Not surprisingly, the German finance ministry is now looking into whether some sectors should continue to receive the emission permits for free, Manager Magazin Online has learned.

Sentences to insert into the gaps in the text above:

- a. This hike of around 30 percent has a direct effect on the electricity production of power companies.
- b. So carbon trading will have a direct impact on which countries firms chose to locate in.
- c. "That amounts to around half of our current annual revenues."
- d. It was just too much for the managers to tolerate.
- e. Pollution permits do not make sense.
- f. So far the permits have been handed out free, or largely free.
- g. They had invited industry representatives to a relaxed forum at the Environment Ministry's office in Bonn.

Total points possible:6

B. Read the following article:

There are few who truly believe any longer that Europe's economies can shrug off bad news from elsewhere. Jean-Claude Trichet, head of the European Central Bank (ECB), now concedes that gloom in America must darken the euro area's prospects. Exporters hit by the strength of the euro cannot but find it harder when their second-largest market (America) turns down, especially as the largest (Britain) is slowing too. Yet politicians and central bankers are reluctant to admit to home-grown frailties. Their ritual invocation of Europe's "sound fundamentals" and "lack of imbalances" seems like wishful thinking—or complacency.

The facts suggest that Europe is not weathering the global financial storms well. Figures released on February 14th reveal that the euro-area economy slowed abruptly at the end of 2007. GDP rose by only 1.6% at an annual rate in the fourth quarter—stronger than in America, admittedly, but still a lot slower than before. GDP growth in the two biggest economies, Germany and France, was weaker than the euro-area average. And though figures for Italy are not yet out, economists at Barclays Capital reckon its economy shrank. Economic activity across Europe seems to have slowed further at the start of the year.

What is worrying is that Europe's lost pep owes more to sagging demand at home than to crumbling exports. A full breakdown of the fourth quarter is not yet available, but it is expected to show that consumer spending was sluggish at best. Retail sales fell by 1% over the previous quarter. In Germany, where hopes of a consumer revival have often been dashed, sales crashed by 3%. Behind these grim figures stand increasingly nervous shoppers. The European Commission's gauge of consumer confidence has fallen by ten percentage points since July 2007, the sharpest drop since early 2003. Borrowing by households has slowed sharply, partly because of earlier interest-rate rises but partly also because troubled banks have become far fussier about their lending.

Such fragility is at odds with claims that Europe's economy has the domestic firepower to withstand a recession in America. Indeed, the parts of the economy that are most exposed to non-euro-zone demand are doing better than those that rely on domestic spending. An index of manufacturing based on a survey of purchasing managers edged up in January. But the gauge for service industries plunged to only just above 50, the point at which more managers report a fall than a rise in activity. Individual readings in Germany, Italy and Spain were all below that level. Much of the weakness, particularly in Spain, is down to struggling firms in property and finance, which suggests that the credit crunch and the deflating house-price bubble are taking a broader toll.

Source: Economist 2008

In 1 – 6 below choose the option (a – d) which is the closest in meaning to the content of the article above by underlining it:

1.
 - a. It is believed that bad news about Europe's economies can be shrugged off.
 - b. Jean-Claude Trichet thinks that pessimism in the USA will not have an impact on Europe.
 - c. Europe's largest market (America) and its second-largest market (Britain) are growing.
 - d. Pessimism in the USA will certainly have an effect on Europe's future chances.

2.
 - a. The euro area has little chance of prospering.
 - b. European exporters are finding it difficult to sell goods.
 - c. France and Germany's economies are improving.
 - d. The euro's strength is improving the market for exports.

3.
 - a. Europe is showing amazing strength in countering the effects of the worldwide crisis.
 - b. Europe's economies are on a sound financial footing.
 - c. Politicians and central bankers believe that Europe has neither sound fundamentals nor a lack of imbalances.
 - d. Both politicians and central bankers are not willing to admit that the economic downswing is caused by endemic weaknesses.

4.
 - a. GDP growth in the two smallest economies was weak.
 - b. The two biggest euro economies' GDP growth rates were below average.
 - c. Of all the European economies GDP growth is weakest in Germany and France.
 - d. There has been an increase in the speed of economic activity.

5.
 - a. The raising of interest rates and tightened lending conditions are mostly to blame for less borrowing among consumers.
 - b. There are some hopes of a revival in consumer spending.
 - c. There has been an insignificant fall in consumer confidence.
 - d. The last six months have recorded a drop in retail sales by 1% in Europe.

6.
 - a. Sectors dependent on domestic spending and demand from outside the euro zone are doing equally badly.
 - b. Purchasing managers approved an index of manufacturing.
 - c. Purchasing managers claim that in January there was more domestic spending.
 - d. There are conflicting opinions as to whether Europe will be able to counteract the effects of a recession in America.

7.
 - a. Services have grown considerably.
 - b. Spain is badly hit by the credit crisis because its economy is dependent on real estate and investments.
 - c. Figures for Germany, Italy and Spain rose to 50 on the gauge for service industries.
 - d. Spain's strength lies in property and finance companies.

Total points possible:14

Section B : 20

Section C: Essay

Write an opinion of between 250 and 300 words on ONE of the following topics:

1. How has the German economy changed for better or worse since unification?
- OR**
2. What measures could the German government take to improve the energy situation and thus be less dependent on oil and gas supplies from other countries?

Section C : 40*

- *Points are awarded for
- Structure : /8
 - Ideas : /8
 - Grammatical correctness : /8
 - Means of expression : /8
 - Economic vocabulary : /8 = 40

Total points : _____
100

= Grade : _____

Pass mark: 50+ points

Sources of texts are The Economist

Answers

Section A: Grammar

A. Insert the correct tense - active or passive voice - of the verbs in brackets:

- have lately been giving (= present perfect continuous tense), or have lately given (= present perfect simple tense)
- earn (simple present tense)
- estimated (= simple past tense)
- have grown (= present perfect simple tense)
- now account (= simple present tense)
- have not lost (= present perfect simple tense)
- will outlast (= future I simple tense)
- have up to now switched (= present perfect simple tense)
- has certainly improved (= present perfect simple tense), or is certainly improving (= present continuous tense), or has certainly been improving (present perfect continuous tense)
- suddenly was/were (= simple past tense)

B. Complete the text below by inserting just ONE word into each gap:

whose
that / which
cheap / good / suitable (and similar adjectives that take “a” as an indefinite article)
sell
themselves
enjoy / use / exploit
whether
gain / get / obtain
what
quick / eager / able / managing

C. Forms. Insert the correct forms of the words in brackets into the gaps in the sentences - together with prepositions, if necessary - and thus complete them:

1. hiring
2. further
3. to pick up
4. the worst
5. to waiting
6. of making
7. more usual.....less
8. to going
9. to fix
10. of moving
11. starting
12. (from) risking.....losing
13. telling
14. highly.....well
15. Fewer

16. in landing
17. of failing

D. Read the text below about Japanese trading companies. Choose the correct word A, B, C or D to fill each numbered gap. Mark your chosen answer by underlining it like this:

1. B
2. A
3. A
4. D
5. C
6. B
7. D
8. A
9. C
10. C

E. Re-write each of the sentences using the words given but without changing the essential meaning of the original sentences:

1. Tina organises road shows much less conscientiously than Susan does. (5 points)
2. If I had not arrived too late at the station, I would not have missed my train. (4 points)
3. She advised me not to sign the contract with this/that company,
or: She warned me against signing the contract with this/that company,
or: She warned me not to sign the contract with this/that company. (3 points)
4. At the border the lorry was being searched by the policeman when the lorry-driver ran away. (4 points)
5. He has not held a presentation for six months. (4 points)

Section B: Reading Comprehension

A. In the text below there are whole sentences missing. Decide among the sentences A – I which of them fits each gap. Note that there are 7 sentences, yet only 6 gaps!

d – g – a – b – f – c. Letter e is not used.

B. Read the following article:

In 1 – 6 below choose the option (a – d) which is the closest in meaning to the content of the article above by underlining it:

1. d.
2. b
3. d
4. b
5. a
6. d
7. b

Section C: Essay

Write an opinion of between 250 and 300 words on ONE of the following topics:

Points are allocated according to the criteria given.

50 or more points must be attained to pass the Master Qualifying Test.

The scale of grading is as follows:

von	bis	Note
0	49,5	5,0
50	54,5	4,0
55	59,5	3,7
60	64,5	3,3
65	69,5	3,0
70	74,5	2,7
75	79,5	2,3
80	84,5	2,0
85	89,5	1,7
90	94,5	1,3
95	100	1,0