

МОСКОВСКИЙ ГОСУДАРСТВЕННЫЙ УНИВЕРСИТЕТ
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ЭКОНОМИЧЕСКИЙ ФАКУЛЬТЕТ

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PREPARATION GUIDE

Test of English for Graduates in Economics



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Gap-Filling

The gap-filling task

The gap-filling task generally comes first in the examination. It consists of 6–7 short extracts (100–120 words each) from authentic publications on economic topics. The number of gaps in each extracts varies from 5 to 8. The total number of gaps in the whole test is 50, which gives you 50 points. With a wrong choice you lose 1 point. The time given to this task is 30 minutes.

The test is designed to check your ability to quickly read economic texts paying attention to their logical development and grammatical structure. This would help you to choose the correct word or phrase from the list in the right-hand column.

During the test you are expected to put down your answers in the Answer sheet where you should fix your choice in block capital letters in the appropriate box.

We recommend that you don't stick to a text which is hard to complete. Keep going until you are through with all of them. Then come back to those which are still the problem. Perhaps this time you will be more successful.

Shortly before the time is up we advise you to make sure that you have filled in all the gaps. Those gaps which you decide not to fill in will be marked as wrong and each of them will result in a loss of 1 point.

TEST 1

1	<p>Most countries embarked on transition with a monetary overhang and a need 1____. Inflation was either already present or a major threat. By 1995, all 25 countries except Turkmenistan 2____ stabilization policies. By 1999, annual inflation rates, which 3____ from 26 percent in Hungary to 57,000 percent in Georgia, had been reduced to 4____ in about half of the countries. Bulgaria, Estonia, and Lithuania, which have 5____, have had the most impressive 6____.</p>	<ul style="list-style-type: none"> a. <i>to liberalize prices</i> b. <i>single digits</i> c. <i>had ranged</i> d. <i>currency boards</i> e. <i>had introduced</i> f. <i>anti-inflationary performances</i>
2	<p>An important element in the 1____ was the choice of exchange rate regime. Countries in Central and Eastern Europe and the Baltics opted for either 2____. Russia and the other countries of the former Soviet Union formally announced flexible regimes, although many countries began 3____ to the U.S. dollar or the deutschemark. With most 4____ fixed, either explicitly or de facto, inflation rates started 5____. By 1999, most of the transition countries had 6____ to relatively low levels, although it had begun 7____ again in a few of the former Soviet republics. Today, all but four countries 8____ flexible exchange rate regimes, with Poland as the leading example of a successful exit from a peg.</p>	<ul style="list-style-type: none"> a. <i>have adopted</i> b. <i>to climb</i> c. <i>to peg their currencies</i> d. <i>exchange rates</i> e. <i>to decline rapidly</i> f. <i>reduced inflation</i> g. <i>a fixed or a flexible regime</i> h. <i>initial stabilization strategies</i>

3	<p>Fiscal balances also 1 ___ sharply at the start of transition. While 2 ___ occurred in most countries during the transition, no clear relationship between fiscal balance and growth is evident. This is because, in some countries, 3 ___ were associated with reforms that were 4 ___. At the same time, in some of the former Soviet republics, underlying the sharp fiscal contraction were very 5 ___ and ad hoc expenditure cuts, which undermined the authorities capacity 6 ___. What is clear from the data, however, is that countries that had both 7 ___ and slow structural reforms were unable 8 ___ the process of stabilization.</p>	<ul style="list-style-type: none"> a. <i>fiscal consolidation</i> b. <i>large revenue declines</i> c. <i>to sustain</i> d. <i>to implement reforms</i> e. <i>deteriorated</i> f. <i>higher public expenditures</i> g. <i>persistent fiscal deficits</i> h. <i>beneficial for growth</i>
4	<p>The performance of the transition economies in 1 ___ from very high levels has been impressive. The subsequent move in most countries to flexible exchange rate regimes seems reasonable in view of the recent 2 ___ regarding the high costs associated with fixed regimes in 3 ___ of heightened financial vulnerabilities. On the fiscal front, the average country is far more 4 ___ today than before. Consequently, it will be much more difficult to sustain large deficits unless reforms and growth 5 ___ in the near future.</p>	<ul style="list-style-type: none"> a. <i>bringing inflation down</i> b. <i>accelerate</i> c. <i>lessons learned</i> d. <i>the new global environment</i> e. <i>indebted</i>
5	<p>Most proponents of reform took it for granted that 1 ___ would be needed at the early stages of transition 2 ___ and sustain the reformers and also to compensate for these countries' lack of experience in 3 ___. Despite initial talk, the launching of the equivalent of a Marshall Plan for transition economies never 4 ___. On the contrary, external assistance 5 ___ primarily by the international financial institutions, the European Union, and bilateral donors, and in smaller amounts than originally discussed.</p>	<ul style="list-style-type: none"> a. <i>running a market economy</i> b. <i>materialized</i> c. <i>external financial assistance</i> d. <i>was provided</i> e. <i>to encourage reform</i>
6	<p>Per capita capital inflows to transition countries in the 1990s were similar to those to Latin America and the more 1 ___ Asian economies, and much greater than those to other 2 ___. Russia, for example, is the only country in the entire region that has been 3 ___. The composition and distribution of inflows was highly uneven. However, 4 ___ were significantly larger than short-term ones. Central and Eastern Europe and the Baltics 5 ___ greater inflows than Russia and the other countries of the former Soviet Union. There was a large recourse to 6 ___ (debt reduction and restructuring and official aid) at the beginning of the transition period. There existed a subsequent reorientation of capital flows toward 7 ___ and other private flows.</p>	<ul style="list-style-type: none"> a. <i>net exporter of capital</i> b. <i>advanced</i> c. <i>received</i> d. <i>developing countries</i> e. <i>long-term inflows</i> f. <i>exceptional financing</i> g. <i>foreign direct investment</i>

Answer sheet

1	1	2	3	4	5	6		
2	1	2	3	4	5	6	7	8
3	1	2	3	4	5	6	7	8
4	1	2	3	4	5			
5	1	2	3	4	5			
6	1	2	3	4	5	6	7	

Вторая часть вступительного испытания по английскому языку: примеры заданий

Reading 1 hour

This paper consists of tasks with 40-45 questions in the form of multiple-matching tasks and multiple-choice tasks. Each task contains a short text or a longer text divided into sections. The texts are taken from newspapers, scientific journals, materials of the IMF & WTO. They are all business-related, and selected to test a wide range of reading skills and strategies.

Task 1

- Read the article below about a focus on long-term growth.
- Put paragraphs (A, B, C, D, E) in the correct logical order (1-5).

Why Businesses Must Focus On Long-Term Growth

A It further states that as the world recovers from the global financial crisis, the private sector remains the largest source of jobs and provides a key path to growth. It is certainly true that quarterly success can be a pointer to sustainable growth, and no one can deny that some of these short-term metrics help keep staff and shareholders informed regarding performance, and enable adjustments to the ever changing landscape.

B We need to rethink corporate governance so that owners and boards embrace their responsibilities to society at large, as well as to future generations. This will require smarter regulation, remuneration tied to long-term performance, and voting structures that reward long-term growth. Most of all, we need business leaders prepared to stake their significant ingenuity, imagination, resources, and capital on long-term value creation and sustainability. Their reward will be in the sustainability of the planet and their firms.

C Yet short-termism in business can also perpetuate instability and risk. In its current form, 'business as usual' will leave a damaging legacy. Performance metrics of CEOs based on share prices encourage a focus on short-term stock prices and encourage excessive risk taking, rather than long-term value creation. Meanwhile, rewards are skewed heavily to investors who want to make a quick return, and who have little concern for a company's long-term prosperity.

D Excessive short-termism is always a problem for policy, but the Global Crisis has brought it sharply into focus. This column introduces a report that discusses how a shift to longer-term solutions is necessary and possible. A key message is that

businesses as well as governments need to take a longer-term view. The report identifies ways to overcome the current impasse in key economic, climate, trade, security, and other negotiations.

E As well as encouraging a focus on long-term rather than short-term value creation, the Oxford Martin Commission contends that the private sector can no longer operate with a mind-set that focuses purely on short-term returns at the expense of longer-term sustainability. It is time to reassess the relationship between shareholder and societal value and rewire business for the long term.

Task 2

- Read the article about recovery strengthening and the statements below.
- Which section of the article (1, 2, 3 or 4) does each statement (A, B, C, D, E, F or G) refer to?
- Do not use any letter more than once.

Recovery Strengthening, but Requires Stronger Policy Effort

1 A major impulse to global growth has come from the *United States*, where annual growth in 2014–15 is projected to be above trend at about 2¾ percent. More moderate fiscal consolidation helps; support also comes from accommodative monetary conditions, a recovering real estate sector, and higher household wealth.

2 In the *euro area*, growth has turned positive. Across the euro area, a strong reduction in the pace of fiscal tightening is expected to help lift growth. Outside the core euro area, contributions from net exports have helped the turnaround, as has the stabilization of domestic demand. However, growth in demand is expected to remain sluggish, given continued financial fragmentation, tight credit, and a high corporate debt burden. Growth performance will therefore continue to lag the core euro area.

3 In *Japan* economic activity is expected to get a boost from some underlying growth drivers, notably private investment and exports. Nevertheless, economic activity overall is projected to slow moderately in response to a tightening fiscal policy stance in 2014–15, starting with the rise in consumption tax.

4 Emerging market and developing economies continue to contribute more than two-thirds of global growth, and their growth is projected to increase moderately from 4.7 percent in 2013 to 4.9 percent in 2014 and 5.3 percent in 2015. The weaker momentum compared with advanced economies reflects in part the adjustment to a less favorable external financial environment and, in some cases, continued weak investment and other domestic structural constraints. Going

forward, stronger exports to advanced economies are expected to underpin moderate increase in growth.

A Exports expansion to industrialized countries is one of the reasons for stronger growth.

B Greater fiscal consolidation does not facilitate global growth.

C Growth in demand is not projected.

D Rising taxes result in slowing economic activity.

E GDP growth is projected to strengthen.

F Near-term prospects have been downgraded as a result of negative external conditions.

G The forecast is that growth will remain broadly unchanged due to government efforts.

Task 3

- Read the text given above about recovery strengthening.
- For each word from the text (1 – 4) give ONE equivalent (A, B, C or D).

1. Accommodative (paragraph 1)

- A** inherent
- B** all-pervasive
- C** lax
- D** tight

2. Sluggish (paragraph 2)

- A** exuberant
- B** inactive
- C** lavish
- D** sly

3. Momentum (paragraph 4)

- A** mortgage
- B** impetus
- C** moment
- D** sensitivity

4. Underpin (paragraph 4)
- A lodge
 - B hamper
 - C underwrite
 - D snatch

Task 4

Canadian Economy Gains Steam, But More Balanced Growth Needed

- Read the article below about Canadian economy. From the list of headings (1 – 7) choose the correct heading for sections A, B, C or D.
- Do not use any letter more than once.

1. Fiscal policy supports growth
2. Interest rates kept low
3. Housing prices still overvalued
4. Significant risks
5. Sound financial sector
6. Additional measures for reducing fiscal deficits at the provincial level
7. Impact of adverse external shocks

The Canadian economy strengthened in 2013 after a subdued performance in 2012. But underlying growth has remained modest and the composition of growth does not yet point to the much needed rebalancing from household consumption and residential construction toward exports and business investment.

A _____

The IMF expects Canada's export growth to benefit from the projected upswing in the U.S. recovery. As demand and capacity utilization increase, business investment is expected to strengthen, particularly spending on machinery and equipment.

But the IMF pointed out that downside risks remain, primarily from external factors. The biggest risk is from overshooting of long-term interest rates following the Fed's exit from quantitative easing, which would hinder the pickup in economic activity in the United States. Another risk is a protracted weakness in the euro area

economic recovery, which could hurt Canada mainly through confidence and financial channels, as well as through indirect trade links. The IMF also mentioned the possibility of lower-than-expected growth in emerging markets, which would lower commodity prices.

B _____

The IMF saw room to maintain the current highly accommodative monetary policy stance for a longer period than anticipated a year ago, given the low inflation rate, greater output gap, looming downside risks, and the ongoing moderation of the housing market.

The slowing trends in construction activity, house prices, and household credit, together with the projected increase in long-term rates as the U.S. Fed gradually exits from its monetary easing, also give the Bank of Canada more room to wait before raising policy rates.

C _____

The report emphasized that fiscal policy should strike the right balance between supporting growth and curbing spending. At the federal level, continued progress in fiscal consolidation is appropriate to rebuild the room for fiscal maneuver used during the crisis, but there is room to delay the adjustment needed to return to a balanced budget in 2015 if there is no meaningful increase in economic growth.

D _____

The report noted that household debt remains high and, while house prices and construction growth have cooled off, high valuations and excess supply in a number of housing markets are sources of vulnerability. But if house prices and mortgage credit growth heat up on a more widespread and sustained basis, additional measures, such as higher down-payment requirements for first-time buyers, may be needed. Over the longer term, rethinking the role of government-backed mortgage insurance may reduce the government exposure to housing sector risks and lead to a more efficient allocation of resources.

Task 5

- Read the article below about income inequality.
- From the list of statements (A, B, C, D, E, F or G) choose the one related to the author who made it:
 1. Mankiw
 2. Neiman
 3. Gordon
 4. Mulligan

Income Inequality and its Sources

It is generally recognized that the distribution of income in the United States and within many other countries has become less equal since the 1980s. Increased inequality has been popularly interpreted as a negative development, and many proposals have been offered to reverse or offset the change in inequality. Increased inequality could be the result of technical improvement that raises total income, or it could be the result of restrictions that increase the monopoly power of special interests that reduces total income of a nation (Mankiw, 2013). Changes in the distribution of income are the result of more fundamental shocks to an economy, and failure to recognize the source of change could block innovations that would benefit most of the population.

The distribution of income can be divided into the distribution of labor earnings and the distribution of income from property (capital). The contribution of capital income to greater inequality has received a great deal of attention from many people, including Thomas Piketty, who hypothesized that developments in the last 30 years are part of a longer historical pattern of changes in the distribution of income. Neiman (2014) has shown that the increased share of capital income is a broad phenomenon that has occurred in most of the 58 countries in their sample. The increase in the share of capital income has also occurred in most of the 50 states of the U.S. The rise in capital's share has contributed to greater inequality, but changes in the earnings of labor have also contributed to greater inequality. Incomes of high skilled labor have increased relative to earnings of middle and low-skilled workers. A satisfactory explanation of changes in income inequality must explain similar changes in many countries, and it must also be capable of explaining increased earnings of both capital and high-skilled labor. An explanation for rising inequality based solely on developments in the United States (taxes, government spending, minimum wage, unions) is not sufficient.

Equal opportunity is important for efficiency and economic growth. It is important for people to be able to acquire skills, enter occupations, and start

businesses without restrictions. However, equal opportunity to use one's labor and capital productively does not imply equality of results or equal incomes. Economic history is filled with spurts of innovation (shipping innovations in the 15th century, the steam engine, petroleum related innovations, and the microprocessor that Intel introduced in 1971) in which the innovators received large rewards that temporarily increased income inequality (Gordon, 2014). Greater concentration of wealth has provoked envy and resentment, but attempts to use government policy to increase equality may reduce the incomes of both the poor and the rich, even if they increase the share of the poor in a smaller total income. Failed experiments with planned economies in China and the Soviet Union, intended to promote greater equality, are extreme examples, but Casey Mulligan (2014) has documented recent US policies intended to reduce inequality, that have also reduced incentives for people to work.

- A** The role capital income plays in increasing inequality has come to fore in academic studies.
- B** The gap in earnings between highly qualified workers and less qualified workers, and manual workers has increased.
- C** Equal labor input does not necessarily bring about (yield) equal incomes.
- D** Increases in inequality in certain years usually do not directly correlate with parents income.
- E** Negative development in equality may result from innovative approach to production or result from the government policy aimed at limiting vested interests.
- F** Quite often policies aimed to lower inequality often result in weaker motivation to succeed.
- G** The current stage of globalization is marked by a massive spread of innovations.

Task 6

Fill the gaps in the text below by choosing one variant (a, b, c or d)

Organizational structure of a company

Organisational structure within a company or organisation consists of several levels. Typically there are three basic levels of **...(1)...** in the organisational structure of a company: senior managers, middle managers and junior or first-line managers.

Senior managers are responsible **...(2)...** the overall direction and operations of an company. Particularly their tasks are setting organisational goals, defining strategies for **...(3)...** them, setting objectives and choosing appropriate policies, monitoring the external environment and **...(4)...**, decisions that affect the future of the organisation. They are Production Director, Sales Director, Marketing Director, Finance Director, Human Resources Director, Research and Development or Creative Director. The **...(5)...** of a company is typically called the CEO (Chief Executive Officer). He has **...(6)...** authority in the normal, everyday management of a company. The job of the Chief Executive officer is sometimes **...(7)...** with other jobs, such as that of the company's president.

Middle managers' responsibilities are to run business **...(8)...** and major departments. Examples of middle managers are department heads or division heads. The daily tasks of middle managers **...(9)...** supervising low-level managers.

First-line managers are directly responsible for the production of goods and services. They are also **...(10)...** of managing company staff.

- | | | | | |
|-----|---------------|----------------|------------------|----------------|
| 1. | a) managing | b) management | c) managerial | d) manage |
| 2. | a) to | b) of | c) for | d) with |
| 3. | a) achieving | b) obtaining | c) brainstorming | d) locating |
| 4. | a) doing | b) receiving | c) accepting | d) making |
| 5. | a) main | b) important | c) head | d) prime |
| 6. | a) the most | b) the more | c) many | d) the much |
| 7. | a) to combine | b) combination | c) combining | d) combined |
| 8. | a) parts | b) paragraphs | c) units | d) headings |
| 9. | a) preclude | b) include | c) decline | d) incline |
| 10. | a) for charge | b) to charge | c) in charge | d) into charge |

Task 7

Read the article divided into paragraphs (1 - 6) and choose the best title

A. The role of personal contact	E. Practical advantage
B. Friendly environment	F. Employees' positive perception
C. Inspirational boss	G. Organizational culture and its role
D. Encouragement of staff	

Human Relations within an Organization

1. Most organizations and their managers realize the importance of maintaining good human relations. A climate of openness and trust can stimulate performance and promote loyalty. For example, at Walt Disney Production everyone, including the President, wears a name tag with first name only, and at IBM the Chairman of the Board personally deals with employee complaints. This kind of atmosphere can only have a positive effect on human relations.
2. There are practical benefits of good labor relations as well. When workers are satisfied with interpersonal relations, they are usually more productive. They are also less likely to resign or complain to the personnel department, the union, or some other agency, actions that could create additional expense for a company.
3. How can managers ensure good interpersonal relations? Three components are particularly important: leadership, communication, and motivation. Leadership is the ability to influence people to work toward achieving the goal. The manager who inspires enthusiasm and who works hard together with his employees is usually more effective than the boss who simply gives orders to his subordinates and takes all the credits for the group achievements. Managers must learn to distinguish between authority (the ability to make someone do something) and leadership (the ability to inspire someone to do something).
4. A second component of good human relations is communication. Through speaking and listening, writing and reading, managers and lower-level employees not only share job-related information but also build interpersonal networks and patterns of interaction. Effective business communication should be clear and respectful. One study found that 90 per cent of the people who report good communication with their boss are satisfied with their jobs.
5. Fear of job loss may motivate people, but it is much less effective than encouragement of the employees' own sense of direction and creativity. Motivation that successfully activates and directs employee behaviour leads to worker performance significantly beyond the level that can be required or forced.
6. A concept closely related to motivation is morale, a person's attitude towards both the job and the organization. Traditionally managers believed that performance was determined by real conditions, such as sufficient resources, competent employees and clear goals. Today, managers realize that perceived conditions – fairness, clarity, appreciation, involvement – significantly affect performance as well. Employees work best when they feel positive about perceived conditions.

Task 8

Read the article and for each question (1 - 5) mark one letter (A, B or C) to choose the correct answer.

1. **A positive atmosphere in an organization**

- A has no impact on performance.
- B promotes better results.
- C discourages good performance and loyalty.

2. **At IBM the Chairman of the Board**

- A compliments his personnel.
- B personally criticizes his employees.
- C personally reacts to staff complaints.

3. **The workers are usually more productive when they are**

- A upset about way their boss treats them.
- B pleased with personal relations at work.
- C amused by their job.

4. **Leadership is the ability to encourage people**

- A to work in order to meet an objective.
- B to ignore the target.
- C to set a new goal.

5. ***Managers must learn***

- A to differentiate between authority and leadership.
- B to ignore the difference between authority and leadership.
- C to promote between authority and leadership.

Recommended Literature:

1. Клейменова Е.П., Кулик Л.В. New Preparation Guide. Изд. ТЕИС, М., 2013.
2. Cambridge BEC Vantage 4 with answers. Cambridge University Press.
3. www.cambridge.org
4. Business Benchmark Upper Study Book. Cambridge University Press.
5. McCarter S., Whitby N. Reading Skills. Macmillan. 2013.