Part One: Listening Comprehension. 50% (5 points per question)

From Terry Savage, “Finally: New Credit Scoring System set”

1. Which of the following is NOT one of the three credit reporting agencies mentioned?
   (A) Equifax
   (B) VantageScore
   (C) Experian
   (D) TransUnion

2. Which of the following is probably NOT a source of credit information?
   (A) Reports from credit card companies
   (B) Car Loan payment histories
   (C) Student loan payment histories
   (D) Criminal records reporting convictions for violent crimes

3. According to the author, which statement is true?
   (A) Your credit score increases when your income increases
   (B) Working for a good company can affect your credit score
   (C) Paying your bills late will give you a lower credit score
   (D) When you get married, your score is added to that of your spouse

4. What are credit scores used for?
   (A) To award “bonus points” subscribers can use to purchase gift items
   (B) So lenders can determine if it is risky or not to loan someone money
   (C) So you can receive a discount on a variety of purchases
   (D) To assist you in paying off your debts
5. *With which of the following statements is TRUE according to the listening segment?*

(A) The FICO score is more reliable than the VantageScore

(B) The VantageScore is more reliable because it uses information from all 3 agencies

(C) Equifax intends to be the first credit bureau to sell the new service

(D) Currently, the FICO score is the only other credit score available

6. *Which of the following is NOT implied by the article?*

(A) People with a lower score have more difficulty borrowing money

(B) Events such as bankruptcies and foreclosures will appear on credit reports

(C) Credit reports are private and can't be viewed without the person's consent

(D) Having a high score is important when people attempt to finance a car or house

7. *Which of the following statements is NOT true according to the article?*

(A) Each credit bureau must give each American 1 free credit report every year

(B) That the 3 major credit bureaus will all charge the same price for the new report

(C) The credit reports are very influential when people try to get a loan

(D) Financial institutions have been asking for a more consistent credit report to help them make lending decisions

8. *Which of the following statements is true, according to the report?*

(A) The credit bureaus are offering the new report for free

(B) The credit bureaus will jointly market the new report

(C) Individuals can request a credit report online

(D) The new report has been in use for over 1 year
9. *With which of the following statements would the authors probably agree?*

(A) The ability to borrow money is very important in people’s lives
(B) The way credit bureaus report peoples’ credit scores is unfair
(C) Currently, there are only 3 credit bureaus in the United States
(D) Prior to the new score, prospective borrowers had to use the FICO score because there was no alternative

10. *Which of the following is NOT suggested by the article?*

(A) The new VantageScore will be a positive thing for both borrowers and lenders
(B) This is the first time the 3 largest credit bureaus worked together on such a project
(C) Previously, loans might be denied or approved, depending on which score was used
(D) The credit bureaus lend money to borrowers if their scores are high enough
Part 2: Reading Comprehension  50%

Read the articles and answer the questions. Each question is worth 5 points.

A).
From: PAUL KRUGMAN "The Chinese connection and America's addiction"

The U.S. economy has become dependent on low-interest loans from China and other foreign governments, and it's likely to have major problems when those loans are no longer forthcoming. Here's how the U.S.-China economic relationship currently works: Money is pouring into China, both because of its rapidly rising trade surplus and because of investments by Western and Japanese companies. Normally, this inflow of funds would be self-correcting: Both China's trade surplus and the foreign investment pouring in would push up the value of the Yuan, China's currency, making China's exports less competitive and shrinking its trade surplus.

...the Chinese government, unwilling to let that happen, has kept the Yuan down by shipping the incoming funds right back out again, buying huge quantities of dollar assets — about $200 billion worth in 2004, and possibly as much as $300 billion worth this year. This is economically perverse: China, a poor country where capital is still scarce by Western standards, is lending vast sums at low interest rates to the United States. Yet the United States has become dependent on this perverse behavior. Dollar purchases by China and other foreign governments have temporarily insulated the U.S. economy from the effects of huge budget deficits. This money flowing in from abroad has kept U.S. interest rates low despite the enormous government borrowing required to cover the budget deficit. Low interest rates, in turn, have been crucial to America's housing boom. And soaring house prices don't just create construction jobs; they also support consumer spending, because many homeowners have converted rising house values into cash by refinancing their mortgages.

...if and when China changes its currency policy and those cheap loans are no longer available. U.S. interest rates will rise; the housing bubble will probably burst; construction employment and consumer spending will both fall; falling home prices may lead to a wave of bankruptcies. And, we'll suddenly wonder why anyone thought financing the budget deficit was easy. In other words, we've developed an addiction to Chinese dollar purchases, and will suffer painful withdrawal symptoms when they come to an end.
11. *With which of the following statements would the author probably agree?*

(A) The USA needs Chinese loans; China no longer needs foreign investment

(B) The Chinese government is intervening to prevent the normal actions of a free market economy

(C) The USA wants China to stop purchasing US dollars due to fears of inflation

(D) Generally speaking, there is a surplus of cash throughout China

12. *Which of the following is probably true?*

(A) People in the USA are buying more houses as an indirect result of China’s low-interest loans to the United States

(B) China will be changing their monetary system in the very near future

(C) China has implemented a free-floating monetary system that allows the Yuan’s value to change easily and frequently

(D) There are few new houses under construction in the USA at present

13. *According to the author, what economic readjustment SHOULD be occurring now?*

(A) China should be changing its monetary system

(B) The Chinese Yuan should be increasing in value

(C) The United States should devalue the dollar

(D) Foreign investment in China should be increasing with a weaker Yuan

14. *What does the author think of low-interest loans from China to the USA?*

(A) That this is a normal situation in the world of economics

(B) That this is beneficial to both countries and should continue indefinitely

(C) That these are having a negative effect on housing construction in the USA

(D) That, in an economic sense, there is something fundamentally wrong with them
B).


The Impact of Climate Change (IPCC) on the United States Economy comes to strikingly different conclusions about the economic effects of global warming, even assuming a doubling of greenhouse gases leading to a warming of 2.5°C. The improved methodology of these new studies considers, among other things, the possibility of adaptation. The new studies also rely on natural climate experiments, by observing energy expenditures, leisure activities, etc., in towns that experience varying temperature changes. Capital-intensive sectors, such as coastal structures and timber, are modeled dynamically. The various sectoral studies were designed to be more consistent and to respond to a broader range of climate projections. And, they are more comprehensive, including commercial fishing for the first time.

When all is said and done, the new studies yield large positive effects for agriculture and smaller positive effects for timber and recreation. Estimates for the remaining sectors are still negative, but considerably less negative than the previous IPCC estimates. On balance, warming is found to increase US GDP by about 0.2 percent.

The reversal of the earlier estimates is startling, but it should not be entirely unexpected to those who have been following the economic literature of recent years. Individual research papers have indeed shown a large, positive effect of warming on agriculture, arising from longer growing seasons, warmer nights, increased precipitation, and a higher levy of carbon dioxide to hasten plant growth. The editors of the book were not yet aware that modest warming would retard the rise in sea level rise rather than accelerate it. That fact reinforces the clear implication of their research, which is that global warming is good for us, that is it will improve our economic well-being as well as our health. Similar conclusions apply not only to other industrialized nations but also to the rest of the world, including island nations that fear a rising sea level.

Will these new results lead politicians to blunt or even reverse the drive to limit carbon dioxide emissions and curtail energy use, or will it be politics as usual? Similarly, will the new results chasten economists who have been engaged in cost-benefit analyses of global warming—a phenomenon with positive economic effects—when the costs of mitigating it are between 1 and 2 percent of GDP? (Note: GDP = gross domestic product)
15. *With which of the following statements would the author probably agree?*
(A) Countries around the world need to work harder to prevent global warming.
(B) A scenario like in the movie "The Day After Tomorrow" may occur soon.
(C) Global warming will cause hunger and starvation around the world.
(D) Global warming may have some positive effects.

16. *Which of the following is probably true?*
(A) The new studies measure global warming differently than older studies.
(B) Most scientists agree on the probable effects of global warming.
(C) The future changes in temperature can be accurately predicted.
(D) Global warming inevitably leads to higher sea levels.

17. *According to the author, what unexpected change in thinking should not have been surprising?*
(A) That global warming might actually be good, economically.
(B) That global warming would affect other countries similarly.
(C) The United States creates more greenhouse gasses than any other country.
(D) The amount of greenhouse gasses produced is expected to double.

18. *Which of the following statements is true, according to the report?*
(A) Global warming is beneficial for the fishing industry.
(B) Global warming is beneficial to wildlife such as penguins and polar bears.
(C) Global warming is beneficial to the construction industry.
(D) Global warming is beneficial to farming.
19. *With which of the following statements would the authors probably agree?*

(A) The global climate has always been the same as it is now

(B) The new report will have a definite effect on international politics

(C) The costs of reducing global warming are less than the financial benefits gained

(D) Global warming may actually be good for our health

20. *Which of the following is NOT suggested by the article?*

(A) Earlier reports on global warming may not have considered all the information

(B) Melting ice caps may flood much land, so fewer crops of food can be grown

(C) Global warming may increase the income produced by agriculture in the USA

(D) Carbon dioxide emissions contribute to global warming