



READING PASSAGE 2

You should spend about 20 minutes on **Questions 14-26**, which are based on Reading Passage 2 on pages 7 and 8.

Questions 14 - 20

Reading Passage 2 has seven paragraphs, **A-G**.

Choose the correct heading for each paragraph from the list of headings below.

Write the correct number, **i-viii**, in boxes 14-20 on your answer sheet.

List of Headings

- i.** Technological developments improve CRSP data
- ii.** Initial findings of the CRSP project
- iii.** A request and a far-reaching result
- iv.** Difficulties in collecting CRSP data
- v.** What the future holds
- vi.** Too much data for people to have an overall understanding
- vii.** Other university departments which depend on CRSP
- viii.** CRSP data not always being a useful basis for investment

14. Paragraph A

15. Paragraph B

16. Paragraph C

17. Paragraph D

18. Paragraph E

19. Paragraph F

20. Paragraph G

Investment in shares versus investment in other assets - which gives the greater gain?

How one university collected the data to try and answer this question

- A.** It all began in 1958 with a phone call from Louis Engel, a banker at Merrill Lynch, a US-based financial management company, who wanted to know how investors in shares had performed relative to investors in other assets such as low risk investments with guaranteed returns. 'I don't know, but if you gave me \$50,000 I could find out,' replied Jim Lorie, a dean at the University of Chicago's business school. Louis Engel soon agreed to provide the funding, and more. The result, in 1960, was the launch of the University's Center for Research in Security Prices. Half a century later CRSP (pronounced 'crisp') data are everywhere. They provided the foundation of at least one-third of all empirical research in finance over the past 40 years, according to a presentation at a symposium held this month. They probably influenced much of the rest.
- B.** Getting the CRSP data together was a tough process in what were then the early days of computers. Up to three million pieces of information on all the shares traded on the New York Stock Exchange between 1926 and 1960 were transferred from paper in the exchange's archive to magnetic tape. A lot of time was spent adjusting prices to take account of complexities in the market. Lorie and his co-researcher, Lawrence Fisher, chose January 1926 as the start date because they wanted the data to span at least one complete business cycle from boom to bust, or vice versa.
- C.** When these two economists published the first study based on the CRSP data in 1964, they reported that the annual compound return on the shares over the entire 35-year period was (depending on the tax status of the investor) between 6.8% and 9%. Acknowledging that good data on the performance of other assets were not available, the study claimed that the rate of return on shares was 'substantially higher than for alternative investment media,' providing the first empirical support for the still popular idea that shares outperform other investments over the long run. Fisher and Lorie also observed that many people chose to invest in assets with lower returns because they were cautious by nature, and were concerned about the risk of loss inherent in investing in the stock market. Economists today call the amount of extra return that investors need to compensate them for this additional risk the 'equity risk premium', although they differ greatly on how big investors should expect it to be.
- D.** After Fisher and Lorie's 1964 report there was no stopping the love affair between financial economists and the data that studying these numbers produced. Myron Scholes, now a Nobel laureate, became director of CRSP in 1974, and ensured the database was both kept up to date and made readily available to academic economists everywhere. In turn, this resource became ever more useful as computing power became more affordable. The CRSP database has since been expanded to include a full range of different types of investments. It has been replicated across the world.



- E.** One of the earliest uses of CRSP data was by Eugene Fama, an economist at the University of Chicago, to support his 'efficient-market hypothesis'. He found that over a lengthy period share prices tended to rise and fall randomly, without showing much of a pattern. Markets are efficient, he said, because all relevant information is reflected in share prices at any given moment, meaning there are no predictable movements in prices for smart investors to exploit. Fama did concede that there was some evidence of temporary short-term predictability in share prices, however. That stipulation has resulted in a vast number of papers based on discovering such 'variations' through data mining. In theory, such anomalies are potentially lucrative for investors, but as believers in efficient markets observe with satisfaction, it seems that no sooner are such anomalies discovered and reported in journals than they typically disappear.
- F.** However, the sheer volume of material means that financial economists are becoming increasingly specialised, which may have costs as well as benefits. Some economists worry that much of this statistical analysis is creating some interference that drowns out serious thinking about the big questions, such as why the financial system nearly collapsed in 2008 and how a repeat can be avoided. Robert Shiller, an economist at Yale University and a long-time sceptic about the efficient-market hypothesis, feels that with the creation of the CRSP database economists suddenly believed that finance had become scientific. According to Shiller, conventional ideas about investing and financial markets - and about their vulnerabilities - seemed out-of-date to the new empiricists. He worries that academic departments are full of economists who are so specialised in data analysis that they fail to see and understand the whole. They get a sense of authority from work that contains lots of data. To have seen the 2008 global financial crisis coming, he argues, it would have been better to 'go back to old-fashioned readings of history, studying institutions and laws. We should have talked to grandpa.'
- G.** Scholes responds to this criticism with the contention that the usefulness of this empirical analysis is proven by the fact that demand for it continues to grow. At CRSP's 50th anniversary symposium, plans were unveiled to publish indicators on an expanding range of investments, as well as for growth and value stocks. These indicators, CRSP claims, will be more academically rigorous and cheaper than existing ones. For believers in the efficiency of markets, that should be enough to ensure CRSP's continuing success.

Questions 21 - 23

Look at the following statements (Questions 21-23) and the list of economists below.

Match each statement with the correct economist, **A**, **B**, **C** or **D**.

Write the correct letter, **A**, **B**, **C** or **D**, in boxes 21-23 on your answer sheet.

21. A traditional approach may have helped predict a financial downturn.

22. Some people invest conservatively and as a result make less money.

23. It may be possible to forecast share prices but not over the long term.

List of Economists

A. Fisher and Lorie

B. Myron Scholes

C. Eugene Fama

D. Robert Shiller



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Questions 24 - 26

Complete the summary below.

Choose **ONE WORD ONLY** from the passage for each answer.

Write your answers in boxes 24-26 on your answer sheet.

The beginnings of CRSP

In 1958 a **24**..... working for a financial management company telephoned Jim Lorie to ask how well investments in shares performed in comparison to investments in low risk assets. Lorie offered to find out and as a result the University of Chicago's Center for Research in Security Prices (CRSP) was launched. Compiling the CRSP data was difficult because **25**..... were still being developed and information that had previously been on **26**..... needed to be put onto magnetic tape.



READING PASSAGE 3

You should spend about 20 minutes on **Questions 27-40**, which are based on Reading Passage 3 on pages 10 and 11.

Humanities and the health professional

Professor Jock Murray from Dalhousie Medical School in Canada writes about the role of humanities in the education of health professionals

In a recent meeting with health professionals from many disciplines, the concept of the humanities and how they enrich the lives and practice of physicians was discussed. There were nurses, chiropractors, speech therapists, health administrators and professionals from a dozen other fields. Everyone commented on the need to achieve a balance between the humanities and the skills and technological expertise of their specific discipline, beginning with the experience in medical school and then life in their chosen specialization, to create fully realized professionals. The purpose of my discussion here is to advocate a balanced approach to the education of all health professionals.

I believe that most people wish to see in their medical professional a person who not only brings excellent skills, techniques and treatments, but also personal qualities that show they are fully developed individuals. Such individuals are sensitive, communicative, and understanding of the human condition. They acknowledge the vast array of backgrounds, views, fears and hopes each person brings to the clinical encounter.

The training of health professionals has usually been exemplary in teaching them to recognize and treat a symptom or disease, but often less attentive to the broad education that would inform and educate them about the persons who come from various cultures, backgrounds, and experiences. Such understanding does not come from the course textbooks but from literature, history, poetry, art, and other aspects of the humanities. There are two sides to the healing profession, once described as the art and the science of medical practice. It is evident, however, that most educational programs emphasize knowledge, clinical skill and competence, and although educators wish the person to be humanistic, empathetic and communicative, they take this aspect for granted, as if valuable educational time does not need to be allocated to this 'soft' feature of the profession. It is compounded by the recognition that this aspect is harder to define and measure than knowledge and competence. We may want the health professional to understand many elements of the human condition so they can understand, assess and manage the suffering of patients, but it is harder to design and teach such a course than one on anatomy, for example. Developing a humanities program in professional education refocuses attention on what everyone recognizes as important. Rather than take humanities education for granted, it becomes a direct part of the program. This signals that the school takes it seriously and encourages activities related to the broad area of the humanities.

Distinguished by their focus on human values, the humanities cover many areas, including history, ethics, literature, theology, art, music, law, and the social sciences as they apply to the profession. For example, a history of the profession gives us an understanding of how we have come to be where we are, and how things change and progress. Literature can teach us about human hopes and aspirations, suffering and loss, relationships, and life and death. Emphasis on human values is important in this day and age as we are increasingly at risk of being overwhelmed by more emotionless technology and complex bureaucracy.

In medical education during the 18th and 19th centuries, there was an emphasis on the humanities. As time went on, encouraged by increasing interest in medical sciences, laboratory experiments and technological aspects of the profession, emphasis in medical studies was weighted towards courses in the sciences. The Flexner Report in 1910 recognized the variable quality of medical education and the need to have better teaching in the medical sciences and laboratory methods. This resulted in a pendulum swing in emphasis, directing the curriculum to the medical sciences, to the exclusion of the humanities, an imbalance never intended by Flexner.

Currently at Dalhousie Medical School we have elective programs in the humanities, summer research studentships, lecture series, presentations and discussions. There is an artist-in-residence program that brings artists to the school. There is a large choir of over a hundred students and faculty, a concert band, a string ensemble, and groups of student artists who put on regular performances and exhibitions. The list of activities is much longer, but it should be pointed out that these provide some balance and broaden the life and learning of the student.

Perhaps more important than the activities themselves is the change in mind-set that occurs when students see that diversity in their studies and activities is legitimized and encouraged. We emphasize that we want students and faculty to continue to express interests and talents they had before entering medical school. They now come forward with ideas and activities that are more imaginative and exciting than we could have designed. They also comment that the humanities has made medical school a more enjoyable and fulfilling experience. Students see that their learning and their lives can be more balanced, making them better equipped to care for their patients.

Will involvement in the humanities make one a better health professional? It's a question often asked of today's medical professionals but very difficult to document in this evidence-based era of medicine. But as ethics scholars have said of learning ethics, it cannot guarantee that a person will be more ethical, but it is more likely than not. My firm belief is that all the healing professions should increase the balance of humanities with the traditional educational emphasis on skills and knowledge, and this will benefit both the healers and those who need to be healed.



Questions 27 - 31

Do the following statements agree with the claims of the writer in Reading Passage 3?

In boxes 27-31 on your answer sheet, write

YES *if the statement agrees with the claims of the writer*

NO *if the statement contradicts the claims of the writer*

NOT GIVEN *if it is impossible to say what the writer thinks about this*

27. An approach that incorporates the humanities is more important for some medical disciplines than others.

28. Most people value medical expertise over sensitivity in their medical professionals.

29. Most medical programmes devote little course time to developing interpersonal skills.

30. It is more difficult to design a humanities course for health professionals than a medical one.

31. It would be best if a medical programme included a course about the lives of medical professionals.

Questions 32 - 35

Choose the correct letter, **A**, **B**, **C** or **D**.

Write the correct letter in boxes 32-35 on your answer sheet.

32. What unforeseen result did the Flexner report have?

- A.** It caused the public to distrust the quality of medical education.
- B.** It caused a dramatic increase in medical school applicants.
- C.** It started a fierce debate over proper laboratory methods.
- D.** It moved the focus of medical studies away from the humanities.

33. The writer lists humanities activities at Dalhousie Medical School to show how these activities

- A.** have become the most popular events on campus.
- B.** widen students' educational experiences.
- C.** are of as high a quality as medical ones.
- D.** have gained acceptance with teaching staff.

34. How do students at Dalhousie Medical School react to humanities activities?

- A.** They have difficulty letting go of the mind-set that scientific knowledge is more legitimate.
- B.** They report feeling that medical school has become more engaging and satisfying.
- C.** They have started to transfer creative ideas to their scientific and laboratory studies.
- D.** They have trouble connecting to talents they had valued before entering medical school.

35. What is the writer's main conclusion?

- A.** Greater emphasis on humanities in medical schools will benefit both patients and practitioners.
- B.** Medical schools are not adequately preparing students to become balanced medical professionals.
- C.** Creating a humanities programme in a medical school is an overwhelmingly difficult but necessary task.
- D.** Medical schools should return to the early twentieth-century model of medical education.

Questions 36 - 40

Complete each sentence with the correct ending, A-G, below.

Write the correct letter, A-G, in boxes 36-40 on your answer sheet.

36. Health professionals at a recent seminar discussed a need for educational institutions to

37. Most medical training programmes

38. The interpersonal and behavioural aspects of medical practice

39. Dalhousie Medical School students and faculty

40. Modern evidence-based practitioners

- A.** generate innovative and creative suggestions for activities and programmes.
- B.** are difficult to describe with any precision.
- C.** find it difficult to prove statistically the benefits of humanities programmes.
- D.** suggest that humanities studies create stronger practitioners.
- E.** rely on course textbooks to teach humanities.
- F.** give less attention to broad education and more to recognising and treating symptoms.
- G.** provide more equal coverage of both medical knowledge and skills, and humanities.