GMAT

Sample Questions
The Gross Domestic Product (GDP), which measures the dollar value of finished goods and services produced by an economy during a given period, serves as the chief indicator of the economic well-being of the United States. The GDP assumes that the economic significance of goods and services lies solely in their price, and that these goods and services add to the national well-being, not because of any intrinsic value they may possess, but simply because they were produced and bought. Additionally, only those goods and services involved in monetary transactions are included in the GDP. Thus, the GDP ignores the economic utility of such things as a clean environment and cohesive families and communities.
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It is therefore not merely coincidental, since national policies in capitalist and noncapitalist countries alike are dependent on indicators such as the GDP, that both the environment and the social structure have been eroded in recent decades. Not only does the GDP mask this erosion, it can actually portray it as an economic gain: an oil spill of a coastal region “adds” to the GDP because it generates commercial activity. In short, the nation’s central measure of economic well-being works like a calculating machine that adds but cannot subtract.
1. The primary purpose of the passage is to
A. Identify ways in which the GDP could be modified so that it would serve as a more accurate indicator of the economic well-being of the US
B. Suggest that the GDP, in spite of certain shortcomings, is still the most reliable indicator of the economic well-being of the US
C. Examine crucial shortcomings of the GDP as an indicator of the economic well-being of the US
D. Argue that the growth of the US economy in recent decades has diminished the effectiveness of the GDP as an indicator of the nation’s economic well-being
E. Discuss how the GDP came to be used as the primary indicator of the economic well-being of the US
1. This question requires determining the main purpose of the passage as a whole.

A. There is no discussion in the passage about modifying how the GDP is calculated
B. The passage makes no judgment about the merits of using the GDP in relation to other economic indicators
C. The passage portrays the GDP as having limitations that make it a problematic indicator of real economic well-being
D. The passage does not portray the GDP as being any less useful as an economic indicator than it ever was
E. There is no discussion in the passage of the history of how the GDP came to be used as an economic indicator

The correct answer is C
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2. Which of the following best describes the function of the second sentence of the passage in the context of the passage as a whole?

A. It describes an assumption about the GDP that is defended in the course of the passage
B. It contributes to a discussion of the origins of the GDP
C. It clarifies a common misconception about the use of the GDP
D. It identifies a major flaw in the GDP
E. It suggests a revision to the method of calculating the GDP
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2. It is necessary to understand how a particular part of the passage functions in the passage as a whole.

A. The passage is concerned with calling into question the use of the GDP, not defending it
B. The passage does not mention how the GDP came to be used as a primary economic indicator
C. The passage does not describe the function of the GDP as being commonly misunderstood
D. The limitations of the GDP as described in the second sentence are then, in the rest of the passage, tied to problems in the US
E. The passage makes no explicit recommendations about revising how the GDP is measured

The correct answer is D
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3. It can be inferred that the author of the passage would agree with which of the following about the “economic significance” of those goods and services that are included in the GDP?

A. It is a comprehensive indicator of a nation’s economic well-being
B. It is not accurately captured by the price of those goods and services
C. It is usually less than the intrinsic value of those goods and services
D. It is more difficult to calculate than the economic significance of those goods and services that are not included in the GDP
E. It is calculated differently in capitalist countries than in noncapitalist countries
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3. This question asks about what the author implies about a piece of information given in the passage.

A. In describing the GDP as limited in what it measures, the author would not agree that the GDP is a comprehensive indicator

B. The implication is that because the GDP ignores the economic utility of certain things, it is an inaccurate indicator of economic well-being

C. No comparison is made between the economic value and the intrinsic value of goods and services

D. No judgment is made about the difficulty of measuring the value of goods and services not measured by the GDP

E. No indication is given as to how noncapitalist countries calculate GDP

The correct answer is B
4. The comparison of the GDP to a calculating machine serves to do which of the following?

A. Refute an assertion that the calculations involved in the GDP are relatively complex in nature

B. Indicate that the GDP is better suited to record certain types of monetary transactions than others

C. Suggest that it is likely that the GDP will be supplanted by other, more sophisticated economic indicators

D. Illustrate the point that the GDP has no way of measuring the destruction impact of such things as oil spills on the nation’s economic well-being

E. Exemplify an assertion that the GDP tends to exaggerate the amount of commercial activity generated by such things as oil spills
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4. This question asks how a certain statement in the passage functions in the passage as a whole.

A. The passage does not discuss the complexities of calculating the GDP
B. The passage makes no judgment about the relative successes of the GDP in recording different types of monetary transactions
C. The passage makes no mention of other economic indicators aside from the GDP
D. In characterizing the GDP as a machine that can’t subtract, the passage helps illustrate why something like an oil spill is misrepresented by the GDP
E. The passage does not suggest that the GDP exaggerates the amount of commercial activity due to events like an oil spilt

The correct answer is D
GMAT – Sample Verbal Questions

Using digital enhancements of skull fragments from five prehistoric hominids dating to more than 350,000 years ago, anthropologists argue that these human ancestors probably had hearing similar to that of people today.

A. anthropologists argue that these human ancestors
B. anthropologists argue, so these human ancestors
C. anthropologists argue, these human ancestors
D. these human ancestors, anthropologists argue,
E. these human ancestors are argued by anthropologists to have
The verb *argue* used here expresses the idea of arguing for a position or theory and must be followed by a clause introduced by *that*.

A. *Argue* is followed immediately by a *that* clause
B. *Argue* is not followed by a *that* clause
C. *Argue* is not directly followed by a *that* clause
D. The subject of the main clause, *these human ancestors*, will illogically be taken as the subject of *using*
E. The subject of the main clause, *these human ancestors*, will illogically be taken as the subject of *using*

The correct answer is A
The voluminous personal papers of Thomas Alva Edison reveal that his inventions typically sprang to life not in a flash of inspiration but evolved slowly from previous works.

A. sprang to life not in a flash of inspiration but evolved slowly
B. sprang to life not in a flash of inspiration but were slowly evolved
C. did not spring to life in a flash of inspiration but evolved slowly
D. did not spring to life in a flash of inspiration but had slowly evolved
E. did not spring to life in a flash of inspiration but they were slowly evolved
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The construction *not...but* shows a contrast. To keep the two contrasting elements parallel, *not* should be followed by a verb rather than a phrase.

A. The construction following *not* is not parallel to the construction following *but*
B. The construction following *not* is not parallel to the construction following *but*
C. *Not* is followed by the verb *spring*, just as *but* is followed by the verb *evolved*
D. *Had...evolved* introduces an incorrect verb tense
E. The construction following *not* is not parallel to the construction following *but*

The correct answer is C
GMAT – Sample Quantitative Questions

If $x + y = 2$ and $x^2 + y^2 = 2$, what is the value of $xy$?

A. -2  
B. -1  
C. 0  
D. 1  
E. 2
\[ x + y = 2 \]
\[ y = 2 - x \]
\[ x^2 + (2 - x)^2 = 2 \] given
\[ 2x^2 - 4x + 4 = 2 \] subtract \( x \) from both sides
\[ 2x^2 - 4x + 2 = 0 \] substitute \( y = 2 - x \) into \( x^2 + y^2 = 2 \)
\[ x^2 - 2x + 1 = 0 \] expand and combine like terms
\[ (x - 1)(x - 1) = 0 \] subtract 2 from both sides
\[ x = 1 \] divide both sides by 2
\[ y = 1 \] Factor
\[ xy = 1 \] Set each factor equal to 0
\[ xy = 1 \] Use \( x = 1 \) and \( y = 2 - x \)
\[ xy = 1 \] Multiply 1 and 1
Alternatively, the value of $xy$ can be found by first squaring both sides of the equation $x + y = 2$.

\[
x + y = 2 \quad \text{given}
\]

\[
(x = y)^2 = 4 \quad \text{square both sides}
\]

\[
x^2 + 2xy = y^2 = 4 \quad \text{expand and combine like terms}
\]

\[
2 + 2xy = 4 \quad \text{replace } x^2 + y^2 \text{ with } 2
\]

\[
2xy = 2 \quad \text{subtract } 2 \text{ from both sides}
\]

\[
xy = 1 \quad \text{divide both sides by } 2
\]

The correct answer is choice D.
The toll $T$, in dollars, for a truck using a certain bridge is given by the formula $T = 1.50 + 0.50(x - 2)$, where $x$ is the number of axles on the truck. What is the toll for an 18-wheel truck that has 2 wheels on its front axle and 4 wheels on each of its other axles?

A. $2.50$
B. $3.00$
C. $3.50$
D. $4.00$
E. $5.00$
The 18-wheel truck has 2 wheels on its front axle and 4 wheels on each of its other axles, and so if $A$ represents the number of axles on the truck in addition to the front axle, then $2 + 4A = 18$, from which it follows that $4A = 16$ and $A = 4$. Therefore, the total number of axles on the truck is $1 + A = 1 + 4 = 5$. Then, using $T = 1.50 + 0.50(x - 2)$, where $x$ is the number of axles on the truck and $x = 5$, it follows that $T = 1.50 + 0.50(5 - 2) = 1.50 = 1.50 = 3.00$. Therefore, the toll for the truck is $3.00$

The correct answer is choice B.
What is the tenths digit of the number \( d \) when it is written as a decimal?

(1) \( d = \frac{54}{25} \)
(2) \( 1,000d - 2,160 \)

A. Statement (1) ALONE is sufficient, but statement (2) alone is not sufficient
B. Statement (2) ALONE is sufficient, but statement (1) alone is not sufficient
C. BOTH statements TOGETHER are sufficient, but NEITHER statement ALONE is sufficient
D. EACT statement ALONE is sufficient
E. Statements (1) and (2) TOGETHER are not sufficient
(1) Given that \( d = \frac{54}{25} \div 25 \), it follows that
\[
d = \frac{54}{25} \times \frac{4}{4} = \frac{216}{100} = 2.16 \text{ and the tenths digit is 1; SUFFICIENT}
\]

(2) Given that \( 1,000d - 2,160 \), it follows that
\[
d - \frac{2,160}{1,000} = \frac{216}{100} = 2.16 \text{ and the tenths digit is 1; SUFFICIENT}
\]

The correct answer is choice D; each statement alone is sufficient.
Did Insurance Company K have more than $300 million in total net profits last year?

(1) Last year Company K paid out $0.95 in claims for every dollar of premiums collected.

(2) Last year Company K earned a total of $150 million in profits from the investment of accumulated surplus premiums from previous years.

A. Statement (1) ALONE is sufficient, but statement (2) alone is not sufficient
B. Statement (2) ALONE is sufficient, but statement (1) alone is not sufficient
C. BOTH statements TOGETHER are sufficient, but NEITHER statement ALONE is sufficient
D. EACT statement ALONE is sufficient
E. Statements (1) and (2) TOGETHER are not sufficient
Letting $R$ and $E$, respectively, represent the company’s total revenue and total expenses last year, determine if $R - E > 300$ million.

(1) This indicates that, for $x$ in premiums collected, the company paid $0.95x$ in claims, but gives no information about other sources of revenue or other types of expenses; NOT sufficient.

(2) This indicates that the company’s profits from the investment of accumulated surplus premiums was $150$ million last year, but gives no information about other sources of revenue or other types of expenses; NOT sufficient.

Taking (1) and (2) together gives information or profit resulting from collecting premiums and paying claims as well as profit resulting from investments from accumulated surplus premiums, but gives no indications whether there were other sources of revenue or other types of expenses.

The correct answer is choice E; both statements together are not sufficient.
Questions?

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