

GMAT AWA PRACTICE PAPER 3

Question: 1

The following appeared in the editorial section of a local newspaper:

“Commuter use of the new subway train is exceeding the transit company’s projections. However, commuter use of the shuttle buses that transport people to the subway stations is below the projected volume. If the transit company expects commuters to ride the shuttle buses to the subway rather than drive there, it must either reduce the shuttle bus fares or increase the price of parking at the subway stations.”

Discuss how well reasoned . . . etc.

Question: 2

The following was excerpted from the speech of a spokesperson for Synthetic Farm Products, Inc.:

“Many farmers who invested in the equipment needed to make the switch from synthetic to organic fertilizers and pesticides feel that it would be too expensive to resume synthetic farming at this point. But studies of farmers who switched to organic farming last year indicate that their current crop yields are lower. Hence their purchase of organic farming equipment, a relatively minor investment compared to the losses that would result from continued lower crop yields, cannot justify persisting on an unwise course. And the choice to farm organically is financially unwise, given that it was motivated by environmental rather than economic concerns.”

Discuss how well reasoned . . . etc

Question: 3

The following appeared in a newspaper story giving advice about investments:

“As overall life expectancy continues to rise, the population of our country is growing increasingly older. For example, more than 20 percent of the residents of one of our more populated regions are now at least 65 years old, and occupancy rates at resort hotels in that region declined significantly during the past six months. Because of these two related trends, a prudent investor would be well advised to sell interest in hotels and invest in hospitals and

nursing homes instead.”

Discuss how well reasoned . . . etc.

Question: 4

The following appeared as part of the business plan of an investment and financial consulting firm:

“Studies suggest that an average coffee drinker’s consumption of coffee increases with age, from age 10 through age 60. Even after age 60, coffee consumption remains high. The average cola drinker’s consumption of cola, however, declines with increasing age. Both of these trends have remained stable for the past 40 years. Given that the number of older adults will significantly increase as the population ages over the next 20 years, it follows that the demand for coffee will increase and the demand for cola will decrease during this period. We should, therefore, consider transferring our investments from Cola Loca to Early Bird Coffee.”

Discuss how well reasoned . . . etc.

Question: 5

The following appeared in the editorial section of a West Cambria newspaper:

“A recent review of the West Cambria volunteer ambulance service revealed a longer average response time to accidents than was reported by a commercial ambulance squad located in East Cambria. In order to provide better patient care for accident victims and to raise revenue for our town by collecting service fees for ambulance use, we should disband our volunteer service and hire a commercial ambulance service.”

Discuss how well reasoned . . . etc.

Question: 6

The following is part of a business plan being discussed at a board meeting of the Perks Company:

“It is no longer cost-effective for the Perks Company to continue offering its employees a generous package of benefits and incentives year after year. In periods when national unemployment rates are low, Perks may need to offer such a package in order to attract and keep good employees, but since national unemployment rates are now high, Perks does not need to offer the same benefits and incentives. The money thus saved could be better used to replace the existing plant machinery with more technologically sophisticated equipment, or even to build an additional plant.”

Discuss how well reasoned . . . etc.

Question: 7

The following appeared in an editorial from a magazine produced by an organization dedicated to environmental protection:

“In order to effectively reduce the amount of environmental damage that industrial manufacturing plants cause, those who manage the plants must be aware of the specific amount and types of damage caused by each of their various manufacturing processes. However, few corporations have enough financial incentive to monitor this information. In order to guarantee that corporations reduce the damage caused by their plants, the federal government should require every corporation to produce detailed annual reports on the environmental impact of their manufacturing process, and the government should impose stiff financial penalties for failure to produce these reports.”

Discuss how well reasoned . . . etc.

Question: 8

The following appeared as part of a plan proposed by an executive of the Easy Credit Company to the president:

“The Easy Credit Company would gain an advantage over competing credit card services if we were to donate a portion of the proceeds from the use of our cards to a well-known environmental organization in exchange for the use of its symbol or logo on our card. Since a recent poll shows that a large percentage of the public is concerned about environmental issues,

this policy would attract new customers, increase use among existing customers, and enable us to charge interest rates that are higher than the lowest ones available.”

Discuss how well reasoned . . . etc.

Question: 9

The following appeared as part of a recommendation from the financial planning office to the administration of Fern Valley University:

“In the past few years, Fern Valley University has suffered from a decline in both enrollments and admissions applications. The reason can be discovered from our students, who most often cite poor teaching and inadequate library resources as their chief sources of dissatisfaction with Fern Valley. Therefore, in order to increase the number of students attending our university, and hence to regain our position as the most prestigious university in the greater Fern Valley metropolitan area, it is necessary to initiate a fund-raising campaign among the alumni that will enable us to expand the range of subjects we teach and to increase the size of our library facilities.”

Discuss how well reasoned . . . etc.

Question: 10

The following appeared in an article in a college departmental newsletter:

“Professor Taylor of Jones University is promoting a model of foreign language instruction in which students receive 10 weeks of intensive training, then go abroad to live with families for 10 weeks. The superiority of the model, Professor Taylor contends, is proved by the results of a study in which foreign language tests given to students at 25 other colleges show that first-year foreign language students at Jones speak more fluently after only 10 to 20 weeks in the program than do nine out of 10 foreign language majors elsewhere at the time of their graduation.”

Discuss how well reasoned . . . etc.

Question: 11

The following appeared as part of an article in the business section of a local newspaper:

“Motorcycle X has been manufactured in the United States for more than 70 years. Although one foreign company has copied the motorcycle and is selling it for less, the company has failed to attract motorcycle X customers—some say because its product lacks the exceptionally loud noise made by motorcycle X. But there must be some other explanation. After all, foreign cars tend to be quieter than similar American-made cars, but they sell at least as well. Also, television advertisements for motorcycle X highlight its durability and sleek lines, not its noisiness, and the ads typically have voice-overs or rock music rather than engine-roar on the sound track.”

Discuss how well reasoned . . . etc.

Question: 12

The following appeared in the editorial section of a campus newspaper:

“Because occupancy rates for campus housing fell during the last academic year, so did housing revenues. To solve the problem, campus housing officials should reduce the number of available housing units, thereby increasing the occupancy rates. Also, to keep students from choosing to live off-campus, housing officials should lower the rents, thereby increasing demand.”

Discuss how well reasoned . . . etc.

Question: 13

The following appeared in an Avia Airlines departmental memorandum:

“On average, 9 out of every 1,000 passengers who traveled on Avia Airlines last year filed a complaint about our baggage-handling procedures. This means that although some 1 percent of our passengers were unhappy with those procedures, the overwhelming majority were quite satisfied with them; thus it would appear that a review of the procedures is not important to our goal of maintaining or increasing the number of Avia’s passengers.”

Discuss how well reasoned . . . etc.

Question: 14

The following appeared as part of an article in a weekly newsmagazine:

“The country of Sacchar can best solve its current trade deficit problem by lowering the price of sugar, its primary export. Such an action would make Sacchar better able to compete for markets with other sugar-exporting countries. The sale of Sacchar’s sugar abroad would increase, and this increase would substantially reduce Sacchar’s trade deficit.”

Discuss how well reasoned . . . etc.

Question: 15

The following appeared as part of an article in a trade publication:

“Stronger laws are needed to protect new kinds of home-security systems from being copied and sold by imitators. With such protection, manufacturers will naturally invest in the development of new home-security products and production technologies. Without stronger laws, therefore, manufacturers will cut back on investment. From this will follow a corresponding decline not only in product quality and marketability, but also in production efficiency, and thus ultimately a loss of manufacturing jobs in the industry.”

Discuss how well reasoned . . . etc.

Question: 16

The following appeared in the opinion section of a national newsmagazine:

“To reverse the deterioration of the postal service, the government should raise the price of postage stamps. This solution will no doubt prove effective, since the price increase will generate larger revenues and will also reduce the volume of mail, thereby eliminating the strain on the existing system and contributing to improved morale.”

Discuss how well reasoned . . . etc.

Question: 17

The following appeared in an article in the health section of a newspaper:

“There is a common misconception that university hospitals are better than community or private hospitals. This notion is unfounded, however: the university hospitals in our region employ 15 percent fewer doctors, have a 20 percent lower success rate in treating patients, make far less overall profit, and pay their medical staff considerably less than do private hospitals. Furthermore, many doctors at university hospitals typically divide their time among teaching, conducting research, and treating patients. From this it seems clear that the quality of care at university hospitals is lower than that at other kinds of hospitals.”

Discuss how well reasoned . . . etc.

Question: 18

The following is part of a business plan created by the management of the Megamart grocery store:

“Our total sales have increased this year by 20 percent since we added a pharmacy section to our grocery store. Clearly, the customer’s main concern is the convenience afforded by one-stop shopping. The surest way to increase our profits over the next couple of years, therefore, is to add a clothing department along with an automotive supplies and repair shop. We should also plan to continue adding new departments and services, such as a restaurant and a garden shop, in subsequent years. Being the only store in the area that offers such a range of services will give us a competitive advantage over other local stores.”

Discuss how well reasoned . . . etc.

Question: 19

The following appeared as part of a column in a popular entertainment magazine:

“The producers of the forthcoming movie 3003 will be most likely to maximize their profits if they are willing to pay Robin Good several million dollars to star in it—even though that amount is far more than any other person involved with the movie will make. After all, Robin has in the past been paid a similar amount to work in several films that were very financially successful.”

Discuss how well reasoned . . . etc.

Question: 20

The following appeared in a memorandum from the directors of a security and safety consulting service:

“Our research indicates that over the past six years no incidents of employee theft have been reported within 10 of the companies that have been our clients. In analyzing the security practices of these 10 companies, we have further learned that each of them requires its employees to wear photo identification badges while at work. In the future, therefore, we should recommend the use of such identification badges to all of our clients.”

Discuss how well reasoned . . . etc.

Question: 21

The following appeared as part of an article in the business section of a local newspaper:

“The owners of the Cumquat Café evidently made a good business decision in moving to a new location, as can be seen from the fact that the Café will soon celebrate its second anniversary there. Moreover, it appears that businesses are not likely to succeed at the old location: since the Café’s move, three different businesses—a tanning salon, an antique emporium, and a pet-grooming shop—have occupied its former spot.”

Discuss how well reasoned . . . etc.

Question: 22

The following appeared in the editorial section of a local newspaper:

“The profitability of Croesus Company, recently restored to private ownership, is a clear indication that businesses fare better under private ownership than under public ownership.”

Discuss how well reasoned . . . etc.

Question: 23

The following appeared in the editorial section of a local newspaper:

“If the paper from every morning edition of the nation’s largest newspaper were collected and rendered into paper pulp that the newspaper could reuse, about 5 million trees would be saved each year. This kind of recycling is unnecessary, however, since the newspaper maintains its own forests to ensure an uninterrupted supply of paper.”

Discuss how well reasoned . . . etc.

Question: 24

The following appeared as part of a business plan recommended by the new manager of a musical rock group called Zapped:

“To succeed financially, Zapped needs greater name recognition. It should therefore diversify its commercial enterprises. The rock group Zonked plays the same type of music that Zapped plays, but it is much better known than Zapped because, in addition to its concert tours and four albums, Zonked has a series of posters, a line of clothing and accessories, and a contract with a major advertising agency to endorse a number of different products.”

Discuss how well reasoned . . . etc.

Question: 25

The following appeared in a magazine article on trends and lifestyles:

“In general, people are not as concerned as they were a decade ago about regulating their intake of red meat and fatty cheeses. Walk into the Heart’s Delight, a store that started selling organic fruits and vegetables and whole-grain flours in the 1960’s, and you will also find a wide selection of cheeses made with high butterfat content. Next door, the owners of the Good Earth Café, an old vegetarian restaurant, are still making a modest living, but the owners of the new House of Beef across the street are millionaires.”

Discuss how well reasoned . . . etc.