GMAT-Reading-Test 46

# Passage 46

As the economic role of multinational, global corpora-

tions expands, the international economic environment will

be shaped increasingly not by governments or international

institutions, but by the interaction between governments

**(5)** and global corporations, especially in the United States,

Europe, and Japan. A significant factor in this shifting

world economy is the trend toward regional trading biocs

of nations, which has a potentially large effect on the

evolution of the world trading system. Two examples of

**(10)** this trend are the United States-Canada Free Trade

Agreement (FTA) and Europe 1992, the move by the

European Community (EC) to dismantle impediments to

the free flow of goods, services, capital, and labor among

member states by the end of 1992. However, although

**(15)**numerous political and economic factors were operative in

launching the move to integrate the EC’s markets, concern

about protectionism within the EC does not appear to have

been a major consideration. This is in sharp contrast to the

FTA, the overwhelming reason for that bilateral initiative

**(20)** was fear of increasing United States protectionism. None-

theless, although markedly different in origin and nature,

both regional developments are highly significant in that

they will foster integration in the two largest and richest

markets of the world, as well as provoke questions

**(25)**about the future direction of the world trading system.

1. The primary purpose of the passage as a whole is to

(A) describe an initiative and propose its continuance

(B) chronicle a development and illustrate its

inconsistencies

(C) identify a trend and suggest its importance

(D) summarize a process and question its significance

(E) report a phenomenon and outline its probable future

2. According to the passage, all of the following are

elements of the shifting world economy EXCEPT

(A) an alteration in the role played by governments

(B) an increase in interaction between national

governments and international regulatory institutions

(C) an increase in the formation of multinational trading

alliances

(D) an increase in integration in the two richest markets

of the world

(E) a fear of increasing United States protectionism

3. The passage suggests which of the following about

global corporations?

(A) Their continued growth depends on the existence of

a fully integrated international market.

(B) Their potential effect on the world market is a matter

of ongoing concern to international institutions.

(C) They will have to assume quasi-governmental

functions if current economic trends continue.

(D) They have provided a model of economic success

for regional trading blocs.

(E) Their influence on world economics will continue to

increase

4. According to the passage, one similarity between the

FTA and Europe 1992 is that they both

(A) overcame concerns about the role of politics in the

shifting world economy

(B) originated out of concern over unfair trade practices

by other nations

(C) exemplify a trend toward regionalization of

commercial markets.

(D) place the economic needs of the trading bloc ahead

of those of the member nations

(E) help to ensure the continued economic viability of

the world community

5. Which of the following can be inferred from the passage

about the European Community prior to the adoption of

the Europe 1992 program?

(A) There were restrictions on commerce between the

member nations.

(B) The economic policies of the member nations

focused on global trading issues.

(C) There were few impediments to trade between the

member nations and the United States.

(D) The flow of goods between the member nations and

Canada was insignificant.

(E) Relations between multinational corporations and

the governments of the member nations were

strained.

6. The author discusses the FTA and Europe 1992 most

likely in order to

(A) point out the similarities between two seemingly

disparate trading alliances

(B) illustrate how different economic motivations

produce different types of trading blocs

(C) provide contrasting examples of a trend that is

influencing the world economy

(D) identify the most important characteristics of

successful economic integration

(E) trace the history of regional trading blocs

7. Which of the following best describes the organization

of the passage?

(A) An argument is put forth and evidence for and

against it given.

(B) An assertion is made and opposing evidence

presented.

(C) Two hypotheses are described and shown to

inconsistent with one another.

(D) A phenomenon is identified and illustrations of this

phenomenon offered.

(E) A specific case of a phenomenon is discussed a

generalization drawn.

**ANSWERS**

C

B

E

C

A

C

D