Much research has been devoted to investigating what motivates consumers to try new products. Previous consumer research suggests that both the price of a new product and the way it is advertised affect consumers' perceptions of the product's performance risk (the possibility that the product will not function as consumers expect and/or will not provide the desired benefits). Some of this research has concluded that a relatively high price will reduce a consumer's perception of the performance risk associated with purchasing a particular product, while other studies have reported that price has little or no effect on perceived performance risk. These conflicting findings may simply be due to the nature of product advertisements: a recent study indicates that the presentation of an advertised message has a marked effect on the relationship between price and perceived performance risk.

Researchers have identified consumers' perception of the credibility of the source of an advertised message—i.e., the manufacturer—as another factor affecting perceived performance risk: one study found that the greater the source credibility, the lower the consumer's perception of the risk of purchasing an advertised new product. However, past research suggests that the relationship between source credibility and perceived performance risk may be more complex: source credibility may interact with price in a subtle way to affect consumers' judgments of the performance risk associated with an advertised product.

**Questions 415–418 refer to the passage.**

415. According to the passage, the studies referred to in line 12 reported which of the following about the effect of price on consumers' perception of the performance risk associated with a new product?

(A) Although most consumers regard price as an important factor, their perception of the performance risk associated with a new product is ultimately determined by the manufacturer's reputation.

(B) Price interacts with the presentation of an advertised message to affect perceived performance risk.

(C) Price does not significantly affect consumers' perception of the performance risk associated with a new product.

(D) Consumers tend to regard price as more important than the manufacturer's credibility when they are buying from that manufacturer for the first time.

(E) Consumers are generally less concerned about a new product's performance risk when that product is relatively expensive.

416. The "past research" mentioned in line 25 suggests which of the following about perceived performance risk?

(A) The more expensive a new product is, the more likely consumers may be to credit advertised claims about that product.

(B) The more familiar consumers are with a particular manufacturer, the more willing they may be to assume some risk in the purchase of a new product being advertised by that manufacturer.

(C) Consumers' perception of the performance risk associated with a new product being advertised may be influenced by an interplay between the product's price and the manufacturer's credibility.

(D) Consumers may be more likely to believe that a product will function as it is advertised to do when they have bought products from a particular manufacturer before.

(E) The price of a particular advertised product may have less impact than the manufacturer's credibility on consumer's assessment of the performance risk associated with that product.

417. The passage is primarily concerned with

(A) challenging the implications of previous research into why consumers try new products
(B) suggesting new marketing strategies for attracting consumers to new products
(C) reconciling two different views about the effect of price on consumers' willingness to try new products
(D) describing a new approach to researching why consumers try new products
(E) discussing certain findings regarding why consumers try new products

418. Which of the following, if true, would most tend to weaken the conclusions drawn from "some of this research" (line 8)?

(A) In a subsequent study, consumers who were asked to evaluate new products with relatively low prices had the same perception of the products' performance risk as did consumers who were shown the same products priced more expensively.
(B) In a subsequent study, the quality of the advertising for the products that consumers perceived as having a lower performance risk was relatively high, while the quality of the advertising for the products that consumers perceived as having a higher performance risk was relatively poor.
(C) In a subsequent study, the products that consumers perceived as having a lower performance risk were priced higher than the highest priced products in the previous research.
(D) None of the consumers involved in this research had ever before bought products from the manufacturers involved in the research.
(E) Researchers found that the higher the source credibility for a product, the more consumers were willing to pay for it.

Historians remain divided over the role of banks in facilitating economic growth in the United States in the late eighteenth and early nineteenth centuries. Some scholars contend that banks played a minor role in the nation's growing economy. Financial institutions, they argue, appeared only after the economy had begun to develop, and once organized, followed conservative lending practices, providing aid to established commercial enterprises but shunning those, such as manufacturing and transportation projects, that were more uncertain and capital-intensive (i.e., requiring greater expenditures in the form of capital than in labor).

A growing number of historians argue, in contrast, that banks were crucial in transforming the early national economy. When state legislatures began granting more bank charters in the 1790s and early 1800s, the supply of credit rose accordingly. Unlike the earliest banks, which had primarily provided short-term loans to well-connected merchants, the banks of the early nineteenth century issued credit widely. As Paul Gilje asserts, the expansion and democratization of credit in the early nineteenth century became the driving force of the American economy, as banks began furnishing large amounts of capital to transportation and industrial enterprises. The exception, such historians argue, was in the South; here, the overwhelmingly agrarian nature of the economy generated outright opposition to banks, which were seen as monopolistic institutions controlled by an elite group of planters.

**Questions 419–423 refer to the passage.**

419. The primary purpose of the passage is to

(A) compare the economic role played by southern banks with the economic role played by banks in the rest of the United States during the late eighteenth and early nineteenth centuries

(B) reevaluate a conventional interpretation of the role played by banks in the American economy during the late eighteenth and early nineteenth centuries

(C) present different interpretations of the role played by banks in the American economy during the late eighteenth and early nineteenth centuries

(D) analyze how the increasing number of banks in the late eighteenth and early nineteenth centuries affected the American economy

(E) examine how scholarly opinion regarding the role played by banks in the American economy during the late eighteenth and early nineteenth centuries has changed over time

420. The passage suggests that the scholars mentioned in line 4 would argue that the reason banks tended not to fund manufacturing and transportation projects in the late eighteenth and early nineteenth centuries was that

(A) these projects, being well established and well capitalized, did not need substantial long-term financing from banks

(B) these projects entailed a level of risk that was too great for banks' conservative lending practices

(C) banks preferred to invest in other, more speculative projects that offered the potential for higher returns

(D) bank managers believed that these projects would be unlikely to contribute significantly to economic growth in the new country

(E) bank managers believed funding these projects would result in credit being extended to too many borrowers

421. The passage suggests that Paul Gilje would be most likely to agree with which of the following claims about the lending practices of the "earliest banks" (see line 21)?

(A) These lending practices were unlikely to generate substantial profits for banks.
(B) These lending practices only benefited a narrow sector of the economy.
(C) The restrictive nature of these lending practices generated significant opposition outside of the South.
(D) The restrictive nature of these lending practices forced state legislatures to begin granting more bank charters by the early nineteenth century.
(E) These lending practices were likely to be criticized by economic elites as being overly restrictive.

422. The passage suggests that the opposition to banks in the South in the early nineteenth century stemmed in part from the perception that banks

(A) did not benefit more than a small minority of the people
(B) did not support the interests of elite planters
(C) were too closely tied to transportation and industrial interests
(D) were unwilling to issue the long-term loans required by agrarian interests
(E) were too willing to lend credit widely

423. Which of the following statements best describes the function of the last sentence of the passage?

(A) It provides evidence tending to undermine the viewpoint of the scholars mentioned in line 5.
(B) It resolves a conflict over the role of banks summarized in the first paragraph.
(C) It clarifies some of the reasons state legislatures began granting more bank charters.
(D) It qualifies a claim made earlier in the passage about the impact of banks on the American economy in the early nineteenth century.
(E) It supports a claim made earlier in the passage about how the expansion of credit affected the economy.

In an effort to explain why business acquisitions often fail, scholars have begun to focus on the role of top executives of acquired companies. Acquired companies that retain their top executives tend to have more successful outcomes than those that do not. Furthermore, existing research suggests that retaining the highest-level top executives, such as the CEO (chief executive officer) and COO (chief operating officer), is related more positively to postacquisition success than retaining lower-ranked top executives. However, this explanation, while insightful, suffers from two limitations. First, the focus on positional rank does not recognize the variation in length of service that may exist in top executive posts across companies, nor does it address which particular top executives (with respect to length of service) should be retained to achieve a successful acquisition outcome. Second, the relationship between retained top executives and acquisition outcomes offered by existing research is subject to opposing theoretical explanations related to length of service. The resource-based view (RBV) suggests that keeping acquired company top executives with longer organizational tenure would lead to more successful outcomes, as those executives have idiosyncratic and nontransferable knowledge of the acquired company that would be valuable for the effective implementation of the acquisition. The opposing position, offered by the upper echelons perspective (UEP), suggests that retaining top executives having short organizational tenure would lead to more successful outcomes, as they would have the adaptability to manage most effectively during the uncertainty of the acquisition process.

Responding to these limitations, Bergh conducted a study of executive retention and acquisition outcome that focused on the organizational tenure of retained company top executives in 104 acquisitions, followed over 5 years. Bergh considered the acquisition successful if the acquired company was retained and unsuccessful if it was divested. Bergh's findings support the RBV position. Apparently, the benefits of long organizational tenure lead to more successful outcomes than the benefits of short organizational tenure. While longer tenured top executives may have trouble adapting to change, it appears that their perspectives and knowledge bases offer unique value after the acquisition. Although from the UEP position it seems sensible to retain less tenured executives and allow more tenured ones to leave, such a strategy appears to lower the probability of acquisition success.

## Questions 427–430 refer to the passage.

427. According to the passage, the research mentioned in line 6 suggests which of the following about lower-ranked top executives and postacquisition success?

(A) Given that these executives are unlikely to contribute to postacquisition success, little effort should be spent trying to retain them.
(B) The shorter their length of service, the less likely it is that these executives will play a significant role in postacquisition success.
(C) These executives are less important to postacquisition success than are more highly ranked top executives.
(D) If they have long tenures, these executives may prove to be as important to postacquisition success as are more highly ranked top executives.
(E) Postacquisition success is unlikely if these executives are retained.

428. The resource-based view, as described in the passage, is based on which of the following ideas?

(A) The managerial skills of top executives become strongest after the first five years of their tenure.
(B) Company-specific knowledge is an important factor in the success of an acquisition process.
(C) The amount of nontransferable knowledge possessed by long-tenured top executives tends to be underestimated.
(D) Effective implementation of an acquisition depends primarily on the ability of executives to adapt to change.
(E) Short-tenured executives are likely to impede the implementation of a successful acquisition strategy.

429. The passage suggests that Bergh and a proponent of the upper echelons perspective would be most likely to disagree over which of the following?

(A) Whether there is a positive correlation between short organizational tenure and managerial adaptability
(B) Whether there is a positive correlation between long organizational tenure and the acquisition of idiosyncratic and nontransferable knowledge
(C) Whether adaptability is a useful trait for an executive who is managing an acquisition process
(D) Whether retaining less-tenured top executives of an acquired company is an optimal strategy for achieving postacquisition success
(E) Whether retaining highest-level top executives of acquired companies is more important than retaining lower-ranked top executives

430. According to the passage, prior to Bergh's study, research on the role of top executives of acquired companies in business acquisition success was limited in which of the following ways?

(A) It did not address how the organizational tenure of top executives affects postacquisition success.
(B) It did not address why some companies have longer-tenured CEOs than others.
(C) It did not consider strategies for retaining long-tenured top executives of acquired companies.
(D) It failed to differentiate between the contribution of highest-level top executives to postacquisition success and that of lower-ranked top executives.
(E) It underestimated the potential contribution that lower-level top executives can make to postacquisition success.

During the 1980s, many economic historians studying Latin America focused on the impact of the Great Depression of the 1930s. Most of these historians argued that although the Depression began earlier in Latin America than in the United States, it was less severe in Latin America and did not significantly impede industrial growth there. The historians' argument was grounded in national government records concerning tax revenues and exports and in government-sponsored industrial censuses, from which historians have drawn conclusions about total manufacturing output and profit levels across Latin America. However, economic statistics published by Latin American governments in the early twentieth century are neither reliable nor consistent; this is especially true of manufacturing data, which were gathered from factory owners for taxation purposes and which therefore may well be distorted. Moreover, one cannot assume a direct correlation between the output level and the profit level of a given industry as these variables often move in opposite directions. Finally, national and regional economies are composed of individual firms and industries, and relying on general, sweeping economic indicators may mask substantial variations among these different enterprises. For example, recent analyses of previously unexamined data on textile manufacturing in Brazil and Mexico suggest that the Great Depression had a more severe impact on this Latin American industry than scholars had recognized.

**Questions 460–462 refer to the passage.**

460. The primary purpose of the passage is to

(A) compare the impact of the Great Depression on Latin America with its impact on the United States

(B) criticize a school of economic historians for failing to analyze the Great Depression in Latin America within a global context

(C) illustrate the risks inherent in comparing different types of economic enterprises to explain economic phenomena

(D) call into question certain scholars' views concerning the severity of the Great Depression in Latin America

(E) demonstrate that the Great Depression had a more severe impact on industry in Latin American than in certain other regions

461. Which of the following conclusions about the Great Depression is best supported by the passage?

(A) It did not impede Latin American industrial growth as much as historians had previously thought.

(B) It had a more severe impact on the Brazilian and the Mexican textile industries than it had on Latin America as a region.

(C) It affected the Latin American textile industry more severely than it did any other industry in Latin America.

(D) The overall impact on Latin American industrial growth should be reevaluated by economic historians.

(E) Its impact on Latin America should not be compared with its impact on the United States.

462. Which of the following, if true, would most strengthen the author's assertion regarding economic indicators in lines 25–27 ?

(A) During an economic depression, European textile manufacturers' profits rise while their industrial output remains steady.

(B) During a national economic recession, United States microchips manufacturers' profits rise sharply while United States steel manufacturers' profits plunge.

(C) During the years following a severe economic depression, textile manufacturers' output levels and profit levels increase in Brazil and Mexico but not in the rest of Latin America.

(D) Although Japanese industry as a whole recovers after an economic recession, it does not regain its previously high levels of production.

(E) While European industrial output increases in the years following an economic depression, total output remains below that of Japan or the United States.

Line Because the framers of the United States Constitution (written in 1787) believed that protecting property rights relating to inventions would encourage the new nation's economic growth, they gave Congress—the national legislature—a constitutional mandate to grant patents for inventions. The resulting patent system has served as a model for those in other nations. Recently, however, scholars have questioned whether the American system helped achieve the framers' goals. These scholars have contended that from 1794 to roughly 1830, American inventors were unable to enforce property rights because judges were "antipatent" and routinely invalidated patents for arbitrary reasons. This argument is based partly on examination of court decisions in cases where patent holders ("patentees") brought suit alleging infringement of their patent rights. In the 1820s, for instance, 75 percent of verdicts were decided against the patentee. The proportion of verdicts for the patentee began to increase in the 1830s, suggesting to these scholars that judicial attitudes toward patent rights began shifting then.

Not all patent disputes in the early nineteenth century were litigated, however, and litigated cases were not drawn randomly from the population of disputes. Therefore the rate of verdicts in favor of patentees cannot be used by itself to gauge changes in judicial attitudes or enforceability of patent rights. If early judicial decisions were prejudiced against patentees, one might expect that subsequent courts—allegedly more supportive of patent rights—would reject the former legal precedents. But pre-1830 cases have been cited as frequently as later decisions, and they continue to be cited today, suggesting that the early decisions, many of which clearly declared that patent rights were a just recompense for inventive ingenuity, provided a lasting foundation for patent law. The proportion of judicial decisions in favor of patentees began to increase during the 1830s because of a change in the underlying population of cases brought to trial. This change was partly due to an 1836 revision to the patent system: an examination procedure, still in use today, was instituted in which each application is scrutinized for its adherence to patent law. Previously, patents were automatically granted upon payment of a $30 fee.

## Questions 529–533 refer to the passage.

529. The passage implies that which of the following was a reason that the proportion of verdicts in favor of patentees began to increase in the 1830s ?

(A) Patent applications approved after 1836 were more likely to adhere closely to patent law.

(B) Patent laws enacted during the 1830s better defined patent rights.

(C) Judges became less prejudiced against patentees during the 1830s.

(D) After 1836, litigated cases became less representative of the population of patent disputes.

(E) The proportion of patent disputes brought to trial began to increase after 1836.

530. The passage implies that the scholars mentioned in line 8 would agree with which of the following criticisms of the American patent system before 1830 ?

(A) Its definition of property rights relating to inventions was too vague to be useful.

(B) Its criteria for the granting of patents were not clear.

(C) It made it excessively difficult for inventors to receive patents.

(D) It led to excessive numbers of patent-infringement suits.

(E) It failed to encourage national economic growth.

531. It can be inferred from the passage that the frequency with which pre-1830 cases have been cited in court decisions is an indication that

(A) judicial support for patent rights was strongest in the period before 1830

(B) judicial support for patent rights did not increase after 1830

(C) courts have returned to judicial standards that prevailed before 1830

(D) verdicts favoring patentees in patent-infringement suits did not increase after 1830

(E) judicial bias against patentees persisted after 1830

532. It can be inferred from the passage that the author and the scholars referred to in line 21 disagree about which of the following aspects of the patents defended in patent-infringement suits before 1830 ?

(A) Whether the patents were granted for inventions that were genuinely useful

(B) Whether the patents were actually relevant to the growth of the United States economy

(C) Whether the patents were particularly likely to be annulled by judges

(D) Whether the patents were routinely invalidated for reasons that were arbitrary

(E) Whether the patents were vindicated at a significantly lower rate than patents in later suits

533. The author of the passage cites which of the following as evidence challenging the argument referred to in lines 14–15 ?

(A) The proportion of cases that were decided against patentees in the 1820s

(B) The total number of patent disputes that were litigated from 1794 to 1830

(C) The fact that later courts drew upon the legal precedents set in pre-1830 patent cases

(D) The fact that the proportion of judicial decisions in favor of patentees began to increase during the 1830s

(E) The constitutional rationale for the 1836 revision of the patent system