



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

CANDIDATE NAME		
CENTRE NUMBER	CANDIDATE NUMBER	



ECONOMICS 0455/32

Paper 3 Analysis and Critical Evaluation

May/June 2012 1 hour 30 minutes

Candidates answer on the Question Paper.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams, graphs or rough working.

Do not use staples, paper clips, highlighters, glue or correction fluid.

DO NOT WRITE IN ANY BARCODES.

Answer all questions.

At the end of the examination, fasten all your work securely together.

The number of marks is given in brackets [] at the end of each question or part question.

For Exam	iner's Use
1	
2	
Total	

This document consists of 8 printed pages and 1 Insert.



The extract 'A tax on high fat foods' will be needed for this question.

For Examiner's Use

1 ((a)	What is meant by external costs?
		[2]
	(b)	What evidence is there in the extract of the economic problem?
		[2]
((c)	Why may obesity lead to an increase in government spending?
		[2]

	your answer.
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price	
Does the extract suggest that the demand for cigarettes is price elastic or price inelastic? Explain your answer.	
	[3]
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price inelastic? Explain your answer.
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price
	Does the extract suggest that the demand for cigarettes is price elastic or price

Discuss whether the				
	•••••	•••••	• • • • • • • • • • • • • • • • • • • •	
		•••••		

© UCLES 2012

			Examiner's Use
		[8]	
		[Total: 20]	
extr	act ' C	Challenges facing the BRICs' will be needed for this question.	
(a)	Usir	ng information from the extract, state what happened to the price level in 2009 in:	
	(i)	India	
		[1]	
	(ii)	China.	
		[1]	
(b)			
		[C]	
	(a)	e extract 'C (a) Usir (i) (ii)	Extract 'Challenges facing the BRICs' will be needed for this question. (a) Using information from the extract, state what happened to the price level in 2009 in: (i) India

For Examiner's Use

(c)	Explain how raising the rate of interest can reduce aggregate (total) demand.
	[4]

© UCLES 2012 0455/32/M/J/12

a)	as percentages of GDP in the four countries shown.	For Examiner's Use
	[4]	
e)	Explain an example of a conflict between government economic aims mentioned in the extract.	
	[2]	

Question 2(f) is on the next page

Discuss whether an economy will always benefit from a reduction in unemployment.	
[6]	

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

University of Cambridge International Examinations is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.