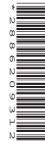




UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS International General Certificate of Secondary Education

CANDIDATE NAME					
CENTRE NUMBER			CANDIDATE NUMBER		



ECONOMICS 0455/31

Paper 3 Analysis and Critical Evaluation

October/November 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 'Changes in Japan's price level' will be needed for this question. 1 (a) Define the term 'inflation'. (b) Does Table 1 support the view that Japan was experiencing a harmful fall in the price level? Explain your answer. (c) Apart from the price level and unemployment, identify another economic indicator mentioned in the extract.

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(d)	Explain why spending on capital equipment may decrease during a period of a harmful fall in the price level.	For Examiner's Use
	[4]	
(e)	What is meant by fiscal policy?	
	[2]	

Discuss whether a central bank should reduce its interest rate.	For
	Examiner's Use

(f)

		[8]
		[Total: 20]
The ex	ktract 'l	Improving the environment' will be needed for this question.
		ntify:
	(i)	a private benefit from switching off electrical equipment
		[1]
	(ii)	an external benefit from switching off electrical equipment.
		[1]
(b) Wh	at is meant by government regulation?
		[2]
		[2]

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(c) (i)	Identify two examples from the extract of the factor of production called land.
	[2]
(ii)	Explain how resources are allocated in a market system.
	[3]

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	(iii)	Explain how the events described in the extract will affect the price of coal.	H
			Ι.
		rol	
		[2]	
(d)	What solv	at evidence is there in the extract that government intervention does not always re market failure?	
		[3]	

Question 2(e) is on the next page

2	iscuss whether a reduction in consumption of palm oil by Pakistan would reduce global O_2 emissions.
•	

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