UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME	
CENTRE NUMBER	
CANDIDATE NUMBER	

4233334935

ECONOMICS **0455/32**

Paper 3 Analysis and Critical Evaluation **October/November 2011**

1 hour 30 minutes

Candidates answer on the Question Paper.
Additional Materials: Insert.

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 Examiner's Use	
1	
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Total	

This document consists of **8** printed pages and **1** Insert.

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[Turn over

The extract **'Diamond mining in Sierra Leone'** will be needed for this question.

For Examiner's Use

1 (a) (i) Calculate Sierra Leone's Human Development Index (HDI) value in 2008.

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.....[1]

(ii) Identify **two** components of the HDI.

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(b) (i) What is the formula for calculating price elasticity of demand?

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(ii) Explain whether the extract suggests that the demand for diamonds is price elastic or price inelastic.

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(c) Using a demand and supply diagram, analyse the effect of the change in the number of diamond mines in 2008 on the market for diamonds.

For Examiner's Use

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(d) Identify from the extract **two** examples of factors of production changing their use.

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For Examiner's Use

(e) Discuss whether a successful, domestic diamond industry would benefit the economy of Sierra Leone.

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[Total: 20]

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The extract **'The changing fate of the Philippines'** will be needed for this question.

For Examiner's Use

2 **(a)** Define labour productivity.

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(b) **(i)** What has happened to a country's real GDP if its economic growth rate has fallen from 7.3% to 4.6%?

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(ii) Using information from the extract, explain why the Philippines' economy was **not** seriously affected by the global recession (economic downturn) in 2008.

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(c) Explain how a government subsidising house-building may reduce poverty.

For Examiner's Use

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(d) **(i)** Using Table 1, calculate which country had the highest GDP per head in 2007. Show your workings.

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(ii) Why might GDP per head in a country rise at a time when its GDP is falling?

For Examiner's Use

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(e) Discuss the factors which may influence whether tax revenue will increase in the Philippines in the future.

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