UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

2886209312

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 Examiner's Use	
1	
2	
Total	

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[Turn over

The extract '**Changes in Japan's price level**' will be needed for this question.

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1 **(a)** Define the term 'inflation'.

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(b) Does Table 1 support the view that Japan was experiencing a harmful fall in the price level? Explain your answer.

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(c) Apart from the price level and unemployment, identify another economic indicator mentioned in the extract.

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..... [1]

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(d) Explain why spending on capital equipment may decrease during a period of a harmful fall in the price level.

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(e) What is meant by fiscal policy?

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(f) Discuss whether a central bank should reduce its interest rate.

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[Total: 20]

The extract '**Improving the environment**' will be needed for this question.

2 **(a)** Identify:

(i) a private benefit from switching off electrical equipment

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.....[1]

(ii) an external benefit from switching off electrical equipment.

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.....[1]

(b) What is meant by government regulation?

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(c) (i) Identify **two** examples from the extract of the factor of production called land.

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(ii) Explain how resources are allocated in a market system.

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(iii) Explain how the events described in the extract will affect the price of coal.

For Examiner's Use

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(d) What evidence is there in the extract that government intervention does not always solve market failure?

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Question 2(e) is on the next page

(e) Discuss whether a reduction in consumption of palm oil by Pakistan would reduce global CO_2 emissions.

For Examiner's Use

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[Total: 20]

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