



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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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 Examiner'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.

1 (a) What is meant by external costs?

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(b) What evidence is there in the extract of the economic problem?

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(c) Why may obesity lead to an increase in government spending?

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..... [2]

(e) Discuss whether the US Government should tax chocolate.

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Examiner's
Use

Dotted lines for writing.

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..... [8]

[Total: 20]

The extract '**Challenges facing the BRICs**' will be needed for this question.

2 (a) Using information from the extract, state what happened to the price level in 2009 in:

(i) India

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..... [1]

(ii) China.

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..... [1]

(b) Why may a country experience a shortage of workers at the same time as it is encountering a relatively high unemployment rate?

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

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