



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**

Paper 3 Analysis and Critical Evaluation

**0455/32**

**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	
<b>Total</b>	

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?

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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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(d) (i) Does the extract suggest that the poor spend more on food than the rich? Explain your answer.

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For  
Examiner's  
Use

(ii) Does the extract suggest that the demand for cigarettes is price elastic or price inelastic? Explain your answer.

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**[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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**(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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