



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**

**0455/31**

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	
<b>Total</b>	

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'.

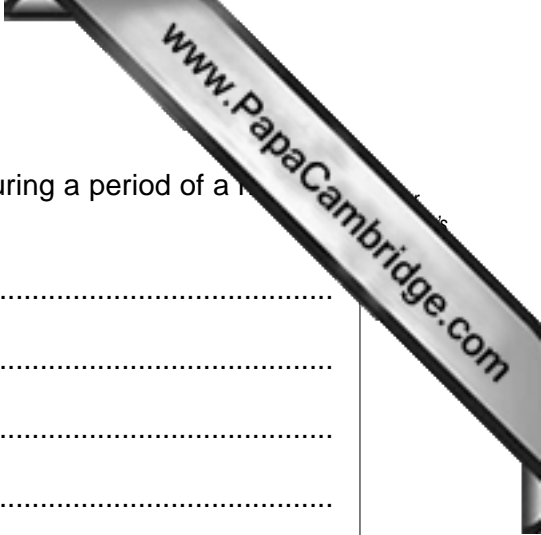
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(b) Does Table 1 support the view that Japan was experiencing a harmful fall in the price level? Explain your answer.

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

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

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**(e)** What is meant by fiscal policy?

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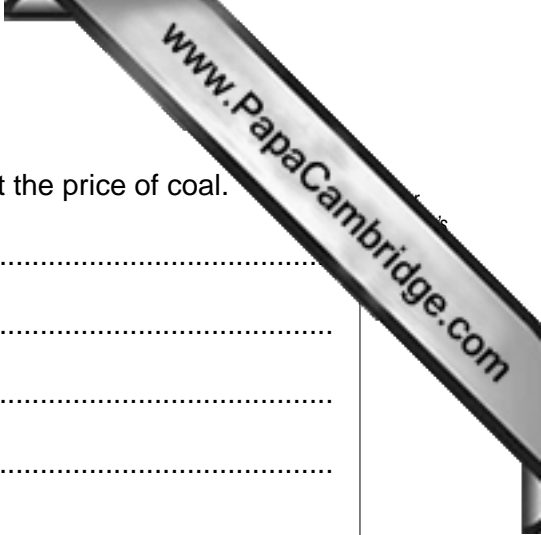
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[2]









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

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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**

