



UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS  
International General Certificate of Secondary Education

CANDIDATE  
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**ECONOMICS**

**0455/31**

Paper 3 Analysis and Critical Evaluation

**May/June 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	
2	
<b>Total</b>	

This document consists of **7** printed pages, **1** blank page and **1** Insert.



The extract 'The global water crisis' will be needed for this question.

For  
Examiner's  
Use

1 (a) What is meant by a finite resource?

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..... [2]

(b) Explain, using a demand and supply diagram, the effect of setting the price of water too low.

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..... [4]

(c) (i) Define opportunity cost.

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..... [2]

(ii) Using the extract, calculate the opportunity cost in terms of wheat of using the water needed to produce one kilogram of beef.

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..... [1]

(d) Explain **two** possible reasons why the world's demand for water may **not** grow as rapidly as the extract suggests.

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**(e)** Discuss the arguments for and against taxing household use of water.

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[7]

**[Total: 20]**

The extract ‘**Economic challenges facing Brazil**’ will be needed for this question.

*For  
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Use*

2 (a) What is meant by the exchange rate?

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(b) Using the extract:

(i) calculate the percentage of Brazil’s output accounted for by the tertiary sector

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..... [1]

(ii) identify a Brazilian industry that operates in the secondary sector.

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(c) What is meant by a relatively self-sufficient economy?

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(d) What has attracted investment into Brazil?

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[2]

(e) (i) Explain what happened to the price level in Brazil over the period shown in Table 1.

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[2]

(ii) Explain **one** consequence of inflation referred to in the extract.

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