

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

ECONOMICS

2886

ECONOMICS OF DEVELOPMENT

Tuesday **31 JANUARY 2006** Afternoon 1 hour 30 minutes

Additional materials:
8 page Answer Booklet.

TIME 1 hour 30 minutes

INSTRUCTIONS TO CANDIDATES

Write your name, Centre number and candidate number in the spaces provided on the answer booklet.

Answer Question 1 and **one** question from Section B.

Write all your answers on the separate answer booklet provided.

If you need to use additional answer sheets, fasten these sheets securely to the answer booklet.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [] at the end of each question or part question.

The quality of your written communication will be taken into account in the marking of your answer to Section B.

This question paper consists of 4 printed pages.

Section A

Answer this question.

1

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Details: An extract of text about economic recovery in Mozambique after civil war adapted from The Role and Effectiveness of Development Assistance by the World Bank

A table has been removed due to third party copyright restrictions

Details: A table showing how three key economic variables in Mozambique were affected by civil war and the subsequent economic reforms

An extract of text has been removed due to third party copyright restrictions

Details: An extract of text about post war recovery in Mozambique adapted from The Role and Effectiveness of Development Assistance by the World Bank

- (a) Using Fig. 1, outline the economic impact of civil war on Mozambique. [3]
- (b) Choose **one** of the five features highlighted by the World Bank. Explain its significance for economic development in Mozambique. [3]
- (c) (i) Explain why Mozambique might have such a low level of tax revenue. [4]
(ii) Comment on the economic impact of a high incidence of HIV/AIDS on development. [4]
- (d) Discuss whether World Bank support for countries such as Mozambique is always beneficial. [6]

Section B

Answer one question.

- 2 (a) Explain why an economy's structure of production and employment may change as it develops. [10]
- (b) Discuss the extent to which economic growth guarantees economic development. [15]
- 3 (a) Explain how the principle of comparative advantage can be applied to developing economies. [10]
- (b) Discuss the extent to which the use of trade barriers by developing economies is an appropriate policy for such economies. [15]
- 4 (a) Explain how the incidence of poverty causes problems in developing economies. [10]
- (b) Discuss the extent to which greater use of the free market might reduce poverty in developing economies. [15]