

**ADVANCED GCE UNIT
ECONOMICS**

Economics of Development

WEDNESDAY 13 JUNE 2007

2886

Morning

Time: 1 hour 30 minutes

Additional materials: Answer Booklet (8 pages)



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 for each question 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 document consists of **4** printed pages.

Section A

Answer this question.

1

Relative development in Sierra Leone and South Korea

Some countries develop at slower rates than others. Economists suggest various reasons for this, some of which place the responsibility on the countries themselves.

Sierra Leone and the Republic of (South) Korea illustrate the dramatically different development experiences of sub-Saharan African and East Asian economies.

Fig. 1 shows the trend in the two countries' real GDP per capita between 1980 and 2004. Fig. 2 gives selected development statistics for 2003.

Fig. 1 Index of real GDP per capita 1980-2004

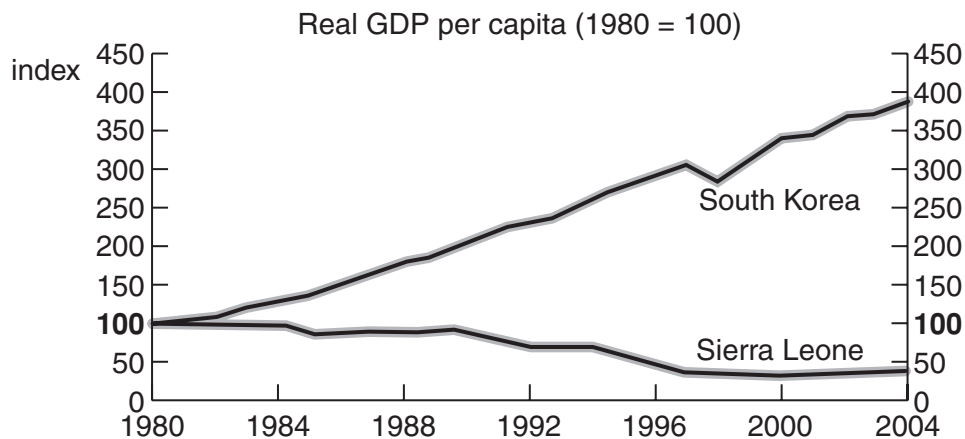


Fig. 2 Selected Development Indicators 2003

	Sierra Leone	South Korea
Real GDP per capita (US\$)	150	12,030
Urban population (% total population)	39	80
Agricultural output (% of GDP)	53	4
Life expectancy at birth (years)	37	74
Infant mortality (per 1000 live births)	165	5
Access to improved water source (% population)	57	92
Primary school enrolment (% school-age population)	79	100

3

- (a) (i)** Explain why changes in real GDP per capita, rather than GDP, are used in some measures of economic development. [2]
- (ii)** Use Fig. 1 to compare the performance of Sierra Leone and South Korea in achieving growth in real GDP per capita. [3]
- (b) (i)** Explain how high levels of
- real GDP per capita and
 - primary school enrolment contribute to economic growth. [4]
- (ii)** Using Fig. 2, comment on how the two countries' levels of development compare with that of a developed economy. [5]
- (c)** Discuss the view that 'low levels' of development are the fault of the developing countries themselves. [6]

Section B

Answer **one** question.

- 2** (a) Explain why sustainable development is desirable. [10]
- (b) Discuss the extent to which the actions of multinational companies are likely to promote sustainable development. [15]
- 3** (a) Explain the importance of industrialisation for developing countries. [10]
- (b) Discuss whether or not balanced growth is an appropriate policy for a developing country. [15]
- 4** Developed countries have been criticised for encouraging the privatisation of public utilities, such as water supply, as part of structural adjustment programmes in developing countries.
- (a) Explain why the World Bank believes that some developing economies require structural adjustments. [10]
- (b) Discuss the extent to which structural adjustment programmes necessarily promote economic development. [15]

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