

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced GCE

ECONOMICS

2886

ECONOMICS OF DEVELOPMENT

Tuesday

14 JUNE 2005

Morning

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

São Tomé and oil wealth

São Tomé, a former.....

An extract has been removed due to third party copyright restrictions

Details:

An extract from the World Development Report 2002 about oil production in different African countries

.....Equatorial Guinea and Gabon.

Table 1: Economic Development Statistics, 2000

A table has been removed due to third party copyright restrictions

Details:

A table showing development statistics of 3 countries in Africa

Source: World Development Report 2002

Extract 1: Oil Wealth in West Africa?

Equatorial Guinea

Equatorial Guinea has grown.....

An extract has been removed due to third party copyright restrictions

Details:

An extract from the Economist about oil bringing money to Equatorial Guinea

.....after a mass trial.

Gabon

In Gabon, decades of.....

An extract has been removed due to third party copyright restrictions

Details:

An extract from the Economist about corruption caused by oil in Gabon

.....oil is running out.

Source Economist 25/01/03 (adapted)

- (a) Explain how the production of oil may affect São Tomé's:
- production possibility curve and;
 - current account on the balance of payments. [4]
- (b) Explain **one** possible reason why the values of GNP per head (US\$) are so different from those for GDP per head (ppp US\$). [2]
- (c) Use the information provided to explain whether São Tomé is a typical developing country. [4]
- (d) Explain **two** ways in which multinational companies might help São Tomé develop its oil resources. [4]
- (e) Use the information provided to comment on the lessons São Tomé might learn from the development experiences of Equatorial Guinea and Gabon. [6]

Section B

Answer one question.

- 2 (a) Explain Lewis' model of structural change within developing economies. [10]
- (b) Discuss whether or not the achievement of developed status means a country has solved its basic economic problems. [15]
- 3 (a) Explain the relevance to developing economies of:
- changes in the terms of trade and;
 - infant industries. [10]
- (b) Discuss whether or not a reduction in the barriers to international trade will help developing economies. [15]
- 4 (a) Explain how the current position of many developing economies has been determined by their colonial backgrounds. [10]
- (b) Discuss why help from non-governmental organisations (NGOs) is often more welcome in developing economies than aid from foreign governments. [15]