

**ADVANCED GCE  
ECONOMICS**

**2886**

Economics of Development

**THURSDAY 31 JANUARY 2008**

Afternoon

Time: 1 hour 30 minutes

**Additional materials:** Answer Booklet (8 pages)



**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Answer Question 1 in Section A and **one** question from Section B.
- Write all your answers in 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.
- The total number of marks for this paper is **45**.

This document consists of **4** printed pages.

## Section A

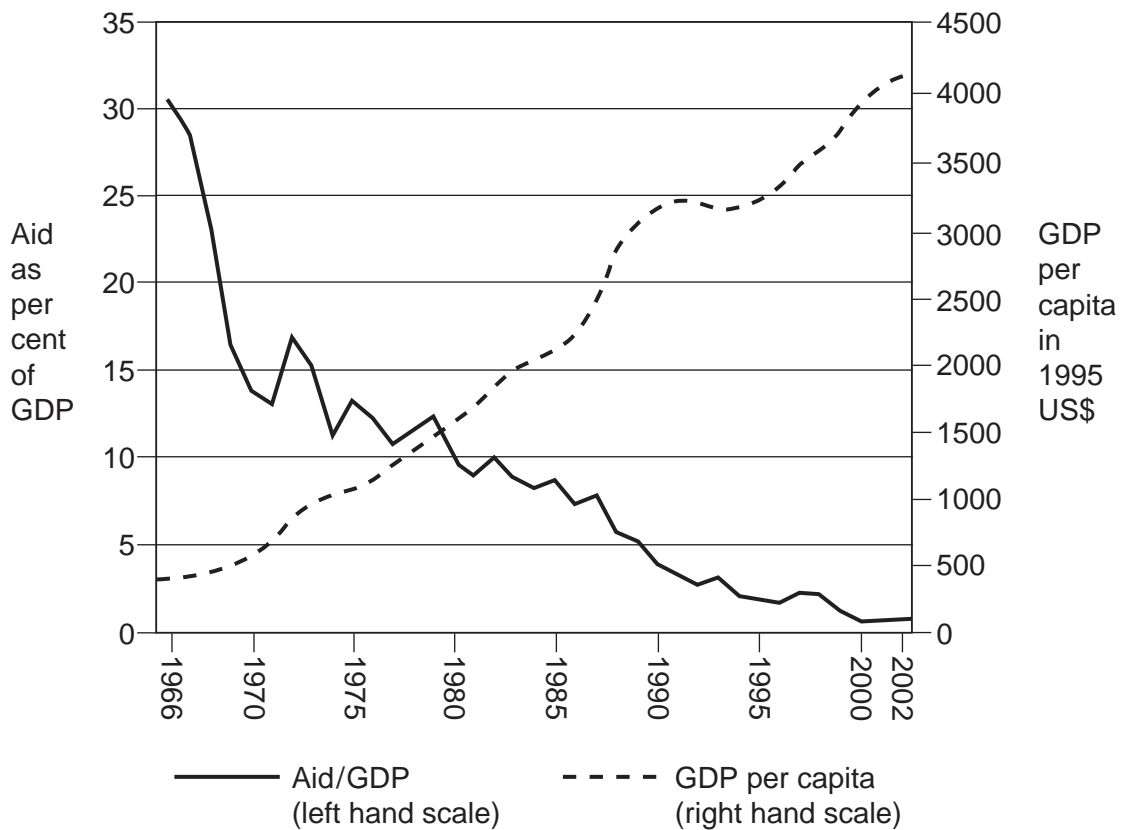
Answer this question.

### Progress in Botswana

Botswana has been widely praised as one of the few African economic success stories.

In 2005 the Commission for Africa report included Fig. 1, which shows Botswana's move from being a poor, dependent country to a middle-income country. The Report identified three main reasons for this progress. These were a favourable business climate, macro-economic stability and the lowest level of corruption in Africa. Consequently, it has been suggested that other Sub-Saharan African countries could learn much from Botswana's policies of low taxes, balanced budgets and openness to trade.

**Fig. 1 Aid and GDP per capita in Botswana, 1966–2002**



Statistics for the Human Development Index (HDI) in Tables 1 and 2, however, show a less positive picture.

**Table 1 Botswana's HDI in selected years**

Year	1975	1980	1985	1990	1995	2000	2003
HDI value	0.503	0.577	0.638	0.681	0.659	0.596	0.565

**Table 2 Components of the HDI in Botswana 1995 and 2003**

	HDI value	HDI rank position	Life expectancy (years)	Adult literacy (%)	Combined school enrolment(%)	GDP per capita (ppp US\$)
<b>1995</b>	0.659	97th	51.7	69.8	71	5611
<b>2003</b>	0.565	131st	36.3	78.9	70	8714

- 1 (a) Using Fig. 1:
- (i) summarise Botswana's progress between 1966 and 2002; [3]
  - (ii) explain **one** possible reason for the relationship between the two variables shown. [2]
- (b) Comment on the extent to which the praise for Botswana's economic success is supported by Tables 1 and 2. [5]
- (c) State and explain **two** additional pieces of information which would allow a fuller judgement to be made of the level of development in Botswana. [4]
- (d) Discuss whether other Sub-Saharan African countries should follow the same economic policies as Botswana. [6]

**Section B**

Answer **one** question.

- 2 (a) Explain how low income economies, such as Bangladesh and Sierra Leone, differ from transition economies, such as Poland and the Czech Republic. [10]
- (b) Discuss the effectiveness of state planning in promoting economic development. [15]
- 3 (a) Explain how Lewis' model of structural change accounts for rural to urban migration. [10]
- (b) Discuss whether rural to urban migration is beneficial to a developing economy. [15]
- 4 (a) Explain why some developing economies have a foreign debt crisis. [10]
- (b) Discuss whether the cancellation of foreign debt is likely to solve the problem of underdevelopment. [15]

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*Copyright Acknowledgements:*

Fig. 1  
Tables 1 and 2

Source: *Report of the Commission for Africa*, March 2005, p. 365. [www.commissionforafrica.org](http://www.commissionforafrica.org)

Source: United Nations Development Programme, *Human Development Report 2005*, pp. 221 & 225. [www.undp.org](http://www.undp.org)

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