



**ADVANCED GCE
ECONOMICS**

Economics of Development

2886

Candidates answer on the Answer Booklet

OCR Supplied Materials:

- 8 page Answer Booklet

Other Materials Required:

None

**Tuesday 2 February 2010
Afternoon**

Duration: 1 hour 30 minutes



INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer Question 1 in Section A and answer **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.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **45**.
- 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** pages. Any blank pages are indicated.



Section A

Answer this question.

1

The Commitment to Development Index

Each year since 2003 the Centre for Global Development, a think tank in the USA, has published the Commitment to Development Index (CDI). This ranks 21 of the world's richest countries in the order in which their policies benefit poorer countries.

Each country is judged on seven policies:

- foreign aid
- trade
- investment
- migration
- environment
- security
- technology.

Each policy is judged on how helpful or harmful it is to world development. The higher the score the stronger is the performance. The scores awarded are scaled so that the average was exactly 5 in 2003 the starting or base year.

For example, with foreign aid policy the CDI rewards the quantity of aid, well-targeted aid and tax allowances for contributions to development charities, while penalising tied aid, debt repayments on aid loans and aid to corrupt governments.

Fig. 1 The performance of three countries in the 2007 CDI

	Netherlands	United Kingdom	Japan
CDI rank	1	9	21
Foreign aid	10.7	4.8	1.2
Trade	5.7	5.5	1.5
Investment	8.0	8.1	5.9
Migration	4.8	3.0	1.7
Environment	7.3	7.5	4.7
Security	5.4	5.2	1.7
Technology	5.2	4.3	6.3
Overall score	6.7	5.5	3.3

- (a) Using Fig. 1, identify the **two** main policies which led to the UK being ranked below the Netherlands. [2]
- (b) With reference to Fig. 1, what conclusions may be drawn about the change in the nature of Japan's relationship with the developing world since 2003? [3]
- (c) Explain **two** forms of trade protection which might be penalised in the CDI scoring system. [4]
- (d) Comment on whether tied aid should be penalised in the CDI. [5]
- (e) Discuss the value to the development process of publishing information such as the CDI. [6]

Section B

Answer **one** question.

- 2 (a) Explain the global differences found in the achievement of sustainable development. [10]
- (b) Discuss the impact of multinational companies on the ability of countries to develop. [15]
- 3 (a) Explain the relevance of comparative advantage to a country's rate of economic development. [10]
- (b) Discuss the use of a policy of import-substituting industrialisation by the government of a developing economy. [15]
- 4 (a) Explain why developing countries generally have low levels of labour productivity. [10]
- (b) Discuss the significance for developing countries of their relatively great dependence on agriculture and international tourism. [15]

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