OXFORD

INTERNATIONAL
AQA EXAMINATIONS

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

Surname _____

Forename(s) _____

Candidate signature _____
I declare this is my own work.

INTERNATIONAL A-LEVEL
ECONOMICS

Unit 4 Economic Development and the Global Economy

Time allowed: 2 hours

Materials
For this paper you must have:
- the Source Booklet, provided as an insert (enclosed)
- a calculator, which you are expected to use where appropriate.

Instructions
- Use black ink or black ball-point pen. Pencil should only be used for drawing.
- Fill in the boxes at the top of this page.
- Answer **all** questions in **Sections A**, **B** and **C**.
- Answer **EITHER** Question 15 or Question 16 in **Section D**.
- You must answer the questions in the spaces provided. Do **not** write outside the box around each page or on blank pages.
- Do **not** write in the Source Booklet.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information
- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.
- You may use a bilingual dictionary for this exam.
- You may **not** use an English dictionary.

For Examiner's Use	
Question	Mark
1–10	
11	
12	
13	
14	
15	
16	
TOTAL	

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Section A

Answer **all** questions in the spaces provided.

Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD ⬬ WRONG METHODS

If you want to change your answer you must cross out your original answer as shown.

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.

0 1 In 2020, the Central Bank of Nigeria decided to change the fixed exchange rate of its currency, the naira (₦), to the US$ from ₦307:$1 to ₦360:$1.

This is known as

[1 mark]

A appreciation. ⬭

B depreciation. ⬭

C devaluation. ⬭

D revaluation. ⬭

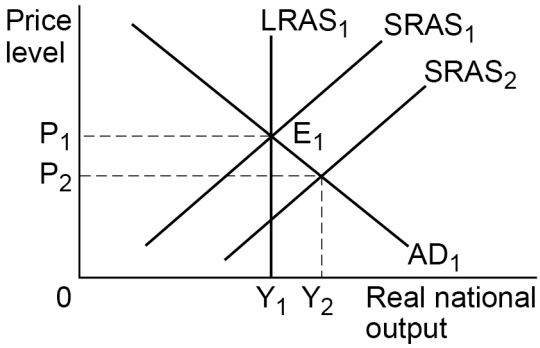
Do not write outside the box

0 2 The diagrams below show the aggregate demand (AD), short-run aggregate supply (SRAS) and long-run aggregate supply (LRAS) curves of an economy. The economy is initially in equilibrium at E_1.

All other things being equal, which one of the following diagrams is most likely to show export-led growth?

[1 mark]

A



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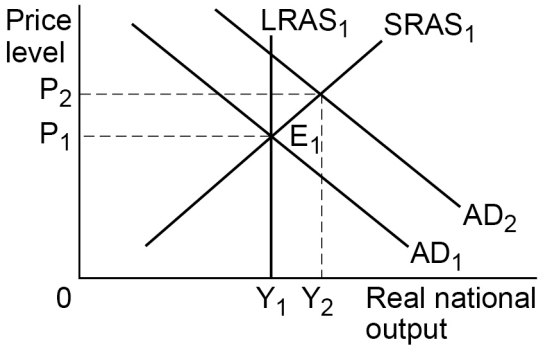
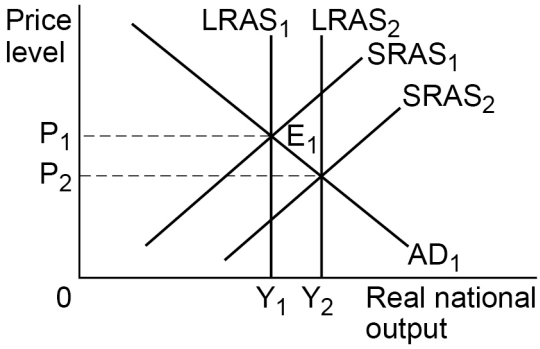
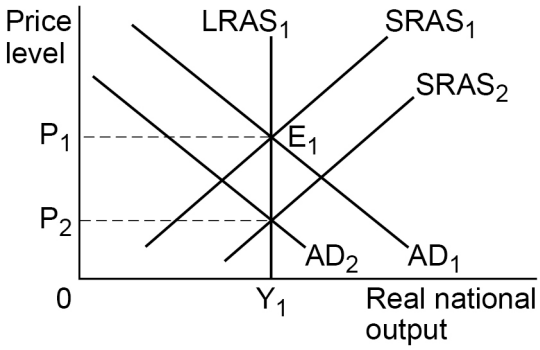


C



D



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0 3 **Table 1** shows remittances into Pakistan from 2015 to 2019 in index number form.

Table 1

Year	**2015**	**2016**	**2017**	**2018**	**2019**
Index of remittances	100	102.5	102.4	109.3	114.9

If the monetary value of remittances in 2016 was US$19 734 million, what was the monetary value of remittances in 2019 to the nearest US$ million?

[1 mark]

A $17 604m ⬭

B $21 043m ⬭

C $22 121m ⬭

D $22 674m ⬭

0 4 An economy's exchange rate falls.

Which one of the following combinations of changes to macroeconomic indicators is most likely to result from the lower exchange rate?

[1 mark]

	Unemployment	**Inflation**	**Balance of trade**	
A	Falls	Falls	Worsens	⬭
B	Falls	Rises	Improves	⬭
C	Rises	Falls	Improves	⬭
D	Rises	Rises	Worsens	⬭

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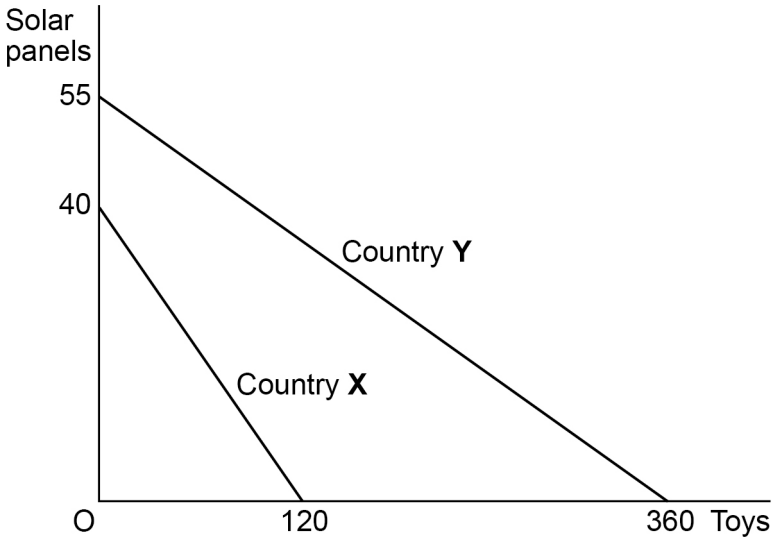
0 5 **Figure 1** shows the production possibility boundaries (PPBs) for two countries, Country X and Country Y, producing two goods, toys and solar panels.

Figure 1



All other things being equal, which one of the following can be concluded from the diagram?

[1 mark]

A Country X has a comparative advantage in solar panels. ⬭

B Country X has an absolute advantage in solar panels. ⬭

C Country X should not engage in trade with Country Y. ⬭

D Country Y has a comparative advantage in solar panels. ⬭

Turn over for the next question

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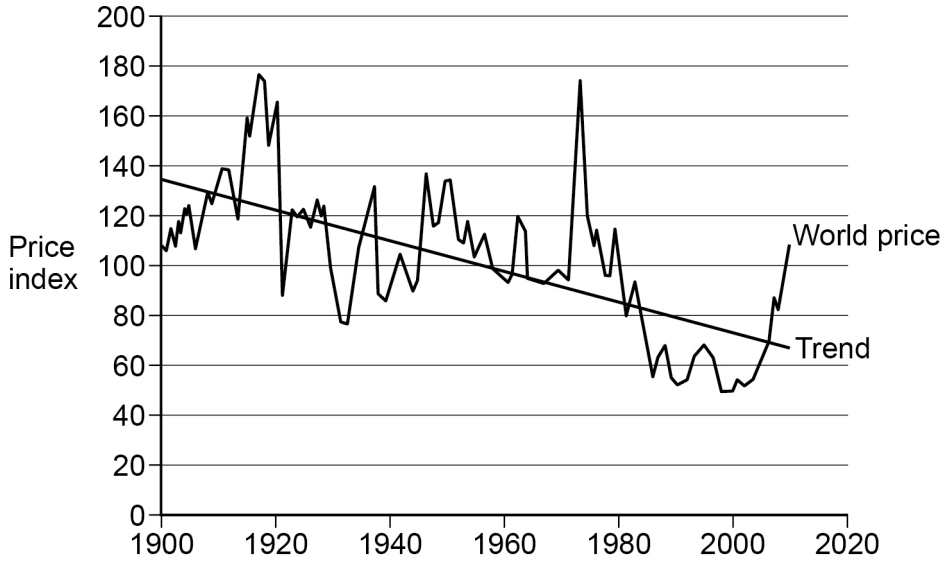
0 6 **Figure 2** shows the world price index and the trend line for a category of goods or services from 1900 to 2010.

Figure 2



According to the Prebisch–Singer hypothesis, which one of the following categories of goods or services is most likely to have experienced the price changes in **Figure 2**?

[1 mark]

A Books ⬭

B Financial services ⬭

C Food ⬭

D Tourism ⬭

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0 7 Which one of the following is most likely to slow down the process of globalisation?

[1 mark]

A A move from multilateral to bilateral free trade agreements

B A removal of limits on capital movements between countries

C A rise in the number of countries in the World Trade Organization

D An increase in the capacity of ports and container ships

0 8 Which barrier to development in less economically developed countries (LEDCs) does microfinance aim to solve?

[1 mark]

A High levels of corruption

B High savings ratio

C Lack of available credit

D Limited supply of entrepreneurs

Turn over for the next question

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0 9 **Table 2** shows development indicators for three countries, Namibia, Cambodia and Honduras in 2020.

Table 2

	Namibia	Cambodia	Honduras
Life expectancy at birth (years)	63.7	69.8	75.3
Expected years of schooling (years)	12.6	11.5	10.1
HDI ranking	130	144	132
Inequality-adjusted HDI value	0.418	0.475	0.472

Which one of the following can be concluded from the data?

[1 mark]

A All three countries have high levels of human development. ⬭

B Cambodia is the poorest country in terms of GDP per capita. ⬭

C Honduras has the lowest child literacy rate. ⬭

D The impact of inequality on living standards is higher in Namibia than Honduras. ⬭

1 0 A spot market is used to

[1 mark]

A agree a price for shares in a company to be exchanged in five years' time. ⬭

B assess the ability of a bank to withstand economic instability. ⬭

C protect buyers of foreign currency against future falls in the market price. ⬭

D trade commodities at a current price for immediate delivery. ⬭

10

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Section B

Answer **all** questions in the spaces provided.

1 1 . 1 A tariff is a protectionist policy.

Identify **two** other protectionist policies.

[2 marks]

_____

_____

_____

_____

Question 11 continues on the next page

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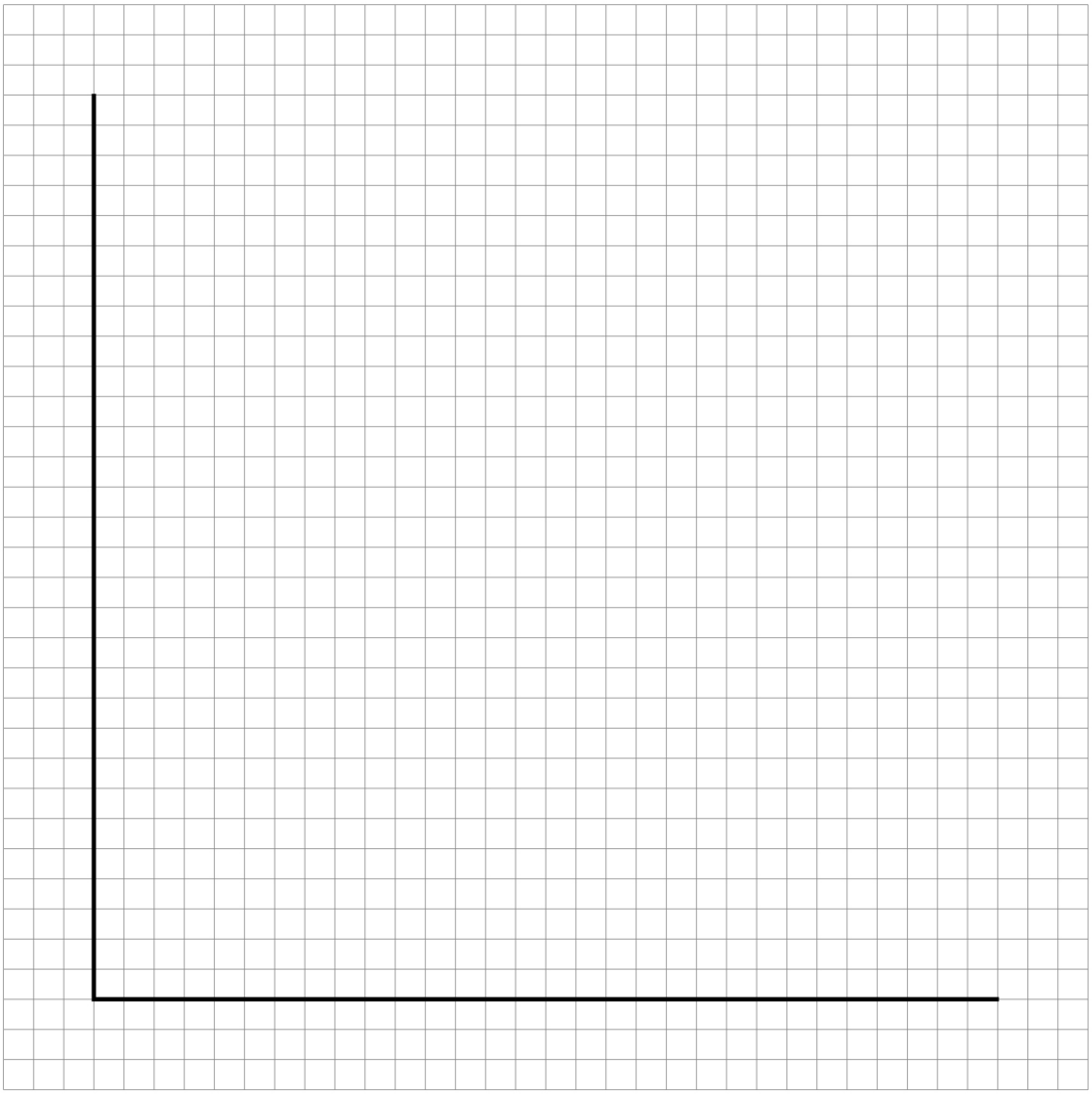
1 1 . 2 The price of rice is fixed by the world market. Country A is one of many buyers of rice. Country A decides to place a tariff on the rice.

Draw a diagram showing the tariff on rice imports **and** the change in the quantity of rice sold by producers in Country A.

[4 marks]



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1 1 . 3 **Table 3** shows the price of imported rice before and after a tariff is placed on rice imports into Country A. It also shows the quantity demanded by Country A consumers before the tariff is imposed.

Table 3

	Price of 1 kg of imported rice	**Quantity demanded by Country A consumers (kg per week)**
Before tariff	$3.40	11 000
After tariff	$3.91	

Country A estimates the price elasticity of demand for imported rice is –1.5

Use **Table 3** to calculate the total weekly government revenue from the tariff placed on imported rice.

Assume that the price increase is only due to the introduction of the tariff.

Give your answer to the **nearest dollar**.

You are advised to show your working.

[4 marks]

10

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Section C

Look at the Source Booklet and answer **all** questions in the spaces provided.

Do **not** write in the Source Booklet.

1 2 **Extract B** (lines 13–14) states: 'Bad governance, poor infrastructure and low adult literacy rates also harm growth and foreign direct investment'.

1 2 . 1 Explain why adult literacy rates are likely to affect the level of foreign direct investment (FDI) into low income countries (LICs).

[4 marks]

Extra space

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1 2 . 2 To what extent do the data suggest that adult literacy rates have affected the level of foreign direct investment (FDI) into low income countries (LICs) between 2006 and 2019?

Use the data in **Extract A** to support your answer.

[4 marks]

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1 3 **Extract B** (lines 1–3) states: 'Public sector debt (as a % of GDP) has risen in recent years in low income countries (LICs). Half of LICs are judged to be at high risk of debt problems by the International Monetary Fund (IMF)'.

Explain the likely effects of rising public sector debt in low income countries (LICs).

[12 marks]

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12

Turn over ►

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1 4 **Extract C** (lines 5–6) states: 'the IMF plays a major role in promoting good economic governance in LICs.'

Assess the role of international organisations such as the IMF and World Bank in promoting economic development in low income countries (LICs).

[25 marks]

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25

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Section D

Answer **EITHER** Question 15 **OR** Question 16.

Shade the circle below to indicate which optional question you have answered.

Question 1 5 ⬭ Question 1 6 ⬭

CORRECT METHOD ⬬ WRONG METHODS

Either

1 5 Argentina is one of a number of economies that has suffered from currency fluctuations over the years. It has tried both fixed and floating exchange rate systems to try to control inflation and prevent rapid depreciations.

Evaluate the effectiveness of a fixed exchange rate as a method of improving the macroeconomic performance of an economy.

[25 marks]

or

1 6 Financial markets in high income countries have been deregulated since the 1980s.

Deregulation has been blamed for the financial crisis in 2007 because of the high levels of lending and systemic risk.

Assess the case for and against greater regulation of financial markets.

[25 marks]

Turn over ►

1 9

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END OF QUESTIONS

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ANSWER IN THE SPACES PROVIDED

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