INSTRUCTIONS TO CANDIDATES

- Refer to the Stimulus Material in a separate booklet. You must not bring your original copy into the examination.
- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. HB pencil may be used for graphs and diagrams only.
- Answer all the questions.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. If additional space is required, you should use the lined pages at the end of this booklet. The question number(s) must be clearly shown.
- 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 60.
- The quality of your written communication will be taken into account in the marking of your answer to Question 3. All answers should be in continuous prose.
- This document consists of 16 pages. Any blank pages are indicated.

A calculator may be used for this paper

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Answer all questions.

1 (a) Other than the reduction of trade barriers, describe two factors which have promoted globalisation.

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[4]
(b) Using the theory of comparative advantage, analyse how an economy can benefit from trade.
(c) Comment on the extent to which the overall trend in the US current account balance between 2007 and 2013 (Fig. 2.1) can be explained by the depreciation of the effective exchange rate of the US dollar over the same period (Fig. 2.2).
2 (a) With reference to Fig. 3.1, state and explain how the Human Development Index (HDI) value of Zambia is likely to have changed between 2007 and 2013.
(b) Analyse the significance for the economy of Zambia of the fall in its terms of trade between 2007 and 2009 (Fig. 3.2).
Comment on the extent to which increased financial flows from remittances help to promote development.
Discuss the extent to which supply-side policies are the key to promoting economic growth in a developing economy such as Zambia.
If additional answer space is required, you should use the following lined pages. The question number(s) must be clearly shown in the margins.
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