**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.
- 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.
- Answer **all** questions.
- 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**.
- This document consists of **16** pages. Any blank pages are indicated.
- You will be assessed on the quality of your written communication in question 3. All answers should be in continuous prose.

A calculator may be used for this paper
Answer all questions.

1 (a) Define what is meant by the:

   (i) ‘national income multiplier’;

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   (ii) ‘accelerator’.

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(b) With reference to Fig. 1.1, analyse how the interaction of the national income multiplier and the accelerator might, in part, explain the severity and length of the UK recession 2008 Q2 to 2009 Q3.
(c) Comment on the possible consequences for UK economic growth of the Coalition Government’s deficit reduction plan.
“The Department for International Development (DfID) stated that it would use additional expenditure to … focus aid where it is needed most.” (Extract 3)

With reference to Fig. 3.2, state and explain two ways in which UK ODA was not focused on where it was needed most in 2007.

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(b) Analyse two reasons why economic growth, such as that experienced by China and India, may not raise the level of development.
(c) Comment on the extent to which market-friendly reforms, such as those adopted by India in 1991, help to promote development.
3 Discuss the extent to which global trade and balance of payments imbalances, such as those mentioned in Extract 5, are a threat to global economic stability.