10.3
Why Do Countries Face Development Challenges?

The gap between rich and poor countries is substantial. Poorer countries lack much of what people in richer countries take for granted, such as access to electricity, safe drinking water, and paved roads. To reduce disparities between rich and poor countries, developing countries must increase their rate of growth. This means increasing per capita GNI more rapidly and using the additional funds to improve social and economic conditions.



10.3

Ecotourism Tourism directed toward natural environments (often threatened) intended to support conservation efforts

Foreign direct investment (FDI) A company or individual from one country spending money in business interests in another country, in the form of either establishing business operations or acquiring assets

Free trade agreement A treaty between countries that eliminates tariffs on goods sent between the countries

Free trade zone Regions in LDCs where tariffs are waived by governments wanting to encourage MNCs to invest in their countries

International Monetary Fund (IMF) A supranational organization that aims to promote global economic stability and helping LDCs grow

Mass consumption The purchase of standardized products or services by large numbers of customers

Microfinance Provision of small loans and financial services to individuals and small businesses in developing countries.

Microloans A small sum of money lent at low interest to a new business

Structural adjustment program Economic policies imposed on less developed countries by international agencies to create conditions that encourage international trade.

Tariff A tax a country puts on goods that were created in an outside country encouraging people to buy locally produced goods

Textile Cloth or woven fabric

World Trade Organization (WTO) An economic supranational organization that deals with trade rules between countries and settling trade disputes

Key Issue#:	Name _____Period_____

10.3.1	
Learning outcome Summarize the two paths to development	
Questions/Main Ideas	Notes
Self-Sufficiency path	Self Sufficiency path Import Limits Insulation Equal Investment Equal Income
International Trade path	Rostow's International Trade Model Traditional Society Preconditions for take off Take off Drive to maturity Age of mass consumption
World trade organization (WTO)	

	Reduce restrictions Enforcement
International trade examples	 The Four Dragons 1. 2. 3. 4.
Petroleum rich Arabian Peninsula States	
Pause and reflect	Top WTO officials meet ever two years in a ministerial conference. Where was the most recent conference held? Use the internet to search for “WTO ministerial conference protest” to see if there were protests a the conference.
Summary	
Questions for class	1.
	2.
	3.

Key Issue#: **10.3.2**	Name _____Period_____

Analyze reasons for the triumph of the international trade approach to development

Questions/Main Ideas	Notes
International Trade triumphs	Other countries' success Resource riches International competitiveness
Shortcomings of self-sufficiency	Inefficient industries Lack of competitiveness Corruption Black Market
India under self sufficiency	

India under international trade	
Pause and reflect	Many countries that have adopted the international trade model are relatively small states. Why might a nation size be a factor in the early adoption of the international trade path?
Summary	
Questions for class	1.
	2.
	3.

Key Issue#: **10.3.3**	Name _____Period_____

Learning outcome Identify the main sources for financing development

Questions/Main Ideas	Notes
Foreign direct investment (FDI)	
International Monetary fund	
World Bank	
Microfinance	
Pause and reflect	Why might Apple, Microsoft and Alphabet (Google) rank as three of the world's largest transnational corporations?

Summary	
Questions for class	1.
	2.
	3.

Key Issue#: **10.3.4**	Name _____Period_____

Learning outcome Explain alternate strategies for coping with the cost of development.

Questions/Main Ideas	Notes
Loan Debt repayment	
Stimulus or austerity	Stimulus Strategy Austerity strategy

Structural adjustment program	
Pause and reflect	Do the terms of a structural adjustment program seem harsh for a country or fair? Why?
Summary	
Questions for class	1.
	2.
	3.