

11.5 Relationship between countries at different levels of development

Name: _____ Class: _____ Date: _____

Total: 24 marks

KEY WORDS foreign direct investment

• migration

• remittances

• debt

• aid

Objective

Build the skills to answer exam questions on the **relationship between countries at different levels of development** – trade, aid, debt, foreign direct investment, (FDI), and migration

You must be able to:

- describe how trade, aid, debt, FDI and migration link rich and poor countries
- explain the benefits and costs of each link
- analyse the best way to support a developing country

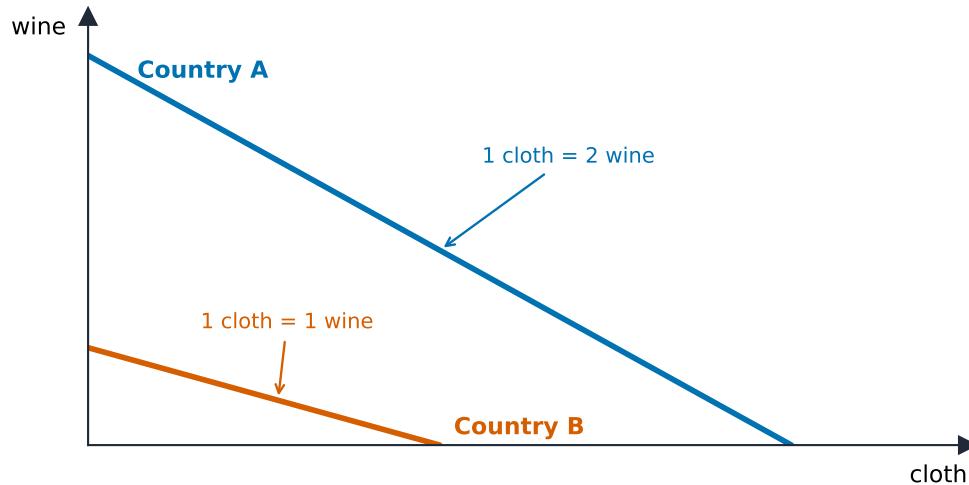
1 Key knowledge and worked examples

■ Links between rich and poor countries



Each link has a good and a bad side

- **Trade:** raises incomes, but reliance on a few **primary exports** with swinging prices is risky.
- **Aid** : funds schools/roads, but may create dependency.
- **Debt** : pays for development, but repayment drains budgets.
- **FDI** : brings money, jobs and technology, but profits may flow abroad.
- **Migration** : brings **remittances** , but can drain skilled workers (a “brain drain”).



comparative advantage = lower opportunity cost

Trade between rich and poor countries rests on comparative advantage – the basis of the gains and the risks

Answer shapes: AO1 + AO2 + AO3 (analysis) + AO4 (a supported judgement *in context*).

2 Practice

2.1 Define the term *foreign direct investment (FDI)*.

[2]

2.2 Define the term *remittances*.

[2]

2.3 State one drawback to a developing country of relying on foreign aid. [1]

3 Exam-style questions

3.1 A possible drawback to a developing country of foreign direct investment is that: [1]

☐

A it brings in no new technology

B profits may flow back to the foreign company abroad

C it always reduces employment

D it lowers the country's exports

3.2 Explain two ways foreign direct investment can help a developing country. [6]

[12]