

# AQA Economics A-level

## Macroeconomics

### Topic 6 - The International Economy

### Flashcards

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# Absolute advantage



# Absolute advantage

When an economy is able to produce greater quantity of output with the same quantity of input



# Aid



# Aid

## Transfer of resources between economies



# Bilateral aid



# Bilateral aid

Aid given from one country to another



# Comparative advantage





# Comparative advantage

When an economy is able to produce greater quantity of output at a lower opportunity cost



# Debt relief



# Debt relief

Partial or total forgiveness of debt  
slowing of debt growth



# Developed countries



# Developed countries

Countries with high GDP per capita; tend to export manufactured goods



# Developing countries



# Developing countries

Countries with low GDP per capita; tend to export agriculture



# Economic development





# Economic development

Assessing the standards of living and economic welfare of those in a country



# Economic integration



# Economic integration

The process by which economies become more closely linked



# Emerging countries



# Emerging countries

Countries that aren't fully developed, yet are more developed than LEDCs



# Foreign direct investment (FDI)



# Foreign direct investment (FDI)

When firms in one country make investments into another country



# Free trade





# Free trade

Trade with no barriers or restrictions



# Globalisation



# Globalisation

The process in which economies become increasingly interconnected and markets become worldwide in scope



# Human Development Index (HDI)



# Human Development Index (HDI)

Measures an economy's development based on 3 main criteria; life expectancy, educational achievement, and living standards Measures an economy's development based on 3 main criteria; life expectancy, educational achievement, and living standards



# Multi-national corporation (MNC)



# Multi-national corporation (MNC)

Firms who operate in multiple countries



# Protectionism





# Protectionism

When governments enact policies to restrict the free entry of imports into an economy



# Quota



# Quota

A limit on the amount of a good that can be imported into a country



# Sustainability



# Sustainability

Meeting current-day needs without putting the future at risk



# Tariff



# Tariff

Form of tax placed on imported goods, making them less price competitive to disincentivise consumption



# Trade creation





# Trade creation

Creation of trade between members  
within a bloc



# Trade diversion



# Trade diversion

Diversion of trade from between a country in a bloc and efficient countries outside a bloc, to less efficient countries within a bloc



# Trade liberalisation



# Trade liberalisation

Reduction or removal of protectionist policies



# Trading bloc



# Trading bloc

Government agreements that promote trade between certain countries



# World Trade Organisation (WTO)





# World Trade Organisation (WTO)

International organisation that aims to make trade as free as possible, discussing trade agreements and settling trade disputes

