

CAIE Geography Pre-U

2A: Trade, Debt and Aid Glossary of Definitions



Glossary of Definitions - 2A Trade, Debt and Aid

Aid- The international transfer of money, goods, or services from a country or organisation for the benefit of the recipient country or members of its population.

Balance of payments- Includes the balance of trade together with any invisible earnings and costs such as those from tourism, banking and insurance.

Bilateral- From one country to another, usually is top-down aid so supports big projects with the hope that the wealth will trickle down.

Colonialism- The policy or practise of acquiring full or partial political control over another country, exploiting it economically and occupying it with settlers.

Debt- Money owed to a country, person or company.

Diminishing returns- Decrease in the output of production as a result of a single factor of production increasing incrementally.

FDI- Foreign direct investment is the purchase of land, equipment or buildings or the construction of new equipment or buildings in a foreign country.

Globalisation- The process of increased interconnectedness among countries through an increased variety and volume of cross border transactions.

Interdependence- Where members of the group are mutually dependent on each other.

Long term development aid- Come in the form of grants, loans, debt cancellation or technical assistance for supporting long term projects with the aim of improving living standards and the country's economy.

Multilateral- Given by an organisation and is usually in the form of bottom-up aid which involves smaller-scale projects at grassroots.

Neo-colonialism- The use of political, economic, cultural or other pressures to control or influence other countries.

Opportunity cost- A profit, benefit, or value of something that must be given up to acquire or achieve something else.

Protectionism- Restricting imports from other countries by imposing tariffs, quotas and other government regulations.

Remittances- Money sent out of a country to someone's home country.

Short term relief aid- The aim is to alleviate a short term hazard after famines, natural disasters or wars in order to get the country back to where it was before the event.

Tied aid- Where the money made from the project must be spent on goods or services from the donor country.



Trade- Exchange of goods, money and services between countries and regions.

Trade Blocs- Intergovernmental agreement where barriers to trade are reduced or eliminated.

Transnational corporation- A company that is registered and operates in more than one country at a time.

Terms of trade- A measure of a country's export prices in relation to its import prices.

