**Ch. 10 Development**

**Key Issue 3 Why Do Countries Face Challenges to Development?**

**Rubenstein, p.368-375**

1. To narrow the gap between MDCs and LDCs, LDCs must develop more \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
2. What are two challenges LDCs regarding rapid development?

**I. & II. TWO PATHS TO DEVELOPMENT & WORLD TRADE**

|  |  |  |
| --- | --- | --- |
| **APPROACHES TO ECONOMIC DEVELOPMENT** | | |
|  | **Self-Sufficiency Model** | **International Trade Approach  (Rostow’s Development Model)** |
| **Elements** |  |  |
| **Problems & Criticisms** |  |  |
| **CASE STUDIES** | **INDIA** | **FOUR ASIAN DRAGONS**  **PERSIAN GULF STATES** |

1. Which of the two models for development has shown the most success?
2. Take notes on the World Trade Organization (WTO).

**III. FINANCING DEVELOPMENT**

1. What are the two principal ways in which LDCs obtain money to finance development?
2. Define and take notes on **foreign direct investment (FDI)** –
3. Identify and take notes on the two main sources, both controlled by MDCs, of loans for LDCs.
4. The World Bank and IMF are both a part of what organization?
5. a. What is the theory behind using loans for infrastructure projects in LDCs?

b. In reality, what has usually happened when loans have been used for these infrastructure

projects (and why)?

**IV. DEVELOPMENT CHALLENGES DURING HARD TIMES**

10. What region was hit particularly hard during the 2008 economic downturn?

11. Identify & take notes on the two strategies countries can use to fight economic downturns.

12. a. Define and take notes on **structural adjustment programs**:

b. Criticisms of **structural adjustment programs**:

13. Take notes on the impact of the 2008 on the European Union:

14. Define and take notes **microfinance**. (Examples? How different from the World Bank & IMF?)