**TRADE OR AID: What is the role of aid and trade in determining development and growth?**

**PREP HOMEWORK DUE FOR MONDAY 19th March 2018 (TIME TAKEN: 4.5 to 6 Hours)**

**All references to articles are on GOL**

**Introduction**

Trade and aid are both possible ‘external’ solutions for developing countries to promote development and growth within their countries. They are considered ‘external’ because they rely on actions of ‘agents’ outside their economy – be it aid donors or economies willing to buy their exports. Other examples of external solutions might be attracting FDI (Foreign Direct Investment)? However our learning below will focus on the ‘trade’ v ‘aid’ debate. On one hand, empowering countries to develop their trade routes leaves them more self-sufficient than Aid. On the other hand, many developing countries are too vulnerable in our global market place to necessarily benefit from a trade strategy and might need a ‘kick start’ of Aid to help them grow internally?

**Tasks to Complete (Tasks 1-3 requires research, reading and note taking. Task 4 requires reading only)**

1. **Introduction to AID (1 side of A4):** Produce some notes on answering the following questions by researching on the internet and also reading pages 364 to 366 in your textbook
   1. What are the similarities between trade and aid in terms of how they might promote economic growth? Try to refer to ‘chains of analysis’ by describing how the influx of money might influence the workings of the economy. Reference to the ‘Circular Flow of Income’ might be helpful here as well as AD/AS Analysis.
   2. For each of the following types of aid, provide a definition and also provide an example from a news website:
      1. Tied Aid
      2. Project Aid
      3. Emergency Aid
      4. ‘Debt Relief’ – hard loans .v. soft loans
      5. Military Aid
      6. Bilateral Aid
      7. Multilateral Aid
   3. Research the ‘debt crisis’
2. **International Aid Evaluation (1 side of A4):** Read the ‘Aid essay’ on international aid and answer the two questions on the sheet
3. **Aid Case Studies:**
   1. Aid and Zambia (1 side of A4): Read the article ‘Zambia Case Study Document’ on GOL. Summarise the main points of this article into a 1 sided A4 mind map.
   2. BI-LATERAL AID (1/2 side of A4): Research ‘The Marshall Plan’ and write notes on the following areas
      1. What was it? ii. Advantages? iii. Disadvantages?
   3. MULTILATERAL AID (1/2 side of A4): The Role of the IMF and World Bank with Aid. Research their role on the internet – what have they been responsible for with Aid and why have they often come in for criticism?
4. LASTLY, remember the Trade arguments. Therefore RE-READ RWS 13 and 14 on the MACRO side and bring them into class with you.

**PLEASE NOTE:** Monday’s lesson is going to be all about the debate between trade and aid so you need to have done this reading to take part.