

ECONOMICS DICTIONARY

Terms: 7

Syllabus 4.7:

Debt

Submariner Dictionary: Unit 7 (4.3, 4.5, 4.6 + 4.7)

Term	Definition note the use of key terms to explain the term	Diagram. Probably better to add by hand!	Example. Add examples as appropriate.
Term	Definition:	Diagram to use:	Example:
balance of payments	this term belongs to section 3.3 the key issue here is that repayment of debt by LEDC's is done in hard currency e.g. US \$ and therefore the LEDC must 'leak' this money out of the economy and if the value of the domestic currency is weak then the cost of the debt has a greater impact on the balance of payments (understand balance of payments as a government statistic that records all of the flows of money in and out of a country.		For an example of the impact of a reduction in debt and its effect on the macroeconomy of the LEDC then take a look here for examples relating to Uganda and Guyana: https://www.youtube.com/watch?v=EJYZCTXU4Dg
debt cancellation	this is of course the best outcome for the LEDC whereby debt is cancelled		efforts by international celebrities such as Bone play a significant role here. Take a look here: https://www.youtube.com/watch?v=dPG9McgwRg
debt servicing	this relates to the payment of the interest on the loans or debt. See dictionary 4.6 'concessional loans' the point to note here is that the debt servicing only becomes a problem when the debt repayments are too high as a % of GDP and the country cannot afford to find money to inject into merit and public good spending that are key to poverty reduction. This is done of course through government fiscal policy.		

Term +Explanation

Diagram + Example

[illegible]