

**2013 AP® COMPARATIVE GOVERNMENT AND POLITICS
FREE-RESPONSE QUESTIONS**

Conceptual Analysis: We suggest that you spend approximately 30 minutes on question 6.

6. Political economy involves the study of the relationship between states and markets.
 - (a) Define economic liberalization.
 - (b) Describe the actions governments take in pursuing a policy of economic liberalization regarding TWO of the following:
 - Subsidies
 - Tariffs
 - Ownership of companies and firms
 - Foreign direct investment
 - (c) Identify one international organization that promotes economic liberalization.
 - (d) Explain one reason for pursuing economic liberalization.
 - (e) Explain one reason for resisting economic liberalization.

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Question 6

6 points

Part (a): 1 point

One point is earned for a correct definition of economic liberalization.

An acceptable definition is:

- Economic liberalization involves the reduction of state intervention in the economy.
- Move to free market policies, if explained in part (b).

Note: The definition must indicate that liberalization is a process.

Part (b): 2 points

One point EACH is earned (for a total of **2 points**) for a correct description of actions that governments take in pursuing a policy of economic liberalization.

An acceptable description of subsidies is:

Governments reduce or eliminate subsidies.

An acceptable description of tariffs is:

Governments reduce or eliminate tariffs.

An acceptable description of ownership of companies and firms is:

Governments privatize state-owned companies.

An acceptable description of foreign direct investment is:

Governments open up the economy to foreign direct investments.

Part (c): 1 point

One point is earned for correctly identifying an international organization that promotes economic liberalization.

An acceptable identification may include:

- The World Bank
- The European Union (EU)
- World Trade Organization (WTO)
- The International Monetary Fund
- United Nations

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Question 6 (continued)

Part (d): 1 point

One point is earned for each correct explanation of a reason for pursuing economic liberalization.

Acceptable explanations may include:

- Foreign direct investment in order to bring money into the country.
- Domestic firms that are more competitive, more efficient, or more innovative.
- A diversified economy.
- Benefits to consumers, including lower price or more options.
- Reduced budget deficits.
- Compliance with structural adjustment policies.
- Desire to join an international organization, like the EU.

Part (e): 1 point

One point is earned for each correct explanation of a reason for resisting economic liberalization.

Acceptable explanations may include:

- Reduced government control, influence, or sovereignty.
- Widening income inequality.
- Domestic firms unable to compete.
- Environmental damage.
- Deteriorating working conditions.
- Reduced elite control over resources.
- Increased unemployment.
- Fear of instability or vulnerability, linked to a specific policy.

A score of zero (0) is earned for an off-task answer or an attempted answer that merits no points.

A score of dash (—) is earned for a blank answer.