

1. Respond to parts A, B, C, and D.

A. Describe sovereignty.

B. Describe a way governments promote economic liberalization.

C. Explain how economic liberalization policies can present challenges to sovereignty.

D. Explain why a government might adopt economic liberalization policies despite challenges to its sovereignty.

Question 1: Conceptual Analysis**4 points**

A Describe sovereignty. **1 point****Examples of acceptable responses may include the following:**

- Independent legal authority over a population in a particular territory
- The right and power of a state to govern itself without outside interference
- A government's power to apply rules within a territory
- The use or exercise of power by a government
- Supreme authority to enforce policies/laws/rules within a country

B Describe a way governments promote economic liberalization. **1 point****Examples of acceptable responses may include the following:**

- Privatizing of natural resources
- Privatizing of state-owned enterprises
- Reducing tariffs
- Joining a free trade agreement
- Creating special economic zones
- Joining an international organization with an economic focus (IMF, World Bank, or WTO)
- Decreasing taxes or subsidies
- Reducing government regulations

C Explain how economic liberalization policies can present challenges to sovereignty. **1 point****Examples of acceptable responses may include the following:**

- Foreign governments or multinational corporations (MNCs) can bring political or economic pressure to bear on countries, which would reduce a country's sovereignty as they have less control over their own economy.
 - A country may lose sovereignty when it has to comply with a supranational organization's trade policies that contradict previous trade policies.
 - Foreign direct investment may lead to new cultural influences that challenge a country's sovereignty by introducing beliefs or values that run counter to the country's traditions.
 - The economic development that results from economic liberalization policies can lead to environmental damage or wealth inequality, causing domestic backlash that challenges a country's sovereignty.
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