

AP[®] COMPARATIVE GOVERNMENT AND POLITICS
2013 SCORING GUIDELINES

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.

6A.

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: *modern*
- (e) Explain one reason for resisting economic liberalization: *ineq*

UK - privat

Mex - oil
- foreign

WTO

(a) Economic liberalization is the opening up of a market ~~to private~~ with capitalistic reform. Restrictions by the government are decreased and private enterprise is encouraged.

(b) In regard to ownership of companies and firms, governments privatize state-owned enterprises and encourage private ownership. Mexico's economic liberalization included the release of the government's control over the oil industry, which was previously a large part of the government's revenue. In the United Kingdom economic liberalization under Margaret Thatcher privatized numerous state-owned enterprises that commanded the heights of the economy including telecommunications and aviation.

~~Relaxing~~

Foreign direct investment is encouraged. For example, Mexico profited from selling shares in the previously government-owned oil industry to foreign investors. Mexican factories deal with cheap labor have also become globally competitive as they attract foreign direct investment with a more well-regulated and safe factory environment that can still cheaply produce their products. Many companies in the United States especially have shifted their manufacturing centers to Mexico, where a visit is less costly and more time-efficient, and the factory is much closer.

(c) The World Trade Organization promotes economic liberalization. China rapidly industrialized and opened its market more to foreigners partly to become a member of WTO.

(d) A reason to pursue economic liberalization is to widen the variety of consumer products/items and

and quality

Strengthen the

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Question 6 is reprinted for your convenience.

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.

(d) continued: ^{that is available} modern technology ^ to one's citizens.

Economic liberalization encourages healthy competition between businesses to produce the best yet well-priced item that consumers will want to purchase, usually guaranteeing there are no shortages of items to the public. This will also lead to more modern products, especially technology, that will help advance the society.

(e) Economic liberalization leads to widening inequality of wealth between the rich and the poor. In Mexico rural citizens live in extreme poverty, especially in the south, despite economic liberalization. Many often move to the north where there are more opportunities like in maquiladoras on the border. On the other hand, the richest man in the world

6A4
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ADDITIONAL ANSWER PAGE FOR QUESTION 6.

lives in Mexico, benefiting off his monopoly over
telecommunications and other investments.

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

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 - Subsidies
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 - Ownership of companies and firms
 - Foreign direct investment
 - Identify one international organization that promotes economic liberalization.
 - Explain one reason for pursuing economic liberalization.
 - Explain one reason for resisting economic liberalization.

a. Economic Liberalization is the movement to a more free market and privatized economy instead of centrally planned.

b. The government can lower Tariffs to encourage growth, and can privatize the ownership of companies, ~~so~~ to have less government run companies.

c. An international organization that promotes economic liberalization is NAFTA. They opened trade routes so that goods can be transported at lower prices and lower taxes.

d. ~~Economic liberalization can~~ ^{One reason for pursuing economic liberalization} is because it can help create jobs for many people because when new companies open, they need workers.

e. A reason for resisting economic liberalization

ADDITIONAL ANSWER PAGE FOR QUESTION 6.

is because of ~~what it~~ ^{the problems} it can cause to
"the little guy." An example is what ^{the} Shell Oil Company
did in Nigeria. They polluted many areas
and bribed the Nigerian government to get rid of the
people causing the problems for them, especially
Ken Saro-wiwa.

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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.

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- ☒ (d) Explain one reason for pursuing economic liberalization.
- ☒ (e) Explain one reason for resisting economic liberalization.

a) economic liberalization is making ~~economies~~ people in economies more independent & self sufficient.

b) The actions governments take in pursuing a policy of E.L regarding ownership of companies & firms are privatizing businesses and allowing people to own them rather than state. As for foreign Direct investment, the actions government takes are kind of alike to the actions taken with ownership of companies. The governments just allow

ADDITIONAL ANSWER PAGE FOR QUESTION 6.

for the people to do so. One international organization that promotes E.L. is the E.U.

One reason for pursuing E.L. is so that people can earn what they work for and be independent.

One reason for resisting E.L. would be to keep everything and everyone equal.

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2013 SCORING COMMENTARY

Question 6

Overview

The intent of this question was to examine the concept of economic liberalization. The skills tested were conceptual, descriptive, and analytical. Students had five specific tasks: to define economic liberalization, to describe two actions governments would take in pursuing a policy of economic liberalization, to identify an international organization, to explain one reason why a state would pursue economic liberalization, and to explain one reason why a state would resist economic liberalization.

Sample: 6A

Score: 6

In part (a) the response earned 1 point for defining economic liberalization as “the opening up of a market with capitalistic reform. Restrictions by the government are decreased”.

In part (b) the response earned 2 points for defining policies governments pursue in liberalizing their economies. Governments “privatize state-owned enterprises” and “Foreign direct investment is encouraged.”

In part (c) the response earned 1 point for identifying the World Trade Organization as an international organization that promotes economic liberalization.

In part (d) the response earned 1 point for explaining that governments pursue economic liberalization “to widen the variety and strengthen the quality of consumer products”.

In part (e) the response earned 1 point for explaining that governments resist economic liberalization because it “leads to widening inequality of wealth between the rich and the poor.”

Sample: 6B

Score: 4

In part (a) the response earned 1 point for correctly defining economic liberalization as “the movement to a more free market and privatized economy instead of centrally planned [*sic*]”.

In part (b) the response earned 2 points for correctly defining policies governments pursue in liberalizing their economies. Governments “lower Tariffs” [*sic*] and “privatize the ownership of companies”.

In part (c) the response does not correctly identify an international organization and did not earn a point.

In part (d) the response does not correctly explain a reason why governments pursue economic liberalization and did not earn a point.

In part (e) the response earned 1 point for explaining one reason why governments resist economic liberalization. The response explains, “An example is what the Shell Oil Company did in Nigeria. They polluted many areas”.

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Question 6 (continued)

Sample: 6C

Score: 2

In part (a) the response does not sufficiently define economic liberalization and did not earn a point.

In part (b) the response earned 1 point for defining a policy governments pursue in liberalizing their economies as “privitizing businesses [*sic*].” The response does not sufficiently define another policy governments pursue in liberalizing their economies and did not earn a second point.

In part (c) the response earned 1 point for identifying the European Union as an international organization that promotes economic liberalization.

In part (d) the response does not correctly explain a reason why governments pursue economic liberalization and did not earn a point.

In part (e) the response does not correctly explain a reason why governments resist economic liberalization and did not earn a point.