AP® Comparative Government & Politics
2003 Sample Student Responses

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A The overall income distribution in Russia is similar to the overall income distribution in Mexico. In fact, despite minimal differences, their incomes with respect to class distinctions are very similar. In both situations, the wealthiest people are from the upper class, and lowest classes reflect the poorest peoples. The minimal difference is that Russia has a slightly lesser difference and less drastic income gap, than that of Mexico. Overall, however, the incomes of people living in both countries are nearly identical.

B Russia's new approach to a free-market and capitalistic economy has contributed to the overall income distribution in Russia by offering a different approach from Communism. Previously, Communism, the form of government in Russia, had produced more egalitarian and equal results with respect to income dispersion. Now, however, with a democratic regime in power that supports a free market and capitalism, risks are involved. These risks, unfortunately, result in such a disparity of income between classes of people. Capitalism is like a game of Monopoly, where it is necessary to take risks to succeed. Or give's economy will be stagnant. Russia's new capitalistic economy has led to the rich people profiting highly, and the poorer people not benefitting greatly. Unfortunately, this disparity is a direct result of capitalism.
Any government trying to form a capitalistic economy suffers from inequalities China struggles with this same income inequality. The United States still has income inequalities, though not as drastic, and it has been established for over 300 years.

The opening up of Mexico's economy to various trade organizations, such as NAFTA, has also contributed to the overall income disparities in Mexico. NAFTA was a trade organization intended to boost Mexico's slumping economy by forcing Mexicans to export more goods and services and by reducing tariffs. By opening and expanding the market, Mexico is altering its economy to exchange goods with more foreign countries. NAFTA and other trade regulations have severely hurt small farmers who export one crop. They have been unable to compete with larger farms in the United States, who are profiting more heavily. As a result, small Mexican farmers are not netting a profitable income. In contrast, businessmen in Mexico, not in the unprofitable field of agriculture, are netting through more profitable fields. Since they are not dealing with the immediate effects of NAFTA, Mexico's North Atlantic Free Trade Organization hopes Mexico's economy will eventually be able to compete in world markets. For now, NAFTA remains a reason for widespread economic disparity in Mexico.
As reflected in the graph, both Russia and Mexico have a similar wealth distribution in which the top 20% of the population receives over half of the nations total wealth.

Russia's modern income distribution changed dramatically after the dissolution of the USSR in 1991 because of the shock therapy and rapid privatization of former state-owned industry instituted by Yeltsin's economic advisors Chubais and Gaidar.

This rapid privatization led to vast amounts of corruption, in which affluent, well-connected Russian citizens (oligarchs) were able to horde millions of Russian rubles through scandals like the loan-for-shares program, and transfer laundered money into foreign banks.

In Mexico, the formation of NAFTA essentially repealed Articles 27 and 123 of the Mexican constitution, which guaranteed property for all Mexican citizens and ownership of Mexico's subsurface mineral commodities. The repeal of the latter allowed much of the millions of gallons of Mexican oil to be sold privately benefiting a small percentage of Mexican business men and foreign oil companies. This development changed Mexican wealth distribution significantly from its relatively even-handed economy under import substitution industrialization (1945-1975), and undermined Cardenas's land redistribution in the 1940s.
a. Overall income distribution in Russia and overall income distribution in Mexico are very similar. In both Russia and Mexico, the rich are very rich and everyone else is poor. In Russia, the highest fifth of the population holds about 55% of Russia's total income. In Mexico, the highest fifth holds 60% of the total income. These percentages are extremely contrasted by the lowest fifth of the population; in Russia it holds 5% of the income, as well as in Mexico, with four-fifths of Russia's and Mexico's population holding less than the remainder of the total income. It is obvious that Russia and Mexico's income distribution is very off.

b. The overall income distribution in Russia is very unequal due to Russia's bad economy. The Russian currency, the ruble, is not worth very much. The ruble with surrounding countries and the shortage of jobs contributes to this decreasing economy.

c. Mexico, like Russia, has a bad economy. In the late 1980s, early 1990s, the peso, the Mexican unit of currency, was devalued. This devaluation has made the economy suffer because it is difficult to buy things when the peso is worth so little. But it is important that the
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Mexican economy increase since there are so many American businesses in Mexico.