

Unit 5: Political and Economic Changes and Development

Unit 5 asks how economies and societies change, and what that change does to politics. It covers how global markets and technology press on domestic governments, how states answer with openness or protection, how international organizations sit above or between states, how development and demographics reshape political life, and why natural resource wealth can make governments less accountable instead of more.

AP Comparative Government and Politics

Political and Economic Changes and Development

About 15 minutes to read

How to use this guide

Read it in order the first time because the topics build on each other. Global economic forces come first, then state responses to those forces, then the organizations that sit above states, then the domestic policies and demographic changes that shape political life, and finally the resource curse that ties the economic story back to questions of accountability. Exam questions often name a country and an economic fact and ask you to connect them to a political outcome.

After the first read, use the trap boxes and the tables to review the distinctions that exam questions test most often. Finish with the practice questions, then complete the recall check on the last page out loud and note any items you cannot explain yet.

What this unit is worth. Political and Economic Changes and Development is 16 to 24 percent of the AP Comparative Government and Politics exam, the largest share of any unit. It also rewards comparison: most questions hand you two countries and ask what their different economic structures produce politically.

5.1 Impact of Global Economic and Technological Forces

No government in this course runs a closed economy. Global markets reach into domestic politics through prices, trade, and investment. When the world price of oil moves, it moves government budgets in Nigeria, Russia, and Iran directly, because all three depend on oil and gas revenue. Nigeria and Iran feel it as OPEC members whose export earnings set what the state can spend. Russia feels it because oil and gas fund the state. Mexico's emerging market economy rises and falls with access to North American trade through USMCA. China's state-directed economy is woven into global supply chains, which is why the CCP manages its openness carefully. Even the UK, with an advanced market economy, found that its economic integration with Europe carried political consequences, ending in the January 31, 2020 exit from the EU.

Technology reaches in through information. Cheaper communication lets citizens compare their living conditions with other countries and lets news cross borders faster than most governments can filter it. That puts pressure on legitimacy in systems that control information, and it speeds up protest and opposition organizing everywhere.

Trap. When a question says oil prices fell, trace the money first. In Nigeria, Russia, and Iran, falling oil prices mean falling state revenue, which means budget cuts, harder patronage politics, and a weaker state. The economic fact is never just economic. It is a political fact about what the government can afford to do.

5.2 Political Responses to Global Market Forces

States do not all answer global markets the same way. The basic choice runs from openness, meaning joining trade agreements and welcoming foreign investment, to protection, meaning shielding domestic producers and keeping the state in control of key sectors.

Mexico chose integration. Its emerging market economy is tied to North American trade through USMCA, which locks in market access and disciplines domestic economic policy toward openness. China chose managed openness. The state opened trade and let private enterprise grow while the CCP kept its one-party grip and kept the economy under state direction. Foreign firms get access, and the Party keeps control.

Iran and Russia show the constrained end of the spectrum. International sanctions on oil exports and financial access squeeze the revenue that funds both states, and both have answered by tightening state control over the economy rather than opening further. Russia's state-heavy resource market and Iran's mix of a large state sector with religious foundations give their governments the tools to do that. The UK answered integration itself: Brexit was a political response that traded deep market integration with Europe for domestic control over lawmaking.

Trap. Sanctions do not automatically produce liberalization. When sanctions cut revenue, authoritarian states often tighten control over the economy and over politics, because the state already owns the tools to do it. Do not assume outside pressure always pushes a country toward openness.

5.3 Challenges from Globalization

Globalization creates winners and losers inside the same country, and that split is what turns economics into political conflict. Export industries and consumers who benefit from cheap imports gain. Workers and firms that compete directly with imports lose. The gains and the losses land on different people, who then organize against each other: losers demand protection and subsidies, winners demand openness, and parties compete by taking sides.

This is why globalization is politically destabilizing even when it grows the economy overall. The question that matters for the exam is not whether trade raises total output but who gains, who loses, and how each group pressures the government.

Trap. "The economy grew" is not a political answer. Exam questions want the distributional story: name who won, name who lost, and explain how the losers made their problem the government's problem.

5.4 Policies and Economic Liberalization

Economic liberalization means reducing the state's direct control over the economy: privatizing state firms, cutting trade barriers, opening to foreign investment, letting markets set prices. It is a policy choice, and the six states made it in different ways for different reasons.

COUNTRY	ECONOMIC TYPE	WHAT LIBERALIZATION LOOKS LIKE THERE
United Kingdom	Advanced market	A long-standing market economy with an extensive private sector; liberalization is largely complete.
Mexico	Emerging market (USMCA member)	Turned toward open trade and foreign investment after the PRI era, with USMCA locking in the open-trade strategy.
Nigeria	Developing, oil-dependent (OPEC member)	Liberalization is constrained by dependence on oil, which dominates exports and government revenue.
Russia	State-heavy resource-dependent market	The state keeps a commanding role in the economy, especially in energy; liberalization is limited.
China	State-directed socialist market economy	Private enterprise grows under CCP direction while the state keeps the commanding heights; managed openness.
Iran	Mixed, with a large state and religious-foundation sector (OPEC member)	Liberalization is limited by sanctions pressure and by state and religious control of the economy.

Mexico's turn toward open markets came alongside its democratic opening. The PRI lost the presidency in 2000, ending decades of one-party dominance, and the emerging market model with USMCA membership is part of the same break with the PRI era.

China shows the limit of assuming the economy and the regime move together. Market reforms under the CCP produced rapid growth and global trade integration while the Party kept its one-party authoritarian system, with no competitive elections and no opposition.

Trap. Economic liberalization and political liberalization are different things, and China is the case that proves it. An economy can liberalize, meaning markets and private firms get more room, while the

political system stays closed. When a question asks whether market reform leads to democracy, China is the answer that says no.

5.5 International and Supranational Organizations

A **supranational organization** exercises authority above its member states. Members pool sovereignty: the organization's decisions have legal force inside the member countries, and members accept limits on what they can do on their own. An **intergovernmental organization** is different. Sovereign governments negotiate and cooperate, but each keeps final authority, and the organization cannot make law that binds a member against its will.

EU: supranational. Its law applied inside member states, and members accepted common rules and shared institutions. The UK left on January 31, 2020. Institutionally, leaving means the UK is no longer bound by EU law, no longer takes part in EU institutions, and sets its own regulations and trade policy as a non-member. Brexit is the course's clearest case of sovereignty versus integration: a state deciding that controlling its own laws mattered more than the benefits of pooled membership.

USMCA: intergovernmental trade agreement. Mexico is a member. It works the intergovernmental way: governments negotiated it, each country's legislature approved it, and it binds the three states as a treaty without creating a government above them. For Mexico it is the institutional lock on the open-trade strategy from 5.2.

OPEC: intergovernmental organization of oil exporters. Nigeria and Iran are members. Members coordinate oil production policy to influence prices. That coordination is oil as political leverage: producing states can use shared production decisions to move the world price, and consuming states have to live with the result. Sanctions on a member's oil exports, as with Iran, are the other side of that leverage.

Trap. Supranational means authority above the state. Intergovernmental means agreement among states. The EU could bind its members, which is why leaving was such a large institutional step. OPEC and USMCA coordinate sovereign governments, and no member gives up the right to walk away. Match the organization to the right category before you answer.

5.6 Adaptation of Social Policies

Social policy means what the state provides directly to citizens: health care, pensions, education, income support, unemployment protection. Rich states promise more because they can collect more.

The UK, with an advanced market economy, sustains broad welfare provision from a large and stable tax base. Nigeria and Mexico have thinner safety nets. Nigeria is a developing, oil-dependent economy where volatile oil revenue makes long-term spending commitments hard to sustain. Mexico is an emerging market where the tax base is smaller and the budget faces competing demands. The pattern is consistent: the development level sets what the state can afford to promise, and promises the state cannot fund become political liabilities.

When states adapt social policy, they usually do it under fiscal pressure. Aging populations raise pension and health costs, oil price drops cut revenue, and trade opening removes the tariff income that once funded spending. The politics of welfare is the politics of who gets cut.

5.7 Impact of Industrialization and Economic Development

Development level shapes what kind of politics a country can sustain. The course runs a clear spectrum: the UK is an advanced economy; Mexico, Russia, China, and Iran sit in the middle as emerging or middle-income economies of different types; Nigeria is a developing economy.

Advanced development gives the state a broad tax base, a large urban middle class, and the administrative capacity to deliver services and collect revenue without leaning on one source. That supports stable democratic competition in the UK. Middle-level development produces states strong enough to direct industrial policy but still dependent on particular revenue streams or export markets: China's state-directed growth, Russia's resource-funded state, Mexico's trade-tied emerging market, Iran's state and religious-foundation economy under sanctions. Developing status, Nigeria's position, means a narrower revenue base, heavy dependence on one export, and less capacity to deliver services across the whole territory, which keeps the state fragile even under democratic rules.

Trap. When a question gives you a country's development level, use it to predict three things: the state's capacity, its revenue sources, and how exposed it is to outside shocks. The spectrum is a prediction tool, not just a label.

5.8 Causes and Effects of Demographic Change

Three demographic shifts matter for politics: urbanization, youth bulges, and aging.

Urbanization concentrates people in cities. That makes collective action easier, since workers, students, and opposition groups can organize, protest, and communicate at low cost, and it forces governments to deliver housing, jobs, and services to dense populations or face unrest.

Youth bulges are Nigeria's story. A young population means a large cohort entering the workforce and the electorate at once. That can be a workforce asset if jobs exist, and a stability risk if they do not. Young, underemployed urban populations are the classic fuel of protest movements.

Aging is the Russian and Chinese story. Older populations raise pension and health spending while the working-age population shrinks, which squeezes state budgets and shifts political demands toward older voters' priorities. A state that built its legitimacy on rapid growth faces a harder test when growth slows and the population ages.

Trap. Young and old populations create opposite political problems. A youth bulge pressures the state to create jobs and absorb new voters. An aging population pressures the state to fund pensions and health care for retirees. If a question names a country's demographic trend, name the matching fiscal pressure.

5.9 Impact of Natural Resources

Oil wealth looks like a blessing and behaves like a trap. Nigeria is the developing, oil-dependent case; Russia funds its state with oil and gas; Iran exports oil under sanctions. All three show why resource wealth can weaken democratic development.

The mechanism runs through revenue. When the state gets its money from selling oil instead of taxing citizens, it does not need to bargain with the public for revenue. That breaks the tax-accountability link: governments that live off resource rents can fund patronage, security forces, and loyalists without asking citizens for anything, so citizens have less leverage to demand representation. It also concentrates power in whoever controls the resource, usually the executive, and it makes the whole budget hostage to the world oil price. A price crash becomes a political crisis.

Dutch disease is the economic side of the curse. Oil exports push up the currency and draw investment into the resource sector, which makes other exports uncompetitive and leaves the economy less diversified and more fragile.

Trap. More money can mean less democracy. The resource curse is counterintuitive on purpose: oil wealth frees the state from depending on its citizens financially, and a state that does not need its citizens' taxes has less reason to answer to them. Nigeria's democratic deficits, Russia's executive dominance, and Iran's theocratic control all draw strength from revenue that bypasses the public.

Confusions That Cost Points

PAIR	HOW TO KEEP THEM STRAIGHT
Economic liberalization vs political liberalization	Opening markets is not opening the political system. China did the first without the second, and the CCP stayed in power.
Supranational vs intergovernmental	The EU could bind its members, which made Brexit a large institutional step. OPEC and USMCA coordinate sovereign governments, and no member surrenders the right to leave.
Openness vs protection	Mexico integrated through USMCA. China manages openness under Party control. Iran and Russia answer sanctions pressure with tighter state control.
Resource wealth vs development	Oil revenue can weaken accountability instead of building it, because the state stops needing citizens' taxes. Nigeria, Russia, and Iran show the mechanism.
Globalization's winners vs losers	Gains and losses land on different groups inside the same country. That split is what turns trade policy into political conflict.
Youth bulge vs aging	Nigeria's young population pressures job creation and absorbs new voters. Russia's and China's aging populations pressure pension and health budgets.
Welfare state vs developing-state social policy	The UK's advanced economy funds broad provision. Nigeria and Mexico face revenue limits that thin the safety net.

Practice Questions

Original questions written for this guide in the style of the AP exam. Answers and explanations are on the next page, so complete the questions before checking them.

1. China is a one-party authoritarian state with a state-directed socialist market economy. This combination best shows that

1. economic liberalization requires political liberalization
2. economic liberalization can happen without democratization
3. authoritarian states cannot integrate into global markets
4. privatization always ends one-party rule

2. Nigeria is a developing, oil-dependent economy. The resource curse argument predicts that oil wealth most likely

1. guarantees democratic consolidation
2. reduces the government's need for foreign investment
3. makes OPEC membership unnecessary
4. weakens the link between taxation and political accountability

3. The United Kingdom left the European Union on January 31, 2020. Which statement about the EU is accurate?

1. It is supranational because member states pooled sovereignty under institutions whose rules could bind them
2. It is intergovernmental because each member kept full control over its trade policy
3. It ceased to exist when the United Kingdom left
4. It is a trade agreement identical in form to USMCA

4. Nigeria and Iran are both OPEC members. OPEC is best described as

1. a supranational government with authority to tax its members
2. a free trade agreement among oil importers
3. an intergovernmental organization through which members coordinate oil production policy
4. a development bank that lends to oil exporters

5. Nigeria has a young population, while Russia and China face aging populations. A youth bulge most directly affects politics by

1. shrinking the size of the electorate
2. increasing pressure on the state to provide jobs and education
3. reducing demand for urban housing
4. making pension spending the dominant budget issue

6. Mexico's economy is an emerging market integrated through USMCA. Mexico's move toward economic openness happened alongside

1. the PRI strengthening its one-party dominance
2. the Guardian Council vetting Mexico's economic policy
3. China's adoption of the sexenio
4. the PRI losing the presidency in 2000, ending decades of one-party dominance

7. Which statement about Brexit is accurate?

1. The UK left the EU on January 31, 2020, ending its subjection to EU law
2. The UK became a federal state after leaving the EU
3. The UK kept its seats in EU institutions after leaving
4. The UK joined USMCA when it left the EU

8. The UK maintains broader welfare provision than Nigeria or Mexico. The most direct economic reason is

1. the UK's oil exports
2. Nigeria's membership in OPEC
3. the UK's advanced market economy generating a larger, more stable tax base
4. Mexico's unicameral legislature

Answer Key

- 1. B.** China's market reforms grew under continued CCP one-party rule, so the economy opened while the political system stayed closed. A reverses the lesson; China is the case against it. C is contradicted by China itself, which integrated deeply into global markets. D is far too strong and false here, since the CCP stayed in power.
- 2. D.** The resource curse works through revenue: the state funds itself with oil rents instead of taxes, so it needs less bargaining with citizens and answers to them less. A predicts the opposite of the curse. B is not the argument; the curse is about accountability, not investment. C is irrelevant, since Nigeria uses OPEC membership as leverage.
- 3. A.** The EU is the course's supranational case: members pooled sovereignty and accepted rules that bound them, which is why the UK's exit was institutionally large. B describes an intergovernmental arrangement, the opposite category. C is false; the EU continued without the UK. D confuses the EU with USMCA, which is a trade agreement among sovereign governments, not a supranational body.
- 4. C.** OPEC is intergovernmental: sovereign oil exporters coordinate production policy, and no member surrenders governing authority. A invents a taxing power OPEC does not have. B gets the members wrong; OPEC is exporters, not importers, and it is an organization, not a trade agreement. D confuses OPEC with a development bank.
- 5. B.** A youth bulge sends a large cohort into the workforce and the electorate at once, which pressures the state to deliver jobs and education. A reverses the effect; the electorate grows, not shrinks. C reverses it too, since young urban workers raise housing demand. D is the aging-population problem, which belongs to Russia and China.
- 6. D.** Mexico's economic opening and democratic opening moved together, with the PRI's 2000 presidential defeat ending decades of one-party dominance. A reverses the history; openness came as the PRI's dominance broke. B names an Iranian institution, the Guardian Council, which has nothing to do with Mexico. C mixes up the countries; the sexenio is Mexico's single six-year presidential term, not anything China adopted.
- 7. A.** The UK left the EU on January 31, 2020, and leaving meant no longer being bound by EU law or taking part in EU institutions. B is false; the UK remains unitary with devolution, and Brexit did not change that. C contradicts what leaving means institutionally. D invents a fact; Mexico, not the UK, is the USMCA member in this course.
- 8. C.** An advanced market economy gives the UK a larger, more stable tax base, which is what funds broad welfare provision. A invents an economic basis; the UK is an advanced market economy, not an oil exporter. B explains Nigeria's oil dependence, not its welfare spending. D is wrong on the facts, since Mexico's legislature is bicameral, and legislatures do not fund welfare; tax bases do.

When you check your answers, note which distinction each miss came from. Make a flashcard for that distinction and drill it spaced out over the next few days instead of rereading the whole section. If you missed one of these questions, the same distinction is worth practicing again in Rycal, where the Unit 5 deck has flashcards for it and more practice questions use the same kinds of traps.

One-Page Recall Check

Say each answer out loud before you look back, and mark the ones you cannot finish. Anything you cannot say out loud yet belongs in your flashcard deck. In Rycal, add those items to the AP Comparative Government and Politics Unit 5 deck and let spaced review bring them back over the next few days.

- Explain how global markets reach into domestic politics, using oil prices and one of Nigeria, Russia, or Iran.
- Describe the spectrum from openness to protection and place Mexico, China, and Iran on it.
- Explain why globalization creates winners and losers inside the same country.
- Define economic liberalization and give one example from the six countries.
- Explain how China shows that economic liberalization does not require political liberalization.
- Define supranational and intergovernmental, and classify the EU, OPEC, and USMCA.
- Explain what the UK leaving the EU on January 31, 2020 means institutionally.
- Compare welfare provision in the UK with Nigeria and Mexico, and explain the economic reason for the difference.
- Place the six countries on the development spectrum from advanced to developing.
- Explain how a youth bulge and an aging population create opposite political pressures, naming one country for each.
- Define the resource curse and explain the tax-accountability mechanism.
- Explain how oil acts as political leverage through OPEC and through sanctions.
- Name the six countries' economic types from the 5.4 table.

Where to go next. Turn every missed item above into flashcards and drill them spaced out over several days rather than in one sitting. In Rycal, open the Unit 5 deck under AP Comparative Government and Politics. The deck covers the terms in this guide, and its practice questions target the same traps named here. If you have a test date, add it in the Test Planner. You can also start your next review with a Brain Dump, then check what you missed against this guide.

Key terms for this unit

Globalization, Economic liberalization, Political liberalization, Advanced market economy, Emerging market, Developing economy, State-directed economy, Socialist market economy, Openness vs protection, USMCA, Supranational organization, Intergovernmental organization, OPEC, Brexit, Welfare state, Social policy, Urbanization, Youth bulge, Aging population, Resource curse, Dutch disease, Tax-accountability link, Rentier state.

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