Question 3

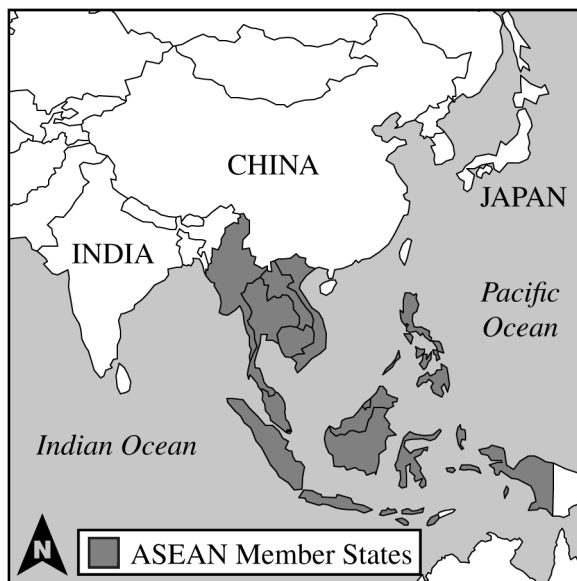### ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

Source: ASEAN and Natural Earth GIS

ECONOMIC DATA FOR SELECTED COUNTRIES AND SUPRANATIONAL ORGANIZATIONS

Country	Population (2017)	Gross Domestic Product (2017, in United States dollars)	Ten-Year Gross Domestic Product Growth (2008 to 2017)
China	1,409 million	$12.2 trillion	245%
India	1,339 million	$2.6 trillion	117%
ASEAN countries combined	636 million	$2.8 trillion	106%
Brazil	209 million	$2.0 trillion	47%
United States	324 million	$19.3 trillion	34%
Japan	127 million	$4.8 trillion	8%
European Union countries combined	512 million	$17.2 trillion	−3%

Source: World Bank, United Nations Statistics Division, EUROSTAT

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3. The Association of Southeast Asian Nations (ASEAN) is a supranational organization.

   A. Describe the concept of a supranational organization.

   B. Using the gross domestic product (GDP) data in the table, explain ONE economic benefit to a country that joins ASEAN.

   C. Using the ten-year GDP growth data in the table, explain ONE way that membership in ASEAN will affect the quality of life for citizens in member states.

   D. Explain ONE political advantage for countries that join a supranational organization, and explain ONE political disadvantage for countries that belong to supranational organizations.

   E. Define the concept of economy of scale.

   F. Using the data in the table, explain how economies of scale are important to understanding ASEAN's competitiveness with Japan and China.

   _____

   Begin your response to this question at the top of a new page in the separate Free Response booklet and fill in the appropriate circle at the top of each page to indicate the question number.

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END OF EXAM

| **(D)** | Explain a recent trend in the location of dairy farms with respect to consumer locations. | **1 point** |

Accept one of the following:

- D1. Dairies have moved farther from consumer locations as a result of improvements in transportation methods and networks.
- D2. Dairies have moved farther from consumer locations as a result of improvements in preservation and storage.
- D3. Dairies have moved farther from consumer locations as a result of conversion of agricultural land to urban and suburban land use.
- D4. Dairies have moved farther from consumer locations as a result of changes in the price of land or cost of production that lead farmers to relocate.
- D5. Dairies have moved farther from consumer locations as a result of environmental regulations.
- D6. Specialized dairies have moved or remain close to consumer locations as a result of community-supported agriculture.
- D7. Specialized dairies have moved or remain close to consumer locations as a result of eat-local or farm-to-table movements.
- D8. Specialized dairies have moved or remain close to consumer locations as a result of consumer preference for raw or unpasteurized dairy products.

| **(E)** | Explain ONE way in which a complex commodity chain connects large-scale dairies to consumers. | **1 point** |

Accept one of the following:

- E1. Milk is manufactured into value-added dairy products (e.g., yogurt, cheese, cream, other dairy products, frozen foods), increasing the complexity of the commodity chain as more steps are needed for processing and packaging.
- E2. Dairy solids are used in the industrial production of food ingredients or cosmetics, so more steps are needed in the commodity chain.
- E3. Whey is used in formula for infants, in snacks, and for other purposes and is processed at a different plant, adding complexity to the commodity chain.
- E4. Customized packaging of dairy products adds complexity as additional steps are needed in the commodity chain.
- E5. Overproduction of milk may result in production of dairy products such as dry milk and canned milk that can be preserved much longer than fresh milk and shipped long distances and/or internationally to consumers. This adds complexity to the commodity chain.

(D)	Explain ONE difference between world cities and metacities.	**1 point**

Accept one of the following:

- D1. Metacities are urban areas with over 20 million people and are ranked by population size, whereas world cities are ranked in order of their importance to the global economy.
- D2. Metacities are mostly located (all but two, Tokyo and New York) in less developed countries, whereas top-ranked world cities (except Beijing) are mostly located in more developed countries.
- D3. Metacities have grown to attain their status through rapid rural-to-urban migration from their hinterlands, whereas world cities have attained their status as nodes of the global economy though the movement and concentration of transnational finance and trade.
- D4. The populations of metacities are primarily comprised of rural-to-urban migrants in the countries where these urban areas are located, whereas world cities' populations comprise a large percentage of first- and second-generation migrants from foreign countries.
- D5. Metacities are primarily national economic and cultural centers, whereas world cities are primarily global economic and cultural hubs.

(E)	Using the data in the table, explain ONE limitation of the world city classification system in reflecting current patterns of global urban development.	**1 point**

Accept one of the following:

- E1. Many of the cities with the largest populations in the world are not on this list, because they do not rank high in the categories used for scoring world cities.
- E2. Urbanization in the world is occurring on the largest scale and most rapidly in less developed countries, and those cities are not ranked in the top 10.
- E3. The world city classification does not reflect the largest or the most rapidly growing cities, as these are in less developed countries.
- E4. The weighting of the criteria for the world city classification system is such that important cities in the world do not appear in the top ten.

(F)	Using the data in the table and the scoring criteria, explain ONE reason for the difference in scores between London and Washington, D.C.	**1 point**

Accept one of the following:

- F1. Washington, D.C. has little activity in the Business category compared to London, which is a global center of finance, so this probably accounts for much of the almost 30 points difference in scores.
- F2. The Business activity category comprises 30% of the score, and London is a global business hub, whereas the political engagement category comprises 10% and Washington, D.C., is a national capital with global influence.

Question 3: Two Stimuli   7 points

(A)   Describe the concept of a supranational organization.   **1 point**

Accept one of the following:

- A1. Organization comprising multiple member countries with shared objectives and cooperation in political, economic, and/or sociocultural spheres.
- A2. Organization comprising multiple member countries with common objectives and policies that are binding for each member.
- A3. Organization of multiple member countries that promotes common objectives to improve the welfare of member states and/or to represent their interests on the global stage.
- A4. Organization of multiple member countries that collaborate on security, educational, cultural, economic, environmental, and political issues that affect them individually and as a group.

(B)   Using the gross domestic product (GDP) data in the table, explain ONE economic benefit to a country that joins ASEAN.   **1 point**

Accept one of the following:

- B1. A country joining ASEAN, with its large and rapidly growing economy, is likely to be able to improve the member country's standard of living.
- B2. The ASEAN GDP of $2.8 trillion, larger than India and Brazil, gives its members a competitive edge in world trade.
- B3. An economic benefit of belonging to a group of countries with rapid GDP growth is growth of GDP per capita over time.
- B4. Joining ASEAN benefits a new member by becoming part of an economy growing twice as fast or faster than Brazil, Japan, the United States, or the EU.
- B5. The combined GDP of ASEAN countries grew 106% (e.g., more than doubled) in a decade, so a new member would likely benefit from participation in a region with one of the world's fastest growth rates.

| **(E)** | Define the concept of economy of scale. | **1 point** |

Accept one of the following:

- E1. As the scale of production increases, the average production cost per unit decreases.
- E2. The larger a business is, the greater competitive advantage it has as it is able to produce more with greater cost savings.
- E3. Companies that cut costs and increase production may attain economies of scale through greater efficiency.
- E4. External factors such as access to specialized labor and reduced taxes can lower production costs and help companies attain economies of scale.

| **(F)** | Using the data in the table, explain how economies of scale are important to understanding ASEAN's competitiveness with Japan and China. | **1 point** |

Accept one of the following:

- F1. ASEAN can combine its members' resources (e.g., land, labor, capital) to increase production, reduce costs, and be more competitive with larger economies such as China and Japan.
- F2. ASEAN has a competitive advantage because it has lower labor costs that reduce the cost of production for basic goods (e.g., low-technology goods, low-skill goods, low-cost goods) making it more efficient and competitive with China and Japan for foreign investment.
- F3. ASEAN has a competitive disadvantage with Japan because Japan's smaller labor force is more effective at manufacturing specialized goods (e.g., high-technology goods, high-skill goods, high-cost goods) due to its highly efficient production system.
- F4. ASEAN has a competitive disadvantage with China because China's large workforce has become better educated and more skilled, moving production from cheaper to higher-cost and specialized goods.

Total for question 3   7 points