

# Tasks for Internal Summative Assessment

Педагогикалық  
өлшеулер  
орталығы  
Назарбаев  
Зияткерлік  
мектептері  
**NIS**

## Economics

### Grade 12



Астана, 2016

## **Introduction**

In Nazarbayev Intellectual schools students' achievements is based on criterion based assessment including formative, internal summative and external summative assessment.

**Formative assessment (FA)** – ongoing assessment which is carried out by teachers against selected learning objectives of the subject programmes as part of teaching and learning. Carried out in various forms (oral questioning, written and practical assignments, etc..) and allows the teacher and student to adjust the learning process.

**Internal summative assessment (ISA)** – end of term assessment, which defines the level of knowledge and skills maturity by finishing the learning of a domain of learning content and developed and conducted by school.

**External summative assessment (ESA)** – assessment which defines the level of knowledge and skills maturity by finishing the level of education – primary school, secondary school and high school in accordance with the External summative assessment model, developed and conducted by organizations external to school. Carried out in certain subjects after grade 5, 10, 11 and 12.

Success criteria is used in formative assessment to enable students to understand what skills are needed to achieve the learning objective, as well as to inform teachers in providing support for those students who have difficulties in achieving specific learning objectives.

Mark schemes are developed together with the development of ESA items. Both ISA and ESA use the mark schemes that consider learner's success criteria in achieving specific learning objectives of formative assessment.

The mark schemes are developed in the development of ISA tasks. In the internal and external summative assessment are used mark schemes, which include success criteria for students in achieving specific learning objectives of formative assessment.

## Sample Questions and Mark Schemes Term

### Term 1

Course plan unit	Questions	Total marks
Money and financial institutions	24	24
The role of government in the macroeconomy	36	36

Number of marks: 60

### Section A

1. Determine which function of money relates to this example: "Because of the increase in petrol prices, the price in the public transport in Astana increased till 90 tenge"
  - A. Medium of exchange
  - B. Store of value
  - C. Unit of account
  - D. Standard for referred payments.

A ☐ B ☐ C ☐ D ☐ [1]
2. Determine which function of money relates to this example: "Japan has given Ukraine a loan of \$ 100 million, which should help the country to reform and simplify the business environment. Maturity - 20 years "
  - A. Medium of exchange
  - B. Store of value
  - C. Unit of account
  - D. Standard for referred payments.

A ☐ B ☐ C ☐ D ☐ [1]
3. Determine what we will get by dividing total GDP by the population.
  - A. Real GDP
  - B. Nominal GDP
  - C. Human Development Index
  - D. GDP per capita

A ☐ B ☐ C ☐ D ☐ [1]
4. Determine which of the following is the main source of state budget of Kazakhstan.
  - A. Tax Revenues
  - B. Non-tax revenues
  - C. Receipts from sales of fixed assets
  - D. Transferts

A ☐ B ☐ C ☐ D ☐ [1]
5. Fill in the blanks.
  - 5.1. .... is the central bank of the state and represents the upper (first) tier of the banking system.
 

[1]
  - 5.2. All other banks are .... tier of the banking system with the exception of the Kazakhstan Development Bank, which has a special legal status, defined by legislation of the Republic of Kazakhstan.

- [1]
6. Fill in the blanks.
- 6.1. The number of unemployed in the region is 500 people. The total amount of labor force is equal to 6,000. The unemployment rate is .... [1]
- 6.2. Increases in the CPI level serve as a measure of the consumer ..... rate. [1]
- 6.3. ... in Kazakhstan was worth 231 billion US dollars in 2013. [1]
- 6.4. ... - integral index, calculated every year to compare and measure the standard of living, literacy, education and longevity as the main characteristics of the human potential of the study area. [1]
7. Explain what a second-tier bank, and which banking operations it performs. [2]
8. What is the difference between nominal and real GNP. [2]
9. What is the difference between direct and indirect taxes. Give examples. [2]
10. How can be solved the problem of the trade deficit? [4]
11. In 2013, Kazakhstan was ranked 69th on the Human Development Index. How does this indicator could be improved? [4]
- 12.1. Give examples of the types of investments. [2]
- 12.2. What aspects need to be considered when investing in assets and why? [2]
- 12.3. In what type of investment should investing more? [2]
13. The following tables show the dynamics of unemployment and price index.
- Table 1
- |                      | 2008 | 2009 | 2010 | 2011 |
|----------------------|------|------|------|------|
| unemployment rate, % | 5    | 3,2  | 1,6  | 1    |
| price index, %       | 1    | 1,3  | 2,5  | 3,3  |
- 13.1. Draw the Phillips curve.



13.2. Make a graph analysis.

[2]

[4]

### Section B

**Please, choose one article for essay**

Article 1.

The question of content of the investment portfolio is one of the key issues that determine the effectiveness of investments. Problem at least, standing in front of any man is to protect own savings, every second "eaten" by inflation, country and currency risks, and the task of the maximum - to increase own savings, for a decent standard of living in the future. Stocks and bonds are the most common securities, that provides them a relatively high level of liquidity and considerable freedom of choice with regard to investment projects.

14. Read the text 1, and write the essay on a subject: "In what it is better to make investments? In stocks, bonds, or without difference?" (160 words).

[24]

Article 2

By virtue of the scale of formed disbalances in the world economy over the last ten years, it is impossible an immediate resolution of the current problems, and vice versa, there is the possibility of escalation of debt problems and the growth of the banking crisis in the eurozone. Therefore, there is the probability of the pessimistic scenario, that assumes a reduction in oil prices, the decline in external demand and foreign currency liquidity. In such a scenario, depending on the scale of the decline in oil prices, the slowdown in GDP growth will be more significant.

<http://bnews.kz>

15. Read article two and offer to the government of Kazakhstan strategy to achieve the main macroeconomic objectives. Essay on 160 words.

[24]

### Mark Scheme

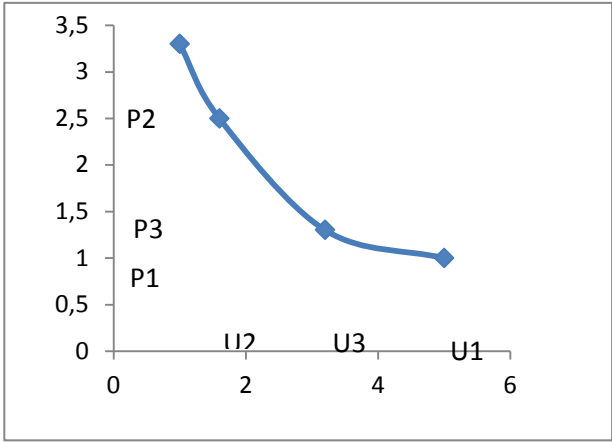
Part	Skills Groups	Mark	Answer	Further Information
1	1	1	C	
2	1	1	D	
3	1	1	D	
4	1	1	A	
5.1	1	1	National Bank	
5.2	1	1	Lower (second)	
6.1	1	1	8,33	
6.	1	1	Inflation	

2				
6.3	1	1	GDP	
6.4	1	1	HDI	
7	1	2	<p>The legal entity who is carrying out commercial activity. The key aim of a commercial bank is to make a profit.</p> <p>The main functions of commercial banks:</p> <ul style="list-style-type: none"> <li>- Accepting deposits</li> <li>- Giving loans</li> <li>- Organization and holding of non-cash payments;</li> <li>- Investment of Funds and others</li> </ul>	
8	1	2	<p>The nominal GNP is the value of all the production valued at this year's prices. Real GNP is valued at prices of a base year.</p> <p>Nominal GNP is the simplest statistic to compile, because the monetary values will be for the year for which the analyst will be calculating GNP. The problem with nominal GNP statistics is that analysts cannot accurately compare them to one another. This is because of inflation: currency in 1987, for example, likely does not have the same value as the same currency in the present day. For this reason, comparing the nominal GNP of a country in 1987 to that of the same country in 2010 would not show the true quantitative difference in global economic activity by that country and its citizens because inflation is likely to have changed the currency's value.</p> <p>Analysts compare nominal GNP statistics from different years to one another by converting all of the statistics to the monetary value of a baseline year based on the known rate of inflation in that country. By converting these statistics into a monetary value from a single year, analysts can remove the effect of inflation from the statistics. Real GNP can be expressed using the monetary value of whichever year the analyst chooses as a baseline year.</p>	
9.	2	2	<p>A direct tax is one paid directly to the government by the persons (juristic or natural) on whom it is imposed (often accompanied by a tax return filed by the taxpayer). Examples include some income taxes, some corporate taxes, and transfer taxes such as estate (inheritance) tax and gift tax.</p> <p>An indirect tax (such as sales tax, value added tax (VAT), or goods and services tax (GST)) is a tax collected by an intermediary (such as a</p>	

			retail store) from the person who bears the ultimate economic burden of the tax (such as the customer)	
1 0	2	4	<p>A trade deficit is when a country purchases more imported goods than it exports. Although it raises the standard of living in the country that has the deficit, it is a potential problem. The more goods and services that are imported means less that are purchased from local manufacturers. In turn meaning that fewer goods are produced in the local economy, therefore fewer jobs are needed.</p> <p>Theoretically, the BOP should be zero, meaning that assets (credits) and liabilities (debits) should balance, but in practice this is rarely the case. Thus, the BOP can tell the observer if a country has a deficit or a surplus and from which part of the economy the discrepancies are stemming.</p> <p>How we can solve the trade deficit problem? Import controls are difficult to impose in today's world of free trade and the WTO. The value of the tenge may well fall, but only if the currency markets allow it. Deflation is completely out of the question given the risk of recession and its political difficulties. How else can a government try to reduce a current account deficit?</p> <p>For most manufacturing firms, it seems the only way to sell more goods abroad and to persuade Kazakhstans consumers to buy more home produced goods rather than imports is to become more competitive, particularly in terms of 'non-price' factors. In terms of the most worrying 'price' factor, there is not much that they can do about the strong pound.</p> <p>Governments can help in this field by providing tax relief for capital investment and for research and development. They can provide training to improve the skills of the workforce and invest money into education generally so that the quality of all school leavers improves.</p>	
1 1	2	4	The HDI was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI can also be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes. These contrasts can stimulate debate about	

			<p>government policy priorities.</p> <p>The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living.</p> <p>Kazakhstan needs new approaches to the development of education and science, in particular more applied nature of science, more practice in the universities of the country. Improving health through the development of a model "green" economy. Particular attention should be paid to improving energy, climate and regional policies, the role of civil society (freedom of press) and business (available credits) in the transition to sustainable development.</p>	
12.1	2	2	<p>Real assets are tangible assets that determine the productive capacity of an economy, that is, the goods and services its members can create. These include land, buildings, machines, and knowledge that can be used to produce goods and services. Other common examples of investments in Real Assets are paintings, antiques, precious metals and stones, classic cars etc. For example the real assets of Kazakhstan Temir Zholy are: trains, stations, railways.</p> <p>Financial Assets, or more commonly known as Securities, include stocks, bonds, unit trusts etc. In essence, financial assets or securities represent legal claim on future financial benefits. These are no more than sheets of paper and do not contribute directly to the productive capacity of the economy. Instead, these financial assets are the means by which individuals hold their claims on real assets and the income generated by these real assets. For example the financial assets of "KazMunayGas" are common shares. Cost of one share is 19500 tenge.</p>	
12.2	2	2	<p>Risk, liquidity and profitability. The investment must be:</p> <ul style="list-style-type: none"> <li>- Less risky, in order not to get a loss;</li> <li>- More liquid so that when the need to convert investments into cash;</li> <li>- More cost-effective for the rapid increase in profits.</li> </ul> <p>But as a rule, in the real economy is very difficult to find investments that would meet all of these requirements, so you have to find a middle ground.</p>	<p>Explanation of all aspects - 1 point.</p> <p>Establishing a connection between them - 1 point.</p>



12. 3	2	2	<p>It is necessary to put evenly investments as in real sector, for reduction of risks, and in financial sector for increase in liquidity and profitability.</p> <p>The investments only in financial sector will lead to emergence of a soap bubble, falling of level of real production, and the increased risk.</p> <p>The investments only in real sector will lead to the slowed-down growth, and low mobility.</p>	For other versions with an explanation - 1 point.
13. 1	2	2		
13. 2	2	4	<p>Phillips curve shows inverse relationship between inflation and unemployment.</p> <p>At unemployment rate of 5% (U1) and a price index of 1% – high unemployment rate, economy is on a crisis phase.</p> <p>The state takes measures for increase in demand and for decrease in unemployment (increase in a salary, the public expenditures), and rate of inflation decreases to unemployment rate of 1,6% (U2) and a price index of 2,5% (P2). To avoid aggravating the crisis, the government reduces the price index to the level of P3 (1.3%) and at the same time, unemployment increases to U3 (3,2%).</p>	

**Section B.**  
**Mark Scheme**

	<b>AO1 Knowledge and understanding</b>		<b>AO2 Application and analysis</b>		<b>AO3 Evaluation and judgements</b>
<b>6</b>	Strong knowledge and understanding of the specified content	<b>6</b>	Effective application and analysis of the specified content	<b>9-12</b>	Effective evaluation and judgements in relation to the specified content
<b>5-4</b>	Adequate knowledge and understanding of the specified content	<b>5-4</b>	Adequate application and analysis of the specified content	<b>5-8</b>	Adequate evaluation and judgements in relation to the specified

					content
<b>1-3</b>	Limited knowledge and understanding of the specified content	<b>1-3</b>	Limited application and analysis of the specified content	<b>1-4</b>	Limited evaluation and judgements in relation to the specified content
<b>0</b>	No knowledge or understanding of the specified content	<b>0</b>	No application or analysis of the specified content	<b>0</b>	No effective evaluation or judgements in relation to the specified content

#### **№14.**

#### **Task-specific Mark Scheme**

#### **AO1 (0-6 marks). Skills Group - 1**

Answers should show some understanding of the issues around investment. What is the investment portfolio, and of what it consists. The content must focus on the actual question. Answers may refer to the following points:

- Investment - an asset or item that is purchased with the hope that it will generate income or appreciate in the future. In an economic sense, an investment is the purchase of goods that are not consumed today but are used in the future to create wealth. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price.
- Investment portfolio - a hands-off or passive investment of securities in a portfolio. A portfolio investment is made with the expectation of earning a return on it.
- Shares- a unit of ownership interest in a corporation or financial asset. While owning shares in a business does not mean that the shareholder has direct control over the business's day-to-day operations, being a shareholder does entitle the possessor to an equal distribution in any profits, if any are declared in the form of dividends. The two main types of shares are common shares and preferred shares.
- Bonds - a debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate.
- Stocks and bonds can be purchased on the stock exchange. In Kazakhstan - KASE.

#### **AO2 (0-6 marks). Skills Group - 2**

Analysis. How stocks and bonds makes a profit. What aspects to consider when selecting stocks and bonds. The analysis must focus on the actual question. Answers may refer to the following points:

- at formation an investment portfolio should taken into account aspects of the risk and profitability. The greater the risk, the higher the yield, and vice versa
- Stocks and bonds represent two different ways for an entity to raise money to fund or expand their operations. When a company issues stock, it is selling a piece of itself in exchange for cash. When an entity issues a bond, it is issuing debt with the agreement to pay interest for the use of the money. Since each share of stock represents an ownership stake in a company – meaning the owner shares in the profits and losses of the company - someone who invests in the stock can benefit if the company performs very well and its value increases over time. At the same time, he or she runs the risk that the company could perform poorly and the stock could go down – or, in the worst-case scenario (bankruptcy) – disappear altogether.

Individual stocks, and the overall stock market, tend to be on the riskier end of the investment spectrum in terms of their volatility and the risk that the investor could lose money in the short term. However, they also tend to provide superior long-term returns. Stocks are therefore favored by those with a long-term investment horizon and a tolerance for short-term risk.

Bonds lack the powerful long-term return potential of stocks, but they are preferred by investors for whom income is a priority. Also, bonds are less risky than stocks. While their prices fluctuate in the market – sometimes quite substantially in the case of higher-risk market segments - the vast majority of bonds tend to pay back the full amount of principal at maturity, and there is much less risk of loss than there is with stocks.

### **AO3 (0-12 marks). Skills Group - 2**

Discussion about risk and profitability when choosing stocks or bonds. How at certain stages should be diversified investment portfolio. Effect of shares and bonds on the global economy. Answers may refer to the following points:

- With small investment is better to invest more in stocks, as there, the market is more dynamic, and it is possible to earn significantly. For large investment is better to invest in bonds, because of fixed interest, income would be significant.
- At financial crisis and an unstable economic situation it is better to put in the bonds for minimization of risks, and obtaining the guaranteed income. But with a growth of economy and revival of financial sector, it is better to put in shares, because indexes will grow.
- Any investments are potentially risky. Bonds bear in themselves less risk, but thus are less flexible tools and give less opportunities for receiving profit. The choice of an acceptable ratio of risk and profitability always remains for the investor. If you have enough time to studying of the companies issuers and the market analysis at trade in securities and derivatives, investments both in shares, and in the bonds can become favorable.
- Problems with which the investor may face / fraud / problems of psychology / global financial crisis / force majeure / negative impact of policy, etc.
- Is it worth to invest in stocks and bonds, when there are other more lucrative forms of income. Such as investments into the real sector, or into the business.
- The possibility of selling and buying stocks and bonds, it is to a certain extent a bad thing because very often arises a soap bubble. Due to speculations the real value of some companies may be significantly overstated. One example is the investment activity of Lehman Brothers, which was the starting point of the global financial crisis of 2008.

### **№15.**

#### **AO1 (0-6 marks) Skills Group - 1**

Understanding of the main macroeconomic objectives. The answer may include the following items:- Economic growth is the increase in the market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP.

- Price stability - a situation in which prices in an economy don't change much over time. Price stability would mean that an economy would not experience inflation or deflation. It is not common for an economy to have price stability.
- Full employment - a situation in which all available labor resources are being used in the most economically efficient way. Full employment embodies the highest amount of skilled and unskilled labor that could be employed within an economy at any given time. The remaining unemployment is frictional.
- Balance of payments - a statement that summarizes an economy's transactions with the rest of the world for a specified time period. The balance of payments, also known as balance of international payments, encompasses all transactions between a country's residents and its nonresidents involving goods, services and income; financial claims on and liabilities to the rest of the world; and transfers such as gifts.

### **AO2 (0-6 marks) Skills Group - 2**

Analysis. Which strategies should be selected in order to achieve macroeconomic objectives. The analysis should focus on a specific issue. Answers may include the following items:

- Monetary policy and policy in the field of regulation of the financial sector. Necessary to decrease the dollarization of the economy and volatility of interest rates. This will increase the flexibility and efficiency of liquidity regulation, reduce dependence on external shocks. Necessary to lower interest rates, which will increase SME lending, tax revenues and will lead to full employment
- .- To combat inflation, a temporary ban on the export of essential commodities, including gasoline. Subsidizing domestic producers, especially agriculture sector.
- Fiscal policy should be aimed at maintaining the national debt at a safe level, the efficient use of budgetary resources, effective use of the National Fund / increase in budgets of the regions. Fiscal policy should be focused on tax cuts for the non-commodity sector and foreign companies, this will lead to the diversification of production and attract foreign investments.
- Special emphasis on industrialization for economic growth / transition to a green economy / in the mining industry the maximum processing of raw materials within the country / create the chemical clusters/ construction of nuclear power plant / renovation and modernization of old factories / sustainable development of the tourism industry through the creation and development of infrastructure/ the formation of the image of Kazakhstan to improve its attractiveness as a tourism destination / development of mechanical engineering by attracting foreign auto companies/ development of transport infrastructure and communications / development of public-private partnerships in the context of budget deficit
- regulation of unemployment through the state program / partnerships between businesses and universities - the transition to the dual system of education

### **AO3 (0-12 marks) Skills Group - 2**

Discussion of the degree of risk of slower economic growth. The impact of international economic alliances and geopolitics on the economy of Kazakhstan. Answers may include the following items:

- The negative impact of excessive presence of foreign capital in the Kazakh extractive sector on the macroeconomic stability
- Preservation of the strong dependence of the Kazakh economy from external shocks.
- Termination of the rapid growth of oil prices. Possible drop in oil prices due to the economic stagnation in the developed world, or with the development of a green economy / problems of Kashagan.
- political risks / growing instability in the region / Ukraine / anti-Russian sanctions / extremism in the Middle and Near East / uncertainty with the continuity of power in the country
- possible problems of WTO accession / collapse of domestically SME / infringement of the rights of Kazakhstan in the Customs Union.

## Term 2

Course plan unit	Questions	Total marks
Macroeconomic equilibrium	22	22
Economic stability	38	38

Test duration: 80 minutes

Number of marks: 60

### Section A

1. Do you agree with these statements? If you agree, put a "+" sign, if you do not agree, the sign "-".

№	Statement	+/-
1.1	If global crisis will happen, then all over the world will be observed cyclical unemployment	
1.2	Carlos Slim, a businessman, one of the richest men in the world (№2 in the world). He is 74 years old, he is retiree. He belongs to the category of economically active population	
1.3	If inflation in Kazakhstan is 7%, it means that the price of all real estate increased by 7%	
1.4	Inflation always has a negative impact on the economy.	
1.5	In Kazakhstan is moderate inflation	
1.6	When increase of unemployment is occurs, inflation also usually increases	
1.7	If import prices fall then GNP is also reduced	

[7]

2. Set the correspondence. For each item given in the first column, choose the appropriate item from the second column.

2.1. If the main cause of inflation is the increase in production costs ...	a) insufficient information
2.2. If in the country has increased the population (at ceteris paribus), then	b) the aggregate demand curve shifts down to the left
2.3. If the world prices for oil fall, then in Iran	c) aggregate supply curve shifts upward to the left
2.4. If in the country will be observed a creeping inflation, then	d) the aggregate demand curve shifts upward to the right
2.5. By lowering the wage to workers (ceteris paribus), then	e) the aggregate demand curve will shift downward to the left and the aggregate supply curve down to the right
2.6. $Y_1=300$ , $Y_2=200$ . This means that	f) aggregate supply curve is vertical
2.7. In the long run period	g) The aggregate demand curve shifted downward to the left, or the aggregate supply curve shifted upwards to the left.

Record in the table selected letters under the relevant figures.

2.1	2.2	2.3	2.4	2.5	2.6	2.7

[7]

3. In 2012, the potential GDP of Kazakhstan was 200 units, and the aggregate demand curve defined by the equation  $Y = 700 - 5P$ . In 2013, potential GDP grew by 6%, and the aggregate demand function took the form:  $Y = 737 - 5P$ .

3.1. On how many percent increased the prices, if in 2012 and in 2013 the economy operated at full employment.

[3]

3.2. Draw on the graph the change in the price level and the potential GDP in the long run.



[4]

4. Show on the graphs possible changes and indicate the factor.

4.1. Show on the graph how will change the macroeconomic equilibrium in the short run, if the tax liability will decrease.



Define the factor:

[4]

4.2. Show on the graph how will change the macroeconomic equilibrium in the short run, if the money supply in the equation  $MV = PY$  will increase.



Define the factor:

[4]

5. The population of Kazakhstan in 2013 was 17,160,800 people. The economically active population - 9,041,300 people. Number of employees - 5,949,700 people, the number of self-employed - 2,620,900 people.

<http://www.stat.gov.kz/>

5.1. Calculate the rate of unemployment in Kazakhstan in 2013.

[3]

5.2. What types of unemployment occur in Kazakhstan. Give examples.

[4]

6. Minimum consumer basket is designed for calculating the subsistence level. Minimum consumer basket consists of a basket of food and non-food goods and services.

Imagine that the consumer basket consists of 95 kg of potatoes and 15 kg of beef. On the basis of the table, calculate the inflation rate for 2012 and 2013 through the Consumer Price Index.

Year	Price per kg for potatoes, tg	Quantity potatoes, kg	Price per kg for beef, tg	Quantity beef, kg
2011	110	95	1200	15
2012	116	95	1280	15
2013	125	95	1320	15

[8]

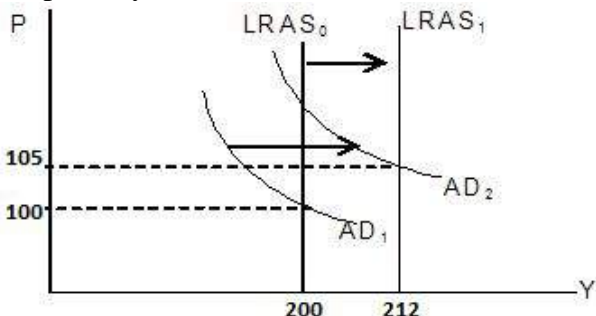
## Section B

7. According to the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan, the inflation rate from December 2013 to September 2014 amounted to 5.9%. Analysts predict that inflation for 2014 will be 7-8%. The unemployment rate at September 2014 is 5%.

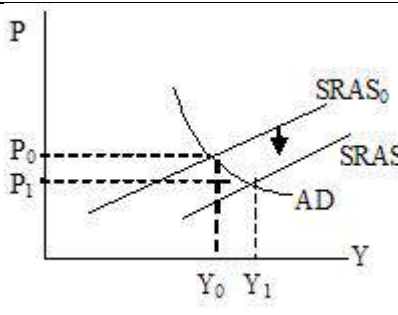
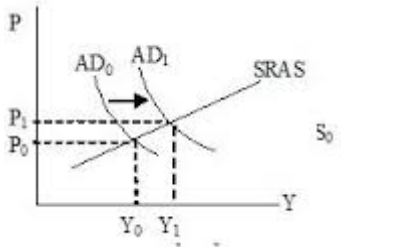
Evaluate in which extent these indicators are problematic for the economy of Kazakhstan. Suggest stabilization policy for improving these macroeconomic indicators under conditions of the drop in world oil prices and pressure on the tenge (Essay, min. 180 words).

[16]

### Mark Scheme

Question	Skills Groups	Mark	Answer	Additional guidance
1.1	1	1	-	
1.2	1	1	+	
1.3	1	1	-	
1.4	1	1	-	
1.5	1	1	+	
1.6	1	1	-	
1.7	1	1	+	
2.1	1	1	c	
2.2	1	1	d	
2.3	1	1	b	
2.4	1	1	a	
2.5	1	1	e	
2.6	1	1	g	
2.7	1	1	f	
3.1	2	3	<p>The initial long-run equilibrium point can be calculated by substituting into the function of aggregate demand the amount of potential GDP of last year:  <math>700 - 5P = 200</math>.  Hence, <math>P = 100</math>. We find the price level in 2012. Growth of potential GDP on 6% (up to 212 units) causes an increase in aggregate demand. AD and LRAS curves shift to the right. The new long-run equilibrium point can be calculated by substituting into the function of aggregate demand the amount of potential GDP of 2013:  <math>737 - 5P = 212</math>.  Hence <math>P = 105</math>. Hence, the prices increased by 5%.</p>	<p>1 point for calculation potential GDP in 2013.  1 point for calculation the price level in 2012 and 2013.  1 point for calculation the changes in the price level.</p>
3.2	2	4	<p>Graphically it looks like this:</p>  <p>The graph illustrates the long-run aggregate supply (LRAS) and aggregate demand (AD) model. The vertical axis represents the price level (P), and the horizontal axis represents output (Y). The LRAS curve shifts rightward from LRAS<sub>0</sub> to LRAS<sub>1</sub>, indicating an increase in potential output. The AD curve also shifts rightward from AD<sub>1</sub> to AD<sub>2</sub>, indicating an increase in aggregate demand. The initial long-run equilibrium is at the intersection of LRAS<sub>0</sub> and AD<sub>1</sub>, corresponding to a price level of 100 and output of 200. The new long-run equilibrium is at the intersection of LRAS<sub>1</sub> and AD<sub>2</sub>, corresponding to a price level of 105 and output of 212. Dashed lines indicate these equilibrium points on the axes.</p>	<p>1 point for a graph with valid numeric data  1 point for the correct shift and an indication of the aggregate demand curve  1 point for the correct shift and an indication of the aggregate demand curve.  1 point is added if the aggregate</p>



				supply curve is vertical
4.1	2	4	 <p>Non-price factor of aggregate supply: the legal norms.</p>	<p>1 point for indicating the correct form of the aggregate demand curve and supply</p> <p>1 point for indicating the axis of abscissa and ordinate, the names of the curves, initial and secondary price and quantity.</p> <p>1 point for the shift of the aggregate supply curve down to the right</p> <p>1 point for correct indication of the factor</p>
4.2	2	4	 <p>Non-price factor of aggregate demand: a change in the money supply.</p>	<p>1 point for indicating the correct form of the aggregate demand curve and supply</p> <p>1 point for indicating the axis of abscissa and ordinate, the names of the curves, initial and secondary price and quantity.</p> <p>1 point for the shift of the aggregate demand curve upward to the right</p> <p>1 point for correct indication of the factor</p>

5.1	2	3	<p>Calculated by the formula  <math>u = (U / L) * 100\%</math>  u - unemployment  U - number of unemployed  L - labor force (employed and unemployed)  <math>U = 9,041,300 - 5,949,700 - 2,620,900 = 470700</math>  <math>u = (470\ 700/9\ 041\ 300) * 100\% = 5.2\%</math></p>	<p>1 point for the application of formula  1 point for correct answer</p>
5.2	2	4	<p>1 point for frictional unemployment. For example, a student just graduated from the University and looking for work, that is frictional unemployment.  1 point for structural unemployment. For example, earlier in schools was popular learning German, but English is now the language more actual. Teachers of german lost their jobs. It is an example of structural unemployment.  1 point for the assertion that cyclical unemployment in Kazakhstan is not observed. Economic growth continues, massive layoffs in the economy is not observed. The natural rate of unemployment does not exceed the actual.</p>	
6.	2	8	<p>1 mark for the calculation of the cost of consumer basket:  <math>2011=110*95+1200*15=10450+18000=28450</math>  <math>2012=116*95+1280*15=11020+19200=30220</math>  <math>2013=125*95+1320*15=11875+19800=31675</math>  Then 1 point for the calculation of the CPI  <math>CPI_{2011}=(28450/28450)*100=100</math>  <math>CPI_{2012}=(30220/28450)*100=106,2</math>  <math>CPI_{2013}=(31675/28450)*100=111,3</math>  Then 1 point for the calculation of inflation rate  <math>Infl\ 2012=(106,2-100/100)*100=6,2\%</math>  <math>Infl\ 2013=(111,3-106,2/106,2)*100=4,8</math></p>	

**Section B.**  
**Mark Scheme**

	<b>AO1 Knowledge and understanding</b>		<b>AO2 Application and analysis</b>		<b>AO3 Evaluation and judgements</b>
<b>3-4</b>	Strong knowledge and understanding of the specified content	<b>3-4</b>	Effective application and analysis of the specified content	<b>7-8</b>	Effective evaluation and judgements in relation to the specified content
<b>2-3</b>	Adequate knowledge and understanding of the specified content	<b>2-3</b>	Adequate application and analysis of the specified content	<b>4-6</b>	Adequate evaluation and judgements in relation to the specified content
<b>1-2</b>	Limited knowledge and	<b>1-2</b>	Limited application and	<b>1-3</b>	Limited evaluation and

	understanding of the specified content		analysis of the specified content		judgements in relation to the specified content
<b>0</b>	No knowledge or understanding of the specified content	<b>0</b>	No application or analysis of the specified content	<b>0</b>	No effective evaluation or judgements in relation to the specified content

**№ 7.**

**Task-specific Mark Scheme**

**AO1 (0-4 marks). Skills Group - 1**

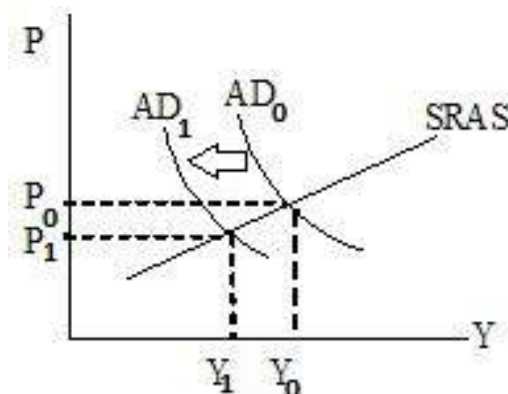
Understanding the meaning of stabilization policy. Knowledge the types of inflation and unemployment. The answer may include the following items:

- At the moment, necessary particularly competent stabilization policy in the conditions of falling oil prices and pressure on the tenge.
- Stabilization policy measures pursued by the government, national Bank and other state authorities in order to stabilize the economy in times of serious violations of its normal functioning - high inflation, recession, excessive growth of unemployment. Инфляция — повышение уровня цен на товары и услуги.
- When Inflation occur, for the same amount of money after some time you will be able to buy fewer goods and services than before.
- Types of inflation. Creeping (moderate) - up to 10% per year. Galloping inflation - 10-200% per year. High inflation 200-300% per year or more. Hyperinflation is measured in percent per week or even per day, which is 40-50% per month or more than 1000% per year.
- In Kazakhstan moderate type of inflation.
- The unemployment rate is the percentage of the economically active population who are able and willing to work for hire, but can't find a job.
- In Kazakhstan, there is a natural level of unemployment. So there is frictional and structural unemployment. There is no cyclical unemployment.

**AO2 (0-4 marks). Skills Group - 2**

Analysis of how the drop in world oil prices and the pressure on the exchange rate of tenge will affect to the rate of inflation and unemployment. The analysis should focus on specific issues. Answers may include the following items:

- Because Kazakhstan is oil exporter, and the country's economy depends on the price of this resource, respectively, the aggregate demand curve will shift downward to the left.



- Revenues from exports in nominal terms will decrease, since oil is a major export commodity. Accordingly, for the balance of payments Government of Kazakhstan will have to resort to another devaluation of the tenge, which in turn will increase the general level of prices.
- Will decrease non-price factor state government spending. This happen due to the fact that oil prices depends from GDP. Was revised budget, in which initially prices were established for 2014 at \$ 95 per barrel. In recent days the price of oil in the range of \$ 85. This will lead to greater budget deficit and reducing of government development programs. This will lead to reducing of transfer payments. Perhaps the reduction of state employees and unemployment will increase.
- Opportunities of government to support SME will be limited, and this will lead to a reduction in private investment. There will be a reduction in aggregate supply. Will happen mass layoffs in order to optimize production (cyclical unemployment).
- Due to the reduction of transfer payments and high unemployment, consumption will decrease and real GDP will fall.
- After the February devaluation, wage increases on average by 10% and this stimulates further price increases.
  - The fall of the ruble exchange rate is putting pressure on the tenge, because Kazakhstan's economy is strongly integrated with Russia.
  - Due to the shale gas revolution in the US and the economic slowdown of the world economy, the further rise in oil prices is not expected. This puts pressure on the National Bank, leads to rumors of a possible devaluation, speculative sentiment, the massive demand for the dollar, and therefore more pressure on the exchange rate of tenge and inflation.

### **AO3 (0-8 marks) Skills Group - 2**

Evaluation in which extent these indicators are problematic for the economy of Kazakhstan. Suggestion stabilization policy for improving these macroeconomic indicators under conditions of the drop in world oil prices and pressure on the tenge. Answers may include the following items:

- The unemployment rate of 5% is acceptable for the economy and means that the unemployment rate is natural, that is, a level at which full employment of the labour force, and is the most effective and rational use. This means that all people who want to work, find work. The natural rate of unemployment is therefore called the unemployment rate at full employment.
- Estimated annual inflation rate of 7-8% is also not critical for the economy. Itself moderate inflation in the corridor 2-4% stimulates aggregate supply and increases real GDP. Nevertheless, you must take steps to reduce inflation to 4%.
- Stabilization policy will depend on changes in oil prices.
- The decrease in oil prices is likely for the short term because of the dumping of Saudi Arabia, the shale gas revolution in the United States, the slowdown in global economic growth, and a maximum volume of oil production by OPEC. With winter approaching, the expected increase in oil demand. In itself, the decrease in oil prices will reduce the costs to manufacturers and will lead to renewed growth in the global economy, and, consequently, higher demand for oil. So the price should return to the level 95-105 per barrel in six months. Therefore, to overcome temporary difficulties through the use of the National Fund, as was done in 2008.
- The weakening of the ruble in the future should also stop in connection with the gradual settlement of the situation in Ukraine. Possible partial lifting of sanctions against Russia, the price of gas agreed upon, and in connection with the onset of the heating season and increased demand for gas, government can cover crisis of dollar liquidity and further recovery rate. In any case, the Russian government will not allow the fall of the ruble to the dollar till \$ 50, they will also use funds from the petroleum Fund. The recovery in oil

prices will strengthen the Russian ruble, which in turn will cease to exert pressure on the tenge, as our economies are highly integrated. That is, the pressure on the tenge is also short term in nature, and therefore a valid temporary use of the National Fund.

- But there is another scenario. Further cost reduction in the production of shale gas, the possible collapse of OPEC, the development of alternative energy sources, geopolitical crises, the development of alternative energy sources, the price of oil will not return to their previous level of \$ 100 per barrel, and may further decline in oil prices. In this case, the government will have to do another devaluation, and displace rate of tenge to dollar up to 210. This will ensure tenge margin of safety, and increase exports, making it unprofitable to import and stimulating aggregate supply. But to stimulate aggregate supply, depending on the duration and extent of falling oil prices, the government should increase subsidies to reduce taxes, to develop the non-oil sector of the economy, with particular emphasis on the agricultural sector. In connection with the increase in the world population, the widespread depletion of land, Kazakhstan has real prospects in this sector. Requires the use of GMOs. This will reduce or at least prevent the growth of unemployment, and most importantly provide the population with the goods included in the consumer basket, and accordingly regulate inflation. It is possible that the national Fund will be not enough, in this case government can use the pension savings of citizens.

Very important constant monitoring of oil prices and well-coordinated work of the government. And then depending on the situation, use of a particular scenario for macroeconomic stability in Kazakhstan.

### Term 3

Course plan unit	Questions	Total marks
International trade and global economy	33	33
Exchange market	27	27

Test duration: 80 minutes

Number of marks: 60

#### Section A

1. Do you agree with these statements? If you agree, put a "+" sign, if you do not agree, the sign "-":

№	Statement	+/-
1.1	Exports of crude oil refers to the debit.	
1.2	Investment in another country's balance of payments refers to the credit.	
1.3	Receiving income from the investments relates to the operations with capital account and financial instruments.	
1.4	Kazakhstan is a member of the WTO.	
1.5	Tenge has a fixed rate of.	
1.6	Saudi real is strengthening its position	
1.7	Devaluation is official action aimed at increasing the rate of the national currency.	

[7]

2. There is given the production capabilities of the two countries in two products:

	Russia	USA
A	200	100
B	100	200

2.1. According to these data, calculate the comparative advantage of countries.

[5]

2.2. Show graphically the production possibility curve and the trade possibility curve separately for two countries. The proportion of exchange  $1A = 1B$ .





[6]

3.1. How does international trade affect the balance of payments?

[5]

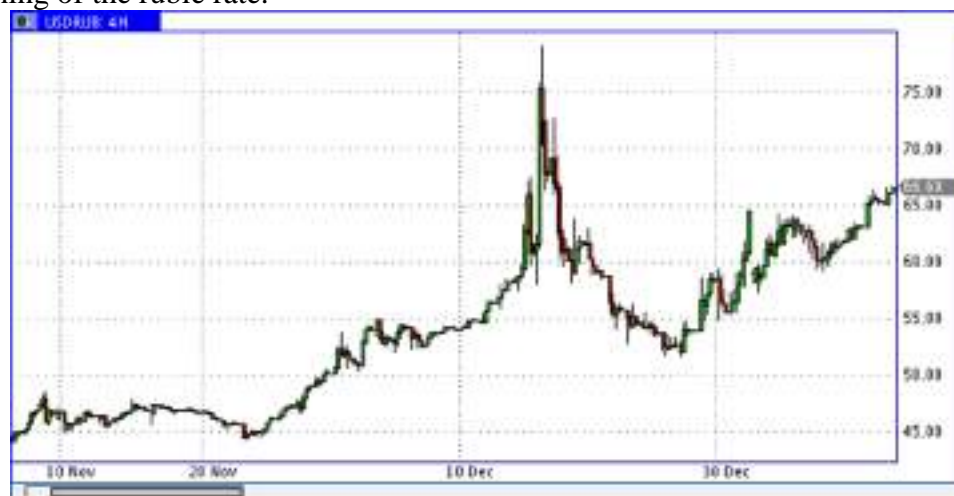
3.2. How is it possible to solve the problem of the trade deficit?

[5]

4. According to the characteristics of international trade, explain why China has become the world's top exporter?

[8]

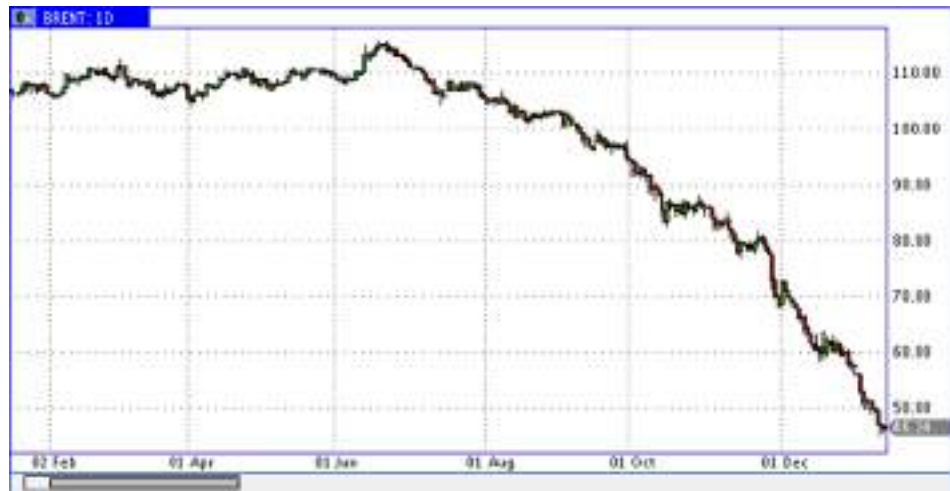
5. Ruble exchange rate over the last six months significantly weakened. Explain the reasons for the weakening of the ruble rate.



[8]

## Section B

On February 2014, the National Bank of Kazakhstan held a 20 percent devaluation of the tenge exchange rate. Now the corridor of the National Bank for KZT is 185 (+3 - 15).



*Oil prices. <http://www.forexpf.ru>*

Assess the impact of the devaluation of the tenge to the economy and population as well as evaluate the prospects of tenge devaluation in terms of the rouble and falling oil prices.

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[16]



### Mark scheme

Question	Skills Groups	Mark	Answer	Additional information
1.1	1	1	-	
1.2	1	1	-	
1.3	1	1	-	
1.4	1	1	-	
1.5	1	1	-	
1.6	1	1	-	
1.7	1	1	-	
2.1	2	5	<p>In Russia:  <math>1A=0,5B</math>  <math>1B=2A</math> (1 score). So for Russia it is more profitable to specialize in commodity A (1 score)</p> <p>In The USA:  <math>1A=2B</math>  <math>1B=0,5A</math> (1 балл). So for The USa it is more profitable to specialize in commodity B (1 score)</p> <p>1 point for correct numeric data.</p>	
2.2	2	6	<p>Graphically, it looks like this:</p> <p>The Russia graph shows a Production Possibility Curve (PPC) with a vertical intercept at 200 (commodity A) and a horizontal intercept at 200 (commodity B). A steeper line is drawn from (0, 200) to (100, 0), representing a specialized production point. The USA graph shows a PPC with a vertical intercept at 200 (commodity A) and a horizontal intercept at 200 (commodity B). A flatter line is drawn from (0, 200) to (100, 0), representing a specialized production point.</p>	<p>2 points for an indication of the PPC in the United States and Russia</p> <p>2 points for pointing TPC in Russia and the US</p> <p>2 point for pointing out items of goods and numeric data.</p>
3.1	2	5	<p>Exports and imports are the main indicators of the country's participation in international trade. (2 point)</p> <p>If export is more imports, so the trade balance is positive (1 point). If import is more than export, then the trade balance is negative. (1 point)</p> <p>The trade balance is an important category of the balance of payments and significantly affects to it (1 point).</p>	
3.2	2	5	<p>Fearing that a balance of payments crisis, many countries have committed to a positive current account balance. To do this, they regulate primarily its foundation that is the trade balance. In this case they use as foreign trade measures (primarily measures to restrict imports (1 point) and export promotion (1</p>	

			<p>point)), and currency regulation (this is especially the devaluation of the national currency (1 point), which is usually difficult to import and stimulates exports). But in terms of foreign trade liberalization, the active use of trade measures is difficult, and therefore become the main foreign exchange measures.</p> <p>However, a large systematic positive current account surplus also shows unwanted points in the economy (1 point). After all, while the balance of payments of country is positive, it produces more goods and services than it consumes and invests. The ideal situation is when the long-term balance of payments is in equilibrium (1 point). However, this situation is not easy to achieve, because it may conflict with the goals of domestic economic policy</p>	
4.	2	8	<p>2 point for any of the following statements:</p> <p>Cheap minerals.</p> <p>Cheap labor.</p> <p>Logistics (shipping lanes).</p> <p>Proximity to consumers (Asian market - more than 3 billion.)</p> <p>Effective government policy (government investment, tax exemptions, cluster zones).</p>	
5.	2	8	<p>2 point for any of the following statements:</p> <p>The fall in oil prices.</p> <p>Sanctions against Russia (no access to long-cheap money).</p> <p>Actions of speculators.</p> <p>Panic among the population (increased demand for dollars).</p> <p>Indecisive actions of the Central Bank of Russia (first interest rate was increased by only 3%, the Central Bank does not restrict the movement of capital).</p> <p>Previous revaluation of the ruble.</p>	

## Section B.

### Mark Scheme

	<b>AO1 Knowledge and understanding</b>		<b>AO2 Application and analysis</b>		<b>AO3 Evaluation and judgements</b>
<b>3-4</b>	Strong knowledge and understanding of the specified content	<b>3-4</b>	Effective application and analysis of the specified content	<b>7-8</b>	Effective evaluation and judgements in relation to the specified content
<b>2-3</b>	Adequate knowledge and understanding of the specified content	<b>2-3</b>	Adequate application and analysis of the specified content	<b>4-6</b>	Adequate evaluation and judgements in relation to the specified content
<b>1-2</b>	Limited knowledge and understanding of the specified content	<b>1-2</b>	Limited application and analysis of the specified content	<b>1-3</b>	Limited evaluation and judgements in relation to the specified content
<b>0</b>	No knowledge or understanding of the specified content	<b>0</b>	No application or analysis of the specified content	<b>0</b>	No effective evaluation or judgements in relation to the specified content

### № 7.

#### Task-specific Mark Scheme

##### **AO1 (0-4 marks). Skills Group - 1**

Understanding of what monetary policy is:

- The monetary policy of the state in the countries with developed market economies is usually limited to the exchange rate policy, official intervention and management of foreign exchange reserves.
- The forms of monetary policy: the discount and devis. Discount monetary policy (account) provides a change in the discount rate of the central bank aimed at regulating the exchange rate and the balance of payments by affecting the movement of short-term capital and the dynamics of domestic credit (money supply, prices, aggregate demand).
- Foreign exchange policy is a method of influence on the rate of the national currency through the purchase and sale of foreign currency by public authorities. In order to increase the rate of the national currency the central bank sells, and to reduce by buying foreign currency.
- To cover the cost of foreign currency during the intervention using official foreign exchange reserves or mutual credits of central banks on interbank agreements.
- A traditional element of monetary policy of the state is to regulate the exchange rate regimes and currency convertibility. These questions are the subject of both national and transnational regulation. An intergovernmental body of currency regulation is the IMF.
- devaluation and revaluation are used as a method of monetary policy in the case where the rate of national currency against foreign currencies, or the international unit of account overvalued or undervalued in comparison with the market. Devaluation is a depreciation of the currency, and revaluation is increase its rate.

##### **AO2 (0-4 marks). Skills Group - 2**

Analysis of how the devaluation of tenge impact on the economy and people's lives. The analysis should focus on specific issues. Answers may include the following items:

- Kazakhstan was forced to devalue. One common form of negative impact of the global crisis on the national economy began to spread around the world currency devaluation. Iceland, South Africa, Brazil, Poland, Hungary, Turkey, South Korea are the leaders of

the list. Process has not bypassed and the CIS countries. Since July 2008. Prior to February 2014 the Russian ruble depreciated by 39%, Ukrainian hryvnia - June by 50%. The Belarusian ruble was devalued by 20% almost overnight. The Bank of Russia has repeatedly extended the technical corridor of fluctuations of the ruble against the currency basket. Kazakhstani goods lost competitiveness. National Bank has spent millions of dollars on the artificial maintenance of tenge exchange rate. Tenge was overvalued.

- After the devaluation, many enterprises have increased workers' wages, so the effects of inflation have been smoothed out. The Government has increased benefits and pensions, salaries of civil servants.
- Pros: keeping the currency reserves of the state / cost of imports has led to a higher demand for domestic goods / promotion of business to import substitution / substantial revenues for exporters of raw materials / increase in tax revenues.
- Immediate devaluation positively has low financial costs - Bank spends money only to maintain currency in the right lower corridor.
- Cons of devaluation: a negative effect on the banking sector, which is relatively high level of external debt in dollars / risk of accelerating inflation, rise in import / loss of Kazakhstani depositors / panic among the population, public dissatisfaction shock devaluation without warning / speculation in the currency market / loss of foreign investors, the deterioration of the investment climate of Kazakhstan / decrease in real incomes.

### **AO3 (0-8 marks) Skills Group – 3**

Assessment of the prospects of the national currency in the fall in world oil prices and the weakening of the ruble. Answers may include the following items:

- After the February devaluation tenge has been greatly underestimated, so it has a certain stock
- Falling oil prices may cause some problems with the balance of payments, as Kazakhstan is heavily dependent on the price of black gold. This can lead to a reduction in foreign exchange reserves and cause pressure on tenge. But it is in the short term, as many foreign experts argue that oil prices are far too low and must rise again, as US production of shale gas will be unprofitable at oil prices below \$ 50 a barrel. On the other hand the differences in OPEC about the decline of oil production and confident statements of the leaders of Saudi Arabia, that the volume of production will not be reduced even if oil prices fall to \$ 20 a barrel cause certain threat to our economy. Oversupply of oil is also linked to the fact that Iran, Libya and Iraq again began offering oil in large volumes (previously in these countries have been the revolution, and Iran has been under severe sanctions). Saudi Arabia dumping prices, and LIH does sell on the black market oil below market. Nevertheless, given the statements of official representatives of National Bank, Kazakhstan is ready for such oil prices and the rate of tenge will not undergo significant changes.
- The weakening of the ruble also puts pressure on tenge because of integration of our economies. Many Kazakh businessmen went to Russia for the purchase of machines and real estate. But at the end of 2014 the ruble is more or less stabilized at 54 rubles to the dollar by raising interest rates to 17.5%. Tenge exchange rate depends more on the dollar than the ruble devaluation so there is no reasons for another devaluation.
- National Bank does not dare to another devaluation, given certain social tensions after the previous February devaluation. Tenge has already been discounted by 25% and do it again irrational, can lead to a repetition of the events in Zhanaozen, a decrease in real incomes and an outflow of capital and the final investor confidence because of its unpredictability and instability.

## Term 4

Course plan unit	Questions	Total marks
Kazakhstan and the world economy	33	33
Integration and globalisation	27	27

Test duration: 80 minutes

Number of marks: 60

### Section A

1. Do you agree with these statements? If you agree, put a "+" sign, if you do not agree, the sign "-".

№	Statement	+/-
1.1	"Kazakhstan 2030" - our main development strategy.	
1.2	The World Bank does not seek to make a profit.	
1.3	Russia is a major importer of Kazakhstan products.	
1.4	Kazakhstan specializes in agriculture.	
1.5	In NAFTA union enters US, Canada, Mexico and Brazil.	
1.6	Because of globalization in the developed countries there is a process of de-industrialization.	
1.7	«KAZNEX INVEST» - national agency of Export and Investments/	

[7]

3. Currently, Kazakhstan's economy experiencing hard times.

3.1. Make a SWOT-analysis of the current state of the economy of Kazakhstan.



[8]

2.2. Considering your SWOT-analysis, offer public policies aimed at promoting the development of Kazakhstan's economy.

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[7]

3. How do you think with which countries Kazakhstan should keep a close international relations?

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[6]

4. Explain why in recent years various economists criticize the policies of the IMF?

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[8]

5. Compare the differences between the Soviet system of central planning and post-Soviet mixed approach.



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[8]

### Section B

Globalization - this word today sounds more and more often. Under its influence the world as though becomes "less" and its resources more accessible. It brings both good and evil. No one can not remain outside its influence, even those who living in the jungle.



*Globalization. [http:// http://newspol.ru](http://http://newspol.ru)*

Evaluate the impact of globalization to the world economy and population and answer the question: "Globalization - good or bad?".

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[16]

**Mark scheme**  
**Section A**

Section A

Question	Skills Groups	Mark	Answer	Additional information								
1.1	1	1	-									
1.2	1	1	+									
1.3	1	1	-									
1.4	1	1	-									
1.5	1	1	-									
1.6	1	1	+									
1.7	1	1	+									
2.1	2	8	<table><tr><th>Strengths</th><th>Weaknesses</th></tr><tr><td><ul style="list-style-type: none"><li>- Vast areas of land, agricultural land.</li><li>- Large amounts of minerals.</li><li>- Political stability and absence of confrontation in society</li></ul></td><td><ul style="list-style-type: none"><li>- Lack of access to the sea.</li><li>- Very low population density.</li><li>- Dependence on commodity prices.</li><li>- Very weak manufacturing.</li><li>- The problem of mentality, bureaucracy and corruption.</li><li>- Low competitiveness with Russia due to the fall of the ruble, the outflow of capital.</li></ul></td></tr><tr><th>Opportunities</th><th>Threats</th></tr><tr><td><ul style="list-style-type: none"><li>- Exports to Russia, instead of against whom she introduced retaliatory sanctions.</li><li>- The global population is growing, food prices are rising, the ability to specialize in agriculture.</li><li>- Proximity to the huge market of China.</li></ul></td><td><ul style="list-style-type: none"><li>- Deterioration of the Russian economy negatively affects Kazakhstan.</li><li>- A further fall in oil prices.</li><li>- The uncertain political future of the country.</li><li>- Another devaluation of the tenge.</li></ul></td></tr></table> <p>For completing each column give from 1 to 2 points, depending on the depth of analysis.</p>	Strengths	Weaknesses	<ul style="list-style-type: none"><li>- Vast areas of land, agricultural land.</li><li>- Large amounts of minerals.</li><li>- Political stability and absence of confrontation in society</li></ul>	<ul style="list-style-type: none"><li>- Lack of access to the sea.</li><li>- Very low population density.</li><li>- Dependence on commodity prices.</li><li>- Very weak manufacturing.</li><li>- The problem of mentality, bureaucracy and corruption.</li><li>- Low competitiveness with Russia due to the fall of the ruble, the outflow of capital.</li></ul>	Opportunities	Threats	<ul style="list-style-type: none"><li>- Exports to Russia, instead of against whom she introduced retaliatory sanctions.</li><li>- The global population is growing, food prices are rising, the ability to specialize in agriculture.</li><li>- Proximity to the huge market of China.</li></ul>	<ul style="list-style-type: none"><li>- Deterioration of the Russian economy negatively affects Kazakhstan.</li><li>- A further fall in oil prices.</li><li>- The uncertain political future of the country.</li><li>- Another devaluation of the tenge.</li></ul>	Possible other options for response
Strengths	Weaknesses											
<ul style="list-style-type: none"><li>- Vast areas of land, agricultural land.</li><li>- Large amounts of minerals.</li><li>- Political stability and absence of confrontation in society</li></ul>	<ul style="list-style-type: none"><li>- Lack of access to the sea.</li><li>- Very low population density.</li><li>- Dependence on commodity prices.</li><li>- Very weak manufacturing.</li><li>- The problem of mentality, bureaucracy and corruption.</li><li>- Low competitiveness with Russia due to the fall of the ruble, the outflow of capital.</li></ul>											
Opportunities	Threats											
<ul style="list-style-type: none"><li>- Exports to Russia, instead of against whom she introduced retaliatory sanctions.</li><li>- The global population is growing, food prices are rising, the ability to specialize in agriculture.</li><li>- Proximity to the huge market of China.</li></ul>	<ul style="list-style-type: none"><li>- Deterioration of the Russian economy negatively affects Kazakhstan.</li><li>- A further fall in oil prices.</li><li>- The uncertain political future of the country.</li><li>- Another devaluation of the tenge.</li></ul>											
2.2	2	7	1 point for any of the following statements: <ul style="list-style-type: none"><li>- The fight against corruption, more stringent legislation, financial control.</li><li>- Defining the future receiver of the President</li></ul>	Possible other options for response								

			<p>of the country for political stability.</p> <ul style="list-style-type: none"> <li>- Decrease in interest rates for crediting SMEs up to 2-3%, preferential tax treatment.</li> <li>- Special emphasis on the development of agriculture. Active use of GMOs. Access to global markets and increasing exports of meat, wool, dairy products, leather products, wheat, rice, sugar, cotton, vegetables and fruits.</li> <li>- Import of foreign licenses and patents.</li> <li>- Development of high-tech manufacturing and innovation.</li> <li>- Creation of attractive investment conditions for entry into the country of new branded companies and spheres of intellectual services.</li> <li>- Rebranding of the country, the Foreign Ministry should actively working on cooperation with other countries, access to new markets, increase funding for the National Agency of Export and Investment KAZNEX INVEST.</li> <li>- The dual system of education. The combination of study and practice in the workplace.</li> <li>- Easier access to domestic companies on KASE. Attracting investment in public companies through IPO.</li> </ul>	
3.	2	6	<p>1 point for any of the following statements:</p> <ul style="list-style-type: none"> <li>- It is necessary to conduct a multi-vector policy</li> <li>- It is necessary to cooperate as much as possible with the big countries.</li> <li>- Cooperation with Russia should be primarily economic, less political, for doing its own independent policy.</li> <li>- Cooperation with China can be very beneficial. But we need be afraid of excessive economic expansion therefore to focus on fair trade rather than investment.</li> <li>- Iran is also very profitable potential trading partner, having a large market (80 million people). Trade across the Caspian Sea.</li> <li>- Our less developed southern neighbors - Kyrgyzstan, Uzbekistan and Turkmenistan. To export manufacturing.</li> <li>- Attracting investment from Western Europe and the United States, imports of technology and patents.</li> <li>- Further cooperation with the UN, CSTO, CIS, OIC, SCO, EurAsEC and the OSCE.</li> <li>- Partnership with the EU, access to the markets of NAFTA, APEC and MERCOSUR.</li> </ul>	Possible other options for response
4.	2	8	2 points for any of the following statements:	



		<ul style="list-style-type: none"> <li>- The IMF provides short-term and medium-term loans with a deficit of the balance of payments of the state. Providing loans are usually accompanied by a set of conditions and recommendations aimed at improving the situation.</li> <li>- Keep in mind that voices in decisions about the actions of the Fund are distributed in proportion to the contributions. For approval of the decision of the Fund must be 85% of the vote. The US has about 17% of all votes. That's not enough for independent decision-making, but allows you to block any decision of the Fund. US Senate can pass a bill banning the International Monetary Fund to perform certain actions, such as allocate loans to countries.</li> <li>- The IMF provides loans with the nomination of a number of requirements - the freedom of movement of capital, privatization (including natural monopolies - the railway transportation and utilities), minimizing or even eliminating government spending on social programs - education, health care, cheaper housing, public transport, etc.; refusal of protection of the environment; wage cuts, the restriction of workers' rights; increased tax burden on the poor, and so on. n.</li> <li>- Examples: Most of the loans issued by the IMF Yugoslavia in the 1980s went to service the debt and the problems caused by the implementation of IMF prescriptions. Fund forced Yugoslavia to stop the economic leveling regions that led to the growth of separatism and subsequent civil war that killed 600 thousand people.</li> </ul> <p>In 1989, the IMF gave Rwanda a loan on the condition that the government will no longer provide support for farmers (support is the norm in many countries, including the United States) and will hold a devaluation of the local currency. This triggered a collapse of income and, as a consequence, a bloody civil war between Hutus and Tutsis, which killed more than half a million people.</p> <p>In the 1980s, due to a sharp drop in oil prices collapsed the Mexican economy. IMF began to act as follows: loans were given in exchange for a large-scale privatization, cuts in public spending, and so on. Up to 57% of public expenditure was spent on debt repayment. As a result, the country spent about \$ 45 billion. Unemployment reached 40% of the</p>	Possible other options for response
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			economically active population. The country was forced to join the NAFTA and to provide enormous benefits to American corporations. Income of Mexican Workers plummeted.	
5.	2	8	<p>2 points for any of the following statements:</p> <ul style="list-style-type: none"> <li>- In central planning was state ownership, with a mixed economy prevails private ownership. Now the long queues in shops not, as many private shops opened.</li> <li>- If the command economy was carried out strict regulation of activity of the state, there was practically no private business. At mixed economy freedom of business and choice. Government itself supports small and medium-sized businesses, provides grants, provides tax benefits. Now in stores a lot more food choices.</li> <li>- At the command economy was conducted central regulation of prices for goods, the market now. But not everyone can afford to buy food, so the state provides targeted support and special offers social shopping.</li> <li>- At the command economy was the need to perform sometimes irrational state plans. Now entrepreneurs pursue personal economic interest, increases motivation, competition is increasing, the business becomes more efficient.</li> </ul>	Possible other options for response

### Section B Mark Scheme

	<b>AO1 Knowledge and understanding</b>		<b>AO2 Application and analysis</b>		<b>AO3 Evaluation and judgements</b>
<b>3-4</b>	Strong knowledge and understanding of the specified content	<b>3-4</b>	Effective application and analysis of the specified content	<b>7-8</b>	Effective evaluation and judgements in relation to the specified content
<b>2-3</b>	Adequate knowledge and understanding of the specified content	<b>2-3</b>	Adequate application and analysis of the specified content	<b>4-6</b>	Adequate evaluation and judgements in relation to the specified content
<b>1-2</b>	Limited knowledge and understanding of the specified content	<b>1-2</b>	Limited application and analysis of the specified content	<b>1-3</b>	Limited evaluation and judgements in relation to the specified content
<b>0</b>	No knowledge or understanding of the specified content	<b>0</b>	No application or analysis of the specified content	<b>0</b>	No effective evaluation or judgements in relation to the specified content

## **Task-specific Mark Scheme**

### **AO1 (0-4 marks). Skills Group - 1**

Understanding what is globalization:

- Globalization - the process of global economic, political, cultural and religious integration and unification.
- Globalization of the world economy - it is the world transformation into a single area where freely move information, goods and services, capital, where with ease spread ideas and freely move their carriers encouraging the development of modern institutions and debugging mechanisms of their interaction.
- Globalization implies the formation of a single (universal) international economic, legal, cultural and information space. In other words, the phenomenon of globalization goes beyond the purely economic framework, and has a significant impact on all major areas of public life - politics, ideology and culture.
- Causes of globalization: the global division of labor, scientific and technical progress in the field of transport and communications, trade liberalization, the phenomenon of transnationalization, achieving global unanimity in the assessment of the market economy and free trade, globalized form of homogeneous media, the arts, pop culture, the widespread use of English as a universal means of communication.

### **AO2 (0-4 marks). Skills Group - 2**

Analysis of positive and negative effects of globalization on the economy and the lives of the world's population. The analysis should focus on specific issues. Answers may include the following items:

- Globalization exacerbate international competition. Competition and market expansion lead to greater specialization and the international division of labor, in its turn stimulate the growth of production not only at national but also at the global level;
- Economies of scale, which could potentially lead to reduced costs and lower prices, and hence to sustainable economic growth;
- gains from trading on the basis of mutual benefit, satisfying all parties, who may be individuals, firms, and other organizations, countries, trade unions and even whole continents;
- increase in labor productivity as a result of the rationalization of production at the global level and distribution of advanced technology, as well as competitive pressures for continuous innovation on a global scale.
- allows to improve their position to all the partners are given the opportunity, increase production, improve wages and living standards.
- Potential instability (global or regional) because of the economic relationship - crisis in one country or region of the world is the beginning of negative processes.
- transition of control over the economies of some countries from the hands of management of sovereign states to international organizations, corporations, stronger powers.
- leveling of nations and peoples, the loss of their distinctive features, Americanization.
- instability of the economies of many countries; widening gaps in socio-economic development between the two countries; stratification of society; the increased scale of migration; exacerbation of global problems.

### **AO3 (0-8 marks) Skills Group – 3.**

Assessment of the prospects of globalization and offer mechanisms to eliminate the negative effects of globalization. Answers may include the following items:

- There is no single answer to the prospects of globalization, but we can see the following trends: the increasing role of international organizations and multinational corporations. Each country will be forced to have some allies for survival. Countries will gradually lose sovereignty and TNCs will really rule the world.
- It is possible that progress reached such a level that almost all goods and services will be produced by machines. Will remain several thousand large companies (corporations) on the planet, each will have its own private owner, well, in some sectors will remain small and medium-sized companies. There may be large monopolies. Some entrepreneurs depending on the

type of activity still will need to hire a certain number of scientists, programmers, artists, musicians, doctors, etc. But in general, thanks to scientific and technological progress, this activity will be occupied only a small portion of the world population. This will lead to unemployment. There will be a transformation of the currently existing monetary system.

- Production will be limited by availability of energy resources. Especially water resources.
- It is possible to happen erasing of national borders.
- Mechanisms to eliminate the negative effects of globalization are almost nonexistent. Each country is an integral member of globalization and aims to take the leading role in the world as much as possible on major items.