



AP Macroeconomics 2000 Scoring Guidelines

The materials included in these files are intended for non-commercial use by AP teachers for course and exam preparation; permission for any other use must be sought from the Advanced Placement Program. Teachers may reproduce them, in whole or in part, in limited quantities, for face-to-face teaching purposes but may not mass distribute the materials, electronically or otherwise. These materials and any copies made of them may not be resold, and the copyright notices must be retained as they appear here. This permission does not apply to any third-party copyrights contained herein.

These materials were produced by Educational Testing Service (ETS), which develops and administers the examinations of the Advanced Placement Program for the College Board. The College Board and Educational Testing Service (ETS) are dedicated to the principle of equal opportunity, and their programs, services, and employment policies are guided by that principle.

The College Board is a national nonprofit membership association dedicated to preparing, inspiring, and connecting students to college and opportunity. Founded in 1900, the association is composed of more than 3,900 schools, colleges, universities, and other educational organizations. Each year, the College Board serves over three million students and their parents, 22,000 high schools, and 3,500 colleges, through major programs and services in college admission, guidance, assessment, financial aid, enrollment, and teaching and learning. Among its best-known programs are the SAT®, the PSAT/NMSQT™, the Advanced Placement Program® (AP®), and Pacesetter®. The College Board is committed to the principles of equity and excellence, and that commitment is embodied in all of its programs, services, activities, and concerns.

Copyright © 2001 by College Entrance Examination Board. All rights reserved. College Board, Advanced Placement Program, AP, and the acorn logo are registered trademarks of the College Entrance Examination Board.

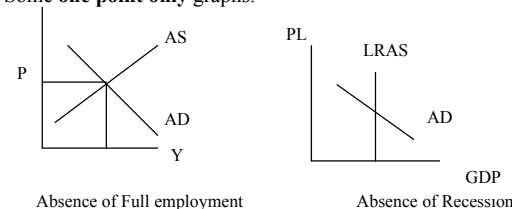
Scoring Guideline for Macroeconomics Question 1:

[2+2+4+2 = 10 Points]

Part (a): 2 Points

- (1 point) AD-AS graph with a real output (Q or Y) and a price level shown
(1 point) Showing that the real output is below the full-employment or potential income

Some **one point only** graphs:



Part (b)

- (1 point) G increase has greater impact than the T decrease
(1 point) Reason: part of the T decrease is saved and does not contribute directly to an increase in income

Part (c): 4 Points

No Assertions!

- i. (1 point) Consumption increases because disposable income increases
(May draw on part b if Y_d or money income increase is clearly stated)
- ii. (1 point) Because AD increases, GDP and P level increase
[If the student operates in the perfectly elastic range of AS curve, P level would not need to increase.]
- iii. (1 point) Imports increase with an explanation:
 - a) higher income/real GDP increases imports
 - b) higher domestic price level increases imports
 - c) higher interest rate leads to appreciated \$ which will increase imports
[Note: if only assert \$ increases vs. other currencies, no point in part iii.]
- iv. (1 point) Exports decrease with an explanation:
 - a) higher domestic price level decreases exports
 - b) appreciated dollar reduces exports
(Note: Exports “do not change” if P does not change in ii. is acceptable)

Part (d):

(1 point) Because net investment is a component of AD, increased investment will shift out the AD curve

[Insist on a reason for the AD curve's shifting out.]

(1 point) Increased net investment means an increase in the capital stock (or productivity or capacity) and an outward shift in AS.

Scoring Guideline for Macroeconomics Question 2

[2+2 = 4 Points]

Part (a)

- (i) Supply of dollars **increases** **to buy** French Francs
or **to buy** French goods **(1 point)**

(simply saying “increased supply of dollars” is not acceptable.)

- (ii) Depreciation of U.S. dollar or reduced value of the dollar (1 point)**

(using the explanation from part a (i)
(a wrong answer, but consistent with i), earns this point)

Part (b)

- (i) Demand for U.S. dollar **increases** and the dollar **appreciates** (1 point)

(simply saying “appreciation of the dollar” is not acceptable)

- ii) Quantity supplied of U.S. dollars **increases** (1 point)

(assertion OK)
(a wrong answer but consistent with (i), earns this point)

Scoring Guideline for Macroeconomics Question 3:

[2+3+2 = 7 Points]

Part (a)

Inward shift in the money supply and an increase in the interest rate

- 1 point** Correct money supply graph with properly labeled axes
- ☐ labeled x-axis (Qm)
 - ☐ labeled y-axis (i, p of money)
 - ☐ Ms curve
 - ☐ Md curve

- 1 point** _____ Inward shift in money supply and a higher interest rate
 _____ Ms shift left
 _____ interest rate increase

Alternative point allocation

1 point

- Flawed graph, showing increase in interest rate (Flawed = only one major error)
- Flawed graph, with correct written **explanation** (no assertions)

0 points

- Absence of graph (no need to read any accompanying text)
- Poor graph with assertion (Poor = 2 or more major errors)

Part (b)

1 point C: decrease linked graphically or with explanation (not assertion) to interest sensitivity

1 point I: decrease linked graphically or with explanation (not assertion) to interest sensitivity

1 point G: student expected to respond using automatic effects only—no discretionary interest-rate response is acceptable. (i.e., G decreases because cost of borrowing increases)

Two answers acceptable:

- no automatic response (must definitively say no change in G)
- G increases automatically because payments on debt increase

Part (c)

AD shifts in: Real income decreases and Price level falls

1 point Correctly labeled AD/AS graph with an inward shift in AD

_____ x-axis (Y, GDP, Q)

_____y-axis (P, PL, Prices)

AS AD

shift in AD

1 point Correct impact on Real Income (decrease) and Price Level (decrease) (1 point)

_____ decrease in Y _____ decrease in P

Alternative point allocation

1 point

- Flawed graph, showing P and Y decrease (Flawed = only one major error)
 - Flawed graph, with correct written **explanation** (no assertions)
 - Shift in AS, as long as AD shifted down correctly

0 points

- Absence of graph (no need to read any accompanying text)
- Poor graph with assertion (Poor = 2 or more major errors)