



**AP[®] Macroeconomics
2005 Scoring Guidelines
Form B**

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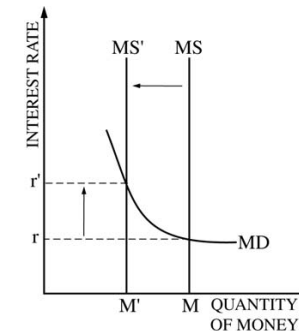
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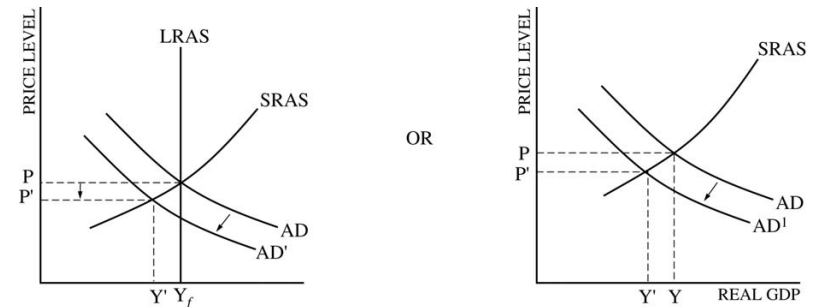
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Question 1

11 points (3 + 1 + 1 + 3 + 2 + 1)



- (a) 3 points:
- One point is earned for a correctly labeled graph.
 - One point is earned for showing leftward shift in the money supply curve.
 - One point is earned for showing the correct change in interest rate.
- (b) 1 point:
- One point is earned for stating that the interest rate is nominal.
- (c) 1 point:
- One point is earned for stating the correct condition: expected inflation rate is not zero.

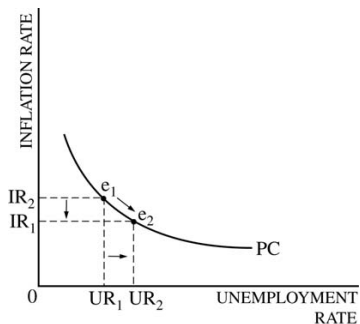


- (d) 3 points:
- One point is earned for a correctly labeled AD/AS graph.
 - One point is earned for showing leftward shift of the AD curve.
 - One point is earned for indicating a decrease in equilibrium price level and output.

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Question 1 (continued)



(e) 2 points:

- One point is earned for a correctly labeled graph with downward sloping PC.
- One point is earned for indicating movement along the curve using an arrow.

(f) 1 point:

- One point is earned for a correct policy: decrease taxes, increase transfer payments, or increase spending.

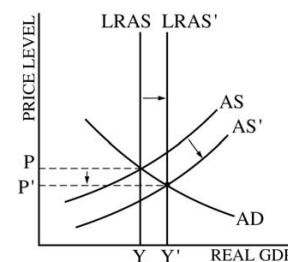
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Question 2

7 points (2 + 3 + 2)

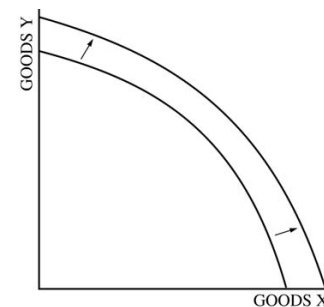
(a) 2 points:

- Two points are earned for identifying two correct sources: increase in the quality or quantity of resources, technology, capital, or any other input. (Greater quantity of labor is not acceptable.)



(b) 3 points:

- One point is earned for a correctly labeled graph including AS and AD.
- One point is earned for indicating long-run aspect by shifting a vertical LRAS or vertical AS.
- One point is earned for correct demonstration or explanation of changes in price level and output from either a rightward shift of an upward-sloping AS or a vertical AS. (A shift of AD alone or combined with a shift of AS is not acceptable.)



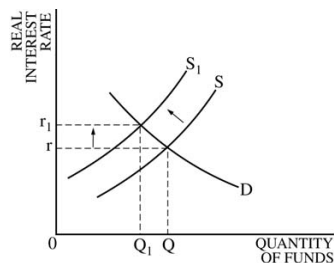
(c) 2 points:

- One point is earned for a correctly labeled graph.
- One point is earned for an outward shift of the PPC.

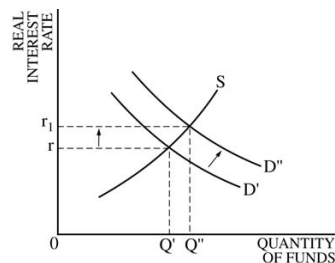
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Question 3

7 points (2 + 1 + 3 + 1)



OR

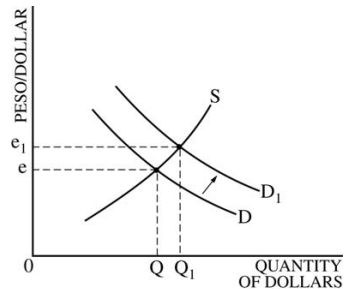


(a) 2 points:

- One point is earned for a correctly labeled graph of the loanable funds market showing leftward shift of the S curve or rightward shift of the D curve.
- One point is earned for correct interest-rate change.

(b) 1 point:

- One point is earned for stating that business investment will decrease.



Market for Country A's Dollar

(c) 3 points:

- One point is earned for a correctly labeled graph.
- One point is earned for rightward shift in the demand for dollar or leftward shift in supply for dollar or both.
- One point is earned for concluding that the dollar appreciates or the peso depreciates.

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Question 3 (continued)

(d) 1 point:

- One point is earned for stating that Country A's goods become less competitive since they are relatively more expensive than Country B's goods, or that Country B's goods become more competitive because they are relatively less expensive than Country A's goods.