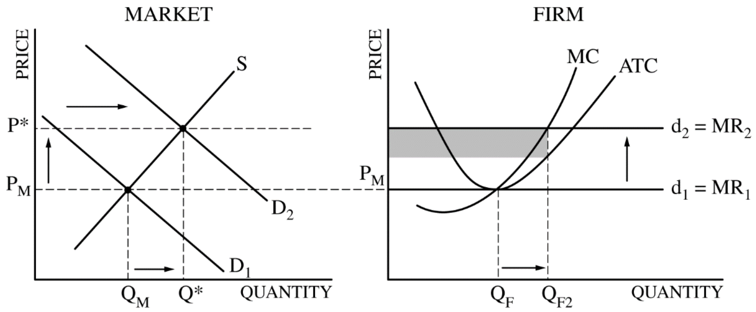
AP® MICROECONOMICS
2017 SCORING GUIDELINES

Question 1

10 points (4 + 2 + 1 + 1 + 2)



(a) 4 points:

- One point is earned for drawing a correctly labeled graph of the corn market with P_M and Q_M. The market demand curve must be downward sloping and the market supply curve must be upward sloping.
- One point is earned for showing a horizontal demand curve on the firm's graph extended from the market equilibrium price, P_M.
- One point is earned for identifying the firm's profit-maximizing quantity, Q_F, at marginal cost equal to marginal revenue ($MC=MR_1$).
- One point is earned for showing the firm's average total cost (ATC) curve and marginal cost (MC) passing through the minimum point of ATC, and P = ATC = MC at Q_F.

Note: All quantities and prices should be labeled on the axes and connected to the intersection points by dashed lines.

(b) 2 points:

- One point is earned for showing a rightward shift of the market demand curve and a higher price and quantity, P^* and Q^*.
- One point is earned for completely shading the area representing the profit for a representative corn farmer.

(c) 1 point:

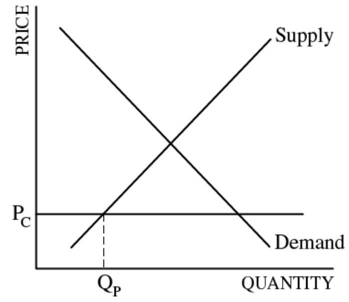
- One point is earned for stating that the market quantity will increase and the market's price will decrease in the long run, and for explaining that new corn farmers will enter the market, which will increase the market supply curve.

AP® MICROECONOMICS
2017 SCORING GUIDELINES

Question 1 (continued)

(d) 1 point:

- One point is earned for stating that the price of soybeans in the next planting season will increase, and for explaining that the supply of soybeans will decrease because the higher price of corn encourages farmers to substitute corn for soybeans in production.



(e) 2 points:

- One point is earned for showing a correctly labeled graph of the corn market, with the price ceiling, P_C, below the equilibrium price of corn.
- One point is earned for showing the quantity purchased by consumers in the corn market labeled as Q_P where P_C intersects the supply curve.