



## **AP<sup>®</sup> Macroeconomics 2007 Scoring Guidelines**

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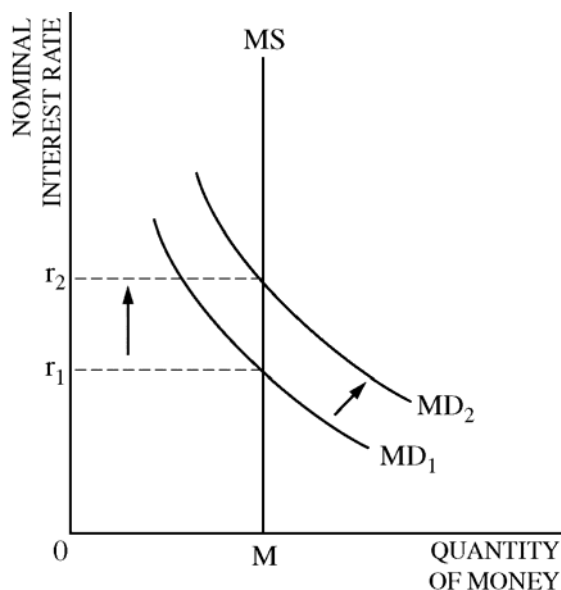
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# AP<sup>®</sup> MACROECONOMICS 2007 SCORING GUIDELINES

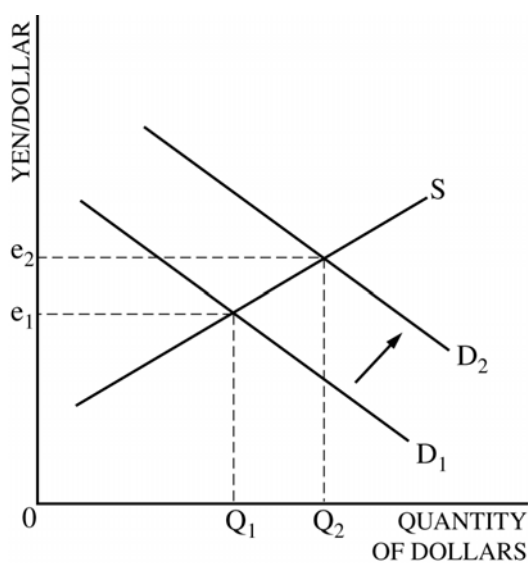
## Question 1

**12 Points** (3 + 3 + 2 + 3 + 1)



(a) 3 points:

- One point is earned for a correctly labeled graph of the money market.
- One point is earned for showing a rightward shift of the money demand curve.
- One point is earned for the conclusion that the interest rate rises .



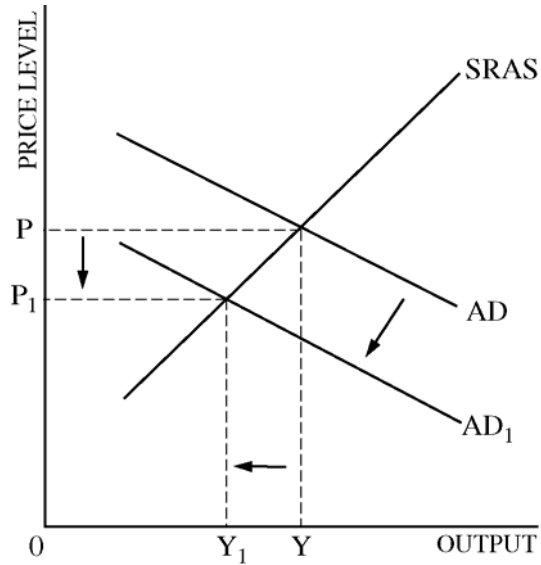
(b) 3 points:

- One point is earned for a correctly labeled graph of the foreign exchange market.
- One point is earned for showing an upward shift of the demand curve for the dollar.
- One point is earned for concluding that the yen price of the dollar increases.

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(c) 2 points:

- One point is earned for concluding that net exports will fall.
- One point is earned for stating that the appreciating dollar makes U.S. goods relatively more expensive to Japan, so U.S. exports to Japan would fall and imports rise.



(d) 3 points:

- One point is earned for a correctly labeled graph of AS/AD.
- One point is earned for showing a leftward shift of the AD curve.
- One point is earned for concluding that output and the price level both fall.

(e) 1 point:

- One point is earned for stating that unemployment rises because output is falling.

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**Question 2**

**6 points** (1 + 1 + 1 + 1 + 2)

(a) 1 point:

- One point is earned for stating that the federal funds rate is the interest rate on short-term loans between banks.

(b) 1 point:

- One point is earned for stating that the Fed should buy bonds.

(c) 1 point:

- One point is earned for calculating the maximum change in loans, which is \$40 million.

(d) 1 point:

- One point is earned for stating that the nominal interest rate will fall.

(e) 2 points:

- One point is earned for stating that the real interest rate will fall.
- One point is earned for explaining that the real rate falls because the nominal rate has decreased and inflation has increased.

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**Question 3**

**8 points** (2 + 2 + 2 + 2)

(a) 2 points:

- One point is earned for stating that the value of the textbook is not included.
- One point is earned for explaining that a used item has already been counted in a previous year, or is not part of 2006 production.

(b) 2 points:

- One point is earned for stating that the rent payment is included.
- One point is earned for explaining that the payment is for service provided in 2006.

(c) 2 points:

- One point is earned for stating that the commissions are included.
- One point is earned for explaining that the commissions represent income for providing service in 2006.

(d) 2 points:

- One point is earned for stating that the value is not included in the U.S. GDP.
- One point is earned for explaining that U.S. GDP does not include production outside of the U.S.