

AP[®] MACROECONOMICS
2006 SCORING GUIDELINES

Question 3

7 points (1 + 2 + 4)

(a) 1 point:

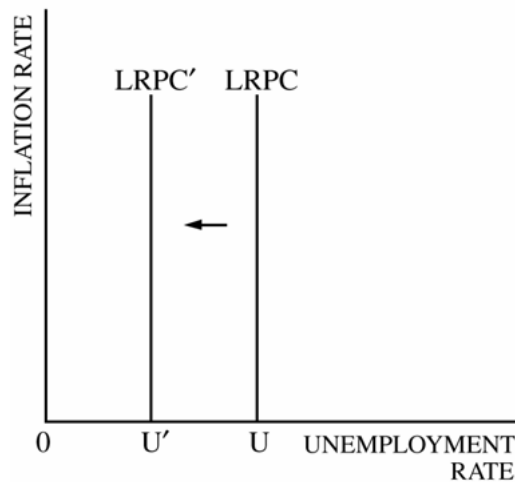
- One point is earned for asserting that the actual rate will be lower than the natural rate of unemployment.

(b) 2 points:

- One point is earned for asserting that there will be no change in the number unemployed.
- One point is earned for explaining that part-time workers are considered employed.

(c) 4 points:

- One point is earned for asserting that the natural rate of unemployment will fall.
- One point is earned for explaining that people have more incentive to look for work as unemployment compensation diminishes.
- One point is earned for a correctly labeled graph.
- One point is earned for showing a leftward shift of the long-run Phillips curve.

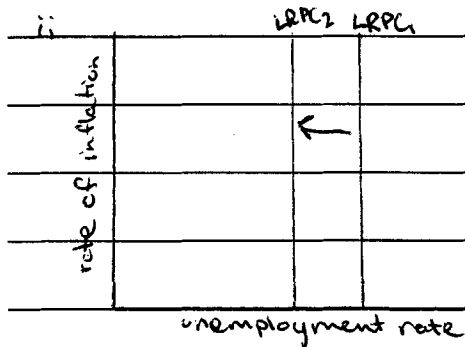


Write in the box the number of the question you are answering on this page as it is designated in the examination.

3

3A

- a. An expansionary fiscal policy is aimed at relieving recession and decreasing unemployment. Increase government spending and lower taxes will increase demand and lower unemployment therefore actual unemployment will be lower than natural unemployment.
- b. This does not affect the number of people who are classified as unemployed because those that are part-time employed are counted in the labor force and counted as being employed.
- c. i. A decrease in unemployment compensation will decrease the natural rate of unemployment because the lower benefits of unemployment will cause more unemployed to seek employment.



Write in the box the number of the question you are answering on this page as it is designated in the examination.

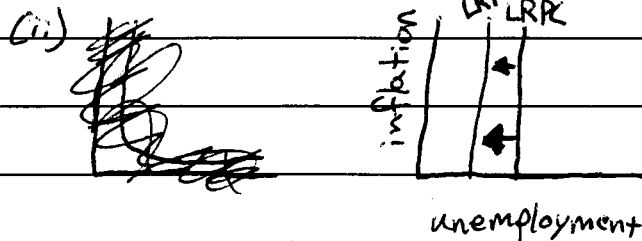
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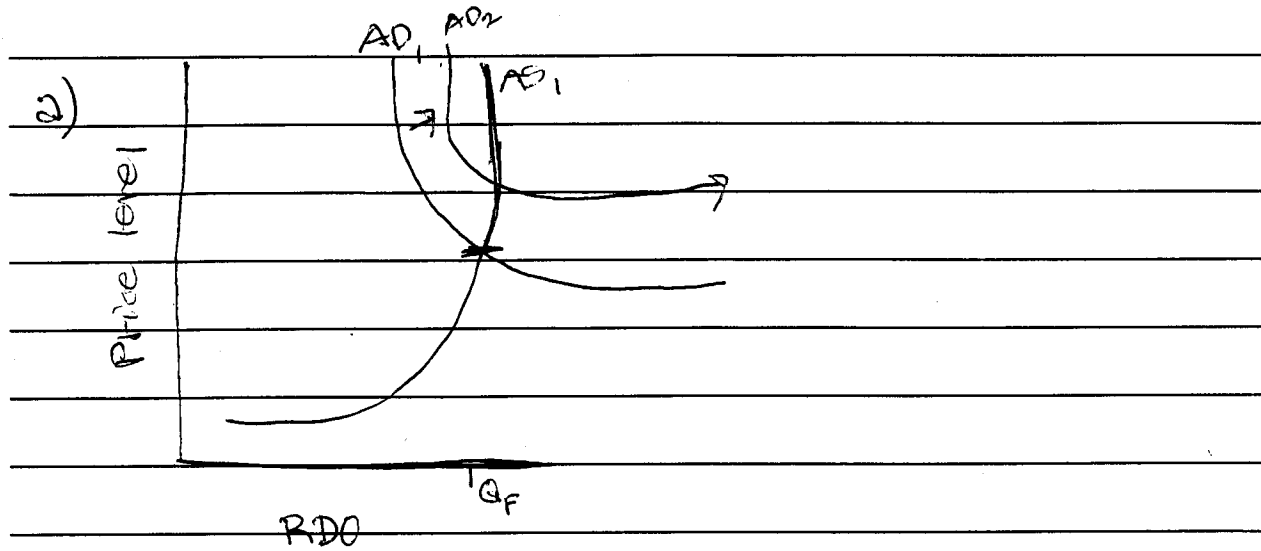
3B

(a) Compared to the natural rate of unemployment, the actual unemployment rate will be lower in the short run.

(b) This affects the number of people who are classified as unemployed because part time jobs do not factor into the employment rate. This means that it will appear to raise the unemployment rate, when the same amount of people are working.

(c) (i) The lowering of unemployment compensation would give more of an incentive for people to get jobs. This would, in effect, ~~raise~~ ^{lower} the natural rate of unemployment.





The actual unemployment rate is less than the natural rate of unemployment.

b) There will be no effect because part-time workers are counted as fully employed.

c) It will not have a dramatic effect because the natural rate of unemployment is inevitable. ~~IF it were cyclical unemployment, the rate might decrease.~~ However frictional and structural unemployment will exist no matter what.

**AP[®] MACROECONOMICS
2006 SCORING COMMENTARY**

Question 3

Overview

The question tested students' knowledge of the natural rate of unemployment and the construction of the official unemployment rate.

Sample: 3A

Score: 7

The student received full credit.

Sample: 3B

Score: 5

The student lost 2 points in part (b) for incorrectly asserting that a shift from full-time to part-time employment will raise the unemployment rate, with no explanation given.

Sample: 3C

Score: 3

The student earned the point in part (a) and both points in part (b).