



Student Performance Q&A:

2008 AP® Macroeconomics Free-Response Questions

The following comments on the 2008 free-response questions for AP® Macroeconomics were written by the Chief Reader, Arthur Raymond of Muhlenberg College in Allentown, Pennsylvania. They give an overview of each free-response question and of how students performed on the question, including typical student errors. General comments regarding the skills and content that students frequently have the most problems with are included. Some suggestions for improving student performance in these areas are also provided. Teachers are encouraged to attend a College Board workshop to learn strategies for improving student performance in specific areas.

Question 1

What was the intent of this question?

This question tested students' understanding of the effects of a recession and expansionary fiscal policy. Part (a) asked students to use a Phillips-curve diagram to show the effects of a recession. Part (b) asked students to explain the effect of the recession on the federal budget. Part (c) asked students to calculate the minimum change in government spending necessary to increase output by a given amount and then compare the size of that change to the alternative policy of a reduction in personal income taxes. Parts (d) and (e) asked students to show the effect of an increase in government spending on the real interest rate and explain the effect of the change in the real interest rate on economic growth.

How well did students perform on this question?

The mean score was 4.67, almost 43 percent of the maximum possible score of 11 points. Students performed relatively well on part (a), which required Phillips-curve analysis. The most difficult point was in part (e), which required an explanation for the change in growth due to a higher real interest rate.

What were common student errors or omissions?

The most common error was confusion about the nature of economic growth. Another common error was the inability to properly draw and label a graph of the market for loanable funds.

Based on your experience of student responses at the AP Reading, what message would you like to send to teachers that might help them to improve the performance of their students on the exam?

Emphasize the difference between a short-run change in real GDP and economic growth. Also, the proper labeling of graphs continues to be a weak area for students. Students should be frequently asked to produce their own graphs.

Question 2

What was the intent of this question?

This question tested students' understanding of the current and capital accounts in the balance of payments and the effect of a change in income on the current account. It also tested their ability to use a diagram of the foreign exchange market for the U.S. dollar to show the effect of an outflow of the dollar from the United States to India on the value of the dollar relative to Indian currency.

How well did students perform on this question?

The mean score was approximately 1.98, 33 percent of the maximum possible score of 6 points.

What were common student errors or omissions?

Students were generally unaware that the purchase of equipment produced in other nations is recorded in the current account of the balance of payments and that an increase in imports reduces the current account balance. They also had difficulty properly labeling a graph of the foreign exchange market.

Based on your experience of student responses at the AP Reading, what message would you like to send to teachers that might help them to improve the performance of their students on the exam?

As on previous exams, questions about international economics continue to be difficult for students; this topic should be emphasized throughout the course. As noted in my comments on question 1, it is also important to ask students to create their own properly labeled graphs.

Question 3

What was the intent of this question?

This question assessed the ability of students to calculate a nation's opportunity cost from a production possibility curve and then use the calculated opportunity cost to identify which good will be imported; determine whether trade will be advantageous given a terms of trade; and determine the effect of a change in productivity on comparative advantage.

How well did students perform on this question?

Students performed very well on this question—the mean score was 4.17, 69 percent of the maximum possible score of 6 points.

What were common student errors or omissions?

Although students generally performed well on all parts of this question, the relatively weaker parts were identifying whether gains from trade can occur given the terms of trade and how changes in productivity affect comparative advantage.

Based on your experience of student responses at the AP Reading, what message would you like to send to teachers that might help them to improve the performance of their students on the exam?

Opportunity costs, rather than absolute levels of production, should be used to identify comparative advantage.