AP® Macroeconomics
2010 Scoring Guidelines

The College Board

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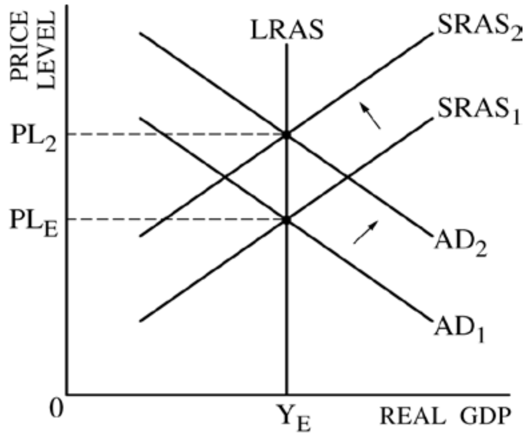
Question 1

10 Points (2 + 2 + 2 + 2 + 2)



(a) 2 points:

- One point is earned for a correctly labeled graph with a downward-sloping AD curve, an upward-sloping SRAS curve, and the points PL_E and Y_E on the vertical and horizontal axes.
- One point is earned for showing a vertical LRAS curve at Y_E.

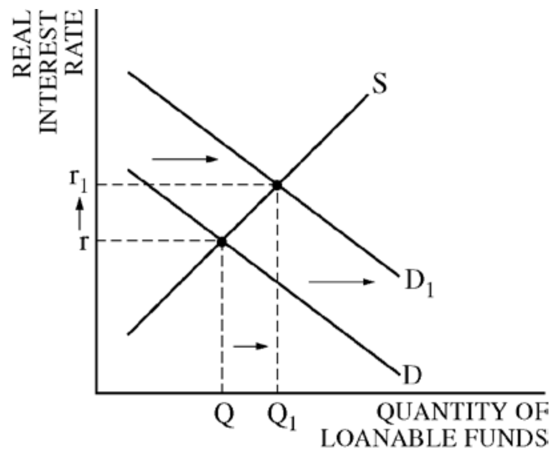
(b) 2 points:

- One point is earned for showing a rightward shift of the AD curve on the graph in part (a).
- One point is earned for stating that the unemployment rate would fall and explaining that this is because real output increases.

(c) 2 points:

- One point is earned for stating that the short-run aggregate supply curve will shift to the left and showing PL_2 correctly on the graph in part (a).
- One point is earned for explaining that the actual price level is higher than was expected or that wages and commodity prices adjust to the higher price level, causing the SRAS curve to shift to the left.

Question 1 (continued)



(d) 2 points:

- One point is earned for a correctly labeled graph of the loanable funds market.
- One point is earned for showing a rightward shift of the demand curve, resulting in a higher interest rate OR a leftward shift of the supply curve, resulting in a higher interest rate.

(e) 2 points:

- One point is earned for stating that investment spending will decrease.
- One point is earned for explaining that the decrease in investment slows down capital formation, leading to a reduction in the economic growth rate.

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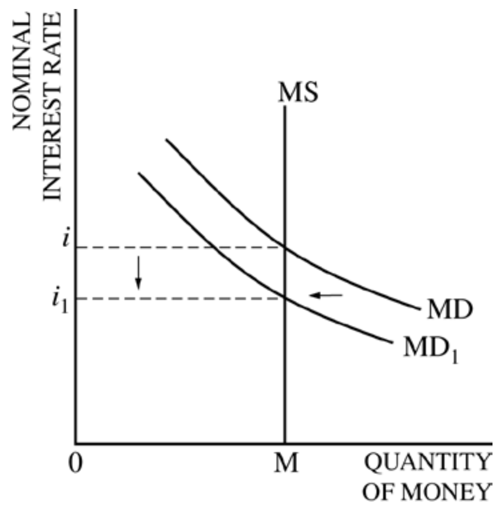
Question 2

6 points (2 + 1+ 2 + 1)



(a) 2 points:
- One point is earned for a correctly labeled graph of the money market.
- One point is earned for showing a downward shift of the money demand curve and showing a decrease in the nominal interest rate using arrows, labels or dotted lines.

(b) 1 point:
- One point is earned for stating that bond prices will rise in the short run.

(c) 2 points:
- One point is earned for stating that the price level will rise.
- One point is earned for the explanation that the price level increases because aggregate demand increases, and aggregate demand increases because interest-sensitive spending (investment, consumption or net exports) increases.

(d) 1 point:
- One point is earned for stating that the Fed could sell bonds to decrease the money supply and raise the interest rate back to the original level.

Question 3

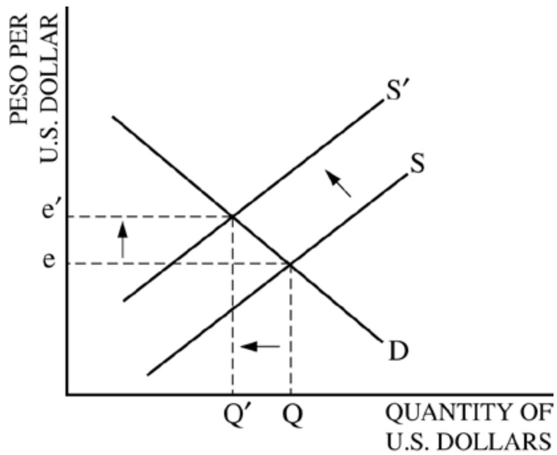
6 points (1 + 1 + 2 + 2)

(a) 1 point:

- One point is earned for stating that Argentina's aggregate demand will fall because the purchase results in increased imports *or* decreased net exports, which are components of aggregate demand.

(b) 1 point:

- One point is earned for stating that the United States current account will be in surplus or increases because exports are recorded as a credit in the current account.



(c) 2 points:

- One point is earned for a correctly labeled graph of the dollar market.
- One point is earned for showing a leftward shift of the supply curve and indicating that the value of the dollar against the peso increases, using arrows, labels or dotted lines.

(d) 2 points:

- One point is earned for stating that the peso will depreciate against the dollar.
- One point is earned for explaining that the higher inflation rate in Argentina makes U.S. goods less expensive (or more attractive) than Argentinean goods.