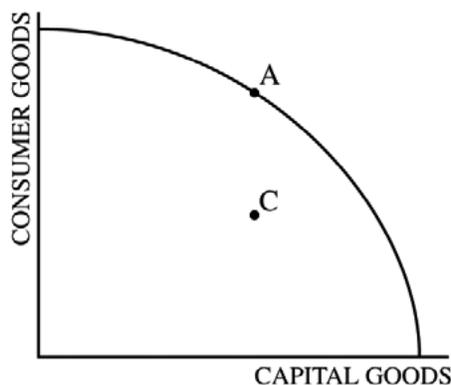


**AP[®] MACROECONOMICS
2013 SCORING GUIDELINES**

Question 2

5 points (1 + 1 + 1 + 1 + 1)



(a) 1 point:

- One point is earned for answering both goods.

(b) 1 point:

- One point is earned for showing point A on the production possibilities curve.

(c) 1 point:

- One point is earned for showing point C inside the production possibilities curve.

(d) 1 point:

- One point is earned for identifying an expansionary fiscal policy, such as increasing government spending or decreasing taxes.

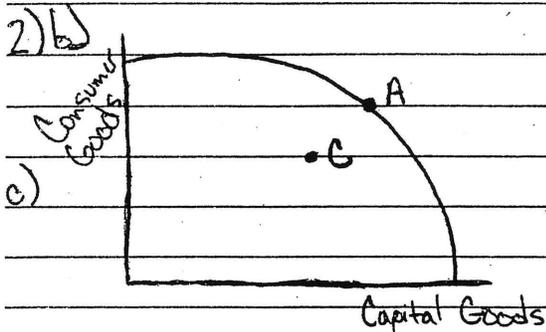
(e) 1 point:

- One point is earned for stating that SRAS will increase because wages and some other production costs decrease during a recession.

2 A

ANSWER PAGE FOR QUESTION 2

2a) ~~both~~ Production of both goods exhibits increasing opportunity costs.



2b) The Fischurand government can decrease taxes and increase government spending, therefore increasing aggregate demand.

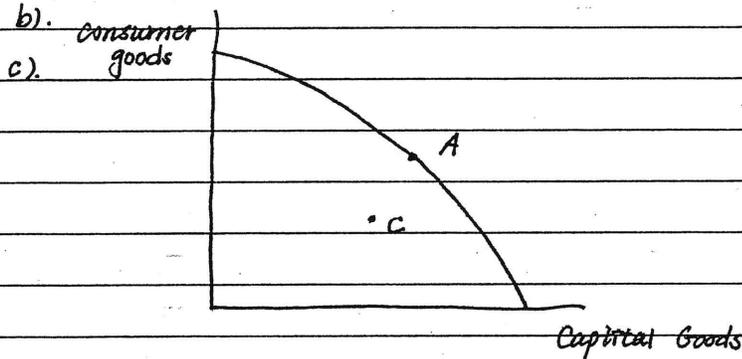
2c) Short run supply will self-correct and increase in the long run to escape the recession. This is because in the recession, there are high rates of unemployment, so wages will begin to adjust and fall, as workers must compete with the unemployed who will work for low wages. This adjusting of wages eventually shifts aggregate supply right, and back into equilibrium.

GO ON TO THE NEXT PAGE.

2 B

ANSWER PAGE FOR QUESTION 2

a). The production of consumer goods only would exhibit increasing opportunity costs because of the Law of Increasing Costs. As more resources are put into a specialized product, there are larger opportunity costs of producing.



d). Since the country is in recession, the government would take out expansionary policy. The government could increase government spending and decrease tax.

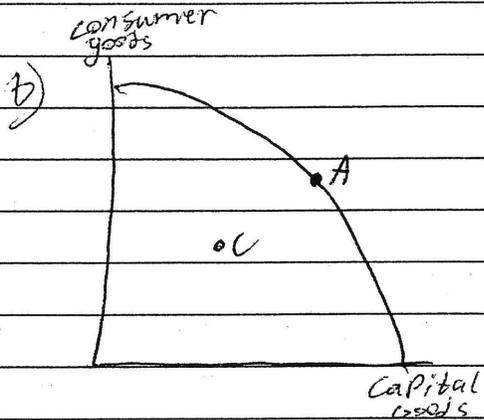
e). Short-run aggregate supply would decrease. When a country is in recession, the inflation rate is low and unemployment rate is high, according to the Phillips curve. The companies have limited capital to invest in and pay for the workers. The reduced number of labors decreases the productivity has less power of production, thus there are less products produced. The decreased amount of produced products causes SRAS to decrease and moves to the left.

GO ON TO THE NEXT PAGE.

2C

ANSWER PAGE FOR QUESTION 2

a) neither



d) Buy bonds

e) stay the same

GO ON TO THE NEXT PAGE.

AP[®] MACROECONOMICS
2013 SCORING COMMENTARY

Question 2

Overview

Part (a) asked the students about opportunity costs on the provided graph. Part (b) tested their ability to draw a point on the graph showing full employment. Part (c) asked the students to plot a point on their previously drawn graph to show a recession graphically. Part (d) asked students to identify fiscal policy actions in regard to a recession. Part (d) asked students to explain what happened to the short-run aggregate supply curve in the long run, when there is no policy action taken.

Sample: 2A

Score: 5

The student answers all parts of the question correctly and so earned 5 points.

Sample: 2B

Score: 3

The student earned 1 point in part (b) and 1 point in part (c) for correctly redrawing the production possibility curve and showing points A and C on the graph. The student earned 1 point in part (d) for correctly identifying fiscal policies to address the recession.

Sample: 2C

Score: 2

The student earned 1 point in part (b) and 1 point in part (c) for correctly redrawing the production possibility curve and showing points A and C on the graph.