



Student Performance Q&A: 2013 AP[®] Macroeconomics Free-Response Questions

The following comments on the 2013 free-response questions for AP[®] Macroeconomics were written by the Chief Reader, Arthur Raymond of Muhlenberg College, 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?

Part (a) tested students' ability to draw an aggregate supply and aggregate demand diagram and to show equilibrium at full employment. Parts (b) and (c) asked students to first use the loanable funds market graph to demonstrate the effect of an increase in personal savings on the real interest rate and then to indicate the effect of the change in the real interest rate on components of spending and on economic growth. In parts (d) and (e), students were asked to use a graph of the foreign exchange market to demonstrate the effect of an increase in the real interest rate in the euro zone on the demand and value of the euro relative to the US dollar, and to indicate the effect of the change in the euro on the US current account balance.

How well did students perform on this question?

The mean score was 4.86 out of a possible 10 points.

Students performed well in drawing an aggregate supply and aggregate demand diagram that indicates equilibrium at full employment.

What were common student errors or omissions?

The two most difficult parts of Question 1 were part (c)(ii), which asked students to explain the effect of the change in the real interest rate on economic growth, and part (d)(i), which asked students to explain the effect of the change in the real interest rate on the demand for the euro.

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?

The distinction between the effect of changes in investment in plant and equipment on aggregate demand versus aggregate supply must be clearly established in order to distinguish between short-run changes in real GDP and changes in economic growth. Emphasize the importance of understanding why the supply and/or demand for foreign currency changes. Students were often able to determine that the demand for the currency changed, but were generally unable to explain the motivation for the change in the demand for the currency.

Question 2

What was the intent of this question?

Part (a) tested students' ability to determine how opportunity costs change based on a provided production possibility curve. Parts (b) and (c) required students to redraw the production possibility curve and to indicate a point where there is full employment/efficiency and a point where there is recession. Part (d) asked students to identify a fiscal policy to address a recession. Part (e) required students to explain how the short-run aggregate supply curve would change in the absence of any discretionary policy actions.

How well did students perform on this question?

The mean score was 3.44 out of a possible 5 points.

Students performed well on this question, particularly on parts (b) and (c)

What were common student errors or omissions?

Part (e) was the most difficult part for students.

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?

Stress that the economy adjusts to recessions even in the absence of policy actions. In a recession there is downward pressure on wages and other input prices, which shifts the short-run aggregate supply curve to the right, towards full employment.

Question 3

What was the intent of this question?

Parts (a), (b), and (c) tested the students' understanding of the Phillips curve. Parts (d) asked students to indicate the effect of a change in expected inflation on the nominal and real interest rates. Part (e) required students to calculate a real interest rate.

How well did students perform on this question?

The mean score was 2.84 out of a possible 6 points.

What were common student errors or omissions?

The most common errors occurred in determining the effect of a change in expected inflation on the short-run Phillips curve and on the real interest rate.

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 effect of a change in expected inflation on economic variables versus the effect of a change in actual inflation on economic variables.