



AP[®] Microeconomics 2013 Scoring Guidelines

The College Board

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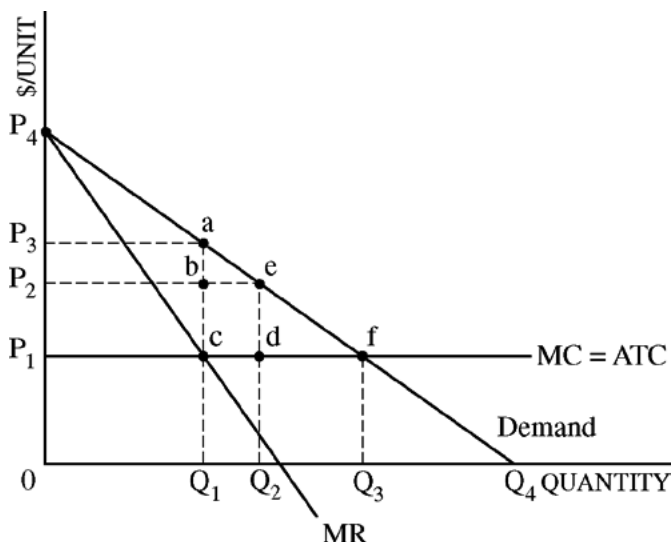
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Question 1

10 points (4 + 2 + 2 + 1 + 1)



(a) 4 points:

- One point is earned for identifying the quantity, Q_1 .
- One point is earned for identifying the price, P_3 .
- One point is earned for identifying the area that represents the profit earned, P_1P_3ac .
- One point is earned for identifying the area that represents the deadweight loss, acf .

(b) 2 points:

- One point is earned for identifying the quantity produced, Q_3 .
- One point is earned for identifying the area that represents the total revenue received, P_4fQ_30 .

(c) 2 points:

- One point is earned for identifying the socially efficient quantity, Q_3 .
- One point is earned for identifying the area that represents the consumer surplus, P_1P_4f .

(d) 1 point:

- One point is earned for stating that the monopolist is earning zero economic profit because the price equals ATC.

(e) 1 point:

- One point is earned for stating that point f is in the inelastic portion of the demand curve because MR is negative.

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Question 2

5 points (1 + 2 + 1 + 1)

(a) 1 point:

- One point is earned for stating that PieCrust should choose to advertise because it makes greater profit by advertising: $\$250 > \180 .

(b) 2 points:

- One point is earned for stating that LaPizza does not have a dominant strategy.
- One point is earned for stating that its best choice depends on the strategy chosen by PieCrust. When PieCrust advertises, LaPizza does better by not advertising ($\$300 > \200); When PieCrust does not advertise, LaPizza does better by advertising ($\$500 > \400).

(c) 1 point:

- One point is earned for identifying the daily profit for PieCrust, $\$450$, and for LaPizza, $\$300$.

(d) 1 point:

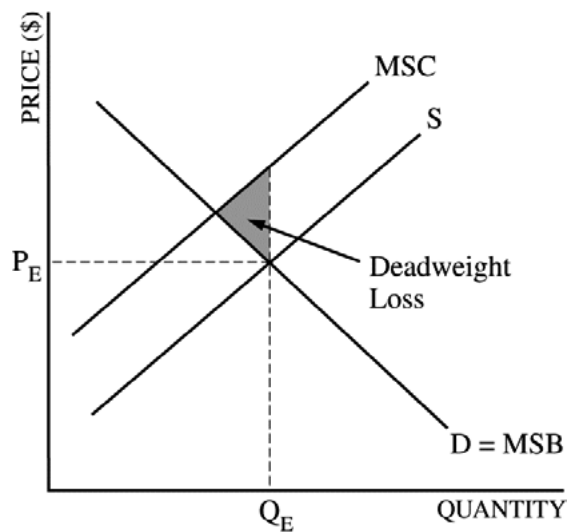
- One point is earned for reproducing the payoff matrix to reflect the effect of the increase in advertising costs.

		LaPizza	
		Advertise	Not Advertise
PieCrust	Advertise	\$190, \$140	\$390, \$300
	Not Advertise	\$180, \$440	\$390, \$400

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Question 3

6 points (1 + 3 + 2)



(a) 1 point:

- One point is earned for drawing a correctly labeled supply and demand graph with P_E and Q_E labeled.

(b) 3 points

- One point is earned for drawing the MSC curve above the supply curve.
- One point is earned for labeling the demand curve MSB.
- One point is earned for shading the correct area of the deadweight loss.

(c) 2 points:

- One point is earned for stating that the market equilibrium quantity is less than the socially optimal quantity because the fireworks generate a positive externality or provide an external benefit to third parties.
- One point is earned for stating that the deadweight loss will increase.