



## **AP<sup>®</sup> Macroeconomics 2006 Scoring Guidelines Form B**

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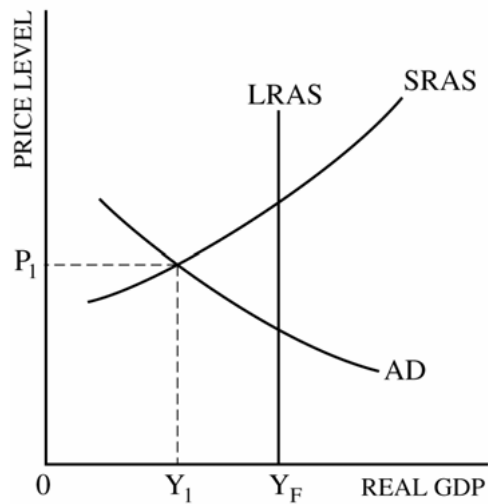
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Question 1

11 points (3 + 4 + 2 + 2)



(a) 3 points:

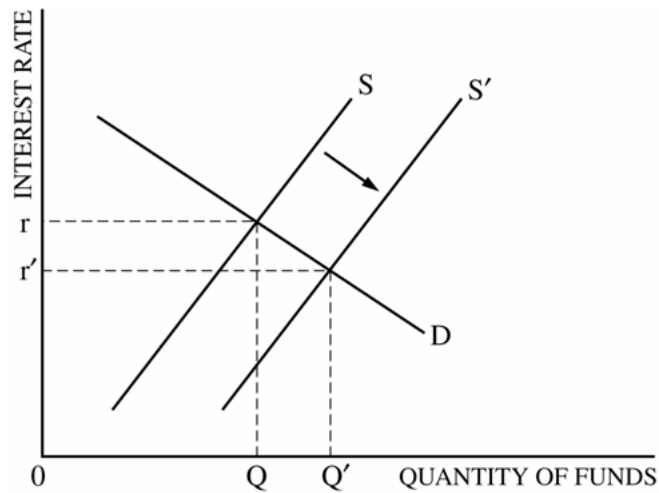
- One point is earned for a correctly labeled graph.
- One point is earned for a vertical LRAS at full employment.
- One point is earned for showing the current output and price level.

(b) 4 points:

- One point is earned for shifting SRAS curve to the right.
- One point is earned for explaining that wages decrease, lowering the cost of production.
- One point is earned for concluding that employment will increase.
- One point is earned for explaining that real output is rising.

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Question 1 (continued)



(c) 2 points:

- One point is earned for a correctly labeled graph.
- One point is earned for a rightward shift of the supply curve causing the interest rate to fall.

(d) 2 points:

- One point is earned for stating that LRAS will shift to the right.
- One point is earned for explaining that lower real rates increase investment, which increases the capital stock.

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**Question 2**

**6 points** (2 + 2 + 2)

(a) 2 points:

- One point is earned for stating that there is no impact.
- One point is earned for explaining that only the composition of the MS changes.

(b) 2 points:

- One point is earned for indicating \$7,200.
- One point is earned for indicating \$36,000.

(c) 2 points:

- One point is earned for stating that money supply increases.
- One point is earned for stating that money demand increases because income increases.

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**Question 3**

**7 points** (4 + 1 + 2)

(a) 4 points:

- One point is earned for stating that demand for Canadian dollars will decrease.
- One point is earned for explaining that Korean demand for Canadian goods will decrease.
- One point is earned for stating that demand for Canadian dollars will fall.
- One point is earned for explaining that Korean demand for Canadian financial assets will decrease.

(b) 1 point:

- One point is earned for concluding that Canadian dollars will depreciate.

(c) 2 points:

- One point is earned for stating that Canadian exports to Korea will increase.
- One point is earned for explaining that Koreans will find Canadian goods relatively cheaper.