



AP[®] Microeconomics 2006 Scoring Guidelines Form B

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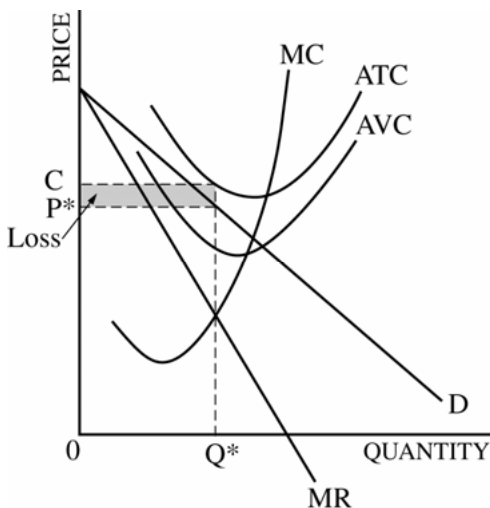
AP[®] MICROECONOMICS
2006 SCORING GUIDELINES (Form B)

Question 1

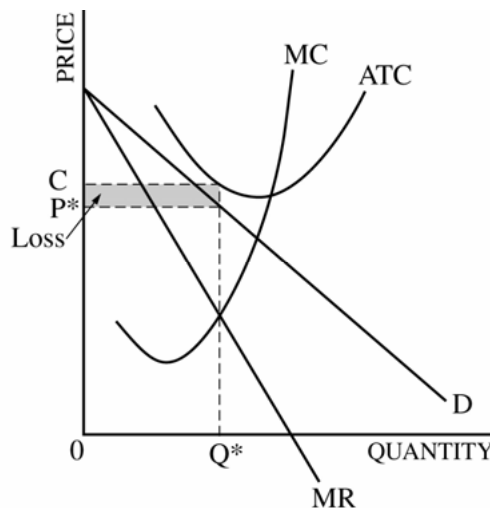
11 points (1 + 4 + 2 + 4)

(a) 1 point:

- One point is earned for stating that the firm must be covering its AVC (or TVC), or $P > AVC$.



OR



(b) 4 points:

- One point is earned for a correctly labeled graph with MR below the demand curve.
- One point is earned for identifying profit-maximizing quantity at $MR = MC$.
- One point is earned for identifying price on the demand curve above equilibrium quantity and below ATC.
- One point is earned for showing the correct loss area.

(c) 2 points:

- One point is earned for indicating that total revenue will fall.
- One point is earned for explaining that demand is elastic or MR is positive.

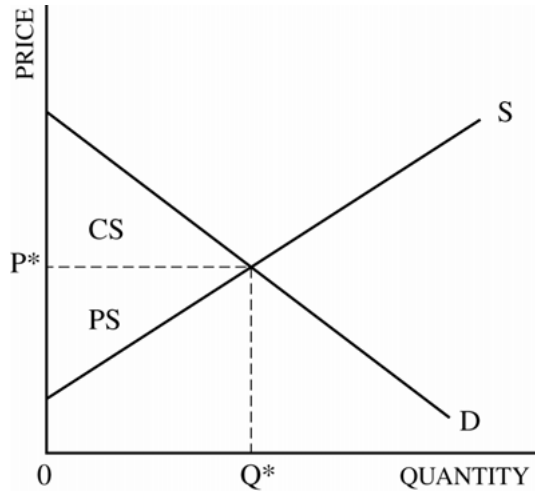
(d) 4 points:

- One point is earned for indicating that the profit-maximizing output will increase.
- One point is earned for explaining that the marginal revenue curve will shift to the right.
- One point is earned for concluding that total cost will increase.
- One point is earned for explaining that output increases.

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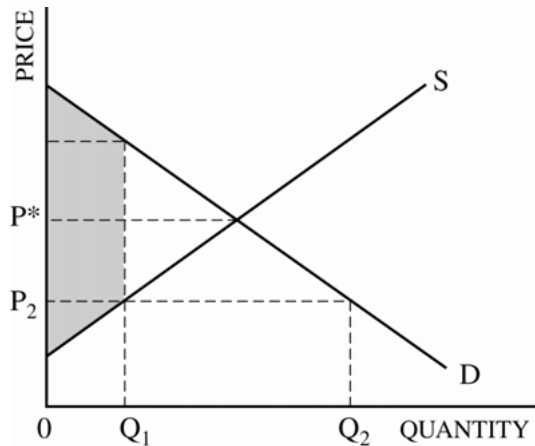
Question 2

7 points (3 + 2 + 2)



(a) 3 points:

- One point is earned for a correctly labeled graph with equilibrium price and quantity.
- One point is earned for showing the correct area of consumer surplus.
- One point is earned for showing the correct area of producer surplus.



(b) 2 points:

- One point is earned for showing the price ceiling below the equilibrium.
- One point is earned for shading the correct area of consumer surplus and producer surplus.

(c) 2 points:

- One point is earned for indicating that consumer surplus will decrease.
- One point is earned for indicating that producer surplus will not change.

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Question 3

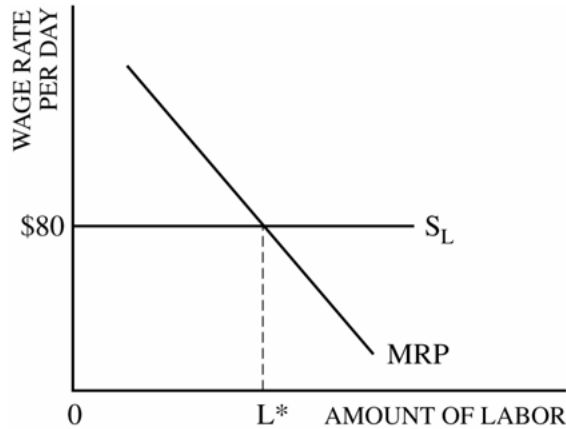
7 points (1 + 1 + 3 + 2)

(a) 1 point:

- One point is earned for stating that $MRP=MFC$.

(b) 1 point:

- One point is earned for calculating the price: $\$80/20 = \4



(c) 3 points:

- One point is earned for a correctly labeled graph with downward-sloping demand curve.
- One point is earned for drawing a horizontal supply curve.
- One point is earned for showing equilibrium amount of labor.

(d) 2 points:

- One point is earned for stating that the amount of labor will increase.
- One point is earned for explaining that $MRP > W$.