CollegeBoard AP

AP® Microeconomics
2011 Scoring Guidelines
Form B

The College Board

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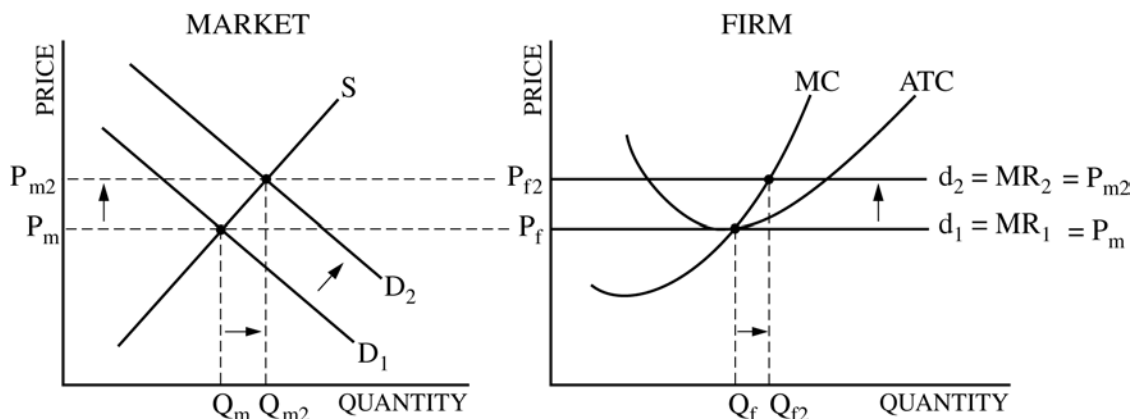
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Question 1

10 points (3 + 1 + 2 + 2 + 2)

(a) 3 points:
- One point is earned for a correctly labeled graph of the market showing a downward-sloping market demand curve, an upward-sloping market supply curve, and P_m and Q_m.
- One point is earned for showing the firm's profit-maximizing quantity, Q_f, at MC = MR with a horizontal demand curve.
- One point is earned for showing the firm's average total cost (ATC) curve tangent to its demand curve at Q_f.

(b) 1 point:
- One point is earned for stating that P_m is equal to P_f.

(c) 2 points:
- One point is earned for showing a rightward shift of the market demand curve and showing P_{m2} and Q_{m2}.
- One point is earned for showing the corresponding upward shift of the firm's demand curve and showing P_{f2} and Q_{f2}.

(d) 2 points:
- One point is earned for stating that the number of firms increases because the existence of short-run profits attracts new firms to enter the industry.
- One point is earned for stating that the firm's ATC curve will shift upward.

(e) 2 points:
- One point is earned for stating that the long-run profit-maximizing price will be higher than P_f.
- One point is earned for stating that the long-run profit-maximizing price will be lower than P_{f2}.

Question 2

6 points $(3 + 2 + 1)$
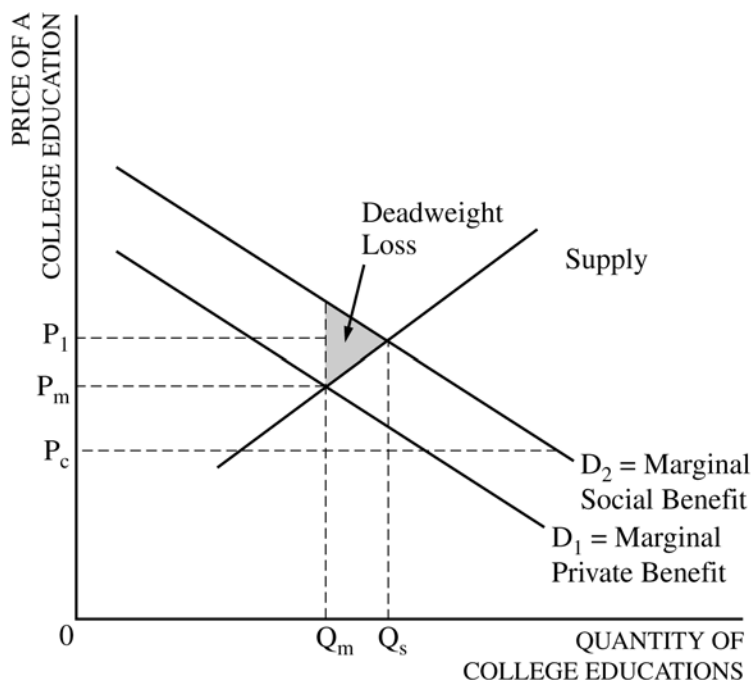
(a) 3 points:
- One point is earned for a correctly labeled market graph, showing the equilibrium price and quantity, P_m and Q_m.
- One point is earned for showing a MSB curve above a MPB curve and for showing the socially optimal quantity, Q_s.
- One point is earned for shading the area representing the deadweight loss.

(b) 2 points:
- One point is earned for showing an effective (binding) price ceiling below P_m.
- One point is earned for stating that the price ceiling will increase the deadweight loss, because providers will decrease the quantity of education offered.

(c) 1 point:
- One point is earned for stating that the new equilibrium quantity will be greater than Q_m.

Question 3

5 points (1 + 1 + 3)

(a) 1 point:
  - One point is earned for identifying the profit-maximizing quantity of labor as 100 units.

(b) 1 point:
  - One point is earned for identifying the wage rate TreeMart pays as $10.

(c) 3 points:
  - One point is earned for identifying the quantity of labor in a competitive labor market as 200 units.
  - One point is earned for identifying the quantity of labor, 150 units, given a minimum wage of $12.5.
  - One point is earned for explaining that the MFC curve (or the supply curve for labor) becomes horizontal at the minimum wage up to a quantity of 150.