



## **AP<sup>®</sup> Microeconomics 2010 Scoring Guidelines**

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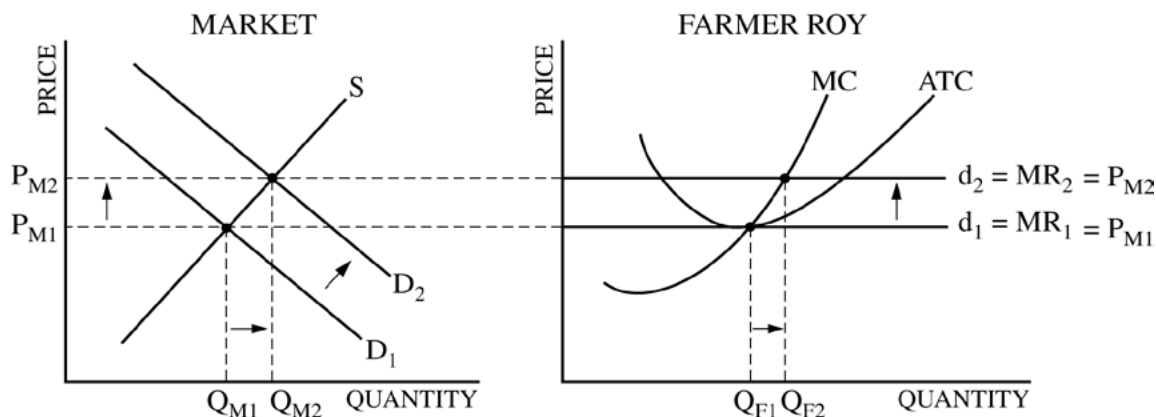
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**Question 1**

**10 points** (4+1+4+1)

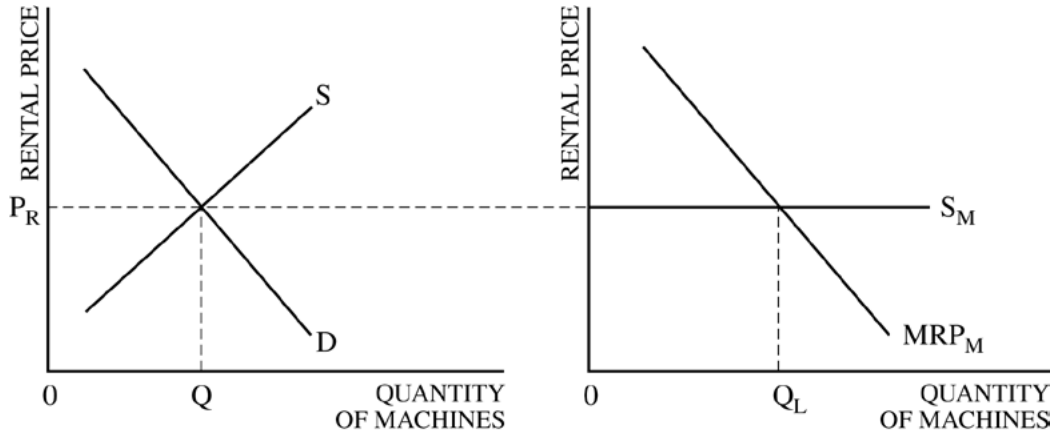


- (a) 4 points:
- One point is earned for a correctly labeled graph of the corn market (S, D, P<sub>M1</sub>, Q<sub>M1</sub>).
  - One point is earned for the graph of the firm with a horizontal demand curve at P<sub>M1</sub>.
  - One point is earned for showing the profit-maximizing quantity, Q<sub>F1</sub>, at MC = MR.
  - One point is earned for showing minimum ATC on the horizontal demand curve at Q<sub>F1</sub>.
- (b) 1 point:
- One point is earned for stating that the demand curve for Farmer Roy's corn is perfectly elastic because Farmer Roy is a price taker or because he can sell all that he wants at the market price.
- (c) 4 points:
- One point is earned for shifting the market demand curve to the right and showing P<sub>M2</sub> and Q<sub>M2</sub>.
  - One point is earned for shifting the firm's demand curve upward to the level of P<sub>M2</sub>.
  - One point is earned for showing the profit-maximizing quantity, Q<sub>F2</sub>, at MC = new MR.
  - One point is earned for stating that ATC at Q<sub>F2</sub> is lower than P<sub>M2</sub>.
- (d) 1 point:
- One point is earned for stating that the equilibrium quantity will decrease and the equilibrium price will increase, because the increase in the price of corn causes a decrease in the supply of cereal.

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**Question 2**

**5 points** (2+2+1)



- (a) 2 points:
- One point is earned for the correct side-by-side graphs with a horizontal machine supply curve for John Lamb ( $S$ ,  $D$ ,  $P_R$ ,  $S_M$ ).
  - One point is earned for showing the equilibrium rental quantity of machines,  $Q_L$ , at the intersection of  $MRP_M$  and the horizontal supply curve.
- (b) 2 points:
- One point is earned for stating that there will be no change to the marginal product curve for machine-hours.
  - One point is earned for explaining that the  $MRP$  curve for machine-hours will decrease (shift to the left) because the decrease in demand decreases the price of widgets.
- (c) 1 point:
- One point is earned for correctly calculating the rental price of a machine:  
 $MP_L/w = MP_K/r = 28/14 = 60/r$ . Therefore,  $r = \$30$ .

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**Question 3**

**5 points** (2+1+2)

- (a) 2 points:
- One point is earned for identifying the consumer surplus as  $P_3JM$ .
  - One point is earned for identifying the producer surplus as  $P_1P_3M$ .
- (b) 1 point:
- One point is earned for identifying the socially optimal quantity as  $q_1$ .
- (c) 2 points:
- One point is earned for identifying the consumer surplus as  $P_5JK$ .
  - One point is earned for indicating that there is no deadweight loss.