

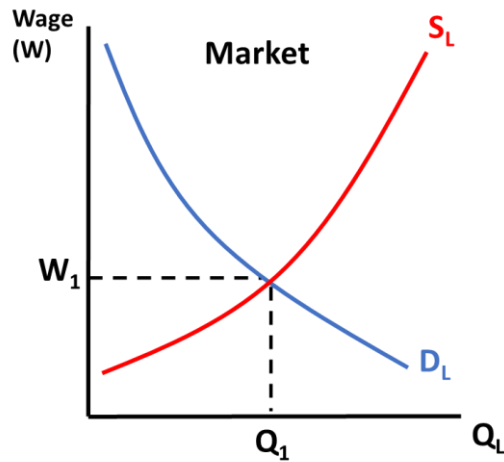
AP Microeconomics
Unit 5 Practice FRQs KEY

FRQ #1

5 points

(a) 2 points

- i. 1 point: Correct labeling wage rate and number of workers employed



- ii. 1 point: None (with the new wage rate we are at equilibrium again)

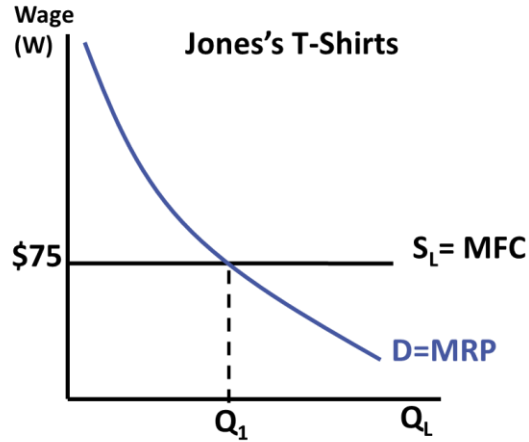
(b) 2 points

- i. 1 point: Wage rate increases and number of workers employed decreases
ii. 1 point: Increase in those who cannot find employment

(c) 1 point: Employment increases due to derived demand. More workers will be needed to produce a good if demand for that good increases.

FRQ #2

7 points



- (a) i. **1 point** is earned for drawing a supply curve horizontal at \$75.
- **1 point** is earned for a drawing downward sloping demand curve (MRP).
 - **ii. 1 point** is earned for labeling the quantity of labor hired as Q₁
 - **iii. 1 point** is earned for stating that workers should be hired where MRP = MFC.
- (b) i. **1 point** for an increase in the demand for labor due to the increase in product price.
- ii. **1 point** for stating 6 workers will be hired.
- (c) **1 point** for stating perfect competition: The firm is a price taker.

FRQ #3

9 points

- (a) **3 points**
- i. 1 point: Increase in quantity of peaches sold
 - ii. 1 point: Price of peaches stays the same
 - iii. 1 point: Short-run profits increase (because costs fell)
- (b) **2 points**
- i. 1 point: Price of peaches decreases
 - ii. Quantity of peaches produced increases (supply would increase)
- (c) **2 points**
- i. 1 point: Price of nectarines decreases (remember that peaches and nectarines are substitutes)
 - ii. 1 point: Quantity of nectarines decreases (remember that peaches and nectarines are substitutes)
- (d) **2 points**
- i. 1 point: Wage rate for nectarine workers will decrease (due to a decrease in the demand for labor)
 - ii. 1 point: Number of nectarine workers hired will decrease