Tips and Strategies

To Pass the AP Economics Exams

Amanda Stiglbauer

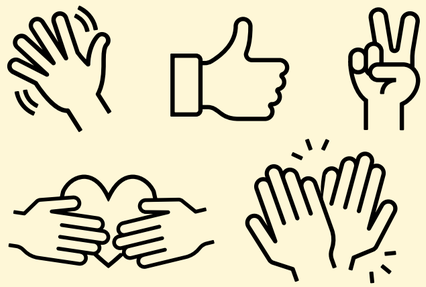
slidesmania.com

Agenda

Hey Everyone!

I'm Amanda Stiglbauer, an AP Economics teacher at Blythewood High School in South Carolina. I have served as an AP Reader and Table Leader for Microeconomics over the last five years. I'm happy to help you in any way, so please feel free to reach out to me at astiglbauer@richland2.org if you have any questions!

Say hi in the chat!!



What will we do?

- [x] Overall Strategies
- [x] Kahoot: Micro
- [ ] Micro Common Mistakes
- [ ] Kahoot: Macro
- [ ] Macro Common Mistakes

slidesmania.com

Introduce yourself! What looming questions do you have about the AP exam?

Students, write your response!

Pear Deck Interactive Slide
Do not remove this bar

Overall Strategies

Stick with the same line of reasoning

Points are often earned by staying on the same “train”

Encourage students not to “hedge” because this often leads to a reduction in points.

Chain reaction → fully explain the WHY when asked

Contradictions receive 0 points

Verbs

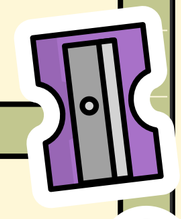
Train students to pay attention to what the prompt is asking them to do. “State” “Explain” “Demonstrate” “Calculate”

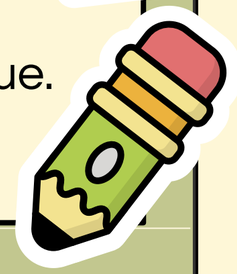
Correctly Label Everything!

Axes, curves, (shifts - direction of change), payoff matrices

Don't Word Vomit

Often, students restate a fact instead of why the fact is true. Bullet Point answers are GOLDEN!





slidesmania.com

Strategies Explained

Stick with the same line of reasoning

ex) government expenditure increases, aggregate demand increases, real output increases in the short run, demand for money increases, nominal interest rate increases.

Verbs

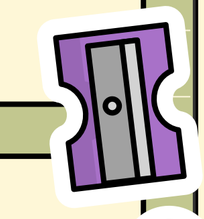
State: Quantity Rises
Explain: Quantity rises because demand shifted to the right
Calculate: *show all work*

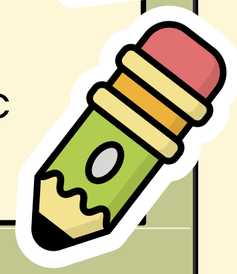
Correctly Label Everything!

See next slide :)

Don't Word Vomit

Good: elastic; MR > 0
Not Good: elastic; monopoly always prices in the elastic region of the demand curve.





slidesmania.com

AP Micro

Question 1 (long)

Students Struggled Here...

Elastic range of demand

Identifying on a monopoly graph (MR>0)
*not - middle, because "the monopolist always prices in the elastic region."

Using the TR Test

Elastic: TR and P move in opposite directions
Inelastic: TR and P move in same direction
Unit Elastic: TR unchanged with price change

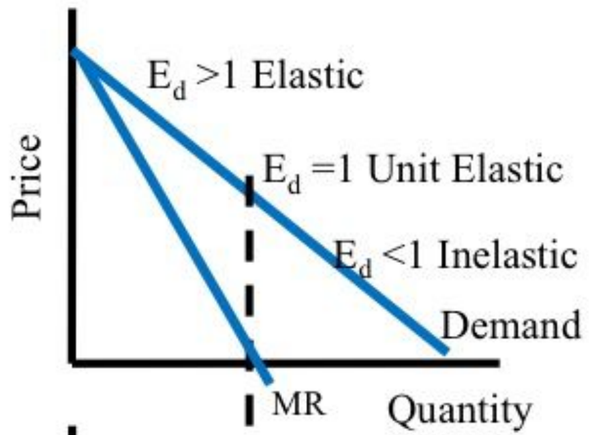
Reading Payoff Matrix

Label everything!

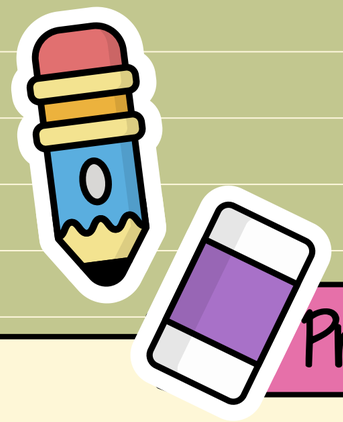
Deadweight Loss

Properly labeling, knowing when it exists
**Key: deviation from socially optimal quantity (difference between what society wants and what society gets)

slidesmania.com



slidesmania.com



Pricing Strategies

Profit Maximizing

MR = MC (to the demand curve)

Revenue Maximizing

MR = 0 (to the demand curve)

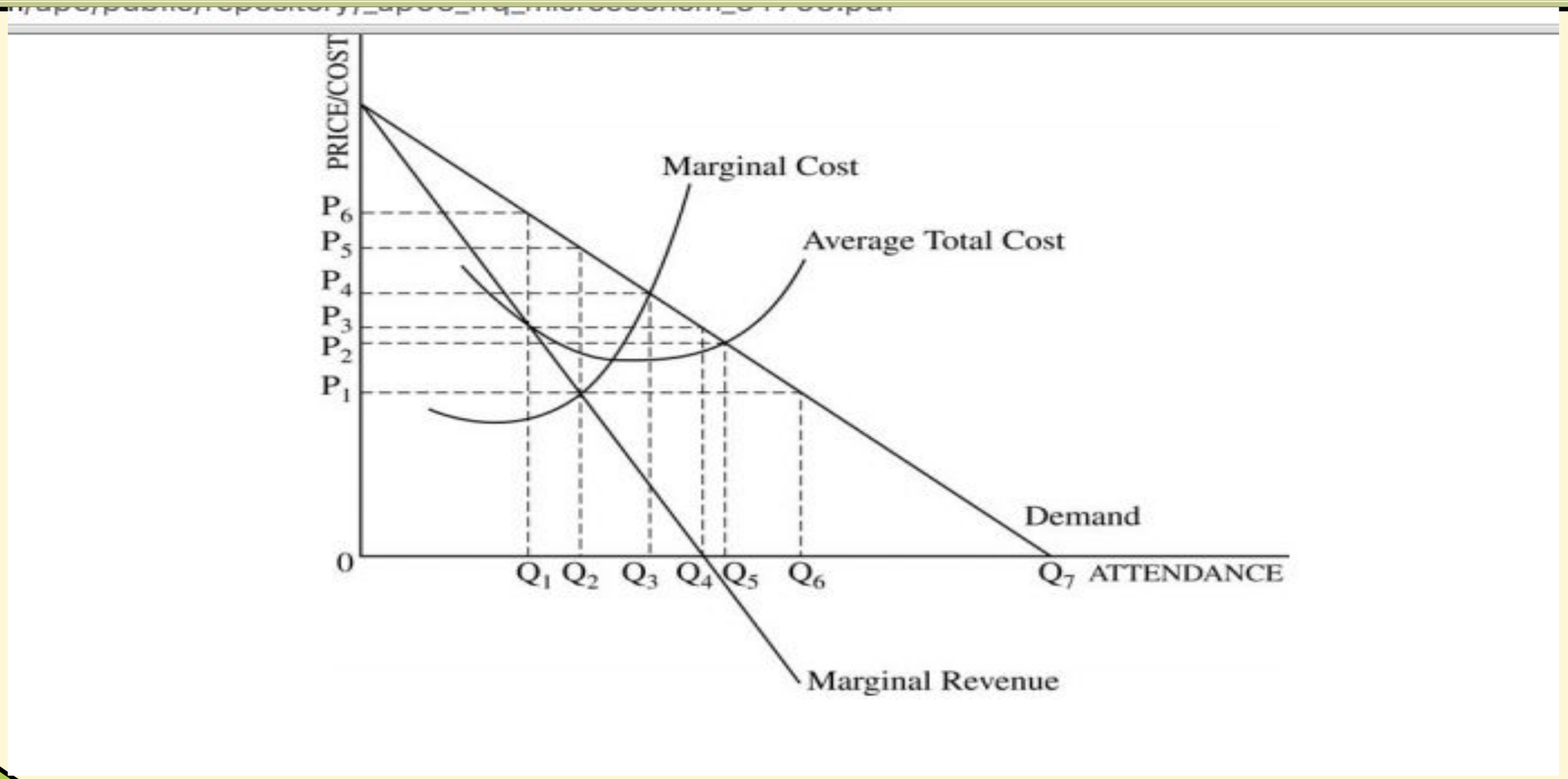
Socially Optimal

MC = D (P)

Fair Return

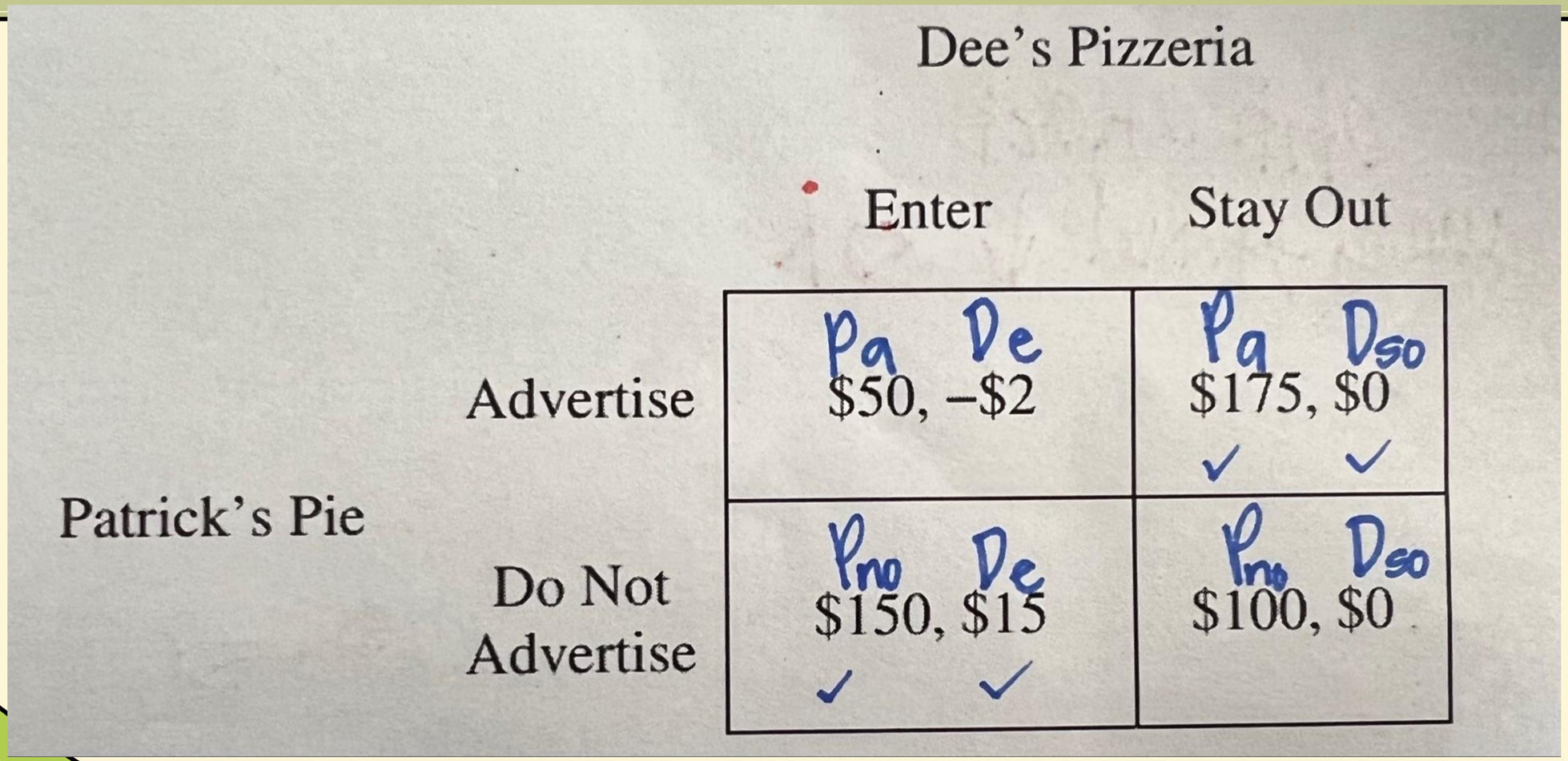
ATC = D (P)

slidesmania.com



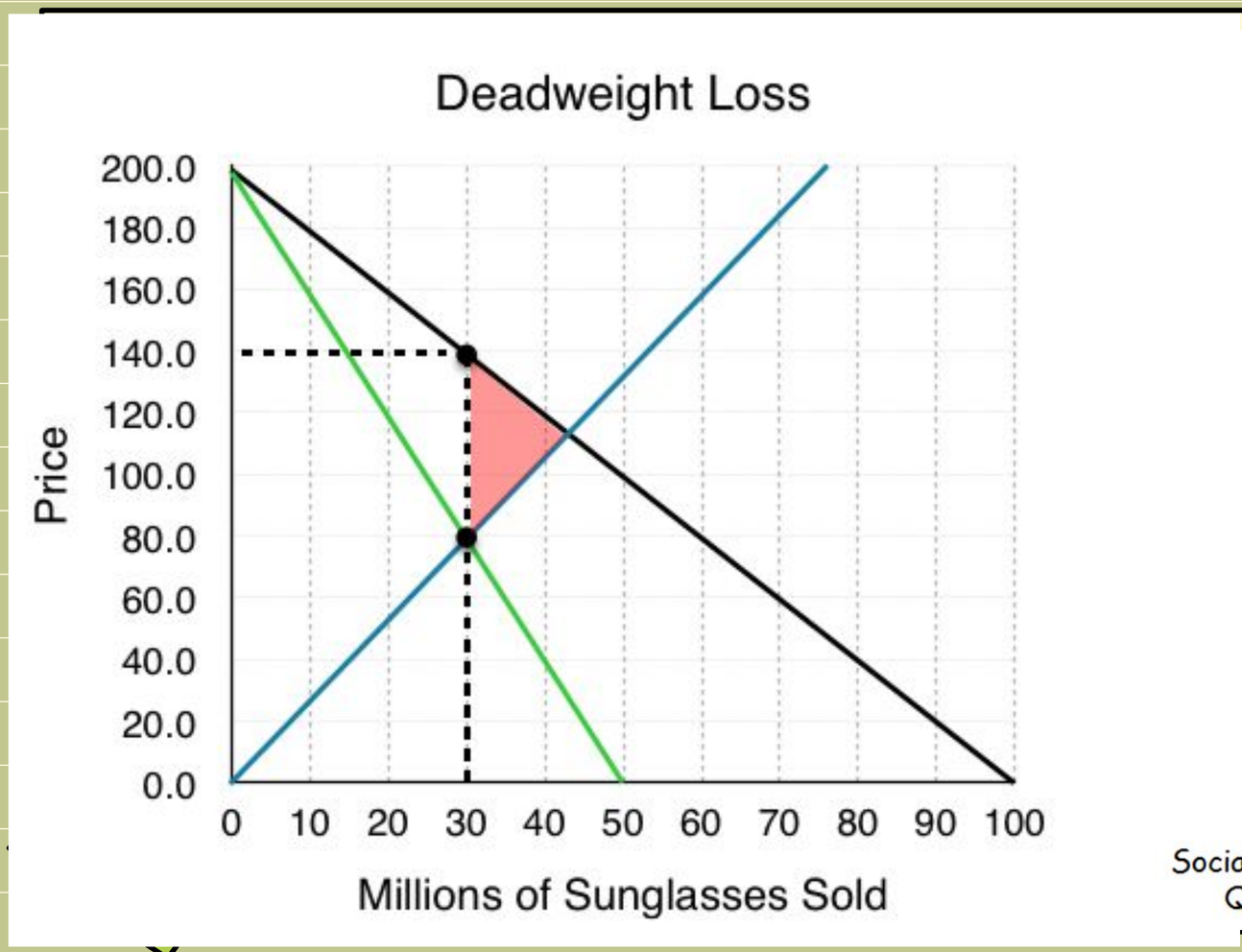
slidesmania.com

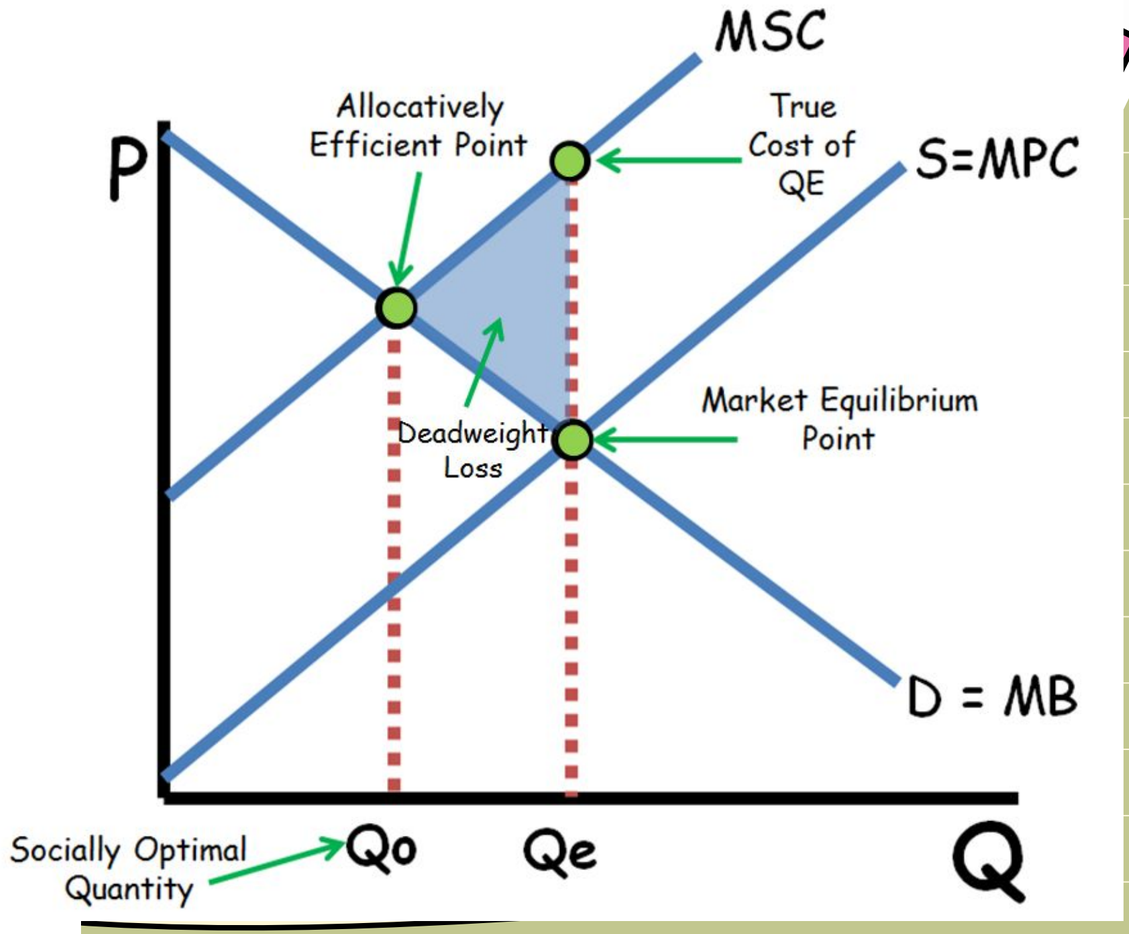
Labeled Payoff Matrix



Patrick's Pie	Dee's Pizzeria: Enter	Dee's Pizzeria: Stay Out
Advertise	P_a D_e $50, –$2 ✓ ✓	P_a D_{so} $175, $0 ✓ ✓
Do Not Advertise	P_{no} D_e $150, $15 ✓ ✓	P_{no} D_{so} $100, $0

slidesmania.com





slidesmania.com

AP Micro

Questions 2 & 3 Issues

Students Struggled Here...

Lump Sum vs Per Unit

Lump Sum - no quantity change b/c no MC change

Per Unit - quantity change because MC shifts

Market Structures

Characteristics
Similarities & Differences

Externalities

Market/Private Quantity:
MPB = MPC

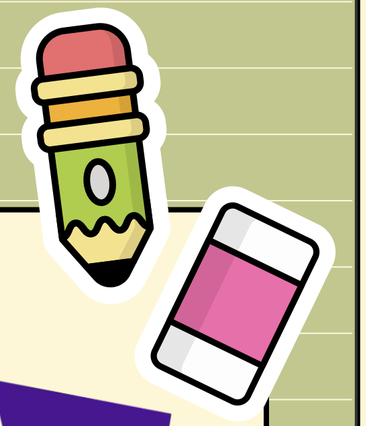
Socially Optimal Quantity:
MSB = MSC

DWL from Externality

Occurs before the externality is corrected - because it is a market FAILURE - Government corrects it or forces it to be internalized.
Bad-> tax it
Good -> subsidize it

slidesmania.com

Kahoot!



slidesmania.com

AP Macro

Question 1 (long)

Students Struggled Here...

Natural u-rate

Inability to distinguish between change in cyclical unemployment and natural rate of unemployment

Money Market

Graphing errors- nominal interest rate

Shifts in MS curve

Effect of Currency Appreciation

Higher nominal interest rates entice foreign investors (capital inflow) → demand dollars → currency appreciates

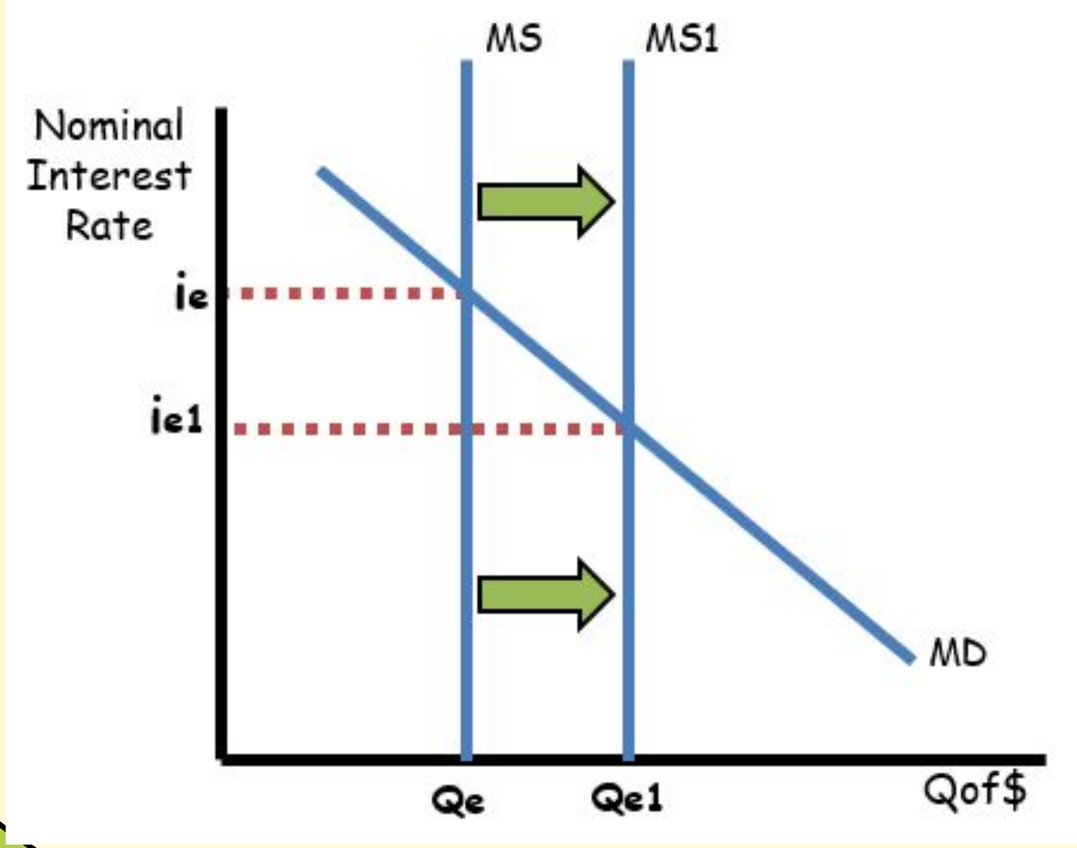
Appreciation leads to more imports

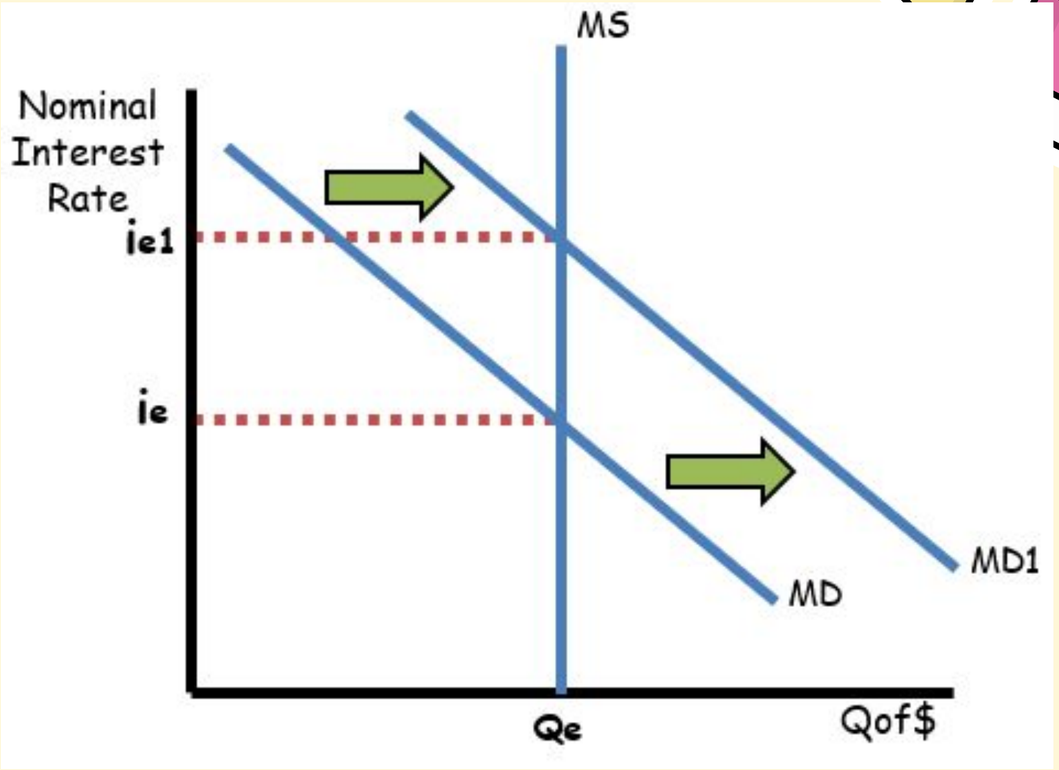
Explanations!

*Chain of causation, especially on long FRQs

*line of economic reasoning - don't restate facts, give clear and concise reasons

slidesmania.com





slidesmania.com

AP Macro

Questions 2 & 3 Issues

Students Struggled Here...

Spending & Tax Multipliers

Spending Multiplier
1/(1-MPC)

Tax Multiplier
MPC/(1-MPC)
Tax multiplier is always one less than spending multiplier

Gov't Deficit

Deficit vs debt

What causes deficit and debt?
-tax revenues decrease
-government spending increases
-transfer payments increase

Fiscal vs Monetary

Fiscal policy actions: taxation, government spending, transfer payments

Monetary: interest rate, buying/selling bonds/securities, reserve ratio

Fiscal Policy Impact

Contractionary: increase taxes/reduce spending → increase unemployment (decrease real output)

Expansionary: decrease taxes/increase spending → decrease unemployment (increase real output)

slidesmania.com

Calculate the minimum change in government spending as $150 billion and show your work.

$$\frac{\text{Change in GDP}}{\text{Spending Multiplier}} = \frac{\$600 \text{ billion}}{1/(1-0.75)} = \frac{\$600 \text{ billion}}{4} = \$150 \text{ billion}$$

Calculate the minimum change in taxes as $200 billion and show your work.

$$\frac{\text{Change in GDP}}{\text{Tax Multiplier}} = \frac{\$600 \text{ billion}}{-0.75/(1-0.75)} = \frac{\$600 \text{ billion}}{-3} = -\$200 \text{ billion}$$

slidesmania.com

What questions do you still have? How can I help?

1

2

Students, draw anywhere on this slide!

Pear Deck Interactive Slide
Do not remove this bar

Resources

First

Chief Reader Report on Student Responses (2021 Micro)

Next

Chief Reader Report on Student Responses (2021 Macro)

Last

5 Steps to a 5 - Teacher Commentary

slidesmania.com

Tips and Strategies

To Pass the AP Economics Exams

Amanda Stiglbauer

slidesmania.com