

**UNIT 7 AP® UNITED STATES GOVERNMENT AND POLITICS  
FREE-RESPONSE QUESTIONS**

**UNITED STATES GOVERNMENT AND POLITICS**

**SECTION II**

**Time – 25 minutes**

**Directions:** You have 100 minutes to answer all four of the following questions. Unless the directions indicate otherwise, respond to all parts of all four questions. It is suggested that you take a few minutes to plan and outline each answer. Spend approximately one-fourth of your time (25 minutes) on each question. In your response, use substantive examples where appropriate. Make certain to number each of your answers as the question is numbered below.

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3. Fiscal policy and monetary policy are two tools used by the federal government to influence the United States economy. The executive and legislative branches share the responsibility of setting fiscal policy. The Federal Reserve Board has the primary role of setting monetary policy.
- (a) Define fiscal policy.
  - (b) Describe one significant way the executive branch influences fiscal policy.
  - (c) Describe one significant way the legislative branch influences fiscal policy.
  - (d) Define monetary policy.
  - (e) Explain two reasons why the Federal Reserve Board is given independence in establishing monetary policy.
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**AP UNITED STATES GOVERNMENT AND POLITICS**  
**UNIT 7 SCORING GUIDELINES**  
**Question 3 (2008)**

**6 POINTS TOTAL**

**Part (a): 1 point**

One point is earned for a correct definition of fiscal policy. Acceptable definitions include:

- Taxing and/or spending
- The budget

**Part (b): 1 point**

One point is earned for correctly describing a significant way the executive branch influences fiscal policy. Acceptable descriptions include:

- The president proposes/prepares the federal budget.
- The president signs/vetoes legislation (related to taxing, spending, and borrowing, not generic).
- The White House Office of Management and Budget (OMB) recommends the budget.

**Part (c): 1 point**

One point is earned for correctly describing a significant way the legislative branch influences fiscal policy. Acceptable descriptions include:

- Congress passes the federal budget.
- Congress acts on tax and spending legislation.
- The Congressional Budget Office (CBO) advises Congress on economic policies.

**Part (d): 1 point**

One point is earned for a correct definition of monetary policy. Acceptable definitions include:

- Regulating the money supply.
- Controlling inflation/deflation.
- Adjusting interest rates to regulate the economy.
- Adjusting bank reserve requirements.
- The cost of money.

**Part (e): 2 points**

One point is earned for each of two explanations of why the Federal Reserve Board is given independence in establishing monetary policy. Acceptable explanations include:

- It removes politics from monetary policy decision making.
- Congress/the president can abdicate responsibility for difficult decisions by delegating decision-making power.
- The Federal Reserve Board relies on expertise when making decisions.
- The Federal Reserve Board makes economic policies efficiently.

A score of zero (0) is earned for an attempted answer that earns no points.

A score of dash (—) is earned for a blank or off-task answer.