

FE341: Microeconomics

Homework 2

Due September 15th

1. Parts a) through c) represent different possible indifference curves. For each, find the MRS_{xy} and graph the indifference curves. Assume x represents the first good (and is on the x -axis) and Y represents the second good consumed (and is on the y -axis).
 - a) $U(X,Y) = aX + Y$
 - b) $U(X,Y) = X^{1/2} Y^{1/2}$
 - c) $U(X,Y) = X^{1/2} + Y^{1/2}$
2. From the textbook page 103: Chapter 3 Questions for Review #4
3. From the textbook page 104: Chapter 3 Questions for Review #11
4. From the textbook page 105: Chapter 3 Exercises #11
5. From the textbook page 105: Chapter 3 Exercises #16 part a). Replace part b) with the following: b) Find the optimal consumption bundle.
6. From the textbook page 141: Chapter 4 Questions for Review #8