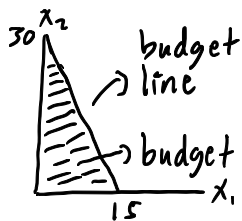


# ECON 100A

## 1.29 LECTURE 5

Today's Topic: Constraints, Rational Choice

CP1a.  $p_1 = \$4$  } prices  
 $p_2 = \$2$  }  
 $M = \$60$  } income



$$\max(x_1) = M/p_1 = 15$$
$$\max(x_2) = M/p_2 = 30$$
$$p_1 x_1 + p_2 x_2 \leq M$$

To figure out the consumer's optimal bundle:  
Find MR

