

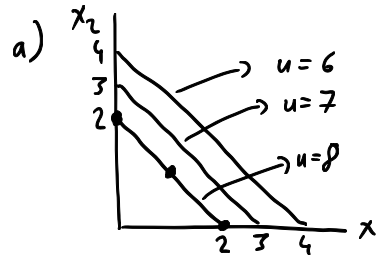
ECON 100A

2.3 LECTURE 7

Today's Topic: Rational Choice Model

The quiz will cover topics 1 & 2.

CP9. x_1 = subway sandwiches
 x_2 = Drake shows
 $u = 10 - x_1 - x_2$
 $p_1 = 5, p_2 = 20, m = 50$



$MU_1 = -1 = MU_2$
 $MRS = 1$
more is worse!
 $u = 10 - 2 - 0 = 8$

b) $p_1 x_1 + p_2 x_2 \leq m \rightarrow 5x_1 + 20x_2 \leq$