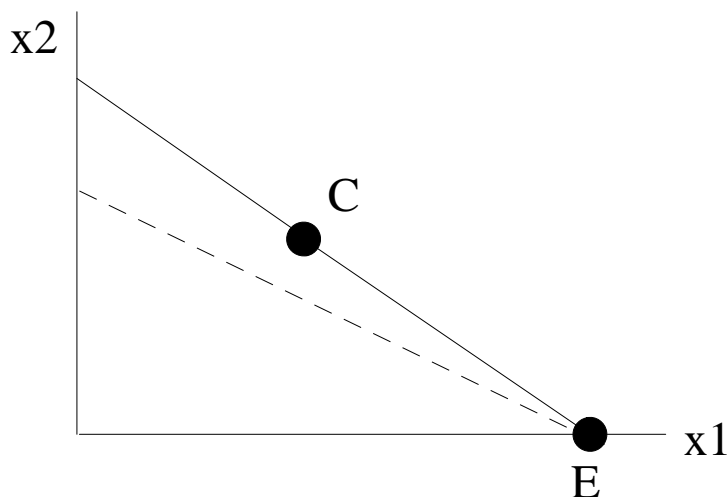


Quiz 4



- Consider the above diagram. Give an interpretation of the endowment point E , the consumption bundle C , and the depicted price change in the context of labor, leisure, and consumption.
- Repeat a) for the current vs. next period consumption framework.
- Consider the below diagram which depicts the Marshallian demand curve for some commodity i . Suppose the price has **decreased** from p_{i0} to p_{i1} . Show graphically the four measures of welfare discussed in class. (Don't forget to draw the Hicksian demand curves assuming that this is a normal good.)

