

TD – Wednesday, September 26, 2018

Consumer Theory

The following exercise must be submitted on Wednesday, September 26. A particular attention will be given to your presentation.

$L = 2$ is the number of commodities and \mathbb{R}_+^2 is the consumption set of the consumer.

Exercise. Let $p = (p_1, p_2) \gg 0$ be a price system and let $w > 0$ be the wealth of the consumer. Using the definition of the demand of the consumer, determine **graphically** the demand of the consumer in the three following cases.

1. Lexicographic preferences (see previous TD, Exercise 1),
2. Linear preferences (see previous TD, Exercise 2),
3. Leontief preferences (see previous TD, Exercise 3).