

2) Indifference curves.

- a. Draw an indifference curve where the two goods in question are perfect complements, and then draw one where the two goods in question are perfect substitutes. Provide examples of the goods in each scenario (make up a story).

- b. Is the shape of indifference curves influenced by changes in market prices? Why or why not.

- c. Why can't indifference curves cross?

3) If $p_1 = 4$, $p_2=3$, and $Y=48$

a. Draw the budget constraint.

b. Draw the budget line if the price of good one changes to $p_1 = 2$ all else constant, and then to $p_1 = 6$ all else constant.

