

EC2020-Fall 2011
Problem Set 2

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When you write up your answers, your goal should be to (1) be correct, and (2) convince your reader that your answer is correct. **Please STAPLE pages together so that we do not lose them.**

(This problem set updated: 17 August 2011).

Problems:

MWG Chapter 2: E.8

MWG Chapter 3: B.1, C.3 C.6, D.5ad, D.6ab

For D5 and D6, just use the first order conditions given in the book (or the Lagrange method). Don't bother with second order conditions and corner solutions, we'll work these out next week.

MT3.1 Does convexity of preferences imply continuity? Prove or provide a counter-example.