

ECON 201
Summer 2018
Tutorial Questions week 3

- The following are a set of True/False/Explain questions. They are to be prepared for discussion in tutorial.
- Marks are only given for the explanation, NOT by simply saying "true" or "false"
- Note that the TA's will randomly select tutorial questions to be handed in for grading.

Tutorial Questions:

1. An indifference curve is defined as a set of bundles that a consumer with a given income can afford, and among which she or he is indifferent.
2. More is preferred to less means that if the total number of goods in bundle A exceeds the total quantity in B, then A is preferred to B.
3. The assumptions of completeness, two-term consistency, transitivity and continuity are necessary for constructing a utility function over a set of preferences.
4. A diminishing marginal rate of substitution implies that an individual requires increasing amounts of one good as he gives up more and more of the other good to remain at the same utility level.
5. More is preferred to less implies that two bundles with different amounts of either good 1 or good 2 and the same amount of the other good cannot be on the same indifference curve.
6. The MRS for indifference curve $x_1 + x_2 = c$ is diminishing.
7. The indifference curve between garbage and ice cream would be positively sloped.
8. A commodity bundle lying below a consumer's budget line must be inferior to all bundles lying on the budget line.