indefficient in the sense that the consumer
is not spending all of their income

5) why dose budget line slope downward?

The budget line slopes downward because
whith a fixed income, buying mor of one good
requires scarificing some of the other good
This inverse relationship reflects the
concept of trade-offs

6) How can understanding the slop of the
budget line help consumers make decisions
about purchasing two diffrent goods

The slop of the budget line
represent the opportunity cost of on good
in terms of the other. By understanding
this slopes a consumer can see the rate
at which th market allows them to "trad"
"one good" for other. A steeper slope
means a higher opportunity cost for the
good on the horizontal axis helping the

3) what happens to the budget line If the price of one of the goods changes whiles income remains constant?

If the price of one good changes while income and the other price remain constant, the budget line rotates.

specifically:

If the price of one good increases the budget line rotates inward (toward) on the axis of that good

If the price of one good decreases, the budget line rotates outward on the axis of that good

4) why are some combination of goods above or below the

combinations above the budget line are unattainable because they require an income greater than what the consumer has

combination below the budget line are

oooooooooo XuAu cusapu 226 [illegible]

1) what dose the budget Line represent in terms of consumer choices when income and price are fixed?

The buddget line represent all the possible combinations of two goods that a consumer can purchase using their enire income, given fixed prices and a fixed income. It shows the maximum attuiable amounts of one good for any given amount of other

2) How does an Increase in income affect the position of the budget Lin?

An Increase in income causes the entire budget Line to shift outward, while maintaing thact the consumer can now afford more of bothe goods

2 - complete the fllowing task

Vertical AXIS (Book)

If mary spend all her income on books she came buy 10 books

Horizental AXIS

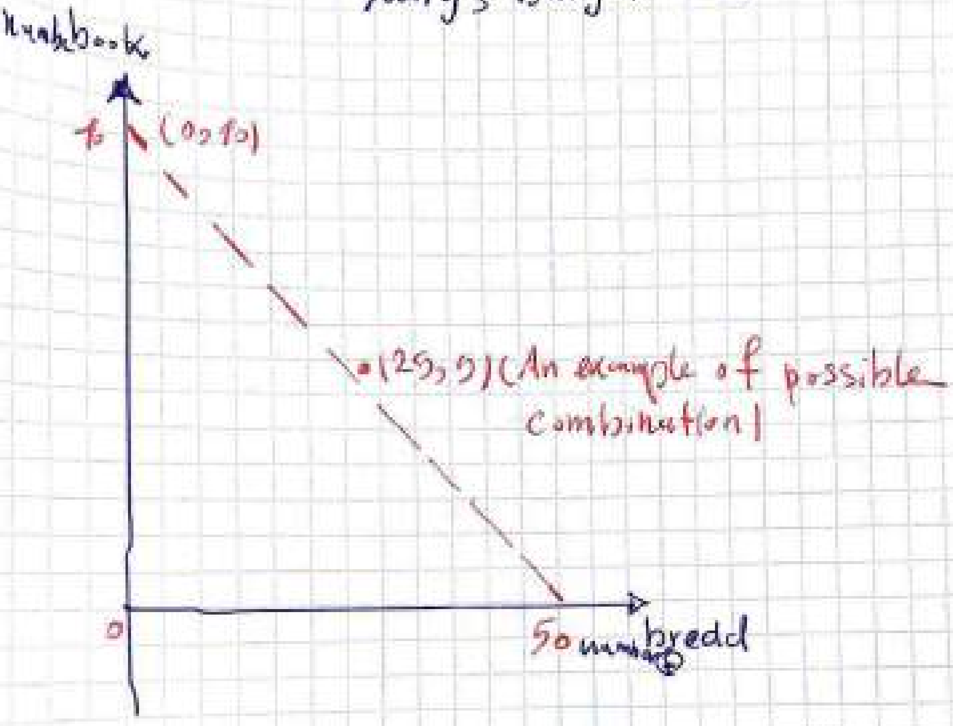
If mary spend all her Income on bread she can buy 90 loaves of bread

what is the opportuinty cost?

the opportunity cost of 1 book is the number of loaves of bread mary must give up to buy it

the opportuinity cost of 1 loaf of bread is the number of books she must give up

Mary's Budget line



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