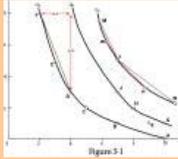


Examples of Indifference Curves



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Three Examples

- We are going to do some special cases to illustrate how some special indifference curves look.

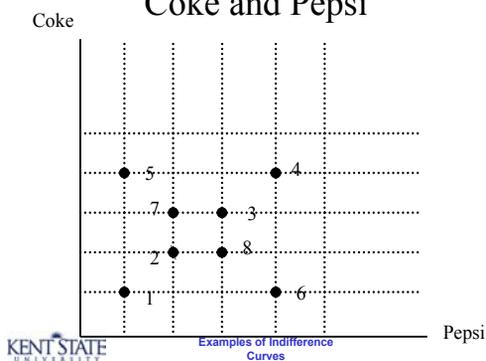
Coke® or Pepsi®

- I don't care whether you have Coke® or Pepsi®, as long as it is cola.

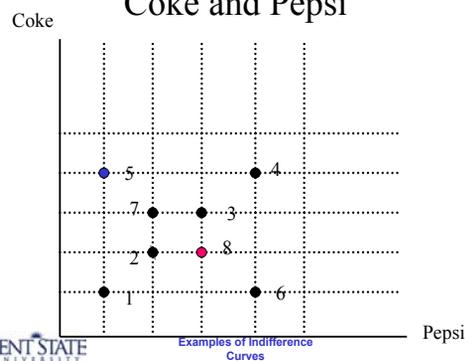
Coke® or Pepsi®

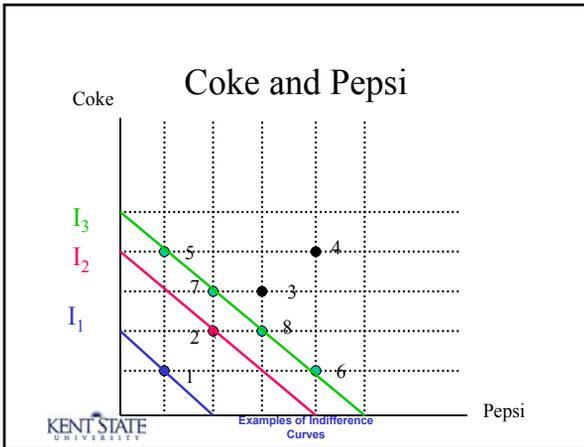
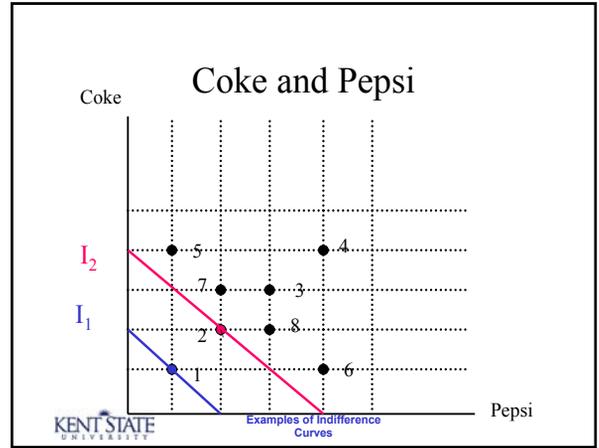
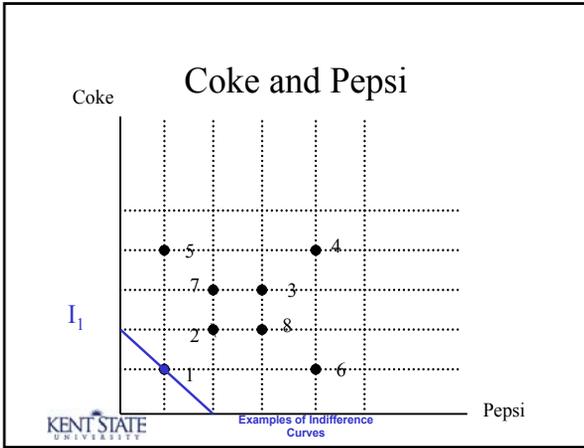
- I don't care whether you have Coke® or Pepsi®, as long as it is cola.
- This is a case we discussed earlier: perfect substitutes.

Coke and Pepsi



Coke and Pepsi

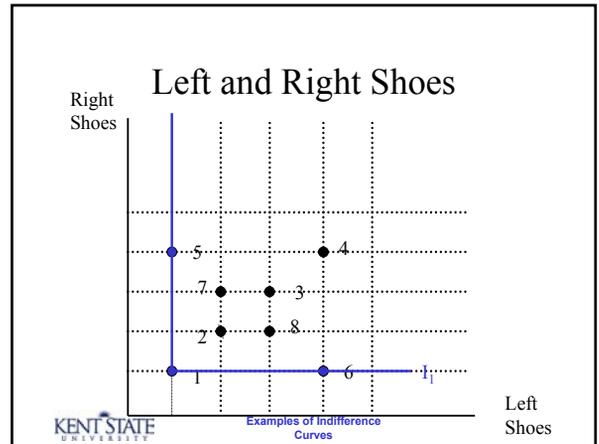
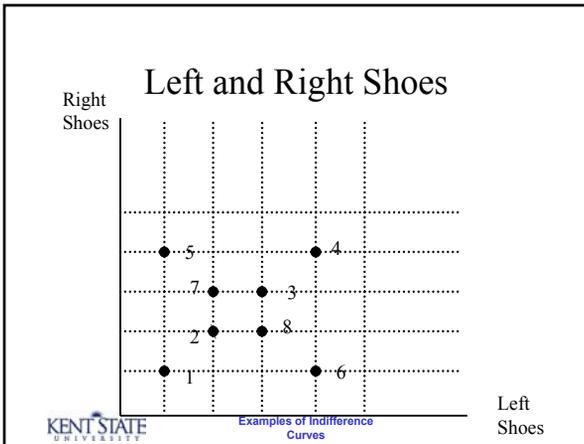


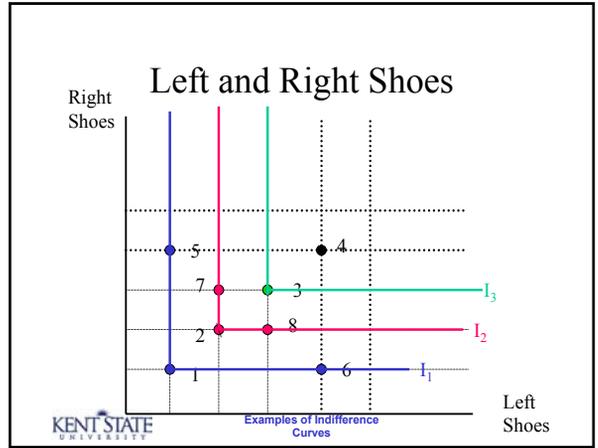
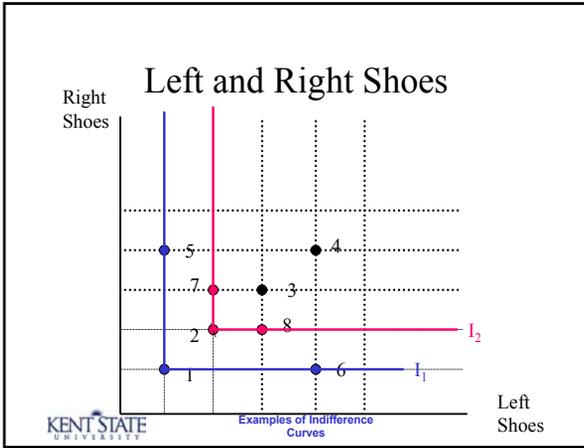


Left and Right Shoes

- Perfect Complements

Examples of Indifference Curves





Third Example

- Indifference curves between Bourbon and Temperance Lectures for W.C. Fields and Carrie Nation.

Examples of Indifference Curves

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Third Example

- Indifference curves between Bourbon and Temperance Lectures for W.C. Fields and Carrie Nation.
 - W. C. Fields was a movie actor with a legendary drinking problem.

Examples of Indifference Curves

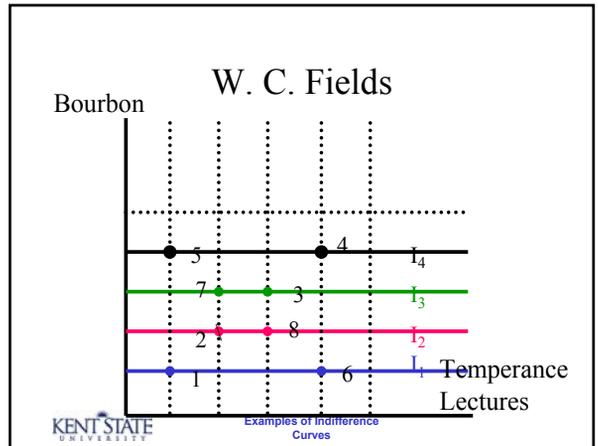
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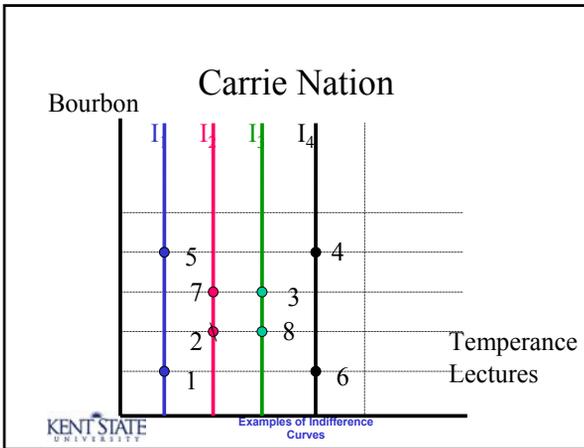
Third Example

- Indifference curves between Bourbon and Temperance Lectures for W.C. Fields and Carrie Nation.
 - W. C. Fields was a movie actor with a legendary drinking problem.
 - Carrie Nation was a prominent leader in the temperance movement.

Examples of Indifference Curves

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Apples and Bananas

- I like apples and bananas. If you cut the number of apples in half and double the number of bananas, I am just as well off.

Examples of Indifference Curves

Apples and Bananas

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Examples of Indifference Curves

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- I like apples and bananas. If you cut the number of apples in half and double the number of bananas, I am just as well off.
- This is a more standard case.
- It actually corresponds to $U(A, B) = AB$

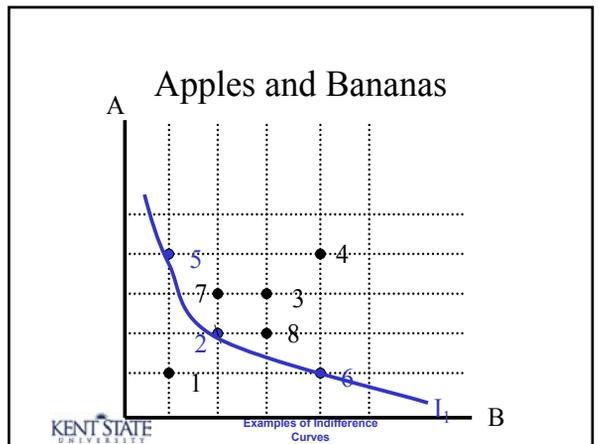
Examples of Indifference Curves

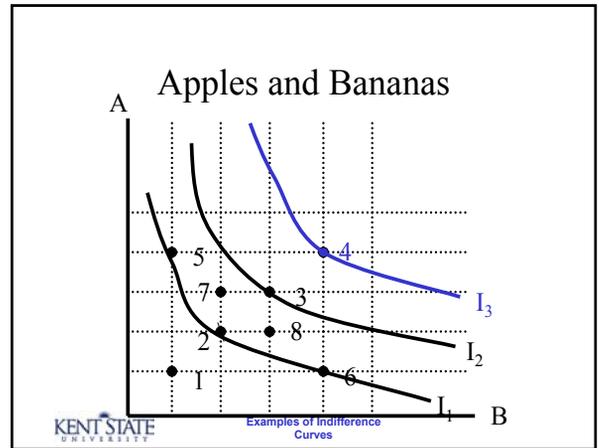
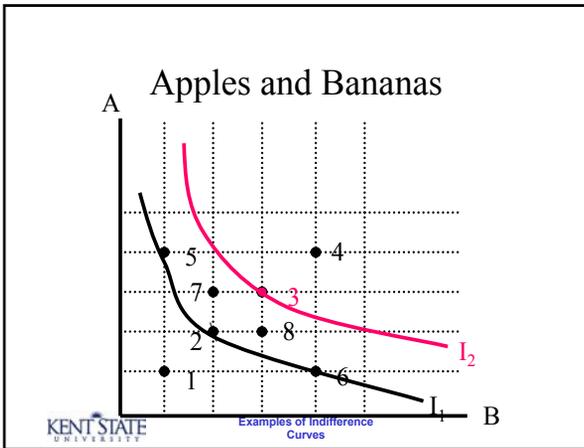
Apples and Bananas

- I like apples and bananas. If you cut the number of apples in half and double the number of bananas, I am just as well off.
- This is a more standard case.
- It actually corresponds to $U(A, B) = AB$
- To see this, note that

$$(0.5A)(2B) = AB.$$

Examples of Indifference Curves





More to Come

- Done
 - The Basic Model of Utility Maximization
 - Some Applications to Indifference Curve
- We continue this topic in the next lecture.

Examples of Indifference Curves

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End

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Examples of Indifference Curves

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