

Pop-quiz 4

EC 308

September 22, 2021

Which of the following three statements is/are true about the household's optimal bundle (c, l) ?

1. It maximizes the utility of the household subject to the budget constraint.
2. It maximizes the income of the household subject to the budget constraint.
3. It is chosen such that the marginal rate of substitution equals the negative of the slope of the budget constraint.

Select the best option

1. 1 only
2. 2 only
3. 3 only
4. 1 and 2
5. 1 and 3
6. All are true