APEC 8001 Recitation

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Today's Agenda

1. Housekeeping
2. Continuous Utility Functions
3. Utility Maximization & Duality
4. More Difficult Topics from Lectures 4 & 5
5. Questions

Housekeeping

- Problem Set 2 due 09/24/2020 9PM CDT
- Problem Set 3 due 10/01/2020 1:30PM CDT
- Problem Set Solutions
- Office Hours vs Email

Continuous Utility Functions
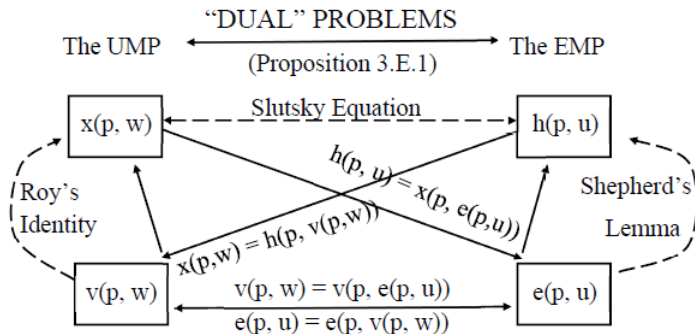
Proposition 3.C.1 in MWG states:

Suppose that the rational preference relation $\succsim$ on X is continuous. Then there is a continuous utility function u(x) that represents $\succsim$.

Let's review part of the proof of this proposition from the lecture 4 notes.

Utility Maximization & Duality

Consumer UMP:

$$\max_{x_1, x_2 \geq 0} u(x_1, x_2) \quad s.t. \ w \geq p_1 x_1 + p_2 x_2$$

More Difficult Topics from Lectures 4 & 5

- Monotone preferences
- Hicksian demand & compensated law of demand
- Quasilinear preferences

Questions?

Any remaining questions?