Quiz 8

Your name and student ID number

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⇐ Name of the student on your left

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Name of the student on your right ⇒

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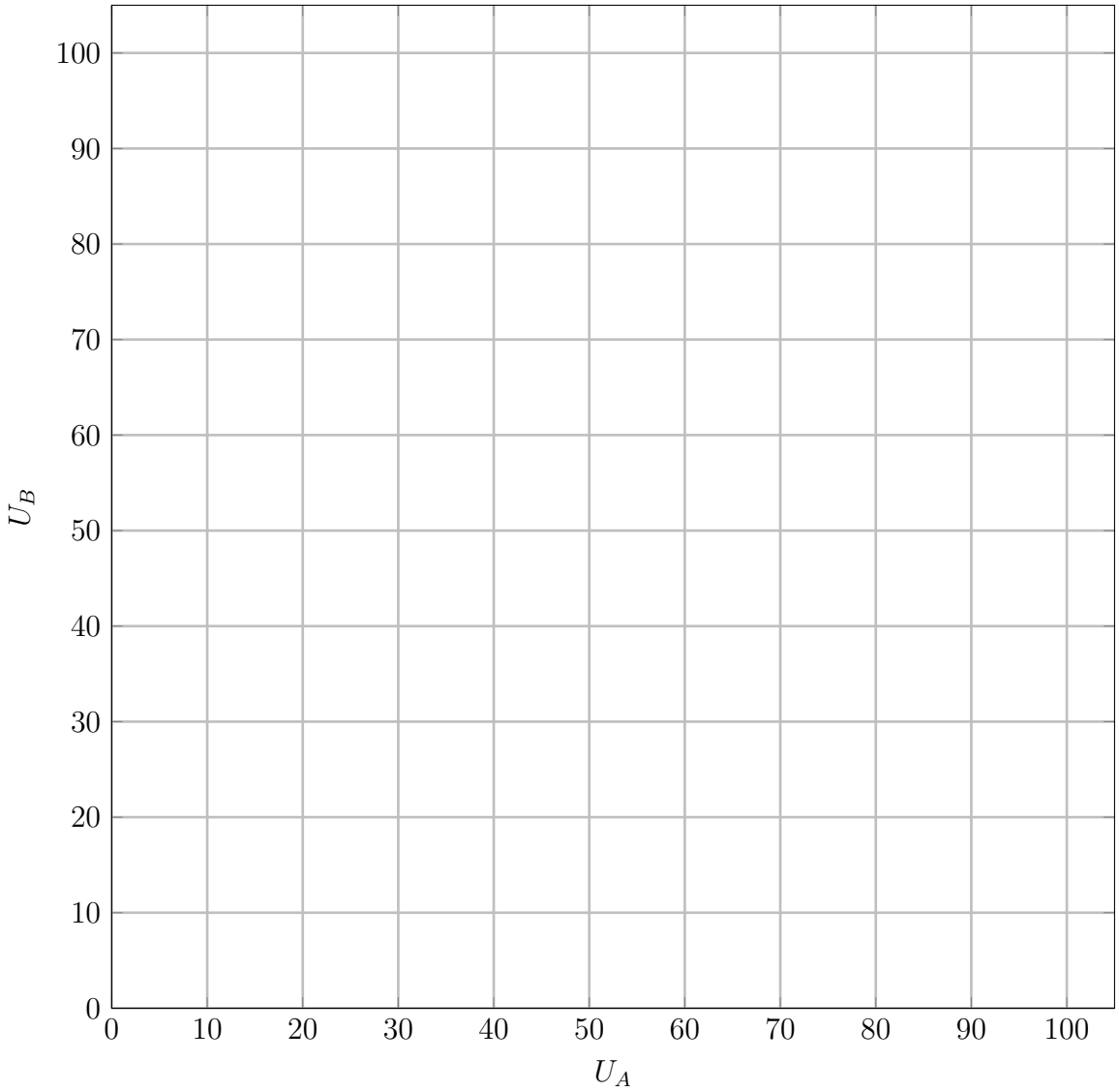
Social welfare functions

Suppose that the *utility possibility frontier* for two individuals, Attila and Balázs, is given by $2U_A + U_B = 100$.



1. In the graph above, plot the utility possibilities frontier.

2. Consider the following four social welfare functions. How much would U_A and U_B have to be in order to maximize each of these social welfare functions? On the graph above, represent each social welfare function with an *isowelfare curve* and mark the social maximum. Do not forget to label them.

   (a) *Rawlsian social welfare function*: $W_{Rawlsian}(U_A, U_B) = \min\{U_A, 2U_B\}$.

   (b) *Utilitarian social welfare function*: $W_{utilitarian}(U_A, U_B) = U_A + 2U_B$.

   (c) *Cobb-Douglas type social welfare function*: $W_{Cobb-Douglas}(U_A, U_B) = U_A \cdot U_B^2$.