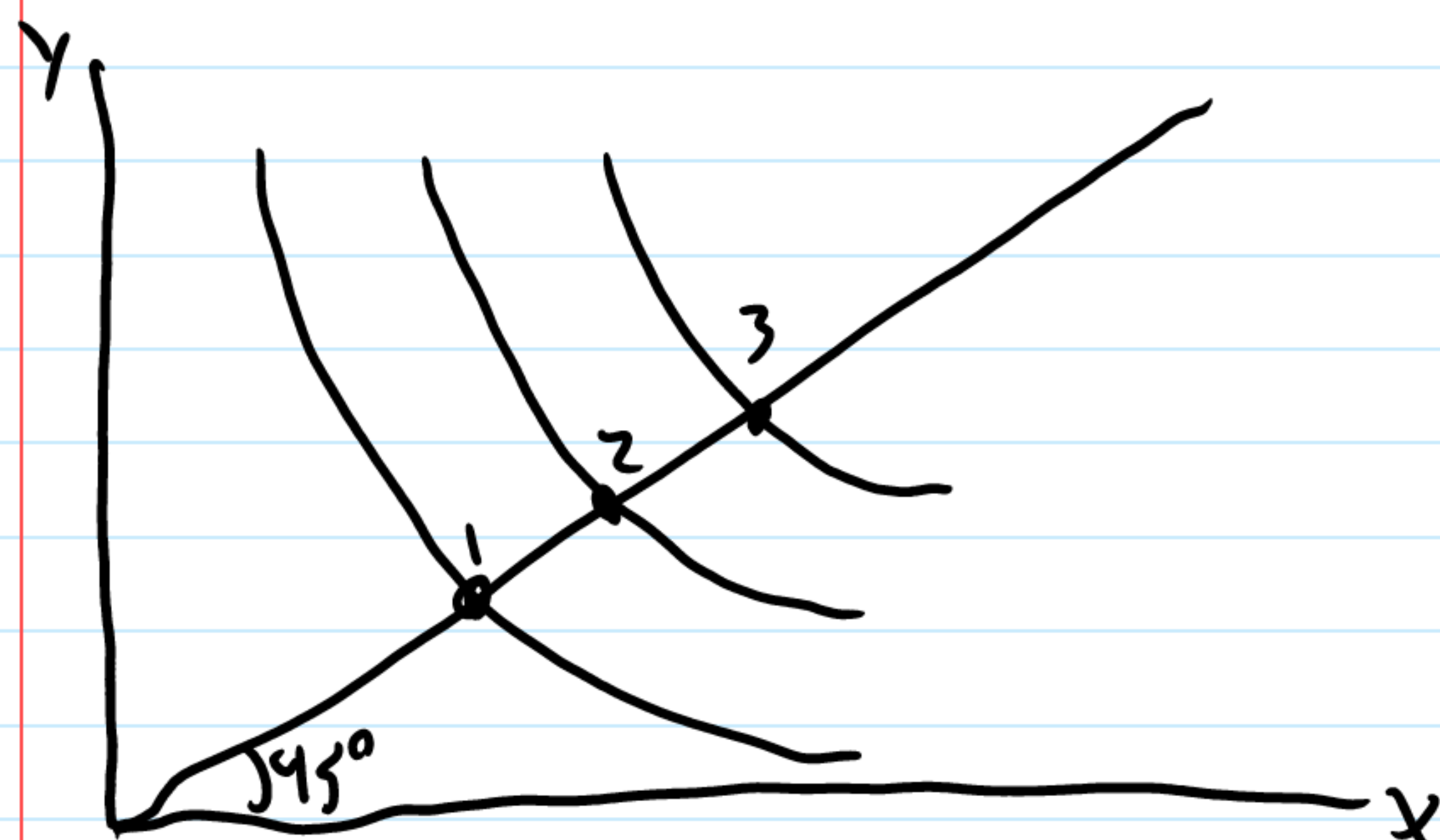


7.7 Utility Functions

Friday, February 12, 2021 2:32 PM

Preferences can be represented w/ a utility function



$U(x, y)$ incr in x, y
 $|U(x, y) + 299|$
 $\ln(U(x, y))$

↳ only care about ranking

Utility is ordinal, Not cardinal

$\max_{x, y} U(x, y)$ subject to $m \geq P_x x + P_y y$