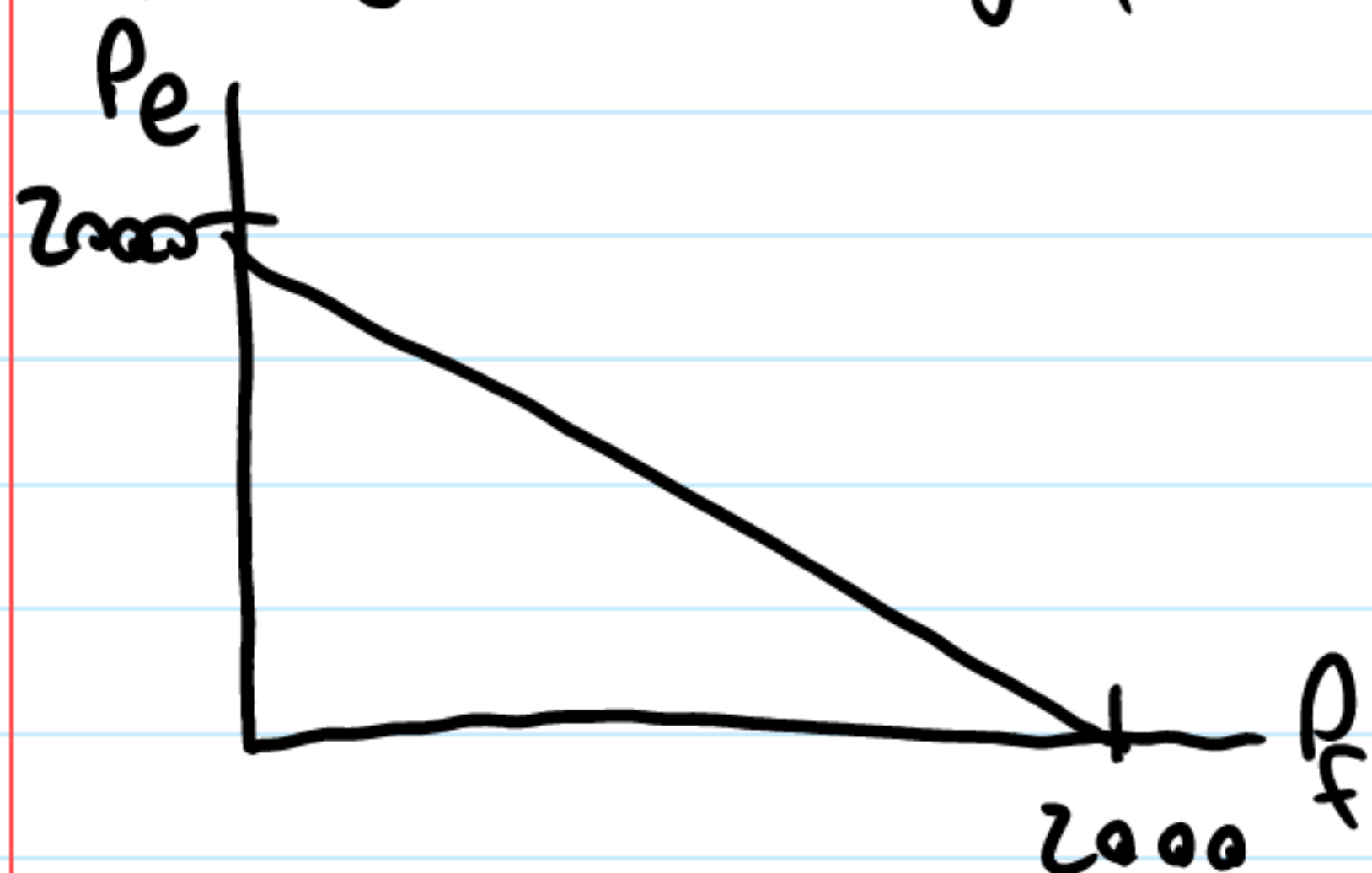


Income = 2000 (E)verything (F)ood $P_E = P_F = 1$

a) original budget line



b) \$500 income assistance



c) \$500 food gift card



d) Can anyone be better off w/ b than c? Illustrate

Anyone that spends $< \$500$ on food

e) Can anyone be better off with c than b? IF so, Illustrate

No one is better off because they are now limited.

f) Why would a Public Policy be like c than b?

IF the gov't wants that to be spent on food