

Advanced Microeconomics - Problem set 4

Due date: Monday, November 9th (end of day) via Mstreams

Problem 1 (2pt) *Prove the Walras Law, i.e. for any $p \in \mathbb{R}_{++}^L$ we have $p \cdot z(p) = 0$.*

Problem 2 (2pt) *Consider a pure exchange economy with $u_1(x, y) = x + y$, $u_2(x, y) = \ln(x) + 2y$, $\omega_1 = (1, 0)$, $\omega_2 = (0, 1)$. Find the set of Pareto-optimal allocations and Walrasian equilibria and depict them on the Edgeworth box.*

Problem 3 (2pt) *5.4.5 from our notes.*

Problem 4 (3pt) *6.4.3 from our notes.*

Problem 5 (3pt) *6.4.6 from our notes.*