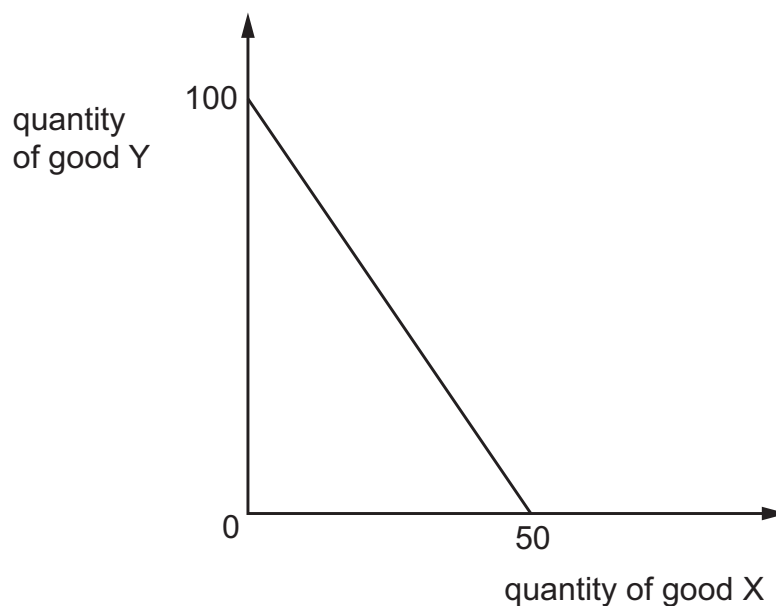


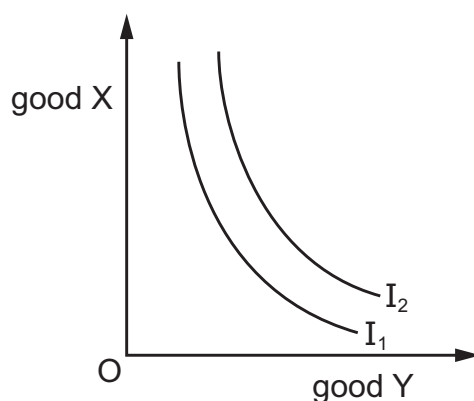
2 The diagram shows a consumer's budget line.



What determines the slope of the budget line?

- A** the marginal rate of substitution of good X for good Y
- B** the price of good X multiplied by the price of good Y
- C** the ratio of the price of good X to the income of the consumer
- D** the ratio of the price of good X to the price of good Y

2 The diagram shows two indifference curves.



What do indifference curves indicate?

- A** Consumers get more satisfaction on curve I_1 from consuming more of X and less of Y.
- B** Consumers get more satisfaction on curve I_2 from consuming less of X and more of Y.
- C** Each point on the curve represents the marginal rate of substitution of good X for good Y.
- D** Movement from I_1 to I_2 cannot be made unless the indifference curves cross.