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① a) x = ham , y = cheese

I	x,y	MUx	MUy	MUx/Px	MUy/Py	Choice	Remaining budget
	1	15	12	15	12	x_1, y_1	7-1 = 6
	2	11	9	11	9	x_2, y_1	6-1 = 5
	3	9	6	9	6	x_2, y_2	5-1 = 4
7	4	6	5	6	5	x_3, y_2	4-1 = 3
	5	4	3	4	3	x_4, y_2	3-1 = 2
	6	3	2	3	2	x_4, y_3	2-1 = 1
	7	1	1	1	1	x_5, y_3	1-1 = 0

∴ She should purchase 4 units of ham and 3 units of cheese to maximize her utility (Use cardinal approach) #

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b) Because of the budget constraint, she cannot reach her utility to maximized her satisfaction (Walras' Law) #

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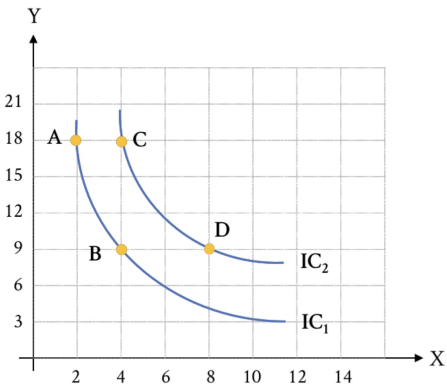
②



a) $MRMS = \left|\frac{\Delta y}{\Delta x}\right| = \frac{P_x}{P_y}$

$\left|\frac{18-9}{2-4}\right| = \frac{P_x}{10}$

$\frac{9}{2} = \frac{P_x}{10}$

$P_x = 45$ baht #

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b) MRMS; $\frac{9}{2} = \frac{180}{P_y}$

$P_y = 40$

$I = P_x \cdot x + P_y \cdot y$

$I = 180 \cdot 4 + 40 \cdot 9$

$I = 720 + 360$

$= 1,080$ baht #

*

c) Consumer yields 12 utils on IC_2 ; x = avocado , y = nut

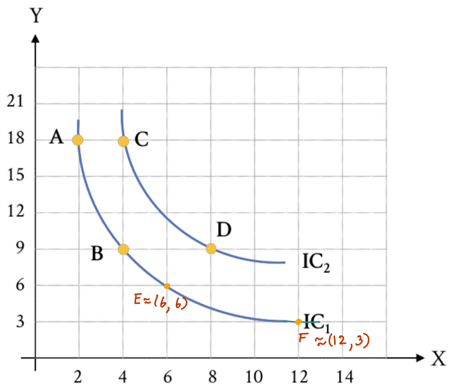
$4x + 18y = 12$ — ①

$8x + 9y = 12$ — ②

② × 2 ; $16x + 18x = 24$ — ③

③ - ① ; $12x = 12 \rightarrow x = 1 = MU_x$ per Unit #

d)



IC_1 : $MRS_{xy(B)} = \frac{\Delta y}{\Delta x} = \left| \frac{18-9}{2-4} \right|$

$= \frac{9}{2} = 4.5$

$MRS_{xy(E)} = \left| \frac{9-6}{4-6} \right| = \frac{3}{2} = 1.5$

$MRS_{xy(F)} = \left| \frac{6-3}{6-12} \right| = \frac{3}{6} = 0.5$

At A → B : willing to give up more y to gain a little amount of x because MU_y is low and MU_x is high

At E → F : willing to give up only little y to gain more x because MU_y is getting higher and MU_x is getting lower

$MRS_{xy(B)} > MRS_{xy(E)} > MRS_{xy(F)}$ ⇒ The ratio is lower because MU_y is getting higher and MU_x is getting lower

∴ As the consumer give up fewer and fewer units of y to get the additional units of x because the MU_x is diminishing. Therefore the law of diminishing marginal utility is applied. #