EE211 Section 1 Extra credit (1 point) Submit hardcopy only
In order to earn 1 point, student must answer both questions correctly.

Name_____ Last 4 digits ID _____

Answers the following questions with full explanation and graphs.

You consume only soda and fried chicken. One day, the price of soda goes up, the price of fried chicken stays the same, and you are just as happy as you were before the price changes.

a. Illustrate this situation on graph, where the y-axis represents the amount of fried chicken and x-axis represents the amount of soda.

b. How does your consumption of the two goods change? How does your response depend on income and substitution effects? Support your answer with a diagram in details.