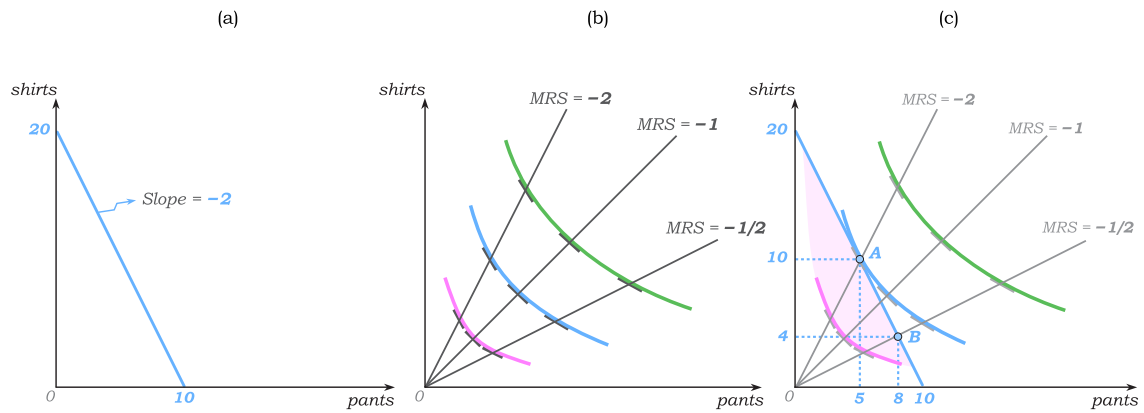
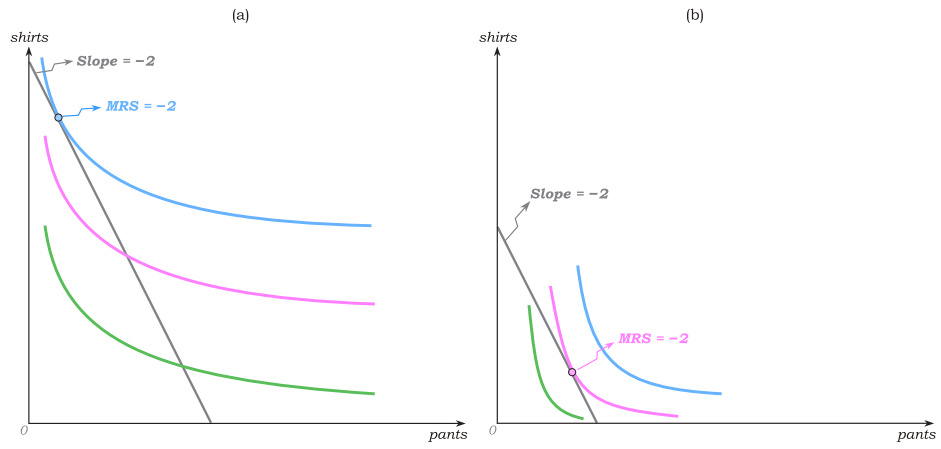


Chapter 6

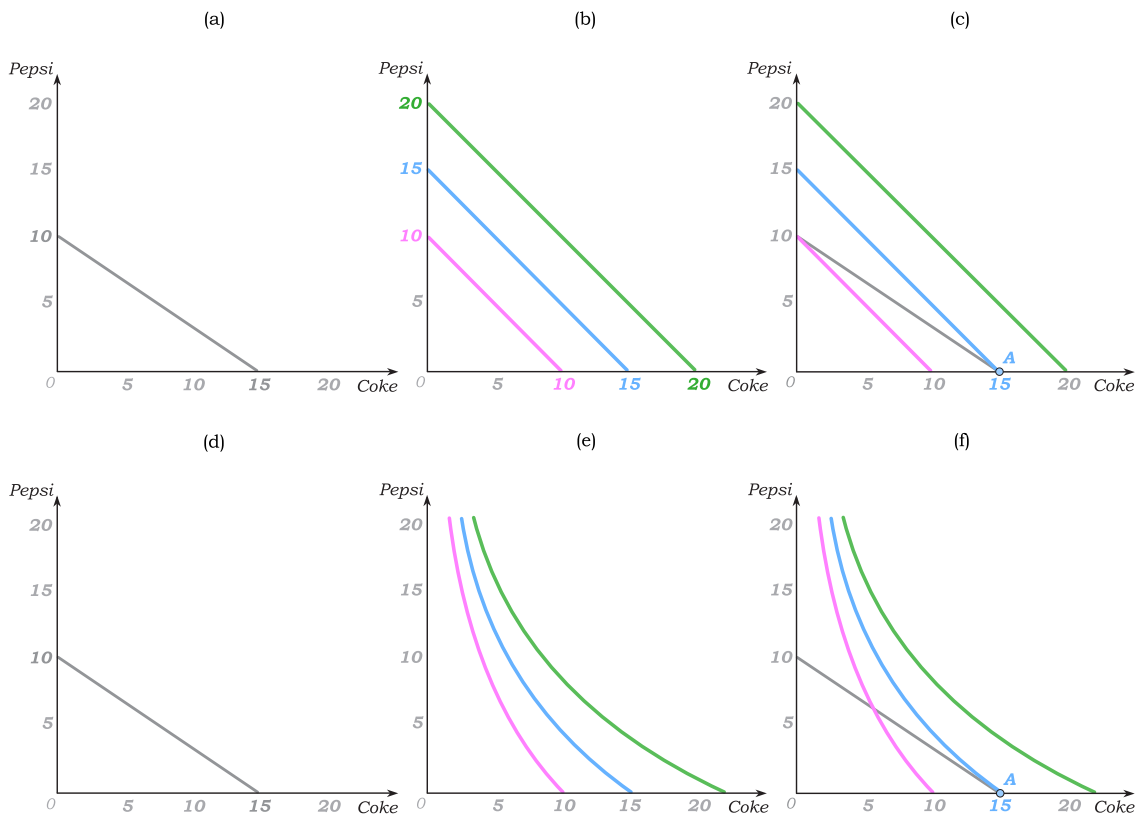
Graphs



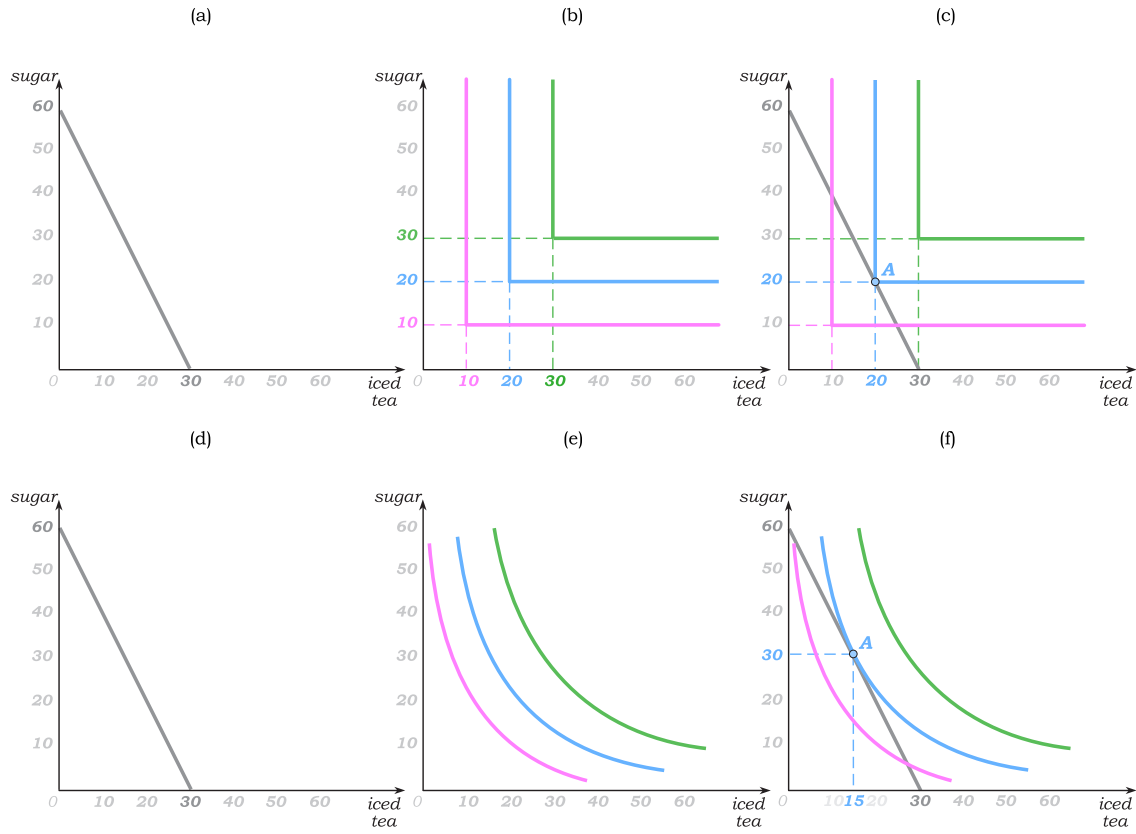
Graph 6.1: Graphical Optimization - Budget Constraint & Indifference Curves



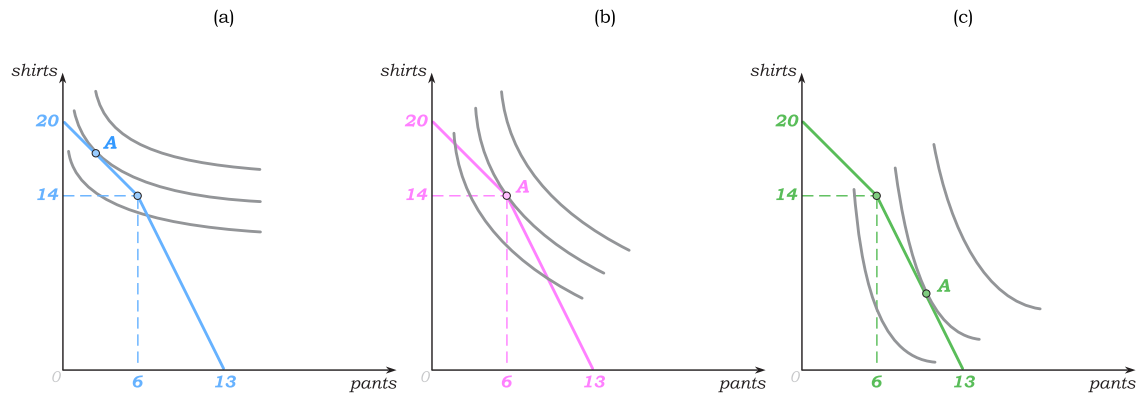
Graph 6.2: Different Choice Sets, Different Tastes — but Same Tastes “at the Margin”



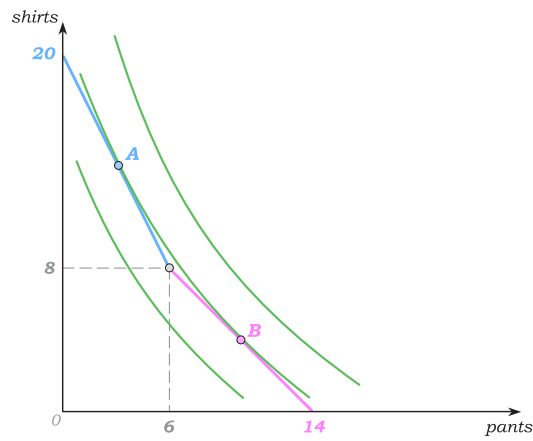
Graph 6.3: Corner Solutions



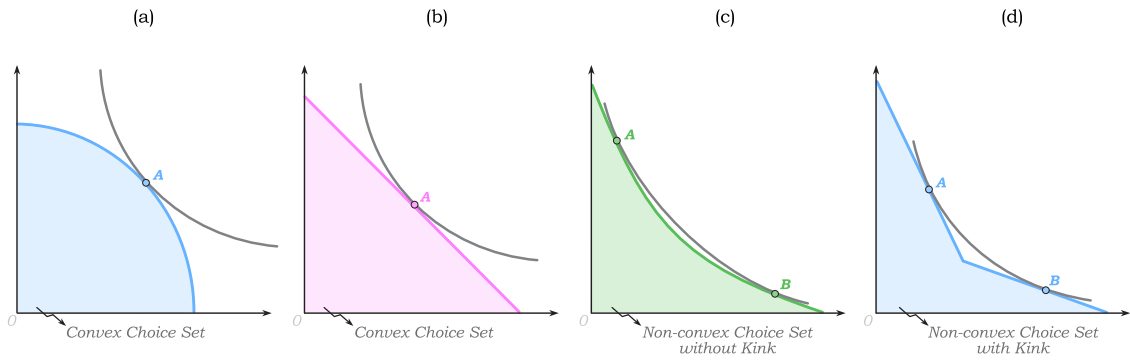
Graph 6.4: Ruling out Corner Solutions



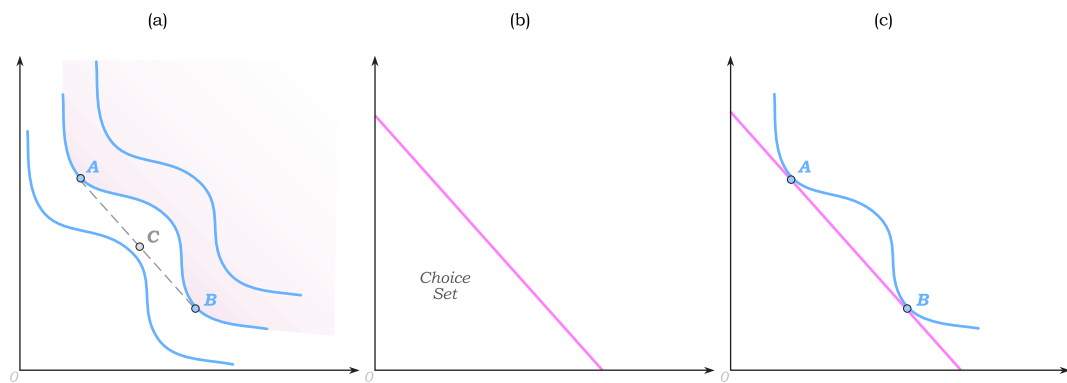
Graph 6.5: Optimizing along Budget with an "outward" Kink



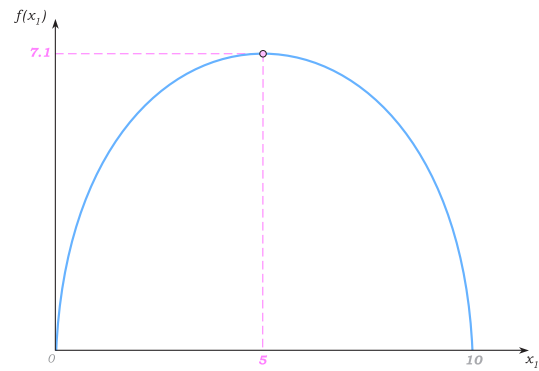
Graph 6.6: Example of 2 Optimal Bundles when the Choice Set is kinked “inward”



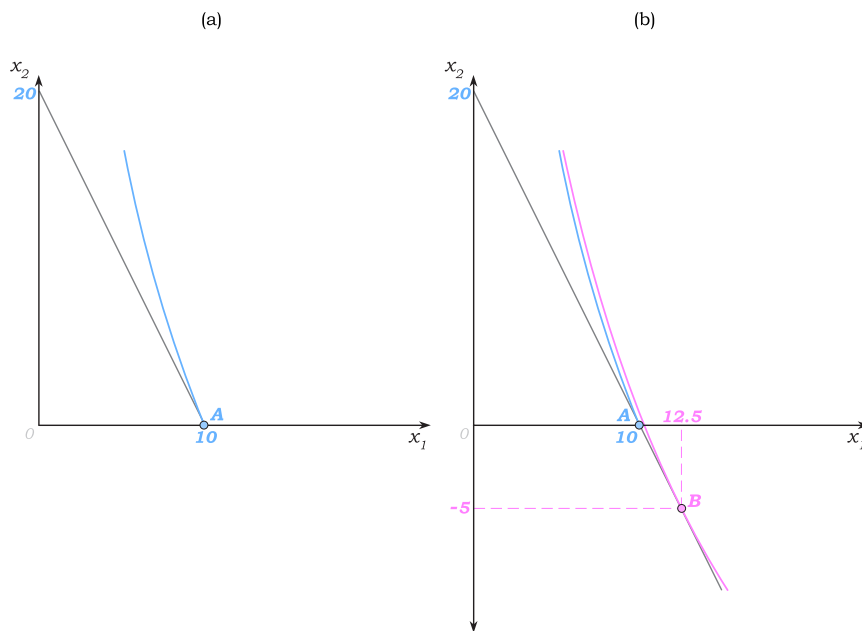
Graph 6.7: The Role of Convexity of Choice Sets in Insuring Unique Optimal Bundles



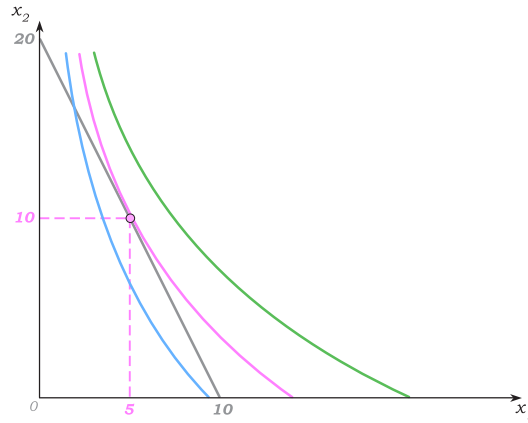
Graph 6.8: Example of 2 Optimal Bundles when Tastes are Non-Convex



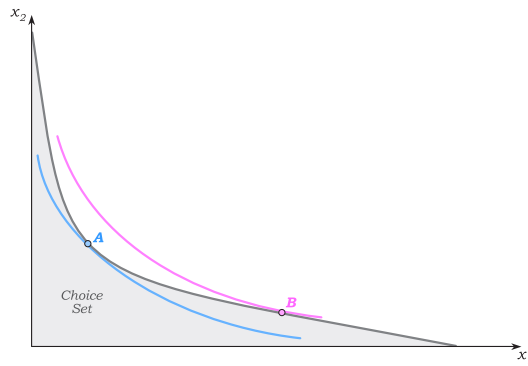
Graph 6.9: Unconstrained Optimization: Derivative is 0 at the Optimum



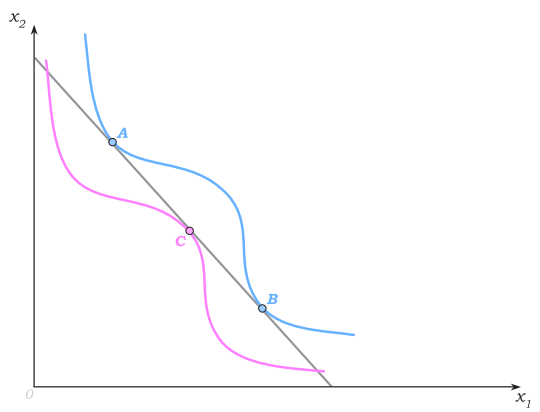
Graph 6.10: A Clear Corner Solution (a) with an Economically Nonsensical "Interior Solution" (b)



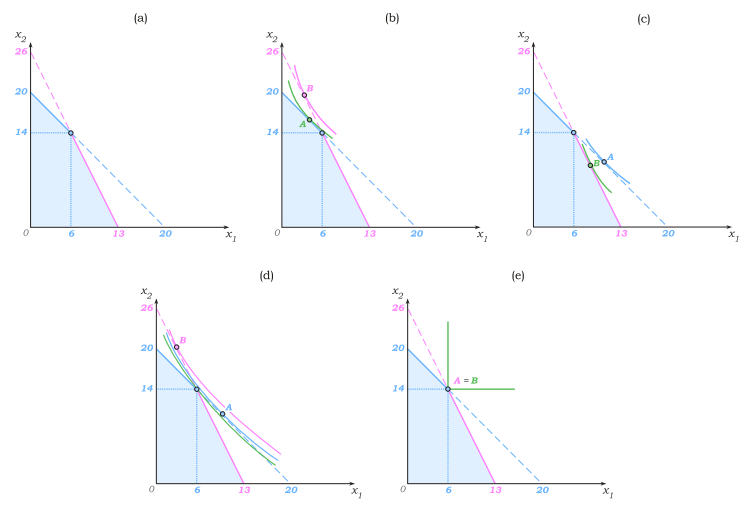
Graph 6.11: The Presence of Non-Essential Goods does not *have to* Result in a Corner Solution



Graph 6.12: Non-Convex Tastes: “First Order Conditions” can hold at a bundle (*C*) that is *Not* an Optimum



Graph 6.13: Non-Convex Budgets: “First Order Conditions” can hold at a bundle (*A*) that is *Not* an Optimum



Graph 6.14: Mathematical Optimization on Kinky Budgets