In-class problem: Consumer Theory

1) If Fred’s MRS of salad for pizza equals to -5, then which of the following is true?

A) He would give up 5 pizzas to get the next salad.
B) He would give up 5 salads to get the next pizza.
C) He will eat 5 times as much pizza as salad.
D) He will eat 5 times as much salad as pizza.

2) Steven feels that coffee and tea are perfect substitutes. Due to caffeine levels, his MRS of tea for coffee equals –2. If coffee and tea sell for the same prices, how much tea and coffee Steven will consume?