HW # 4 (1/30, due on 2/6, Tuesday)

4.1 (1/30; 60 pts) For the utility functions (a), (c) and (d) in Problem 3.1 in last homework, derive the generalized demand functions in terms of $P_x$, $P_y$, and $I$. Answers to Problem 3.1 can now be verified by plugging the parameters into your demand functions.


4.3 (2/1) (15 pts). In the above 4.4, suppose $I = 10,000$, $P' = 25$, $P = .25$, compute the following:

- $E_{Q,P}$ (the price elasticity of demand),
- $E_{Q,P'}$ (the cross-price elasticity of demand),
- $E_{Q,I}$ (the income elasticity of demand)