Quiz #2.  
ECON 310 – Ticket Number 16388.

Multiple Choice (3 points each):

1) Paula’s utility is given by \( U(X) = 2x_1 + 3x_2 \). It follows that
   a. her indifference curves are positively sloped.
   b. \( MU_1 = MU_2 = 1 \).
   c. she considers the two goods to be “perfect complements” to each other.
   d. the bundle \( A = (1,6) \) is preferred to the bundle \( B = (5,2) \) (that is, \( A > B \)).
   e. More than one of the above answers is correct.

2) Michelle has income of \( I = 100 \), which she devotes to consumption of \( x_1 \) and \( x_2 \). Each unit of \( x_1 \) costs \( p_1 = 2 \); each unit of \( x_2 \) costs \( p_2 = 5 \). If her income were to increase to \( I = 125 \) (with prices fixed), then her budget line would
   a. shift outward.
   b. shift inward.
   c. become steeper.
   d. become flatter.
   e. None of the above answers is necessarily correct.

Additional Question:

1) Cristie likes to consume \( x_1 = \) (wine) and \( x_2 = \) (cheese). Each unit of wine costs \( p_1 \); each unit of cheese costs \( p_2 \). Her income is denoted by \( I \).
   a. State the equation for her budget line. (2 points)
   b. Graphically illustrate her budget line – clearly label each intercept and identify the slope of the line. (2 points)