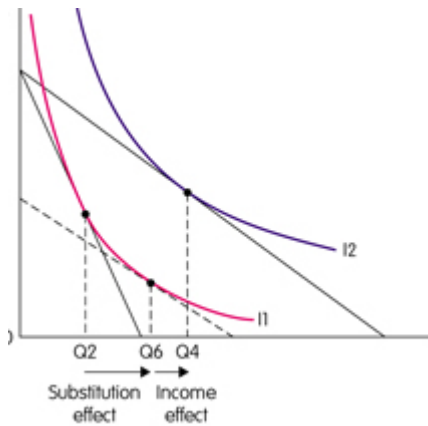


## Question #67924, Economics / Microeconomics

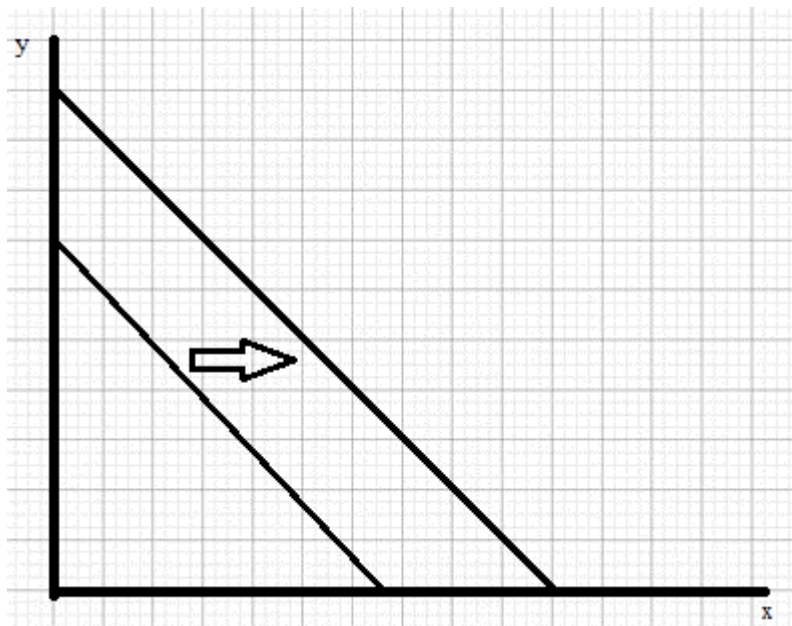
- a. Suppose X ( bread ) and Y ( eggs) are two goods that the prices are given and there is a consumer with R ( Income)
- i. Illustrate using a diagram how it is possible to split the effects of the price reduction on good X into income and substitution effects if both goods are normal goods.
  - ii. Illustrate using the diagram how it is possible to split the effect of the reduction of the price of both goods
  - iii. Illustrate using a graph the effect of the increase in the price of one item and then the increase in the income level of the consumer.

Answer:

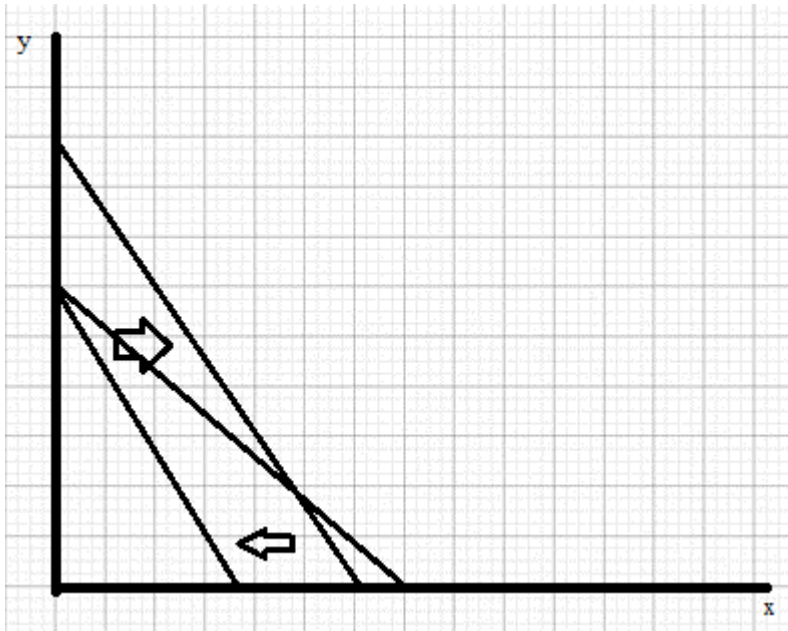
i.



ii.



iii.



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