

Answer on Question # 72601, Economics / Microeconomics

$U(P_x, P_y, M) = \max \{U(x, y) \mid P_x x + P_y y \leq M\} = U(x^*, y^*) = U(D_x(P_x, P_y, M), D_y(P_x, P_y, M))$

Roy's Identity: $x^* = (-\partial U^*/\partial P_x)/(\partial U^*/\partial M)$

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