Figure 3-1

Budget Constraint

Budget line: \( Y = P \cdot p_p + C \cdot p_c \)

Slope: \( -p_c / p_p \)

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Figure 3-2

Increase in the Price of Pizza

$BC_1 : 12P + 6C = 72$

$BC_2 : 18P + 6C = 72$

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Figure 3-3

Decrease in Income

\[ BC_1 : 12P + 6C = 72 \]

\[ BC_2 : 12P + 6C = 60 \]
Figure 3-4

Budget Constraint and Indifference Curves

Budget Constraint: $6C + 12P = 72$

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Figure 3–5a

Cash Transfer

Budget Line with Cash Transfer

Original Budget Line

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