Figure 6-4 and 7-1: Income and substitution effect

Pizza (P) vs. Movies (M) graph showing points A, B, C, BC₁, BC₂, and BC*. The graph illustrates the income effect and substitution effect. The point A represents the initial equilibrium, while the income effect moves the consumer from A to BC1. The substitution effect moves the consumer further from BC1 to BC2.
Figure 7-2: Price change with an inferior good

[Diagram showing the price change with an inferior good, illustrating substitution effect, income effect, and total effect.]
Figure 7-3: Labor – leisure trade-off

Slope of budget constraint = -$w$
Figure 7-4: Income and substitution effects for labor supply: income effect does not dominate.
Figure 7-5: Income and substitution effects for labor supply: income effect dominates.
Figure 7.6: Deriving leisure demand and labor supply
Figure 7.6: Deriving leisure demand and labor supply

Demand for Leisure

Wage

W_2

W_1

Leisure

12 16