

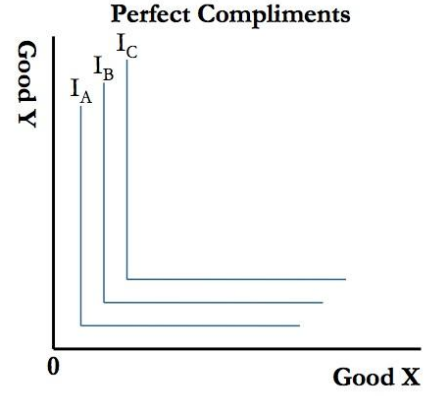
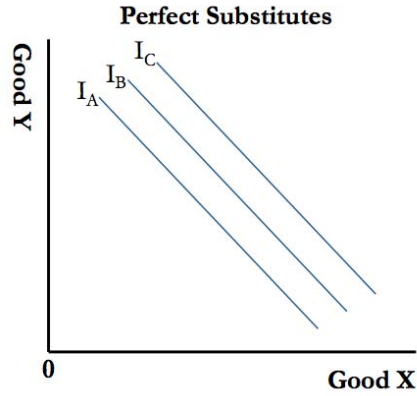
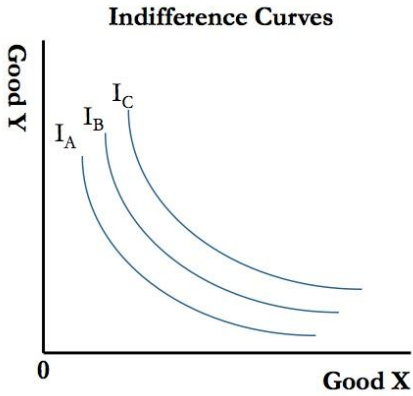
Recitation 3 Notes
14.01SC Principles of Microeconomics

I. Substitution

Marginal Rate of Substitution: the rate at which a consumer is ready to give up one good in exchange for another good while maintaining the same level of utility.

Perfect Substitutes – Marginal Rate of Substitution is constant.

II. Indifference Curves



MIT OpenCourseWare
<http://ocw.mit.edu>

14.01SC Principles of Microeconomics
Fall 2011

For information about citing these materials or our Terms of Use, visit: <http://ocw.mit.edu/terms>.