

THE UNIVERSITY OF CHICAGO  
Department of Economics  
Econ 303: Price Theory  
Problem Set 2

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Due Friday May 22

Complete problems 8.8 and 8.9 in JR, p. 371.

**NOTE:** In 8.8, assume that  $U_l(L, \bar{\pi}L) > U_l(0, 0)$ . In 8.9(c), assume that  $MRS_l(0, 0) < \bar{\pi}$ , and replace the phrase “high enough” with the phrase “low enough.”