1. Why must budget constraints be binding?
    A. We do not model savings so we would never save
    B. We maximize utility and more goods bought = more utility
    C. Money has no value
    D. Money loses value so it will be worth less tomorrow

2. Find the utility maximizing amount of each good for the following utility functions subject to budgets $M = P_x X + P_y Y$:
    (a) $U(x, y) = x^{1/2} y^{1/2} \quad s.t. \quad 120 = 4x + y$
    (b) $U(x, y) = \alpha ln(x) + y \quad s.t. \quad M = P_x x + P_y y$
    (c) $U(x, y) = min\{2x, y\} \quad s.t. \quad 16 = 2x + y$
    (d) $U(x, y) = 4x + 5y \quad s.t. \quad 10 = 2x + 3y$

3. Draw a utility maximizing Indifference Curve subject to an arbitrary budget for the following function types:
    (a) Cobb-Douglas
    (b) Quasi-linear
    (c) Perfect Complements
    (d) Perfect Substitutes (Show both possible corner solutions)