

3. law of diminishing marginal utility of wealth. This law is the principle that an increase in the quantity consumed of one good utility of each additional unit of the good decreases (and therefore increase the total utility slows). -

1 Gosen law.

4. Act on equal marginal utility of goods. Consumption of every good thing continues until weighted marginal utilities of all good catch, that achieves equilibrium in consumer behavior. - 2 Gosen law.

Consumer behavior of households

1. Key factors determining the demand for goods by households.

- substitution effect - increase in the quantity demanded of cheaper goods, which replaces the demand for relatively expensive goods;
- Effect of income - when the price of a commodity rises, with a given amount of income can buy a small amount of goods;
- The combination of these two effects largely determines the demand for goods by households.

2. There are two ways to compare the usefulness of conduct. Baskets.

- The Cardinal - the utility can be quantified - measured with utility or currency;
- ordinal - the utility is not quantifiable, but has a degree of comparison or ranking of Consumable Baskets. In the theory of cardinal utility displays the demand curve, which is based on the axiom of reducing marginal utility. In the theory of ordinal utility output curves of indifference - numerous combinations of goods that bring the consumer the same level of utility. In the consumption of goods is 2 establishes a set of quantitative combinations of goods, which yield the same total utility. These combinations form a curve of indifference. Due to the equal overall utility of the consumer is indifferent to which particular combination would choose. Graphical representation not a set of points, the coordinates of which quantified combinations of two goods. Features:

1) The curves located farther away from the origin of the coordinate axis representing a high level of utility;

2) The curves do not intersect and do not touch because otherwise we get two different levels of utility will be presented with the same intersection;

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