Question 2 (Answer: **D**)

- The budget line's slope is set by the *relative prices* of the two goods.
- It shows how much of Y must be given up to buy one more X at market prices.
- The marginal rate of substitution is the slope of the *indifference curve*, not the budget line.

A-Level Economics: **w25 34**

Question 2 (Answer: **C**)

- Every point on one indifference curve gives the same total satisfaction.
- A curve further from the origin represents a higher level of satisfaction.
- So the curves show combinations between which the consumer is indifferent, and their ranking.