Abstract
Benchmark two-good utility functions involving a good with zero income elasticity and unit income elasticity are well known. This paper derives utility functions for the additional benchmark cases where one good has zero cross-price elasticity, unit own-price elasticity, and zero own price elasticity. It is shown how each of these utility functions arises from a simple graphical construction based on a single given indifference curve. Also, it is shown that possessors of such utility functions may be seen as thinking in a particular sense of their utility, and may be seen as using simple rules of thumb to determine their demand.