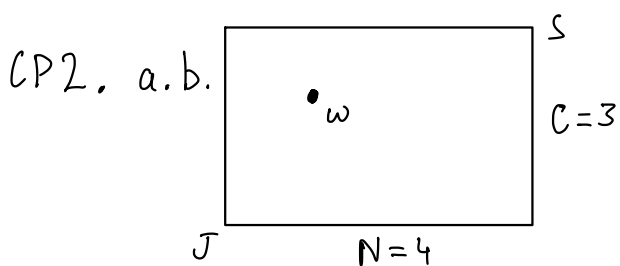
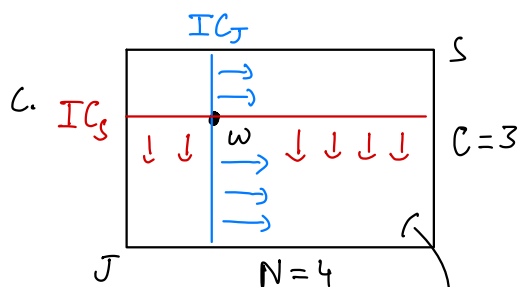


Today's Topic: General Equilibrium



$$U_J = N_J$$

$$U_S = C_S$$

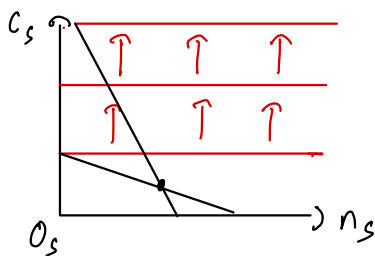
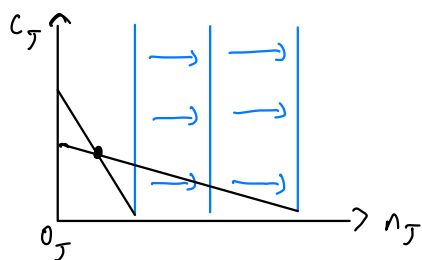


anything here is better!

The region is part (c) shows Pareto improvements for both people, but even the regions with improvements for only one person (if they don't hurt the other) count.

d. The bottom-right corner is the unique Pareto-efficient point.

All allocations must maximize utility, and market must clear (demand \leq supply). There is an auctioneer who facilitates the transactions.



$$\text{slope} = P_n / P_c$$

$$= 2/3$$

at what price will $n_J = 4$ and $c_S = 3$?

The auctioneer calls $P_n = 2, P_c = 3$.

