

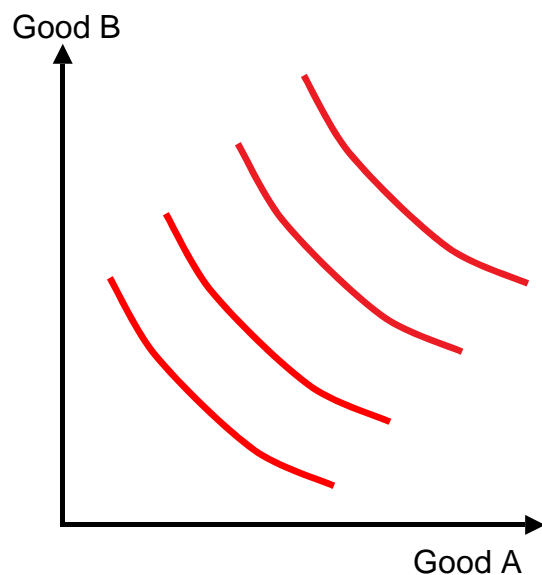
Edgeworth Box

1 Assumptions

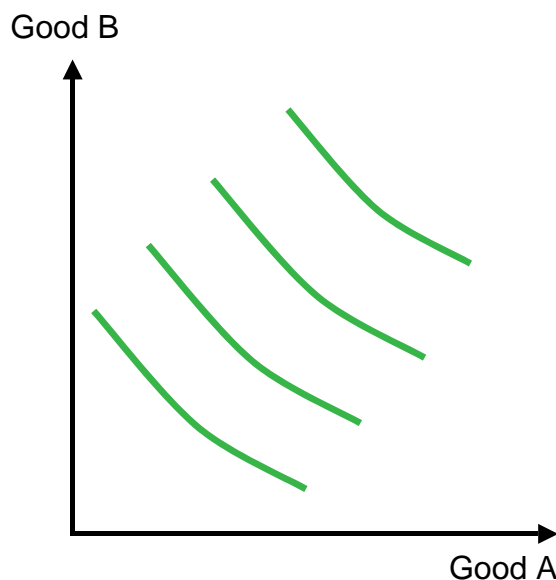
- Two consumers, c1 and c2
- Two goods, A and B

2 The Edgeworth Box, showing trading relationships between two consumers

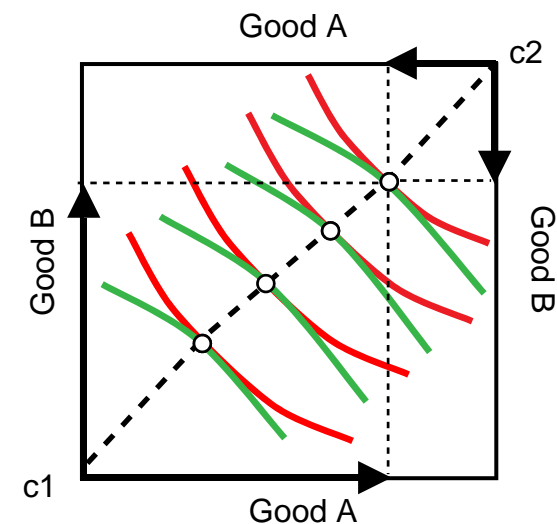
21 Indifference curve map c1



22 Indifference curve map c2



23 Combination: Edgeworth Box



From 22 to 23, the indifference curve map of consumer 2 is rotated by 180 degrees.

- The c1c2-curve is called **contract curve**. It combines all tangentials which are efficient outcomes at given prices.
- The final combination depends on the initial endowments and the incomes of consumer 1 and 2.