Fig 1: Budget Sets in an Endowment Economy
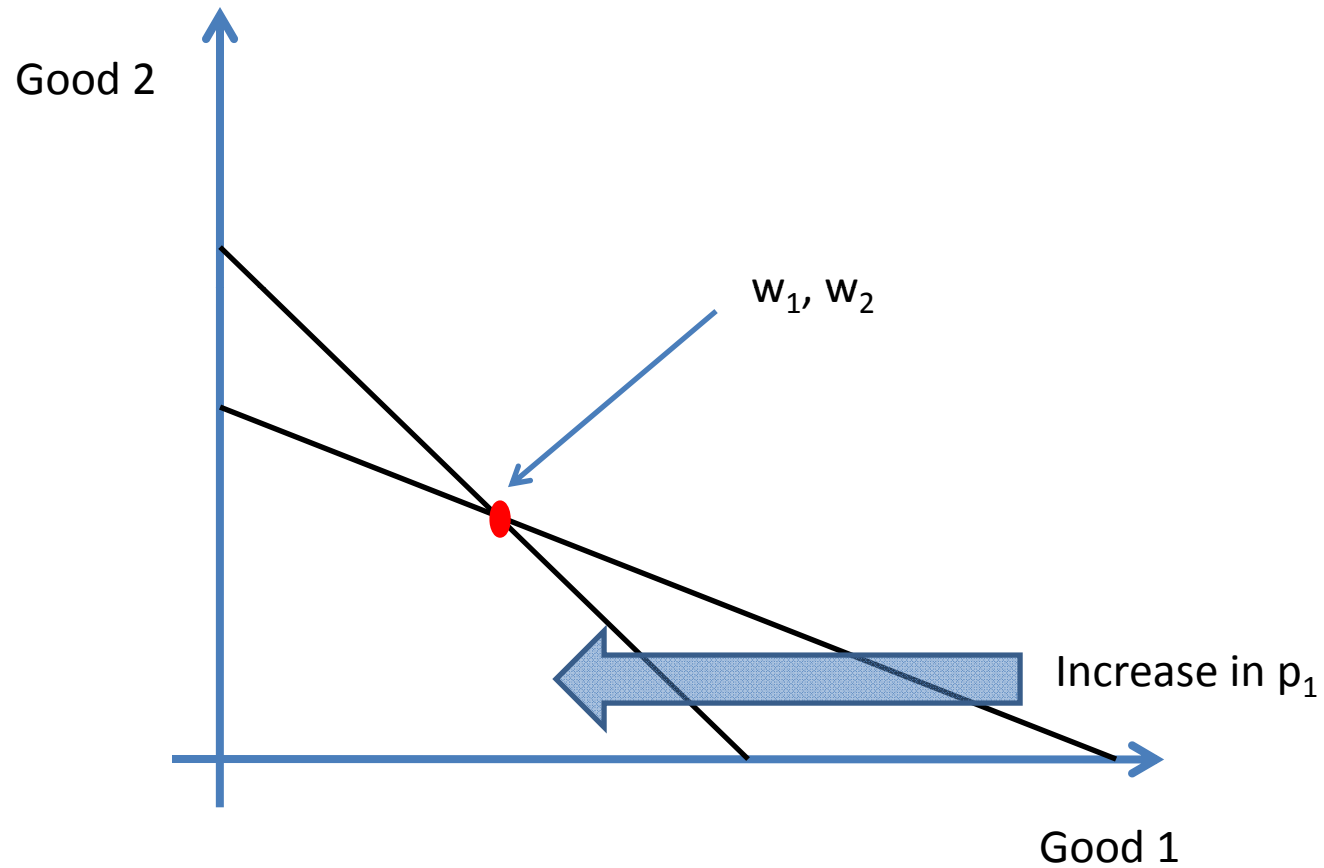
Fig 2: An Edgeworth Box
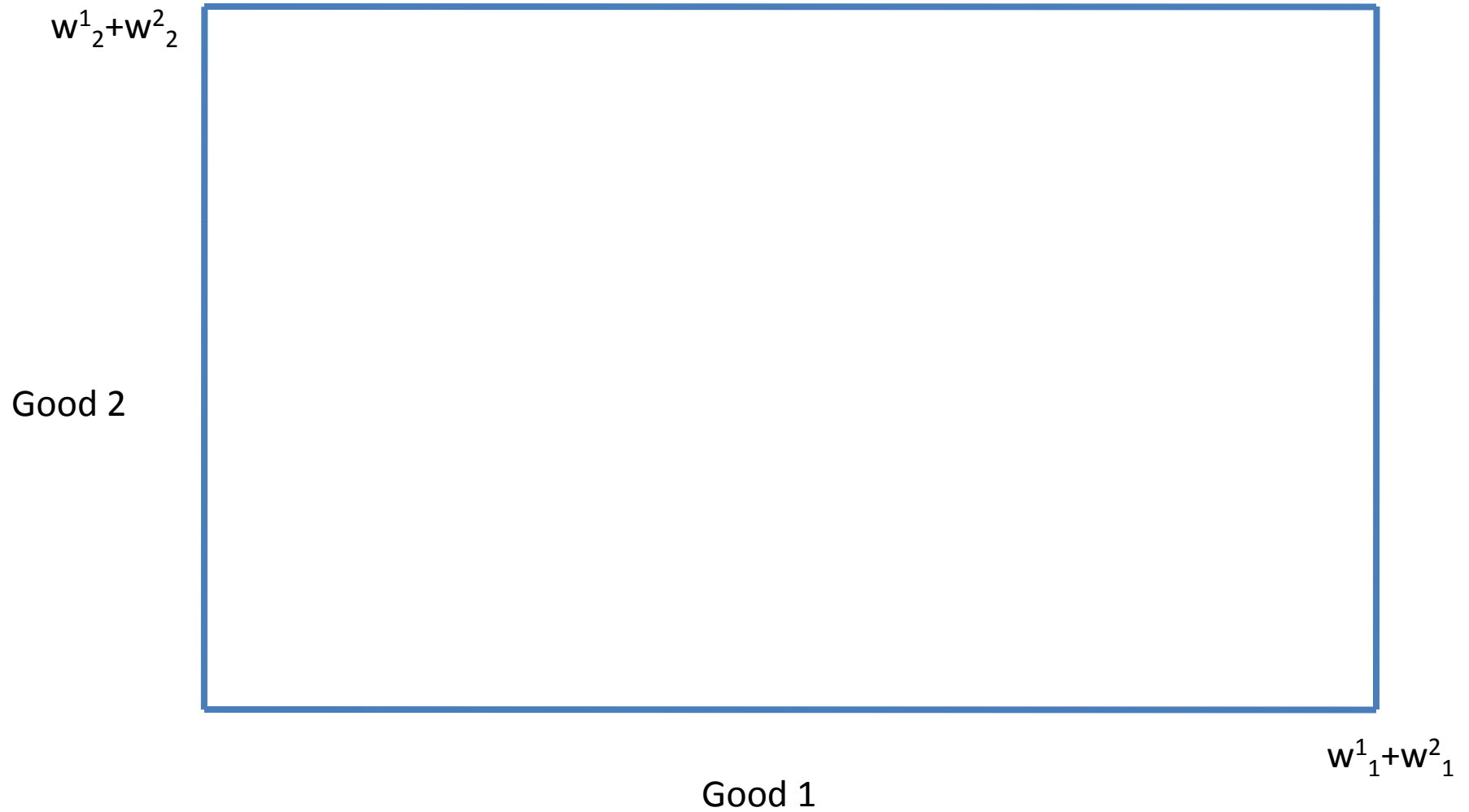
$w^1_2+w^2_2$

Good 2

$w^1_1+w^2_1$

Good 1

Fig 3: A Feasible Allocation
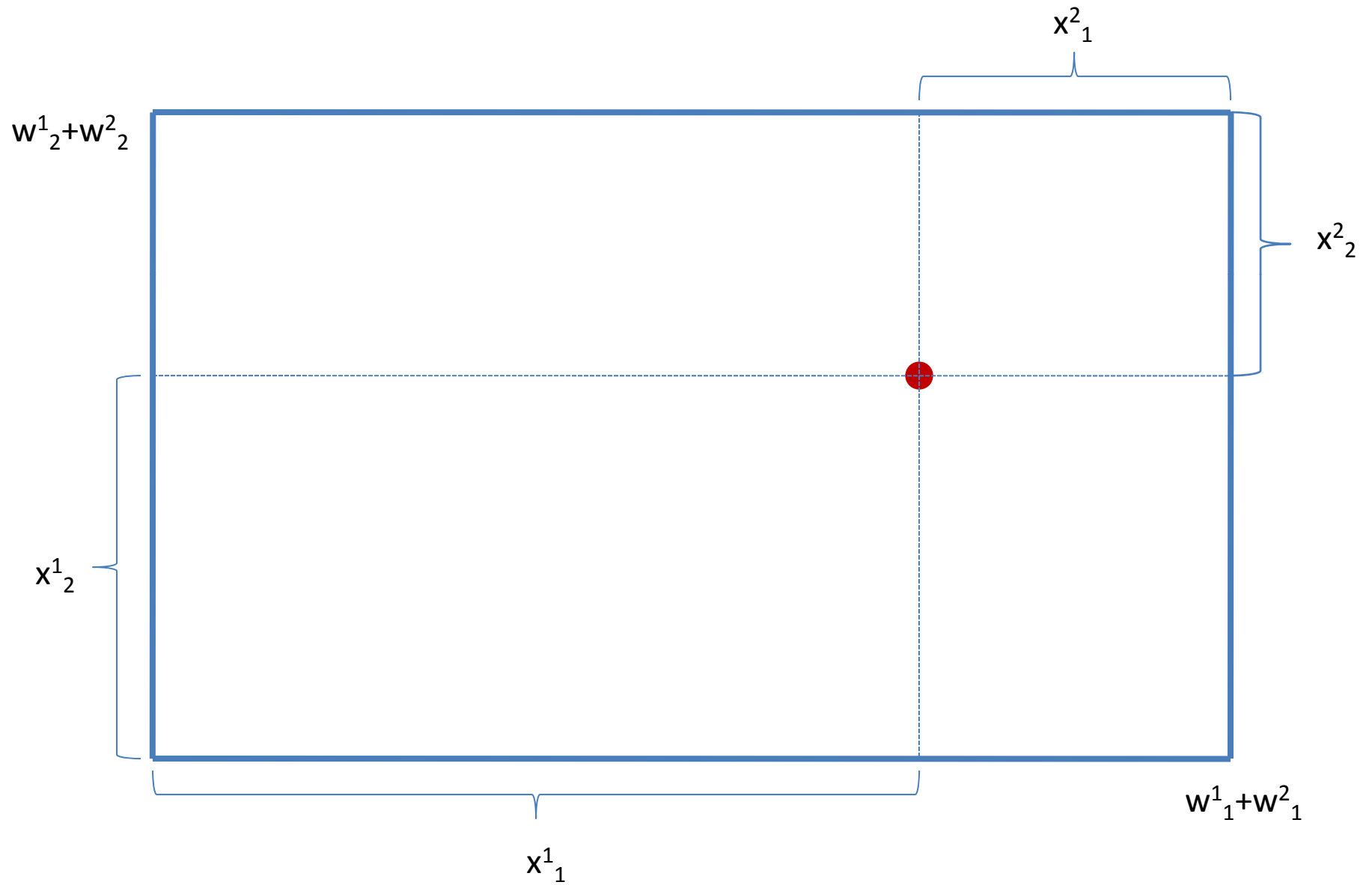
Fig 4: Consumer 1 in the Edgeworth Box

$w^1_2+w^2_2$

Good 2

Budget Line
Slope: $-p_1/p_2$

Consumer 1's
Indifference Curves

Allocation

$w^1_1+w^2_1$

Good 1

Fig 5: Consumer 1's Optimal Bundle

$w^1_2+w^2_2$

Good 2

x^1_2

Optimal Consumption
Bundle for Consumer 1

$w^1_1+w^2_1$

x^1_1

Good 1
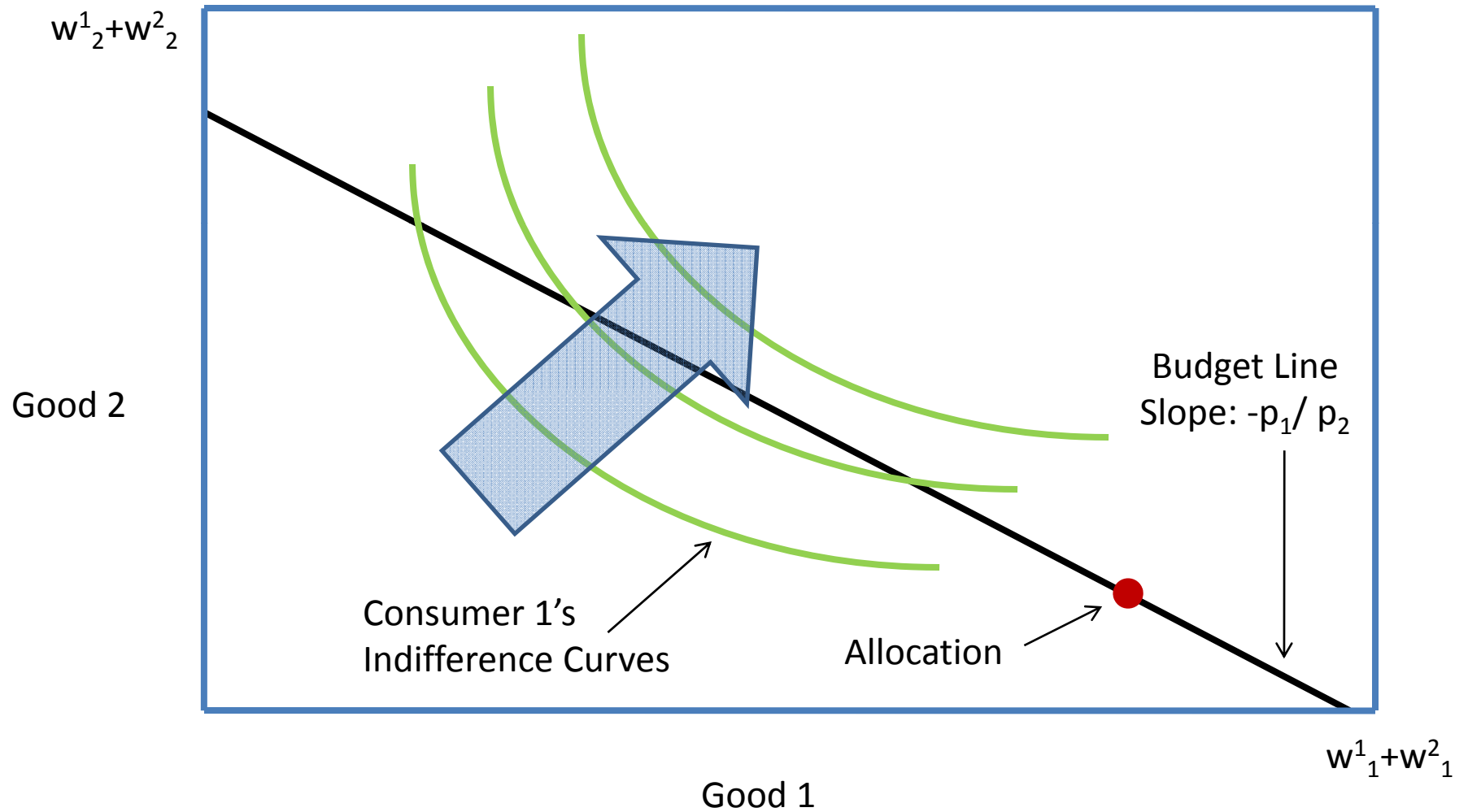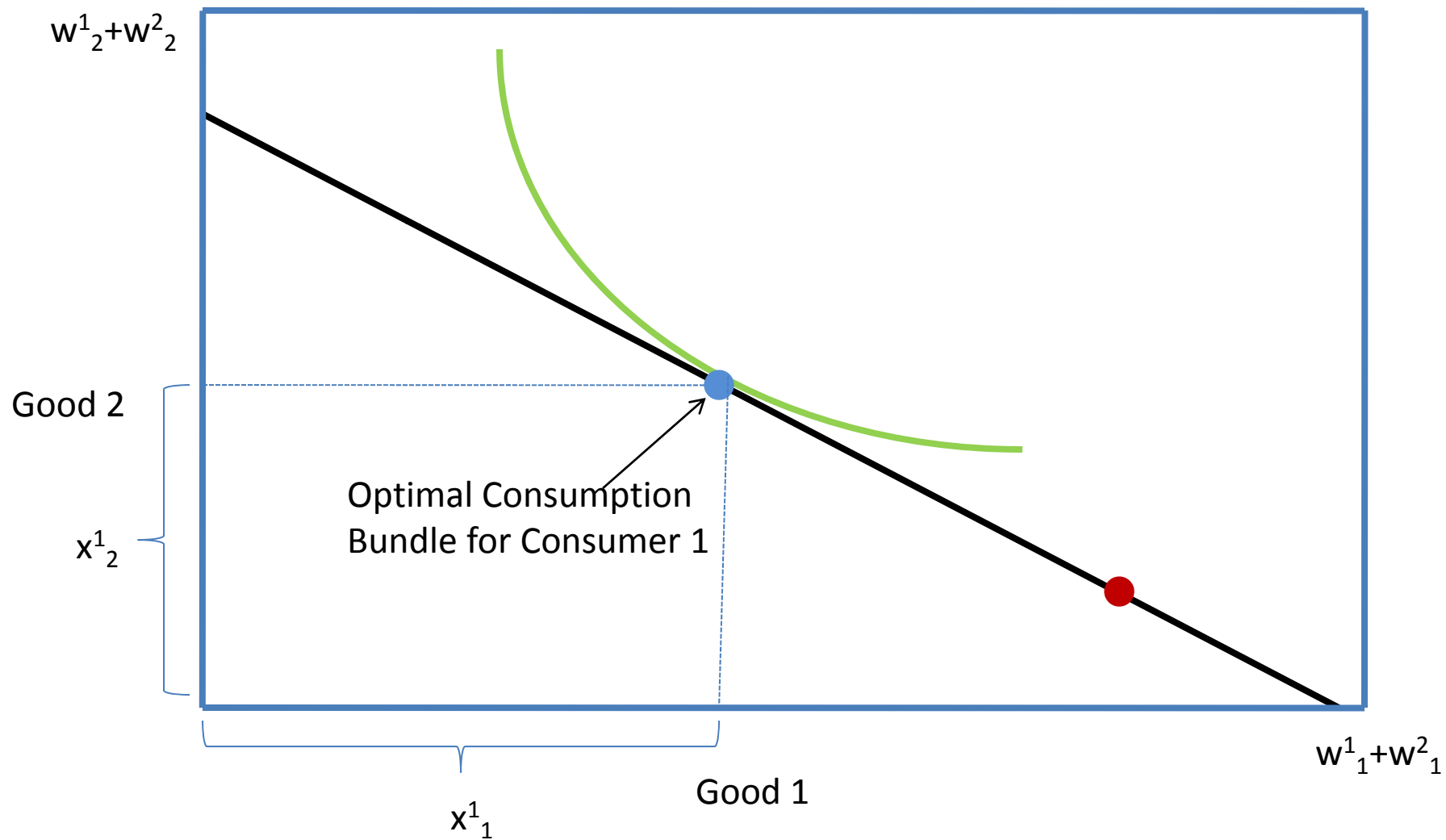
Fig 6: Consumer 2' Budget Set in the Edgeworth Box

$w^1_2 + w^2_2$

Consumer 2's Budget Set

Good 2

$w^1_1 + w^2_1$

Good 1
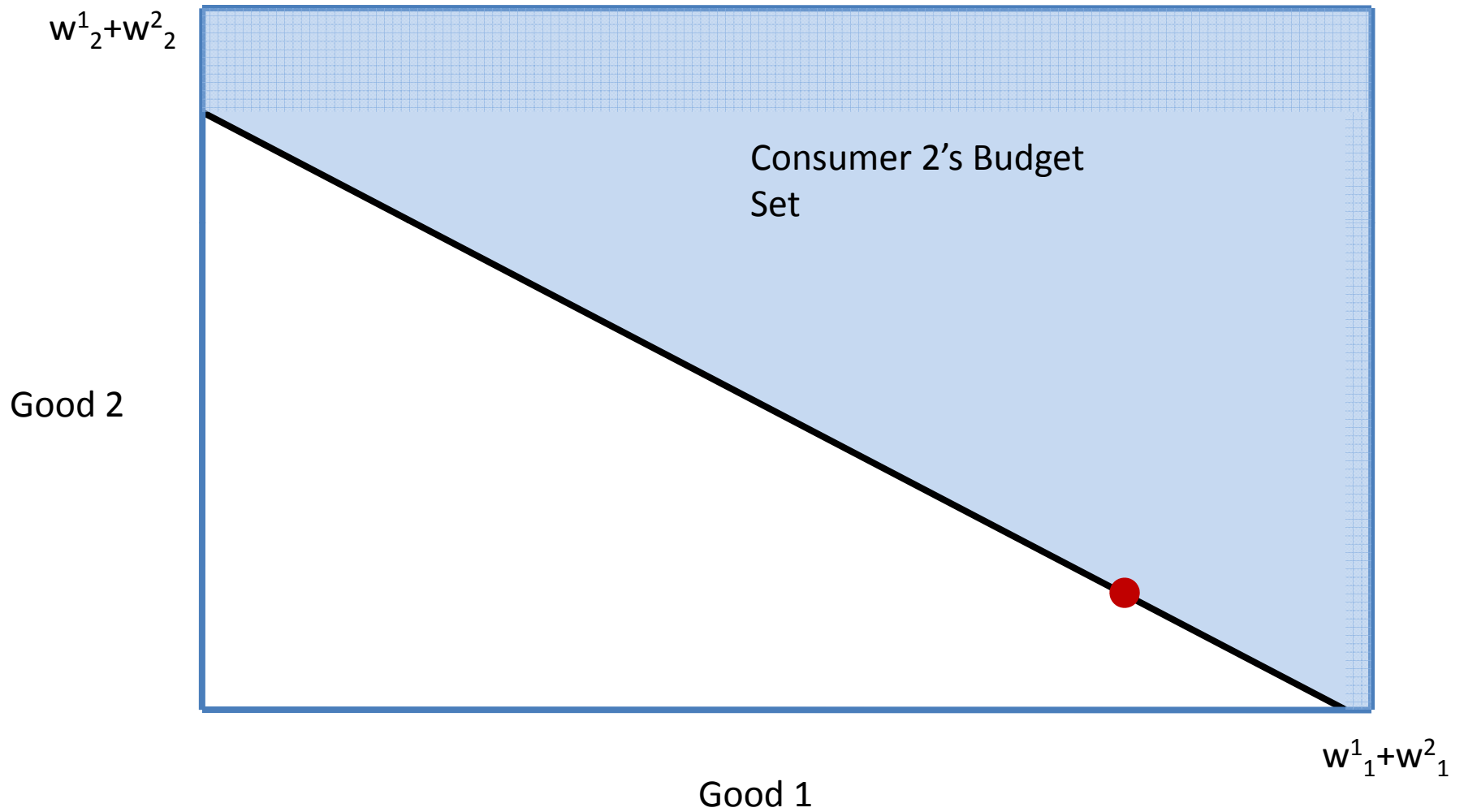
Fig 7: Consumer 2's Preferences in the Edgeworth Box

$w^1_2+w^2_2$

Good 2

Better Bundles

$w^1_1+w^2_1$

Good 1
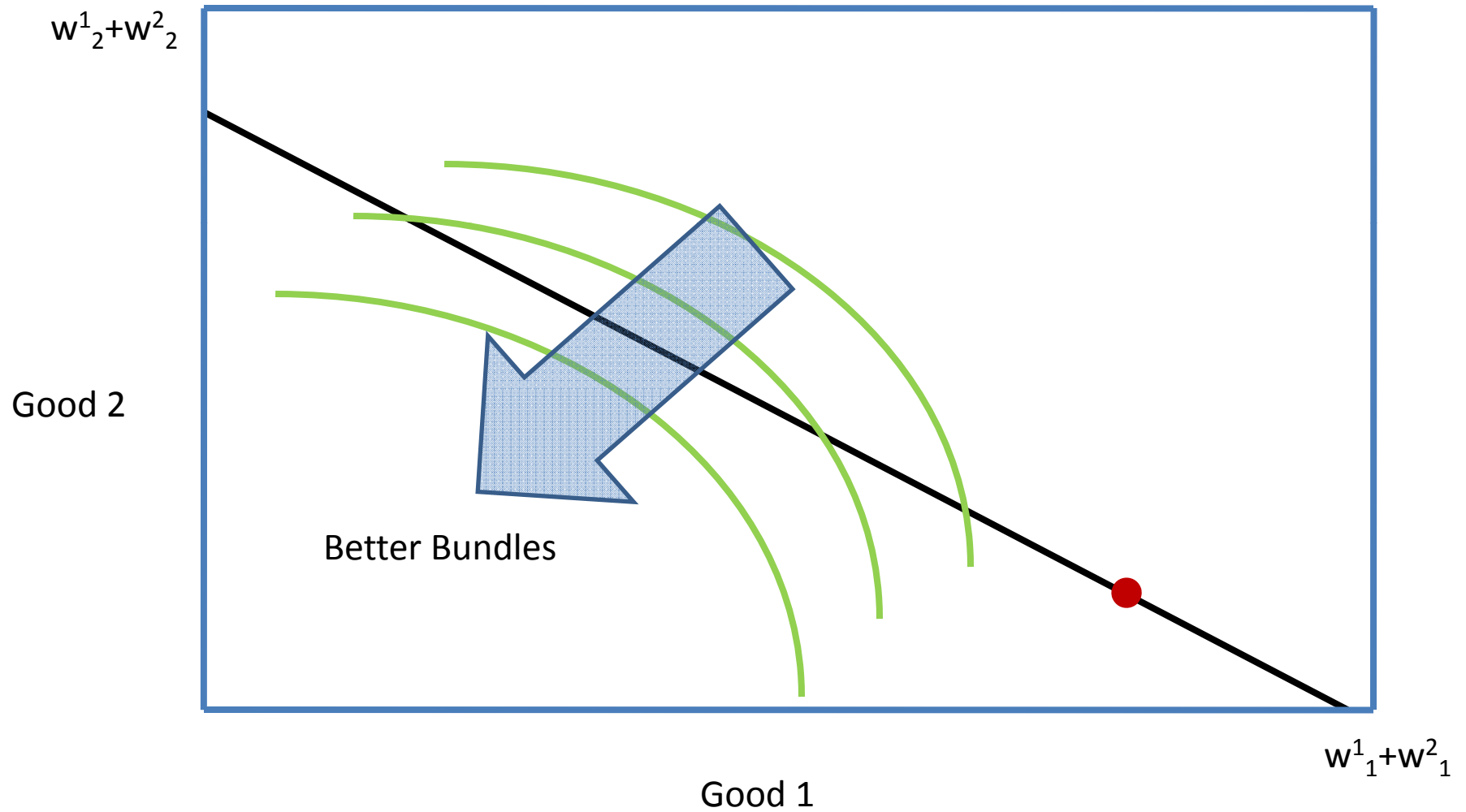
Fig 8: Consumer 2's Optimal Bundle

x^2_1

$w^1_2+w^2_2$

x^2_2

Good 2

Optimal Consumption
Bundle for Consumer 2

$w^1_1+w^2_1$

Good 1

Fig 9: Not an Equilibrium

x^2_1

$w^1_2 + w^2_2$

x^2_2

Bundle B: Optimal for
Consumer 1

Good 2

Bundle A: Optimal for
Consumer 2

x^1_2

$w^1_1 + w^2_1$

Good 1

x^1_1

Fig 10: An Equilibrium

x^2_1

$w^1_2+w^2_2$

x^2_2

Bundle B: Optimal for Consumer 1

Good 2

Bundle A: Optimal for Consumer 2

x^1_2

$w^1_1+w^2_1$

Good 1

x^1_1
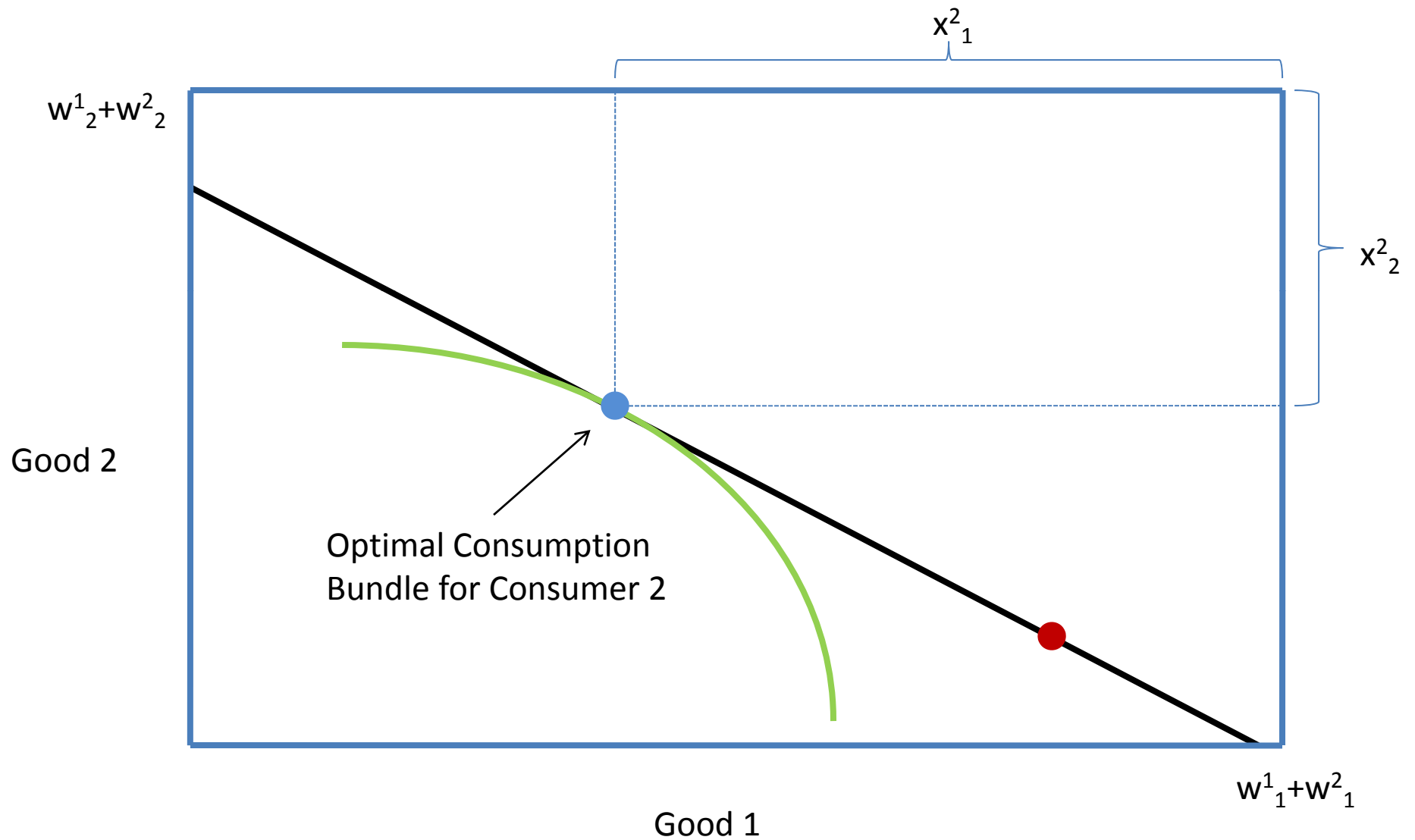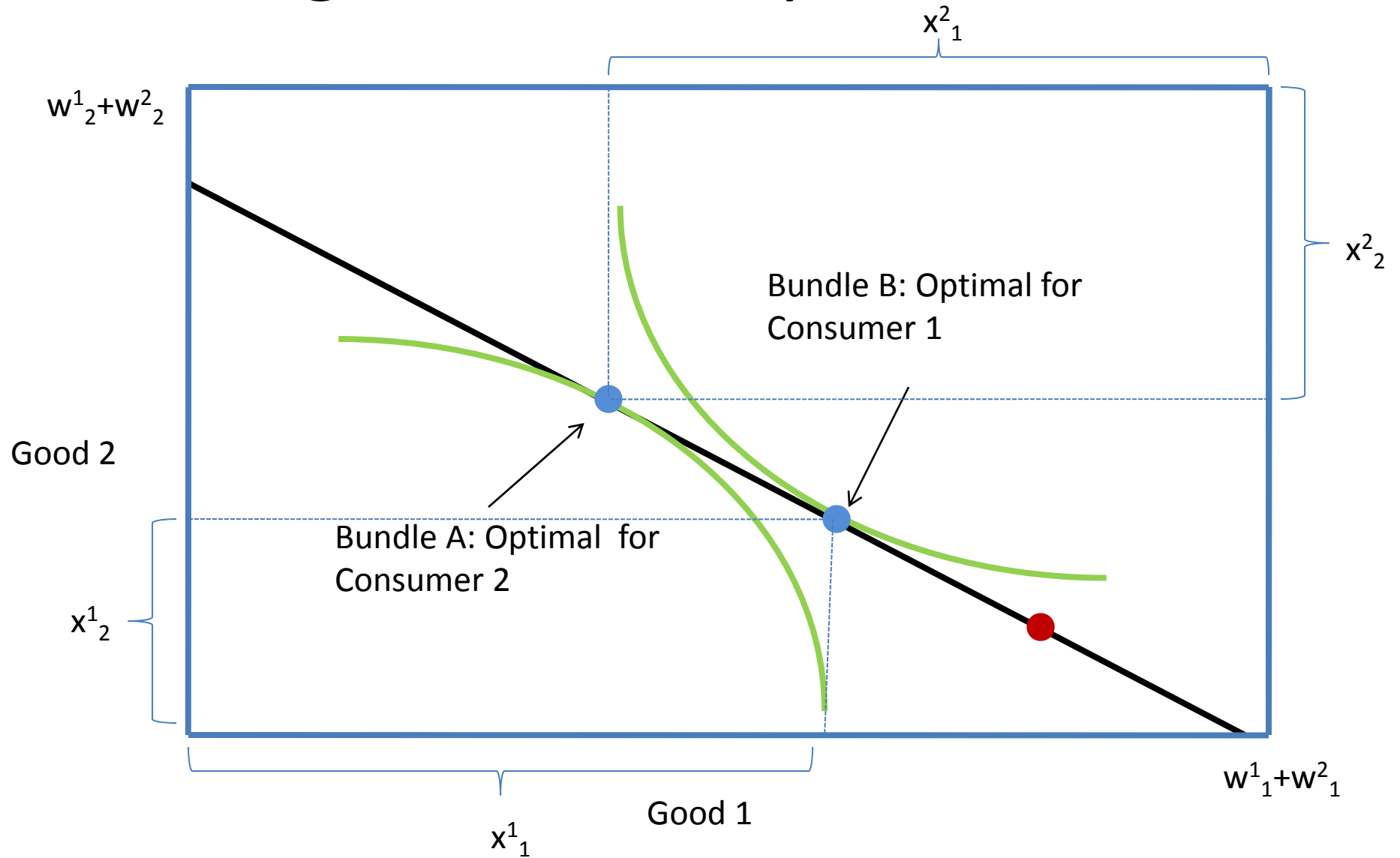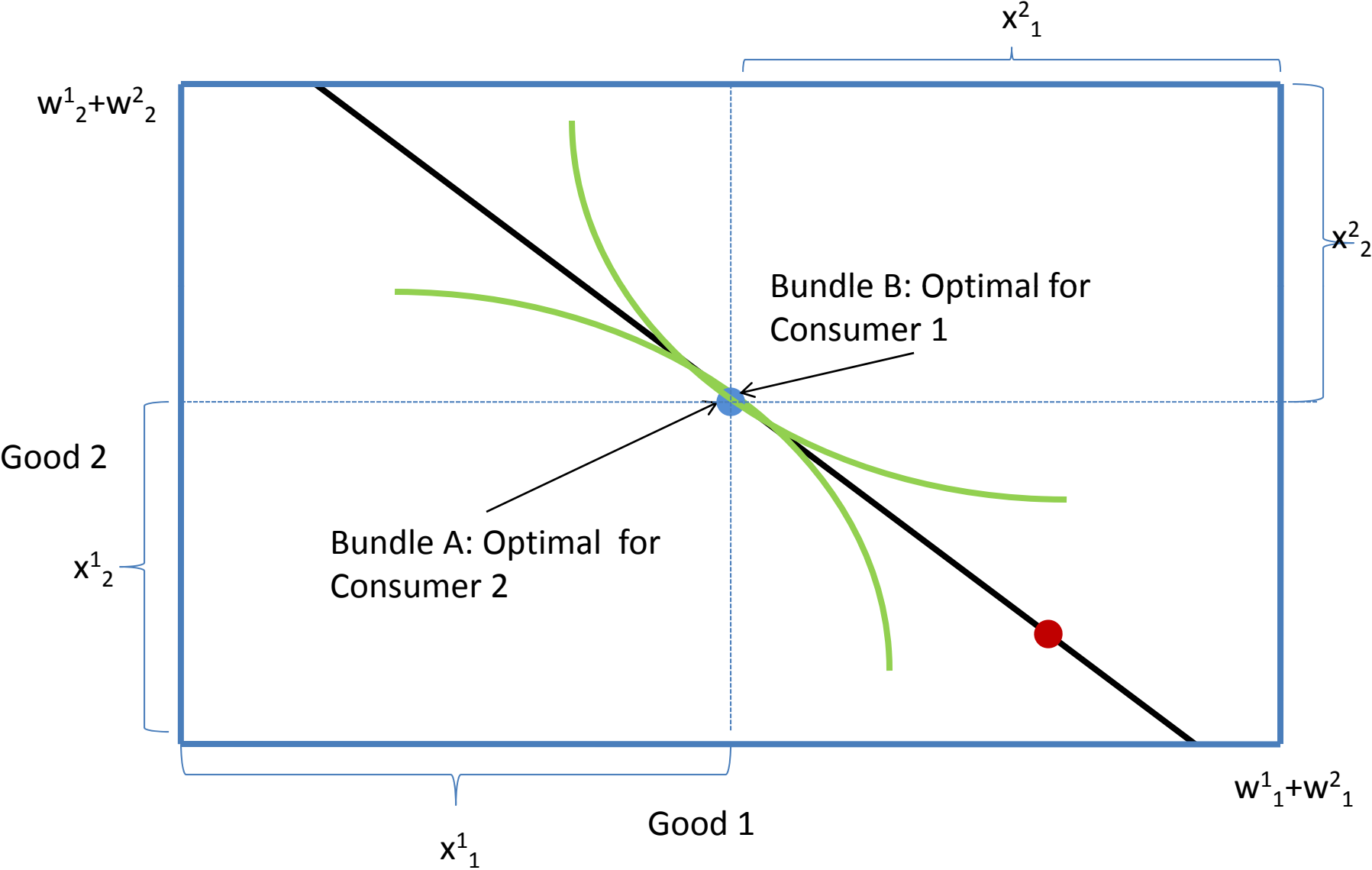
Fig 11: Consumer 1's Offer Curve

Offer curve for consumer 1

Increase in p_1

$w^1_2 + w^2_2$

Good 2

Good 1

$w^1_1 + w^2_1$

Fig 12: Consumer 2's Offer Curve

$w^1_2+w^2_2$

Good 2

Offer curve for consumer 1

Increase in p_1

$w^1_1+w^2_1$

Good 1
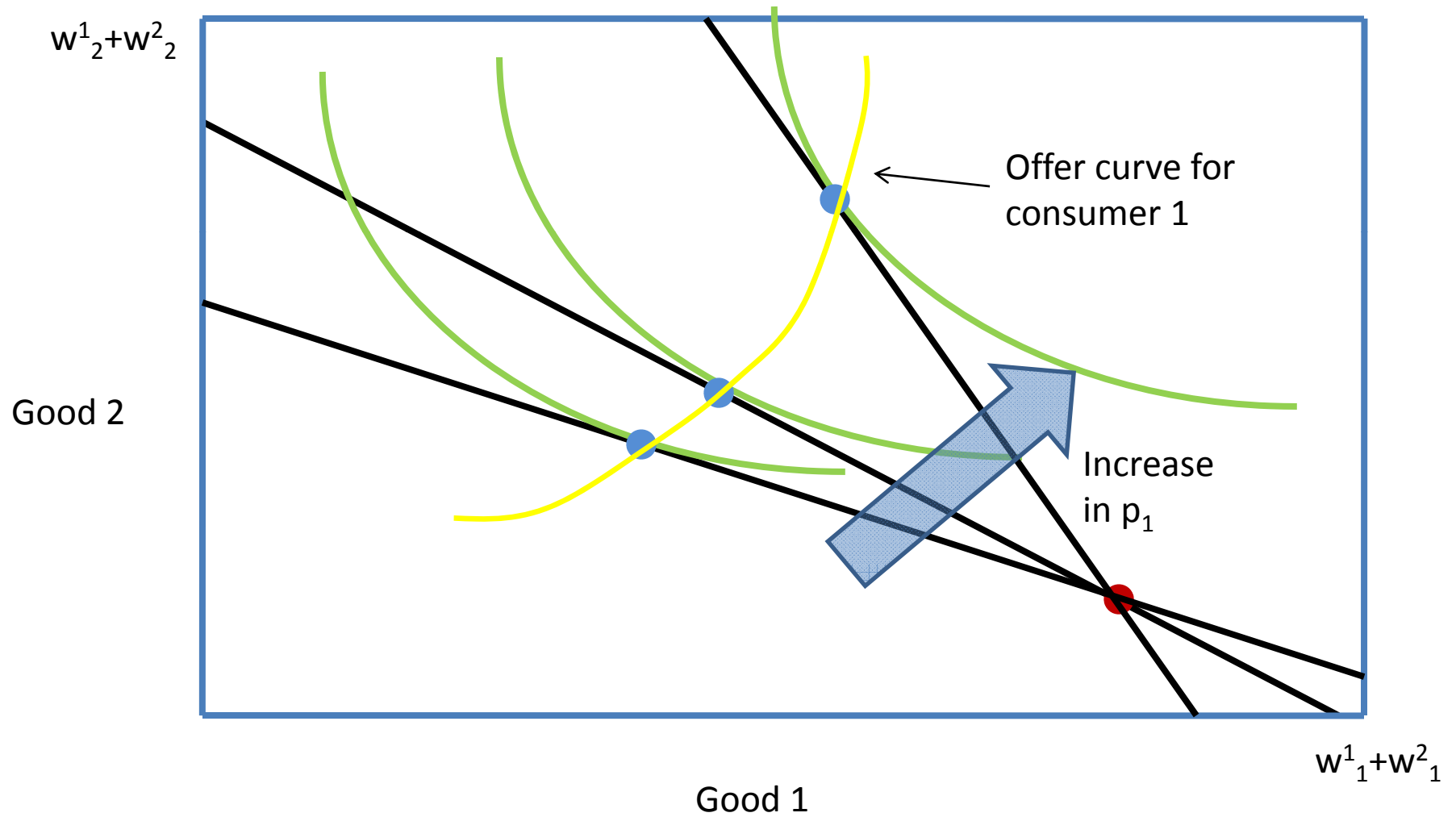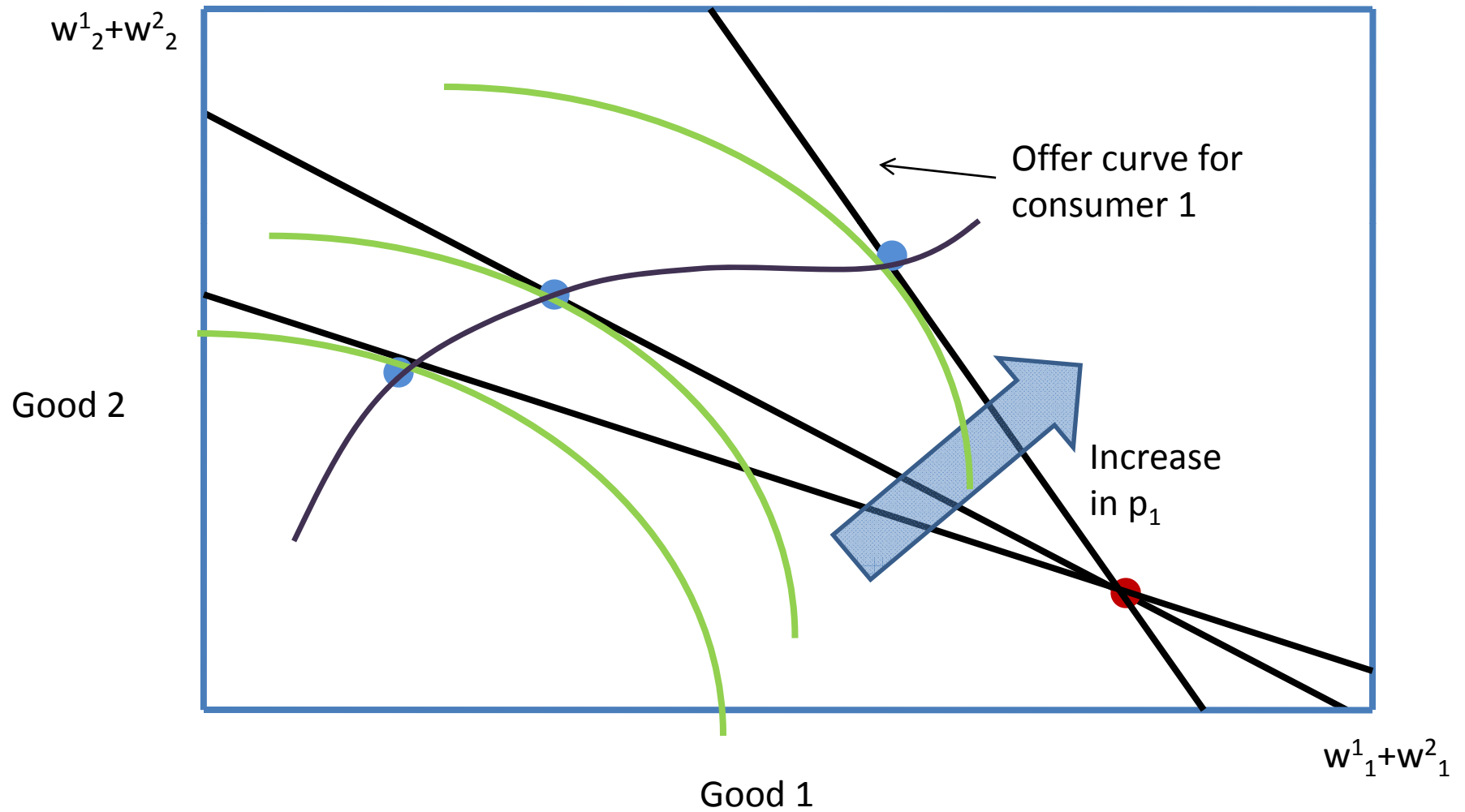
Fig 13: Equilibrium: Where Offer Curves Collide

x^2_1

$w^1_2+w^2_2$

Good 2

x^1_2

x^1_1

Good 1

$w^1_1+w^2_1$

Fig 14: Supply and Demand

Good 1

Demand Curve=
$$x_1^1(p_1, \omega_1^1, \omega_2^1) + x_1^2(p_1, \omega_1^2, \omega_2^2)$$
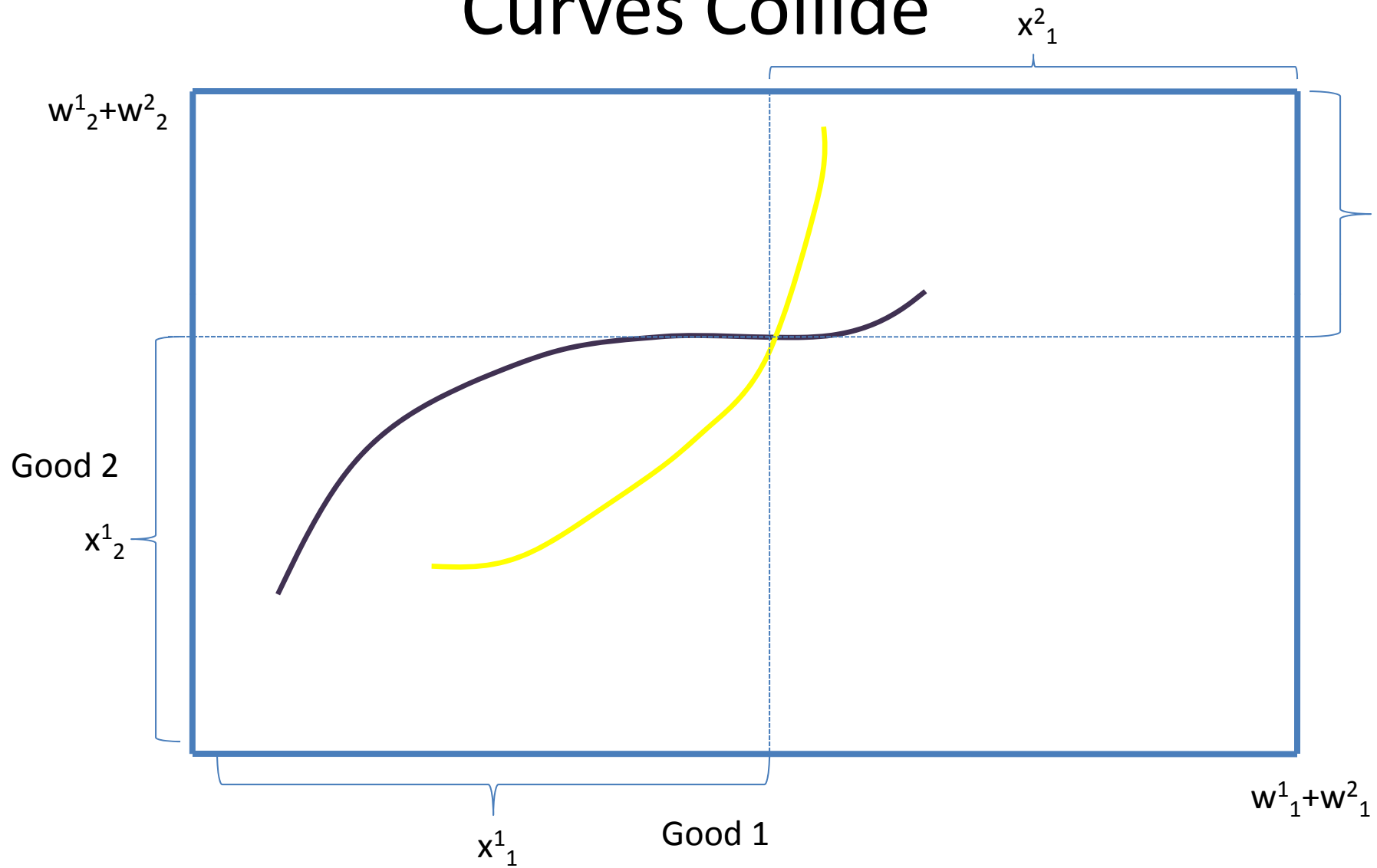
Supply curve

$w^1{}_1 + w^2{}_1$

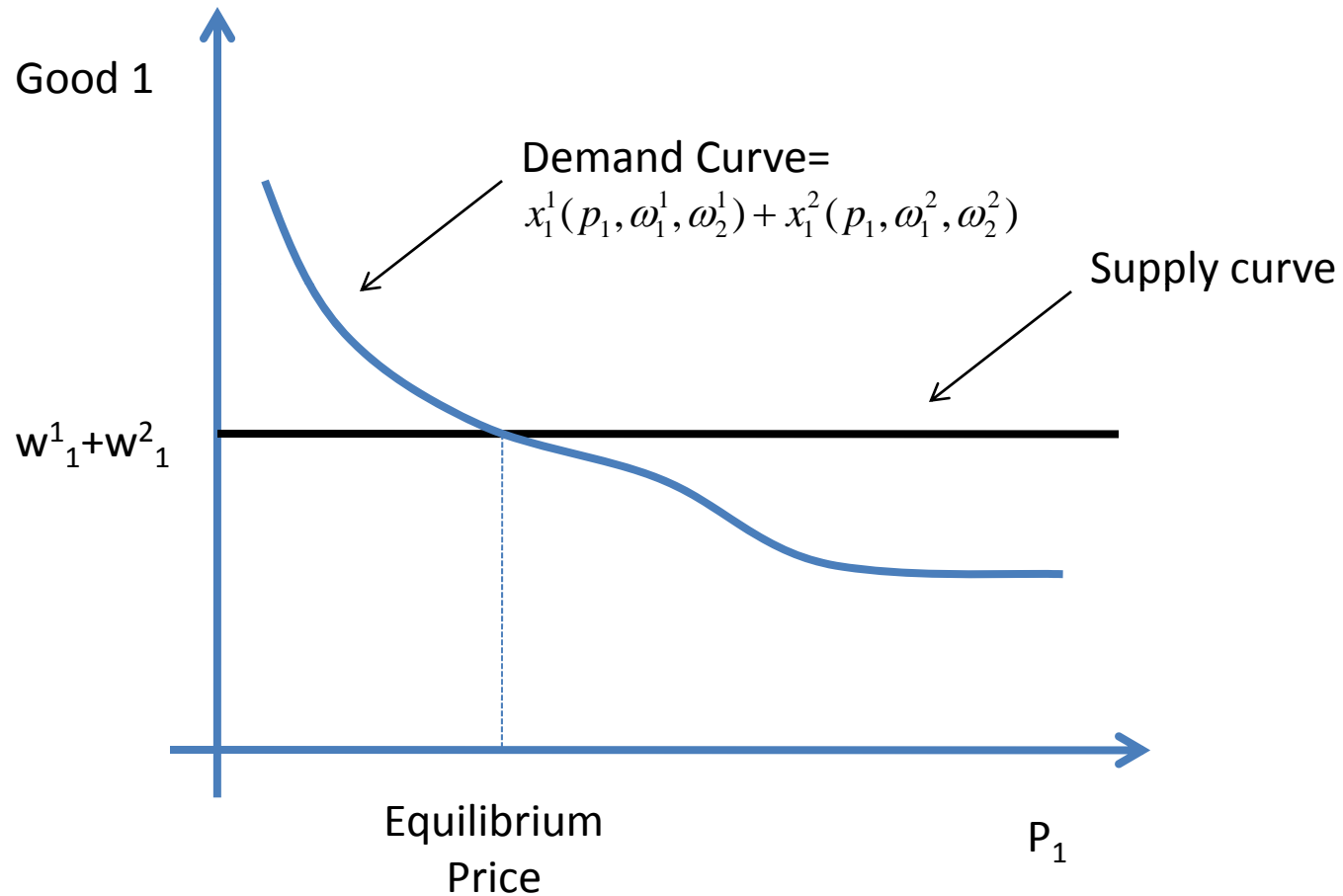Equilibrium
Price

P_1

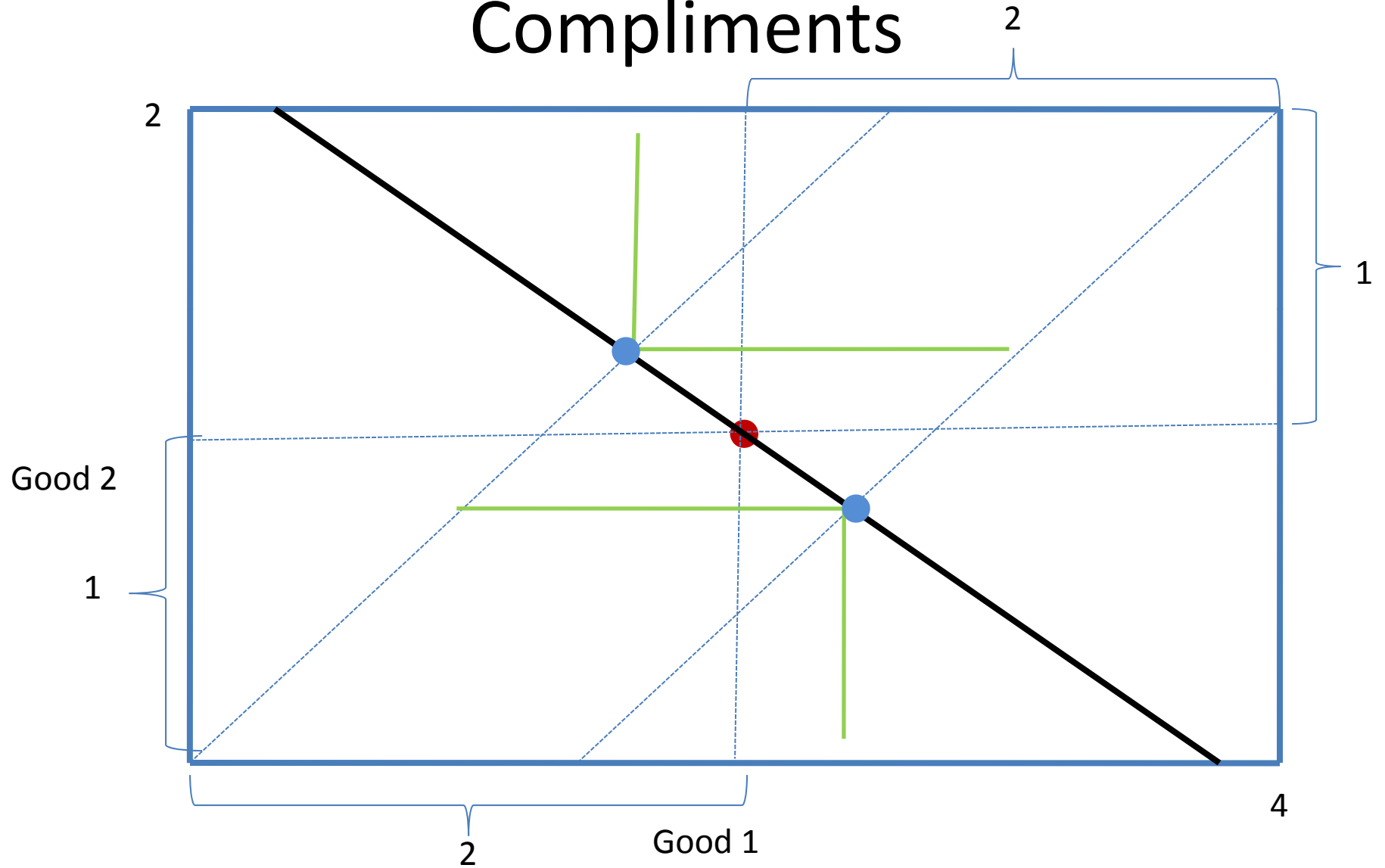# Fig 15: Not an Equilibrium: Perfect Compliments

Fig 16: Not an Equilibrium: Perfect Compliments
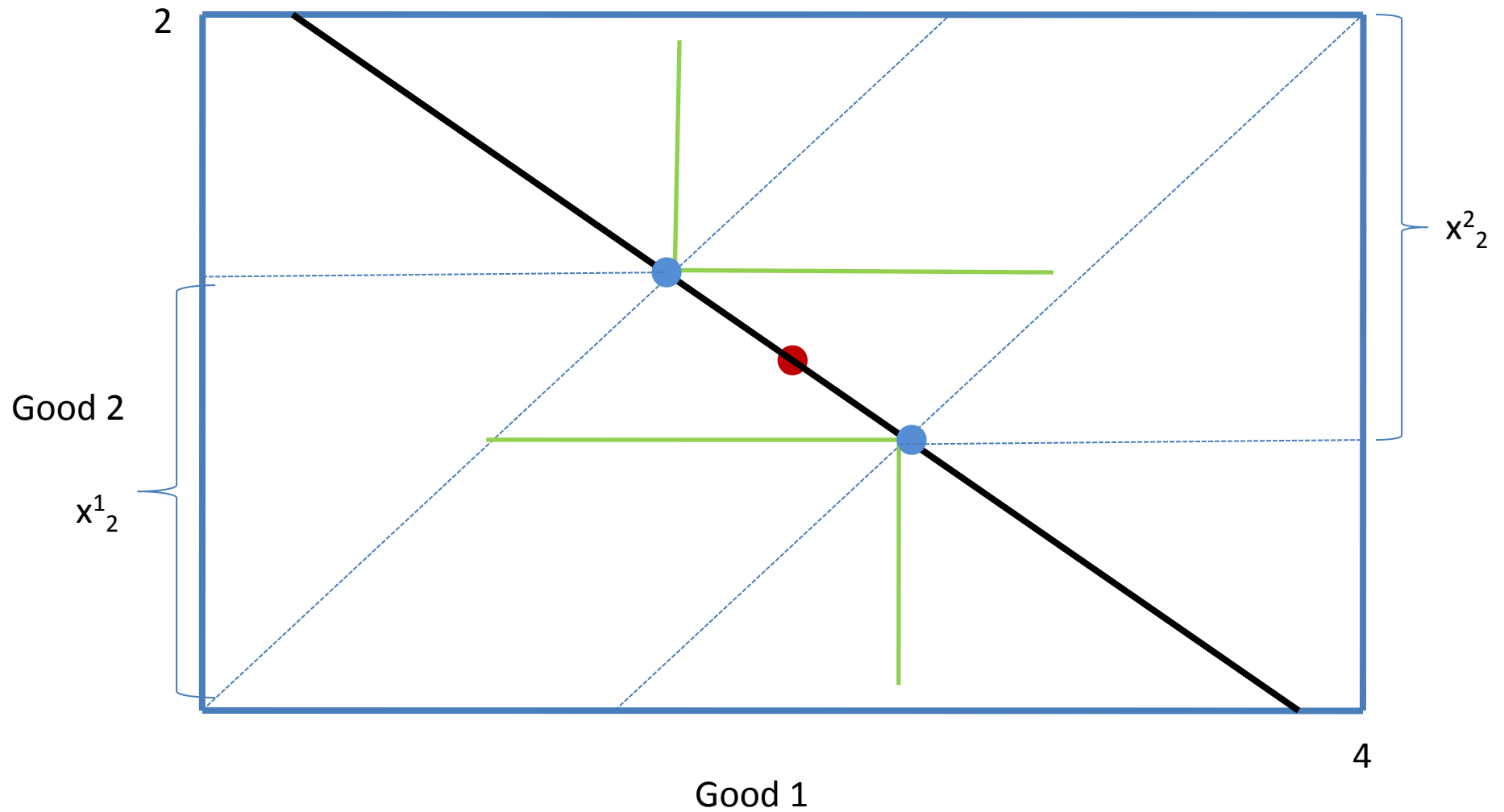
Fig 17: Equilibrium: Perfect Compliments
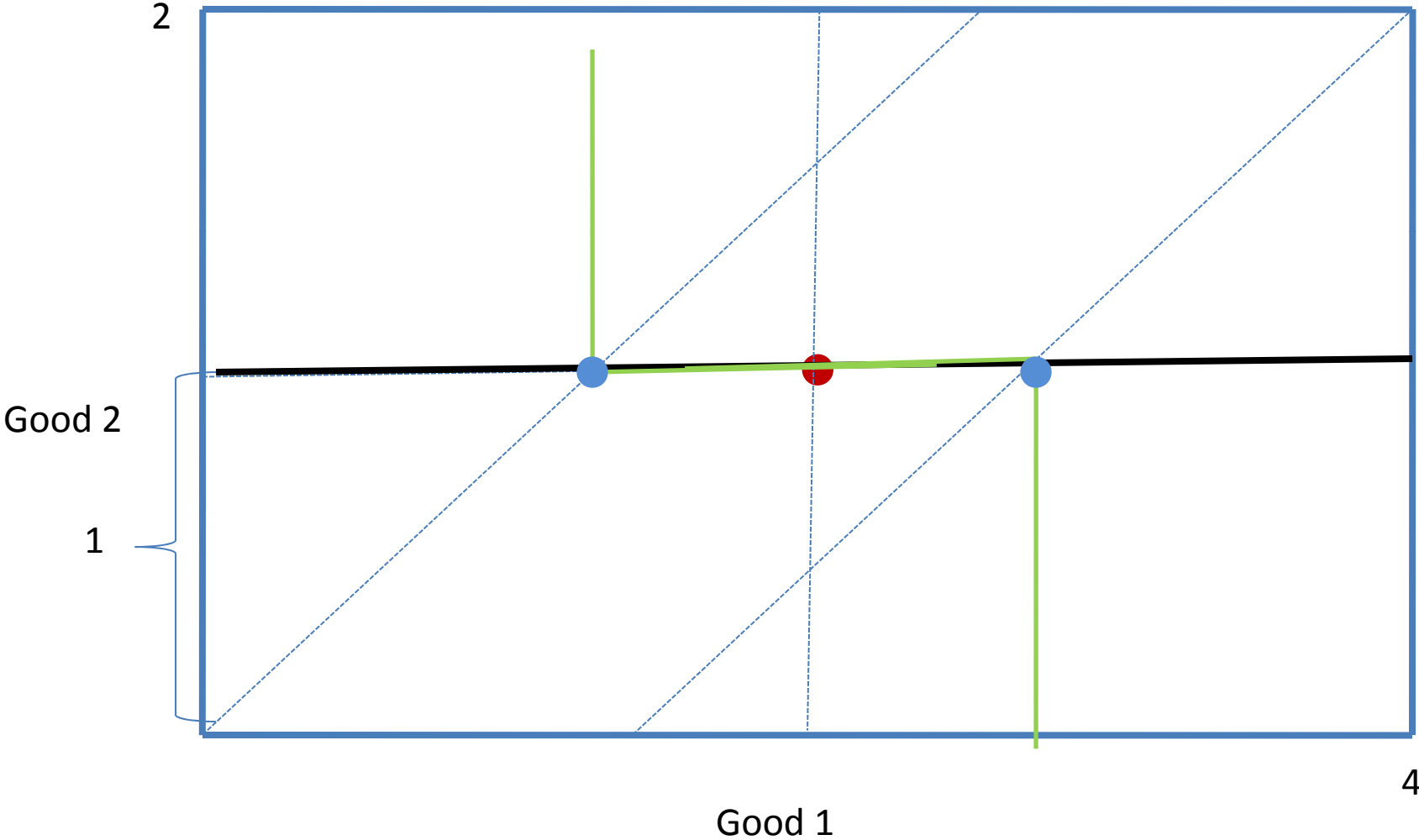
Fig 18: A Case with no Equilibrium

Good 1

Demand Curve=
$$x_1^1(p_1, \omega_1^1, \omega_2^1) + x_1^2(p_1, \omega_1^2, \omega_2^2)$$

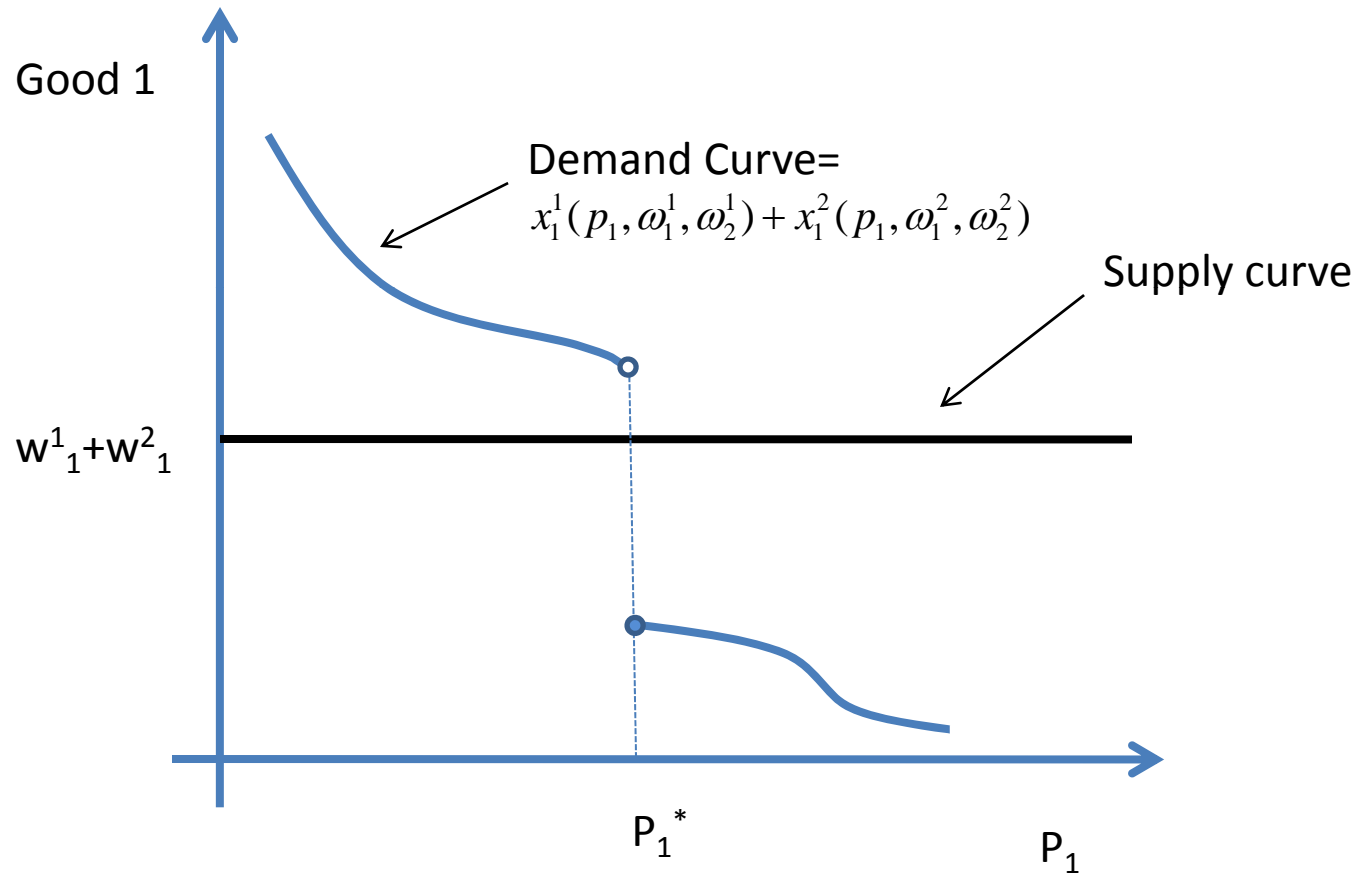Supply curve

$w^1{}_1 + w^2{}_1$

$P_1{}^*$

P_1

Fig 19: Different Equilibria for Different Endowments
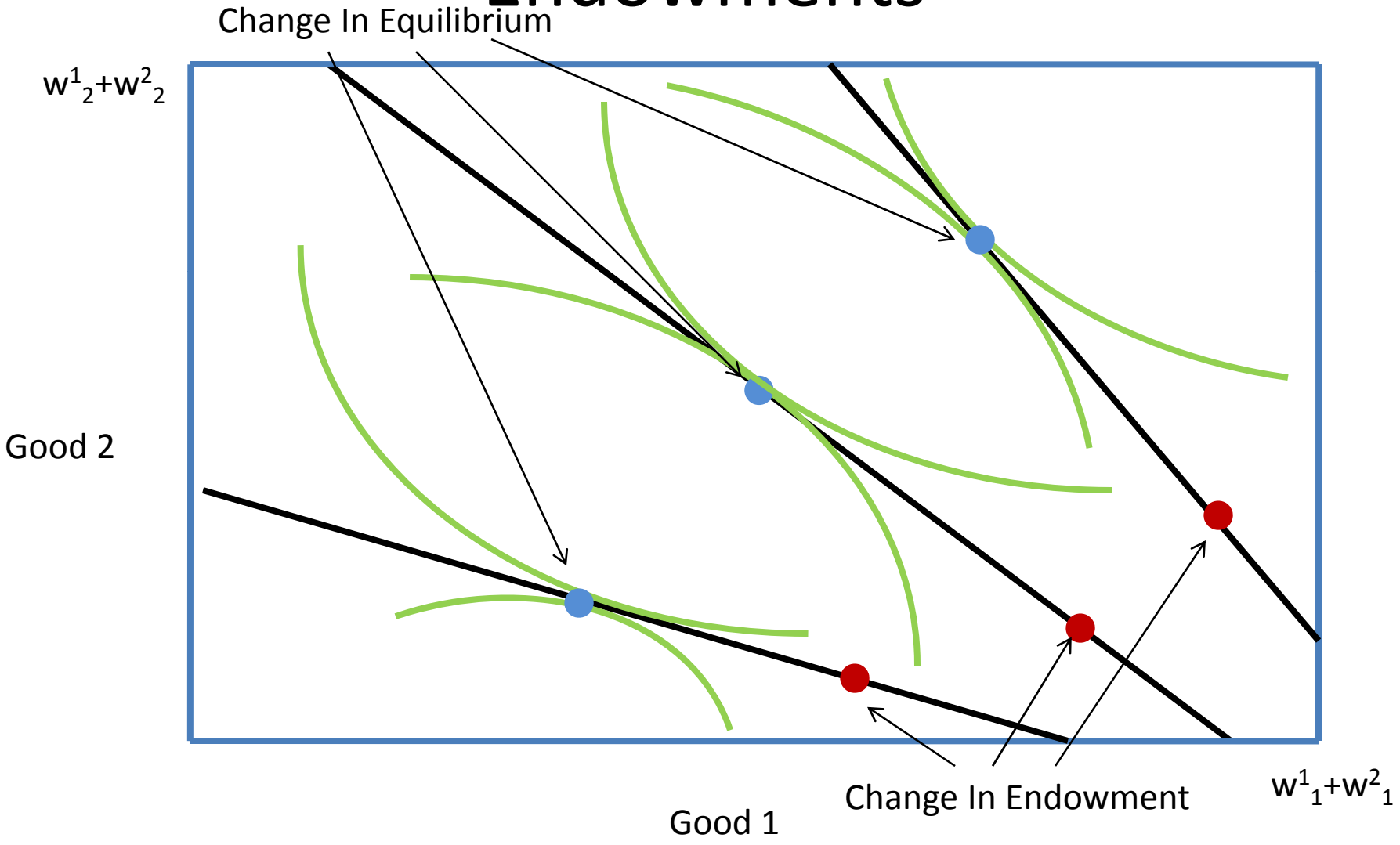
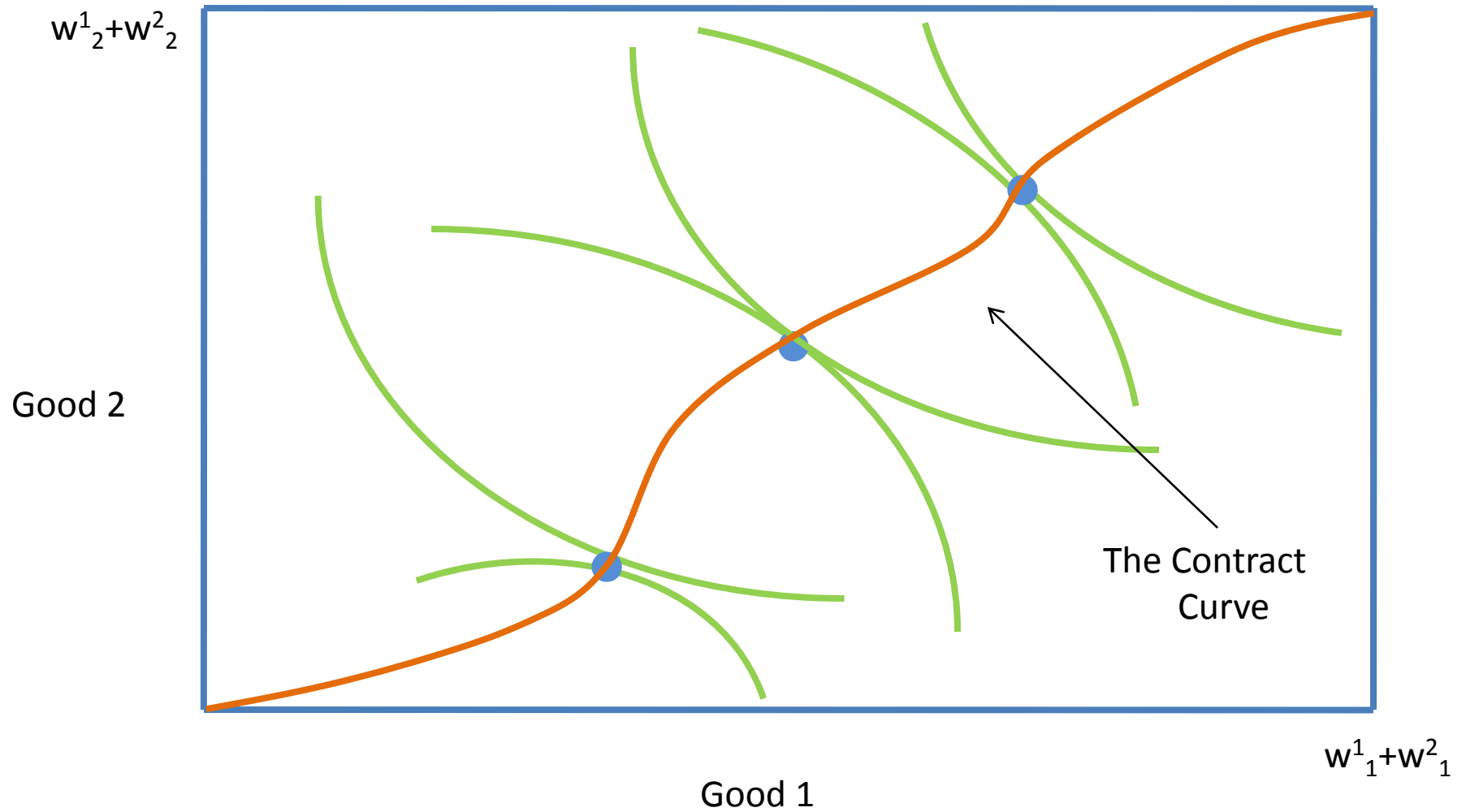# Fig 20: Pareto Efficient Allocations

Fig 21: The Contract Curve

$w^1_2 + w^2_2$

Good 2

The Contract Curve

Good 1

$w^1_1 + w^2_1$
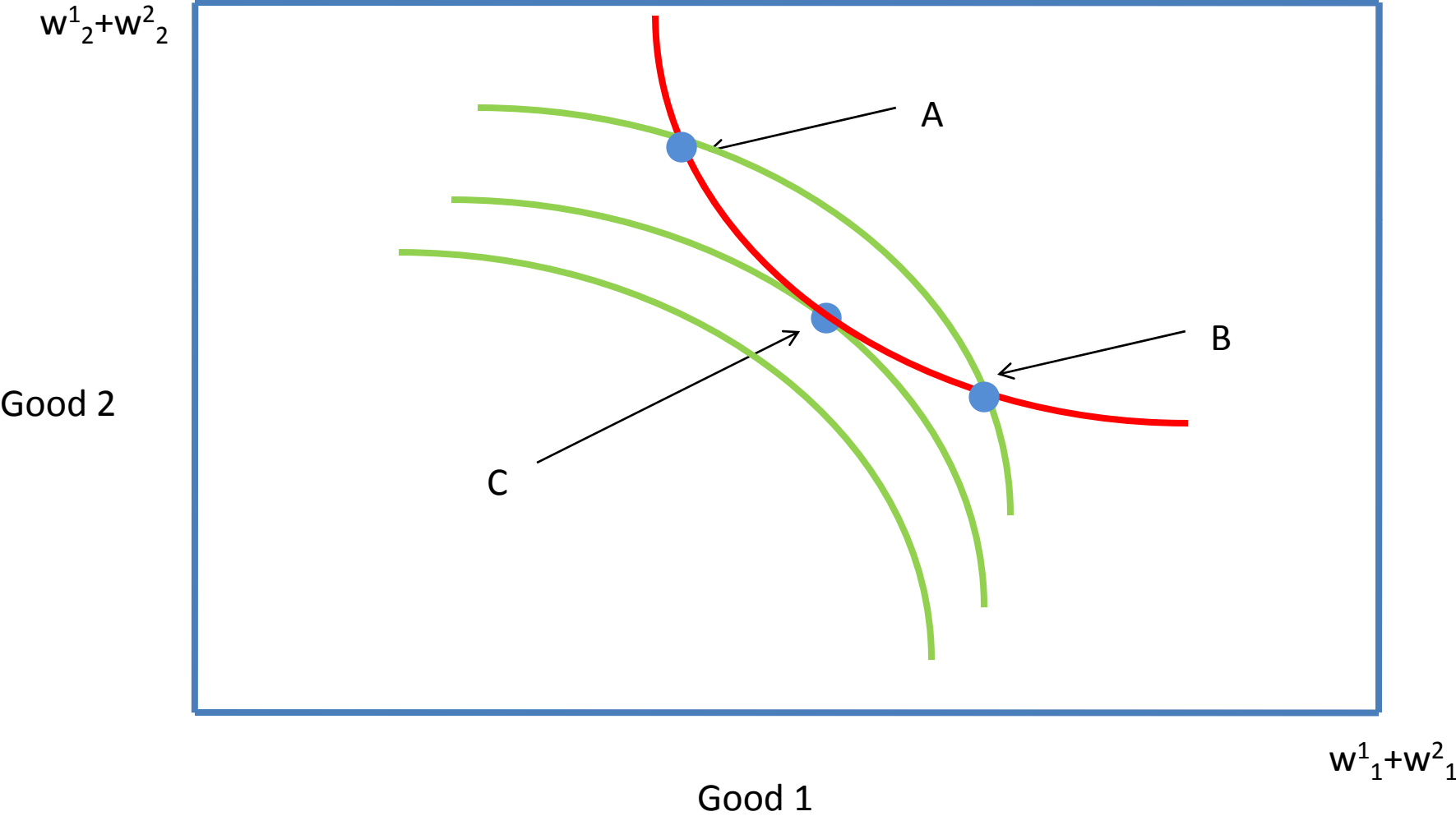
Fig 22: Competitive Equilibria Lie on the Contract Curve
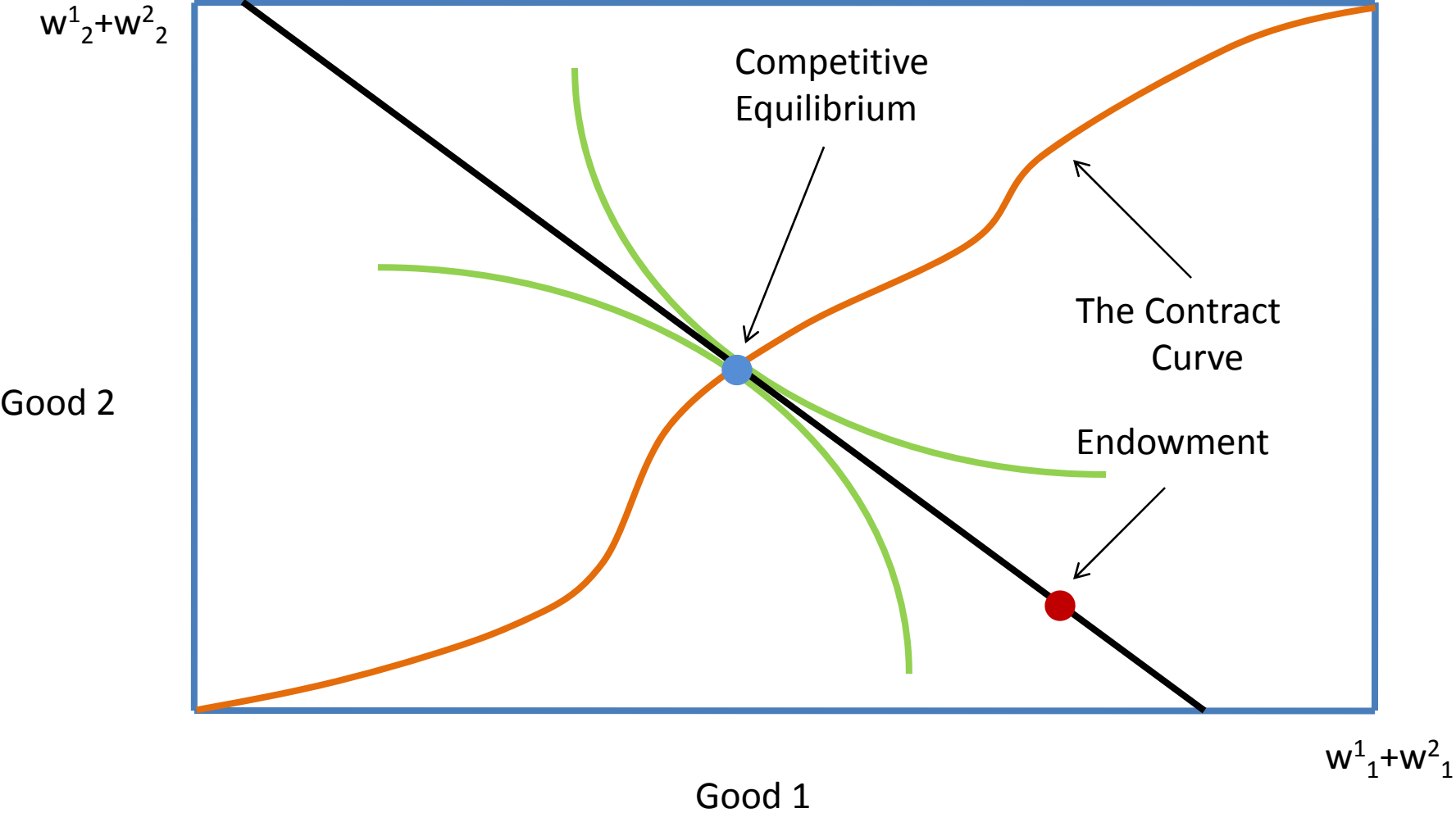
$w^1_2+w^2_2$

Good 2

Competitive Equilibrium

The Contract Curve

Endowment

$w^1_1+w^2_1$

Good 1

Fig 23: Is Every Pareto Optimum a Competitive Equilibrium?

$w^1_2+w^2_2$

Pareto Optimum

Endowment A

Good 2

Good 1

$w^1_1+w^2_1$

Fig 24: Is Every Pareto Optimum a Competitive Equilibrium?

$w^1_2 + w^2_2$

Pareto Optimum

Endowment A

Endowment B

Good 2

Good 1

$w^1_1 + w^2_1$
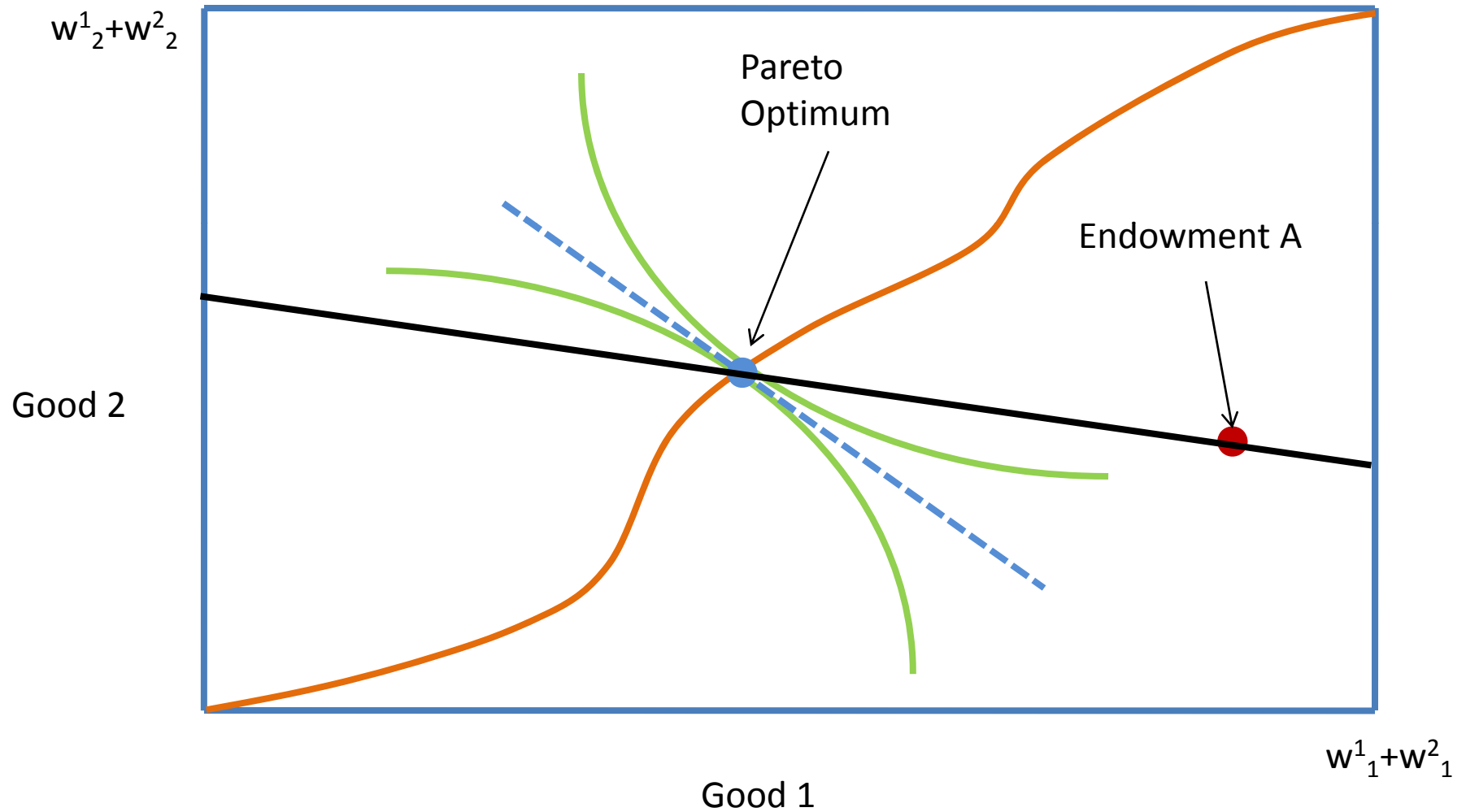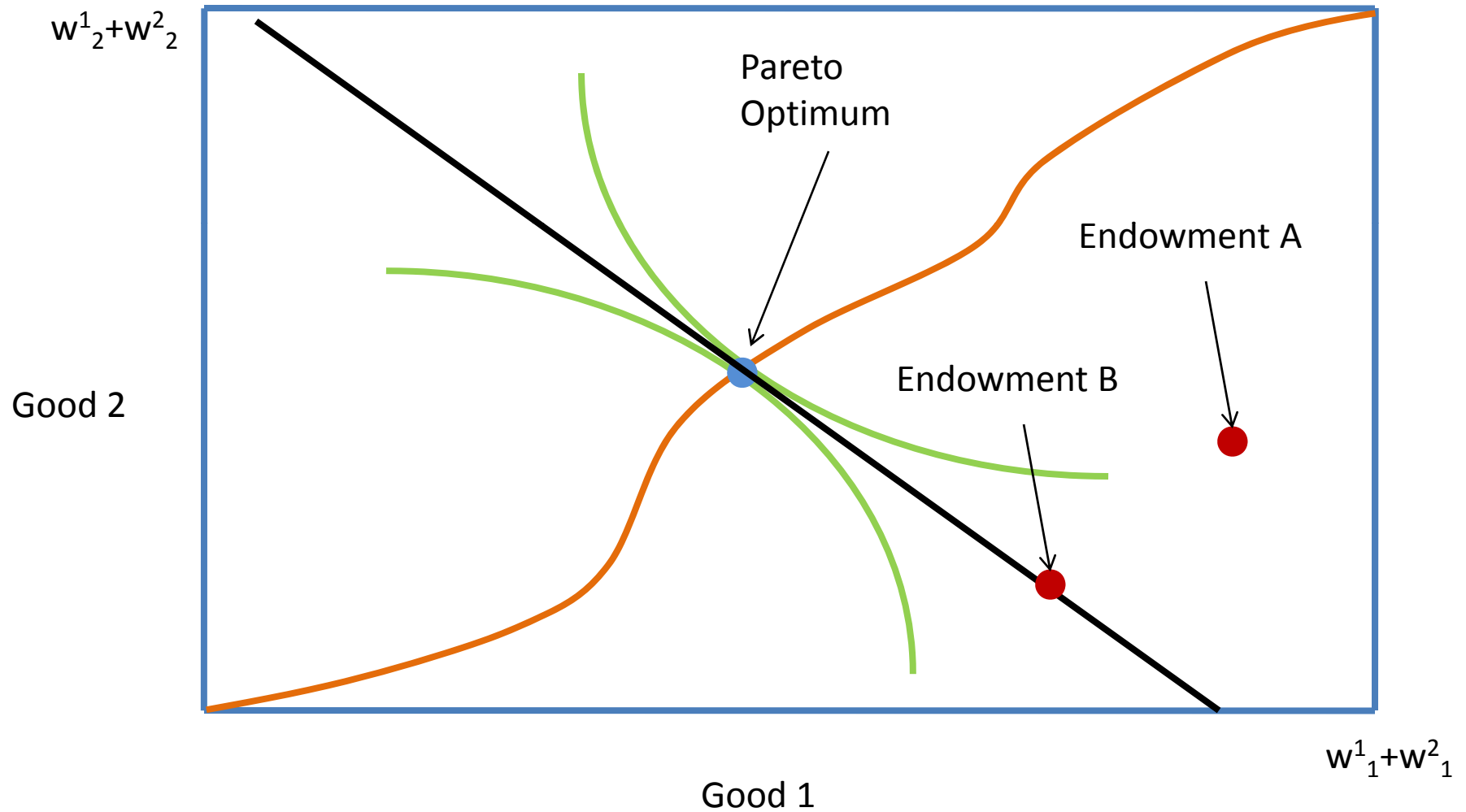
Fig 25 : Other Endowments that Support this Pareto Optimum

$w^1_2+w^2_2$

Pareto
Optimum

Good 2

Good 1

$w^1_1+w^2_1$
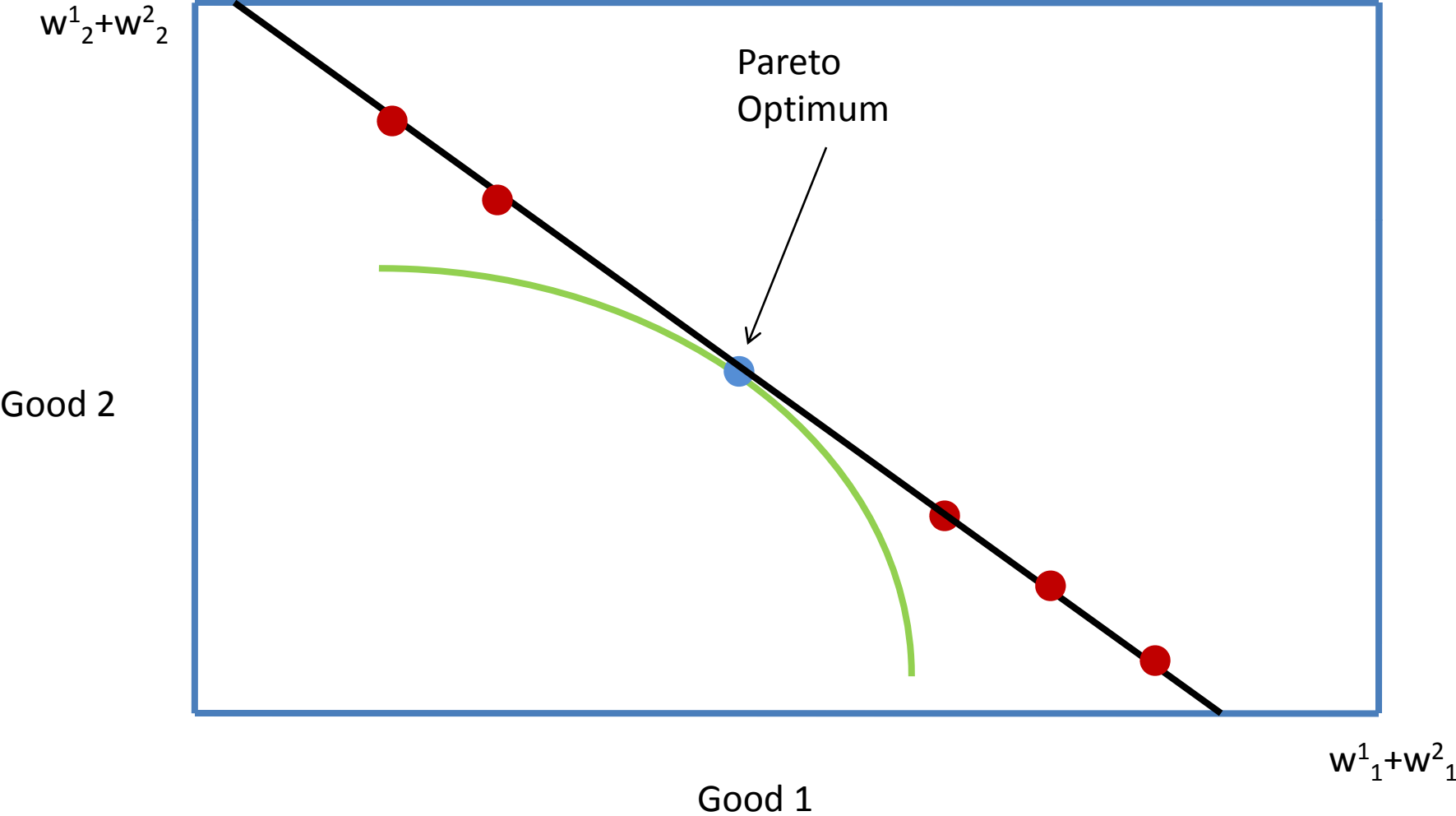
Fig 26: A Pareto Optimum that cannot be a Competitive Equilibrium

$w^1_2+w^2_2$

Good 2

Consumer 2's Indifference Curve

Consumer 2's Indifference Curve

Consumer 1's Optimal Bundle (B)

Pareto Optimum (A)

Good 1

$w^1_1+w^2_1$
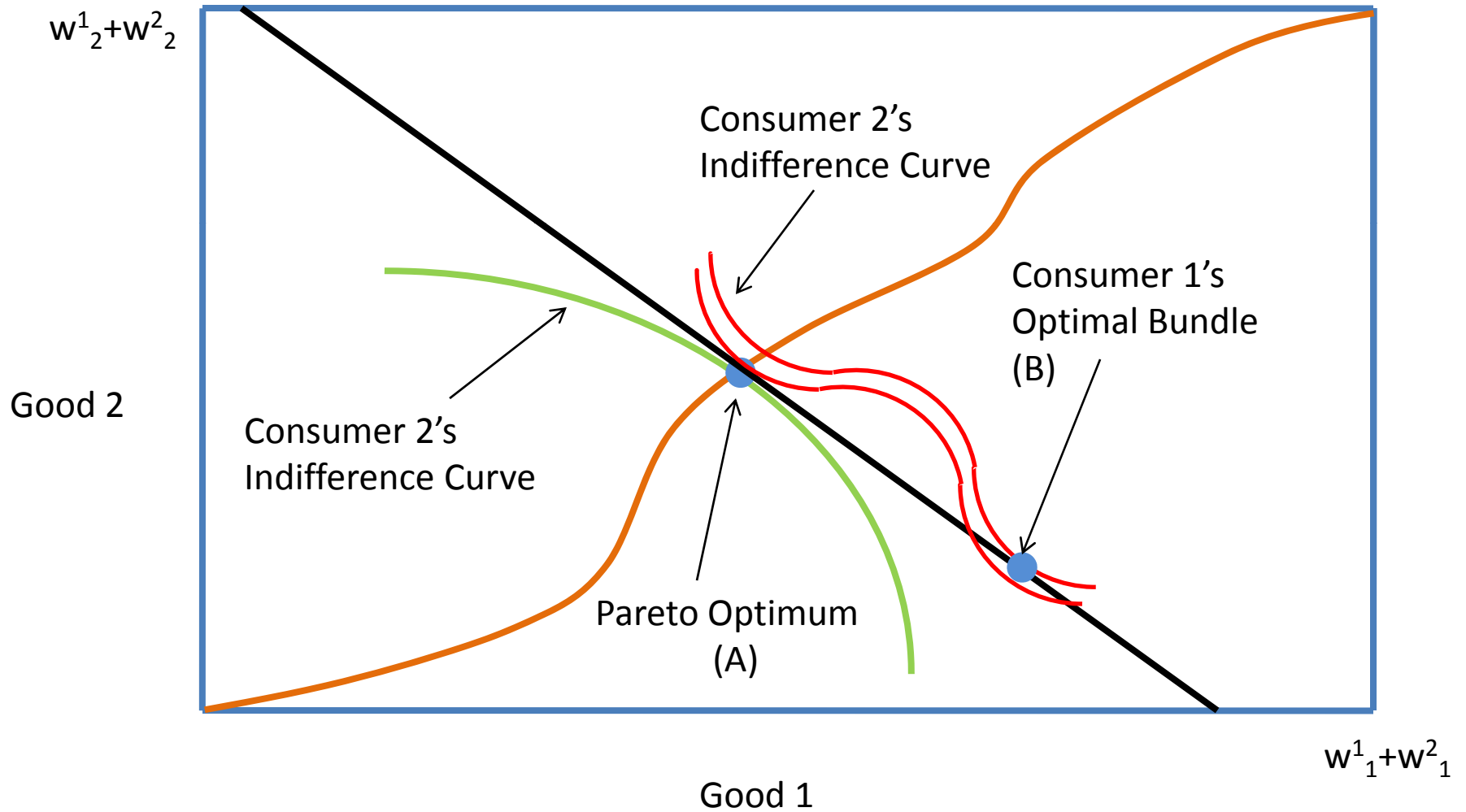
Fig 27: Do we Always Prefer Pareto Optimal Allocations?

Fig 28: Consumer 1 – the Monopolist

$w^1_2 + w^2_2$

Good 2

Consumer 2's Offer Curve

Consumer 1's Monopoly Point

Endowment

$w^1_1 + w^2_1$

Good 1

Fig 29: Consumer 1 – the Monopolist
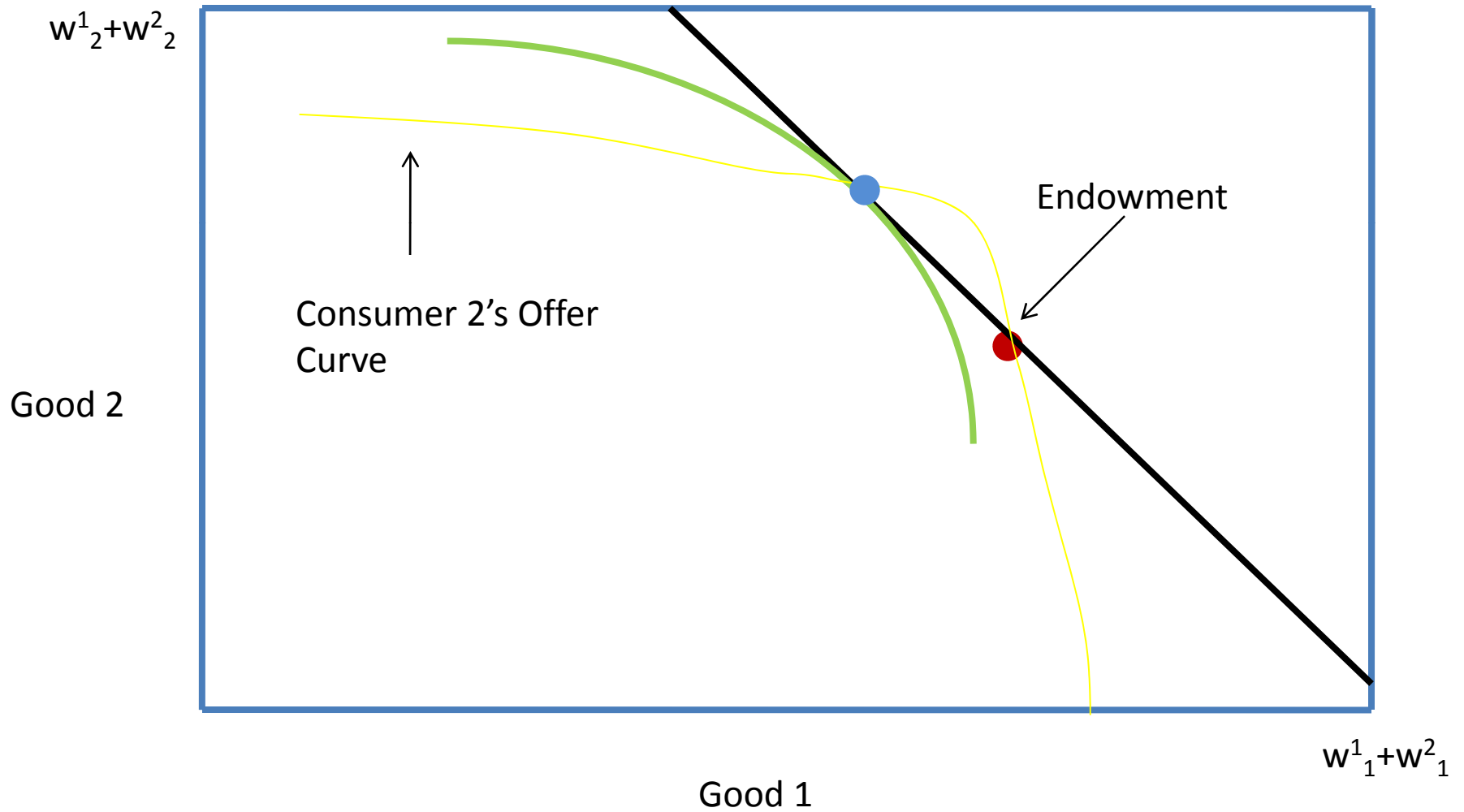

$w^1_2 + w^2_2$

Good 2

Consumer 2's Offer Curve

Endowment

$w^1_1 + w^2_1$

Good 1

Fig 30: Consumer 1 – the Monopolist

$w^1_2+w^2_2$

Good 2

Good 1

$w^1_1+w^2_1$

Consumer 2's Offer Curve

Endowment