**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Checklist**

Can you do the following regarding **general equilibrium analysis and economic efficiency**?

* Define partial equilibrium analysis
* Define general equilibrium analysis
* Define exchange economy
* Define efficient allocation
* What is the rule with efficiency in exchange?
* Define Edgeworth Bow model
* Explain efficiency allocation by using the Edgeworth Box model
* Define and explain pareto efficiency
* Define and explain a contract curve
* Define marginal rate of substitution
* Define and explain the production possibility frontier
* Define the marginal rate of transformation
* Explain the two theorems of welfare economics
* Why do markets fail?

**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Two interdependent markets**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Exchange in an Edgeworth Box**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**A competitive firm making a positive profit**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**The contract curve**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Competitive equilibrium**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Production possibilities frontier**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Output efficiency**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Competition and output efficiency**



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**CHAPTER 16: General equilibrium analysis and economic efficiency**

**Gains from trade**



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