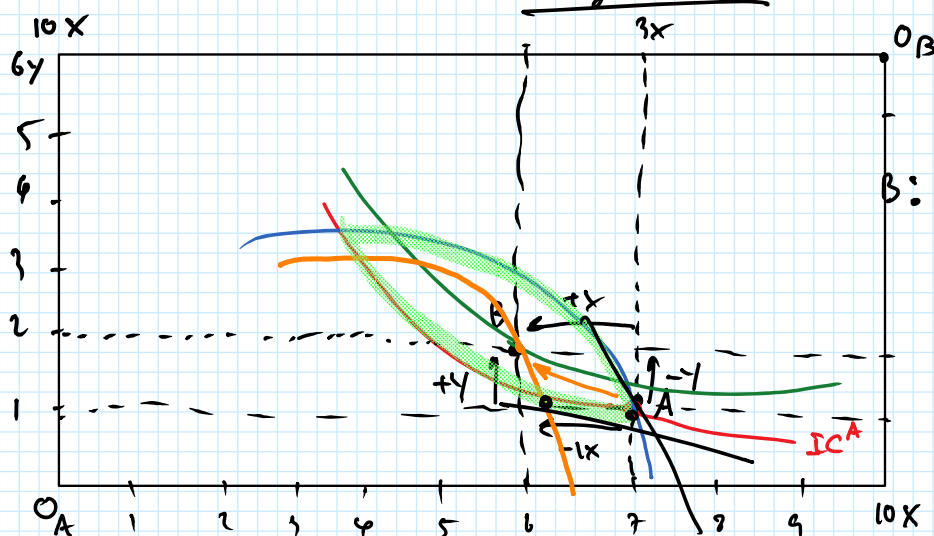
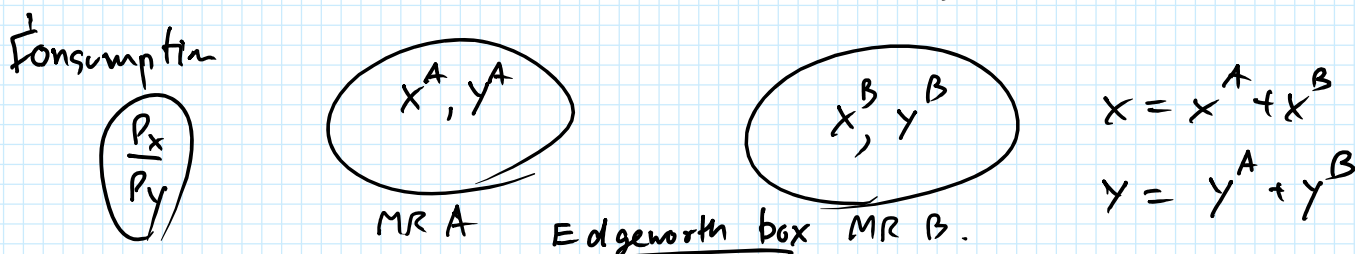
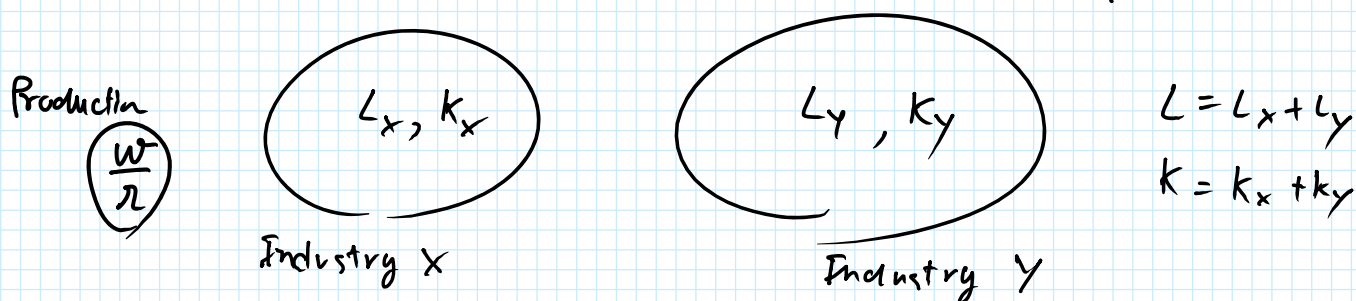


GE (GENERAL EQUILIBRIUM)

3 CONDITIONS

- ① EQUILIBRIUM IN EXCHANGE : $MRS_{xy}^A = MRS_{xy}^B = \frac{P_x}{P_y}$
- ② EQUILIBRIUM IN PRODUCTION : $MRTS_{Lk}^X = MRTS_{Lk}^Y$
- ③ EQUILIBRIUM IN PRODUCT-MIX : $MRT = \frac{MC_x}{MC_y} = \frac{P_x}{P_y} = MRS_{xy}$



PARETO IMPROVEMENT : Allocation that makes at least one person "better off" w/o hurting another person.

Moving from A → B creates "Pareto Improvement."

Moving from $A \rightarrow B$ creates "Pareto Improvement."