

ASSIGNMENT

1. What is Edgeworth box? How Edgeworth box is used for the general equilibrium of exchange and consumption?
2. Explain with diagram the general equilibrium of production and exchange.
3. Explain how it is possible for one of two people in a two-good economy to have an absolute advantage in producing both goods, but trade can still benefit both people.
4. Can consumption efficiency be achieved even if the efficient product mix is not achieved?
5. How does competition ensure that the efficient product mix is attained?