

# The Edgeworth Box



- Movement to NE: improvements in **person 1's** utility (more  $a$  and  $b$ )
- Movement to SW: improvements in **person 2's** utility (more  $a$  and  $b$ )
- Both parties start with endowment at  $E^{1,2}$ 
  - **Person 1**: 1 apple, 9 bananas
  - **Person 2**: 9 apples, 1 banana

