

## SOCIAL CHOICE AND WELFARE (4 credits)

Office: Office Building, room 2C32  
e-mail address: [casilda.lassodelavega@ehu.es](mailto:casilda.lassodelavega@ehu.es)  
class hours 12h-14h Mon and Tue  
(from January 9<sup>th</sup> to February 6<sup>th</sup>)  
STATA TIME 9, 13 and 16 February (12h-14h)  
taught by Oihana Aristondo  
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### COURSE TOPICS

#### 1 Inequality, Poverty and Welfare

- Basic notions about Inequality Measures.
- Lorenz dominance.
- More properties: decomposability and subgroup consistency.
- Social Welfare based (normative) Inequality Measures.

#### References:

- ✓ Satya Chakravarty (2009), *Inequality, Polarization and Poverty*, (online edition available in the library website)
- ✓ Frank Cowell (2009), *Measuring Inequality*  
<http://econdse.org/wp-content/uploads/2012/02/Cowell-measuring-inequality.pdf>
- ✓ Jacques Silber (1999), *Handbook on Income Inequality Measurement* (ed. Kluwer).
- ✓ Bhaskar Dutta (2002), "Inequality, Poverty and Welfare", Chapter 12 in the *Handbook of Social Choice and Welfare*.

#### 2 Welfarism

- The framework
- Egalitarianism versus (classical) Utilitarianism:
  - Egalitarian principle
  - Unanimity (or Pareto optimality) principle
  - The equality-efficiency dilemma
  - The maximin utility program
  - The leximin social welfare ordering
  - Classical Utilitarianism
  - Social Welfare Orderings

#### References:

- ✓ Hervé Moulin H. (1991) *Axioms of cooperative decision making*, Cambridge University Press, Chapter 1.

### 3 Arrow's Impossibility Theorems

- May's Theorem.
- Arrow's Impossibility Theorem.

#### References:

- ✓ May, Kenneth O. (1952). "A set of independent necessary and sufficient conditions for simple majority decisions", *Econometrica* 20, 680-684.
- ✓ Arrow, K.J. (1950). "A Difficulty in the Concept of Social Welfare", *Journal of Political Economy* 58, 328-346.
- ✓ Donald E. Campbell and Jerry S. Kelly "Impossibility Theorems in the Arrowian Framework", Chapter 1 in the *Handbook of Social Choice and Welfare*, Volume 1, Edited by K.J Arrow, A.K. Sen and K. Suzumura 2002 Elsevier

### GRADING PLAN

Coursework will be weighted as follows:

|                            |      |
|----------------------------|------|
| STATA assignment           | 35 % |
| Final exam                 | 35 % |
| Attendance                 | 15 % |
| in-class assignment points | 15 % |

- ✓ More than two unexcused absences may result in a failing grade for the attendance contribution.
- ✓ STATA assignment will be posted in MOODLE.
- ✓ Electronic Devices: Turn off your mobile before class.