

SOCIAL CHOICE THEORY

Course Outline:

This is a course in pure theory, which will discuss in detail the literature on the Theory of Rational Choice for an individual and then extend the framework to discuss Social Choice. The course will highlight the difficulties and contradictions involved in democratic decision making processes with Arrow Impossibility Theorem as a starting point and bringing in the later developments. It is visualized as a self-contained course with elements of deductive logic covered along with the lectures. As a result, the course trains the student in logical reasoning and sharpens their skills in writing in a logical and coherent manner.

Course Description:

Topic 1: Rational Choice and Revealed Preference

Preference relations and their properties, Choice induced from a preference relation, Rationality and Consistency of Choice functions, Characterization of degrees of rationality, Importance of domain assumptions on the standard results.

Topic 2: Arrow Impossibility Theorems

Arrow Impossibility Theorem, Relaxation of the assumptions taken by Arrow, Oligarchy and Gibbard's Impossibility Theorem, Veto theorem and hierarchy of vetoers.

Topic 3: Characterization of Majority Rule and some Possibility Results

Simple Majority Rule, Characterization of Simple Majority Rule, Domain Restrictions and some Possibility results.

Topic 4: Liberal Paradox

Sen's Liberal Paradox, Gibbard's modification, Escape routes, Game Forms and Liberal Paradox.

CORE READINGS (Specific portions of the following readings will be used) □

1. A.K.Sen (2017), *Collective Choice and Social Welfare*, Expanded Edition, Penguin. □
2. A.K. Sen (1983), *Choice, Welfare and Measurement*, OUP.
3. A.K. Sen (1986), *Social Choice Theory* in Arrow and Intrilligator (ed) *Handbook of Mathematical Economics*, Vol III, North Holland.

Additional Readings:

1. Kenneth J. Arrow (1963), *Social Choice and Individual Values*, 2nd ed., Wiley.
2. K. Suzumura (1983), *Rational Choice, Collective Decisions and social Welfare*, Cambridge University Press.
3. Wriglesworth (1985), *Libertarian Conflicts in Social Choice*, Cambridge University Press.
4. M. Richter (1966), Revealed Preference Theory, *Econometrica*.
5. M. Richter (1967), Rational Choice in Chipman et al. (ed) *Preference, Utility and Demand*.
6. Prasanta K. Pattanaik (1994), Some non-welfaristic issues in Welfare Economics in Dutta (ed) *Welfare Economics*, OUP.
7. Gaertner, Pattanaik and Suzumura (1992), Individual Rights Revisited, *Economica*.
8. A. Gibbard (1974), A Pareto Consistent Libertarian Claim, *Journal of Economic Theory*.