

Problem Set 7 - ECON4271

1. Students are divided in groups (possibly homogeneous in size).

Consider the following axioms of Arrow's impossibility theorem: Weak Pareto; Independence of Irrelevant Alternatives; Universal Domain; and Non dictatorship. Each group has been assigned an axiom, say  $X$ , from the list above.

The task of each group is as follows:

- present to the class the a framework/setting/model in which axiom  $X$  may be considered not socially desirable and reasons why they believe so;
- introduce a social welfare function that satisfies the other axioms (except  $X$ ); and
- briefly discuss (without a formal proof) why this SWF satisfies the other axioms and whether it may (or may not) be compelling in the identified framework/setting/model.

Each group has up to 15 minutes do present their findings, which will be followed by 5 minutes class discussion. Each member of each group should present part of the findings.

Of course, feel free to search results in the literature to complete your task.