Brown University
Economics 1170
Welfare Economics and Social Choice Theory

Fall 2014
Class meets M, W 8:30-9:50a.m. (Monday December 8 will be our last class, making up for the
one on Wednesday November 26).

Professor: Roberto Serrano
Office hours: Tuesdays 10a.m.-noon in Robinson Hall 201B
Teaching assistant: Jeongbin Kim

1. Description of the course: This is a normative economics course, which asks the following
fundamental questions: Are markets good or bad for the economy? Can societies decide
what is best for them through voting or other ways of aggregating preferences? Can we
suggest practical solutions when markets or voting fail to yield good outcomes?

The course is an advanced microeconomic theory class for undergraduates. Building on the
intermediate microeconomics course, the approach is more formal and mathematically more
rigorous, presenting arguments and expecting students to carefully develop techniques in
order to understand and produce logical proofs. Topics include the efficiency and coalitional
stability properties of markets, as well as other mechanisms to allocate resources. Market
failures are discussed, including advanced treatments of externalities, public goods, and
asymmetric information. The second part of the course will discuss a number of topics
in social choice theory, including different normative criteria of compensation, life and
death choices, majority voting, Arrow’s impossibility theorem, and the modern theory of
implementation or mechanism design.

2. Prerequisites: ECON 1110 or 1130. In addition, the student’s willingness to work hard is by
far the most important prerequisite.


4. Grading policy: The grade of the course will be divided into 10% for participation in sections,
15% for homework assignments (ten assignments, due Wednesdays before class, at 1.5%
each), 25% for the midterm exam (on Wednesday October 22 in class), and 50% for the
final exam (on Saturday December 13 at 2p.m.) The final exam is cumulative and must be
passed in order to pass the course.
List of Topics (from the Feldman-Serrano Table of Contents)

1. Preferences and Utility.
5. Economies with Production.
7. Externalities.
10. Fairness and the Rawls Criterion.
11. Life and Death Choices.
13. Arrow’s Impossibility Theorem.
15. Nash Implementation.
16. Bayesian Implementation.
17. Epilogue: What Have We Learned?