

On the resource allocation problems with interpersonal comparisons of welfare: Extended preference approach revisited*

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Abstract

This study introduces the extended preference approach studied in the literature of social welfare functionals into the pure exchange economy model. We clarify the relationship between equal income Walrasian (EIW) allocations and leximin equitable ones, showing that two axioms defined by the leximin criterion can characterize the EIW rule. We also discuss its implication to the problem of interpersonal comparisons of welfare.

Keywords: the equal income Walras rule; extended preference; the leximin criterion; interpersonal comparisons of welfare (ICW)

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