

Pareto Principle ( Condition P): For any  $x, y \in X$ , for all  $i$   
 $xP_iy \rightarrow xPy$ .

If everyone prefers  $x$  to  $y$  then society must also prefer  $x$  to  $y$ .  
The social welfare function violates Pareto principle when  
everybody prefer  $x$  to  $y$  and the social relation gives  $y$  is preferred  
to  $x$ .

Example

1	2	3
x	y	x
y	z	y
z	x	z

$$f \begin{pmatrix} x & y & y \\ y & z & y \\ z & x & z \end{pmatrix} = \begin{pmatrix} x \\ yz \end{pmatrix}$$

Independence of irrelevant alternatives ( Condition I): let  $R$  and  $R'$  be the social binary relations determined by  $f$  corresponding respectively to two sets of individual preferences,  $(R_1, R_2, \dots, R_n)$  and  $(R'_1, R'_2, \dots, R'_n)$ . If for all pairs of alternatives  $x, y$  in a subset of  $S$  of  $X$ ,  $xR_i y \leftrightarrow xR'_i y$ , for all  $i$  then  $C(S, R)$  and  $C(S, R')$  are the same.

If for any two alternatives  $x$  and  $y$ , the two binary relations  $R_i$  and  $R'_i$  have same relations then social preference must be same over  $x$  and  $y$ .

Borda Rule:

The preferences of 3 individuals over  $\{x, y, z\}$  are;

1   2   3

x   y   x

y   z   z

z   x   y

In Borda rule rule assign number integers to each alternatives of individuals. The individuals have report their full preference ordering. Since there are three alternatives, so 2 points is given to the best alternatives, 1 is given to the second position and 0 is given to the last position. We aggregate the scores of each alternatives based on the individual preference ordering. The social preference relation is based on the aggregate score.

	1	2	3
x	2	y	2
y	1	z	1
z	0	x	0

The aggregate score of  $x$  is  $2 + 0 + 2 = 4$

$y : 1 + 2 + 0 = 3$

$z : 0 + 1 + 1 = 2$

The social preference relation based on these scores is  $xPy$ ,  $yPz$  and  $xPz$ . This is Borda outcome.

$$f \begin{pmatrix} x & y & x \\ y & z & z \\ z & x & y \end{pmatrix} = \begin{pmatrix} x \\ y \\ z \end{pmatrix}$$

Take another preference profile of three individuals, name is B and previous one is A

1   2   3

$x$     $y$     $x$

$y$     $z$     $zy$

$z$     $x$

If we consider preference profile of A and B over the alternative  $x, y$ , we see that they are same.

$xP_1y, yP_2x, xP_3y$  in A.

$xP'_1y, yP'_2x, xP'_3y$  in B.

Only difference between A and B is between  $z$ , and  $y$  for individual 3.

According to independence of irrelevant alternatives, the social preference relation between  $x$  and  $y$  should not be different in case of A and B.

Borda count of B is

1	2	3
$x \succ y$	$y \succ x$	$x \succ z$
$y \succ z$	$z \succ y$	$z \succ x$
$z \succ x$	$x \succ z$	

So  $x: 2 + 0 + 2 = 4$

$y: 1 + 2 + 1 = 4$

$z: 0 + 1 + 1 = 2.$

The social preference relation based on these scores is  $x \succ y$ ,  $x \succ z$  and  $y \succ z$ .

We see that the social preference relation between  $x, y$  is not same in A and B. Therefore Borda rule violates independence of irrelevant alternative condition.

Majority rule: it satisfies independence of irrelevant alternatives.

Individual 1:  $xyz$ , Individual 2:  $zxy$ , Individual 3:  $yxz$

$n(xpy) = 2$  and  $n(yPx) = 1$ .

Now change the position of  $z$ .

Like In Individual 1  $x(yz)$ ,  $zxy$ ,  $(zx)y$ .

Individual 2  $x(yz)$ ,  $(zx)y$ ,  $xzy$ .

Individual 3:  $yzx$ ,  $zyx$ ,  $(yz)x$  and  $y(xz)$ . With any of these changes in the preferences of  $z$ ,  $n(xpy) = 2$  and  $n(yPx) = 1$  remain same.



Non-dictatorship ( Condition D ); There is no individual  $i$  such that for every element in the domain of rule  $f$ , for all  $x, y \in X$ ,  $xP_iy \rightarrow xPy$ .

There should not any individual such that the social preference is based on the preference of this person.

For example if  $xP_1y$  and  $yP_ix$  for all  $i$  except 1 and social preference is  $xPy$ . It violates non dictatorship.

Further we assume that there are atleast two individuals and atleast three alternatives.

A set of individuals  $V$  is almost decisive for  $x$  against  $y$  if  $xPy$  whenever  $xP_iy$  for every  $i \in V$ . and  $yP_ix$  for every  $i \notin V$ .

For example

1	2	3	
$x$	$y$	$x$	
$y$	$z$	$z$	
$z$	$x$	$y$	

$$f \begin{pmatrix} x & y & x \\ y & z & z \\ z & x & y \end{pmatrix} = \begin{pmatrix} x \\ y \\ z \end{pmatrix}$$

For  $x, y$  individual 1 and 3 forms a almost decisive set.

A set of individuals  $V$  is decisive for  $x$  against  $y$  if  $xPy$  when  $xP_iy$  for every  $i \in V$ .

1	2	3	
$x$	$z$	$x$	$f \begin{pmatrix} x & z & x \\ y & yx & z \\ z & & y \end{pmatrix} = \begin{pmatrix} x \\ yz \end{pmatrix}$
$y$	$yx$	$z$	
$z$		$y$	

Individual 1 and 3 forms a decisive set for  $x, y$ . It is almost decisive for  $x, z$ .

Suppose there is an individual  $J$  who is almost decisive over  $x$  and  $y$  and denote it by  $D(x, y)$ .  $D(\bar{x}, y)$  denotes that  $J$  is decisive over  $x, y$ .







