Editors' Preface to Macmillan Studies in Economics

The rapid growth of academic literature in the field of economics has posed serious problems for both students and teachers of the subject. The latter find it difficult to keep pace with more than a few areas of their subject, so that an inevitable trend towards specialism emerges. The student quickly loses perspective as the maze of theories and models grows and the discipline accommodates an increasing amount of quantitative techniques.

'Macmillan Studies in Economics' is a new series which sets out to provide the student with short, reasonably critical surveys of the developments within the various specialist areas of theoretical and applied economics. At the same time, the studies aim to form an integrated series so that, seen as a whole, they supply a balanced overview of the subject of economics. The emphasis in each study is upon recent work, but each topic will generally be placed in a historical context so that the reader may see the logical development of thought through time. Selected bibliographies are provided to guide readers to more extensive works. Each study aims at a brief treatment of the salient problems in order to avoid clouding the issues in detailed argument. None the less, the texts are largely self-contained, and presume only that the student has some knowledge of elementary micro-economics and macro-economics.

Mathematical exposition has been adopted only where necessary. Some recent developments in economics are not readily comprehensible without some mathematics and statistics, and quantitative approaches also serve to shorten what would otherwise be lengthy and involved arguments. Where authors have found it necessary to introduce mathematical techniques, these techniques have been kept to a minimum. The emphasis is upon the economics, and not upon the quantitative methods. Later studies in the series will provide analyses of the links between quantitative methods, in particular econometrics, and economic analysis.

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The Idea of Social Choice

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To Adrian Jonathan

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Preface

The overall plan of this book is to provide a concise introduction to an area of economics which is a fast-growing one – the theory of social choice. We shall start with an examination in some detail of several important, and rather neglected, aspects of the theory of individual choice. Specifically we shall argue that several statements made by Hicks and others in their analysis of individual choice are essentially false in one major respect.

We then go on to examine the problems posed by social decision-making, and the relationship of our earlier analysis of individual choice to these problems. In the course of our analysis we shall examine a number of attempts to attain a consistent social criterion by which to judge alternative social decisions, including consumer surplus, index numbers and compensation measures. Within the general framework provided by Arrow's Impossibility Theorem, we discuss relaxation of the conditions which Arrow imposed upon the social choice process. We shall pay particular attention here to relaxation of Arrow's Independence condition, and examine its relevance for both social choice theory and welfare economics.

Finally, we take a look at the analysis of decision-making under majority rule, and the problems associated with it.

The social choice literature is a fairly technical one, and our own analysis must to some extent reflect this. In order to get to grips with the underlying problems, it is necessary to include some technicalities in the present study. The reader who wishes to gain mainly a flavour of the subject matter can do so without mastering all of these technical details. The more knowledge-hungry reader will encounter the use of some mathematics, much of which is notational. For further details of those basic mathematical operations and concepts which are involved,

see, for instance, A. C. Chiang, *Fundamental Methods of Mathematical Economics* (McGraw-Hill, 1967) especially pp. 13–35, 58–68, 161–202, 271, 391.

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D.J.M.