Fair Social Orderings with Other-Regarding Preferences

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Abstract. We study the fair allocation of a one dimensional and infinitely divisible good (money) when individuals have other-regarding preferences. Using only ordinal and non comparable information about such preferences, how should society measure the social welfare associated to any conceivable allocation? In both a model of average and positional externalities, we characterize a class of social preferences which satisfy appealing efficiency and equity properties. These rankings require giving full priority to the worst off individual in the economy, where utility is measured by the quantity which would leave the individual indifferent to the current allocation if it was consumed equally by everyone.