

# Money Metric Utilities and Social Welfare

Susumu Cato\*

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## Abstract

The purpose of this paper is to refine welfare economics based on the concept of *money metric*, which is an index of economic welfare for a household or individual: the money metric gives the minimal expenditure at some prices and some given bundle of goods. First, we propose an equity concept, *money-metric equivalence*, and examine the conflict between efficiency and equity as money-metric equivalence. Second, fundamental properties of the money metric approach are discussed. Third, we characterize the maximin, leximin, and utilitarian criteria based on money-metric utilities.

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\*Institute of Social Science, the University of Tokyo, 7-3-1, Hongo, Bunkyo-ku, Tokyo 113-0033, Japan. *E-mail address:* susumu.cato@gmail.com