MCQ Economic Epistemology - January 2026 - Chapter 1
Answer key

Question 1. Economic mechanisms For Arrow and Hahn, the assumptions of the first welfare theorem

A. No other answer is correct
B. Are necessary to determine general equilibrium prices
C. Always hold in a market economy
D. ***Make it possible to identify the causes of inefficiencies in the real world***

Question 2. The concept of Pareto optimum

A. Is defined by the equality between aggregate supply and aggregate demand
B. Assumes that the economy is centralized
C. ***None of the other answers is correct***
D. Assumes that agents are identical in terms of preferences and endowments

Question 3. The first theorem of welfare economics is robust

A. If it is mathematically proven
B. ***If the optimality of the equilibrium persists when assumptions are modified***
C. No other answer is correct
D. If the equilibrium rests on the price mechanism

Question 4. General equilibrium is stable

A. ***When the variation in prices leads to equilibrium***
B. When prices vary according to the law of supply and demand
C. No other answer is correct
D. If the assumptions of the first welfare theorem hold

Question 5. The application of the Pareto criterion to the resource allocations of an economy

A. Determines a resource allocation that is preferred to all the others
B. ***Can define the set of sub-optimal allocations***
C. Establishes a ranking among all resource allocations
D. None of the other answers is right