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Testable Restrictions on the Equilibrium Manifold under Random Preferences

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General equilibrium theory was criticized for its apparent irrefutability, as seemingly implied by the Sonnenschein-Mantel-Debreu theorem. This view was challenged by Brown and Matzkin (1996), who showed the existence of testable restrictions on the equilibrium manifold. Brown and Matzkin, however, maintain the assumption that individual preferences are invariant (against psychological evidence). I consider the Brown-Matzkin problem under random preferences: for each profile of endowments one observes a distribution of prices; does there exist a probability distribution of preferences that explains the observed distributions of prices via Walrasian equilibria? I argue that even under random utilities general equilibrium theory is falsifiable.

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