

Existence of Markov Perfect Equilibrium in OLG Economy with Environment and Altruistic Consumers *

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Abstract

We consider an overlapping generations economy with altruistic consumers. Consumers derive their utility from consumption and the quality of environment, where the dynamics of the quality of environment is the variation of the one introduced by John and Pecchenino (1994). Consumer's maximization problem is inter-generational game, and we prove the existence of equilibrium.

Keywords: overlapping generations economy; environment; altruism; markov perfect equilibrium

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