

# INCENTIVES IN THE NON-TÂTONNEMENT HEDONIC MDP PROCEDURE FOR MODERATING GLOBAL WARMING

KIMITOSHI SATO

FACULTY OF HUMAN SCIENCES, SHOKEI-GAKUIN UNIVERSITY, JAPAN

January 2016

**ABSTRACT.** In an analytical framework of the *New Consumer Theory*, this paper designs *Hedonic MDP Procedures* for optimally adjusting the quality which can be considered as a complex of Gorman-Lancasterian attributes. These processes are constructed based on the necessary conditions for the efficient combination of *nongaseous attributes* embedded in the goods provided by all nations of the world, and greenhouse gases (GHGs) as *gaseous attributes* in the atmosphere. Sen's capability approach is used to define the national happiness functions, since the impacts of global warming upon each country affect its functionings *à la Sen*, which determine each national beings and happiness. It is shown that any country maximizes its national happiness function by consuming and producing goods and emitting GHGs in the atmosphere. Finally examined are incentive properties of the tâtonnement and non-tâtonnement versions of the Hedonic MDP Procedures which satisfy *Aggregate Correct Revelation* for attributes as public goods.

*Key Words:* aggregate correct revelation of hedonic marginal willingness-to-pay, attributes à la Gorman-Lancaster, Non-Tâtonnement Hedonic MDP Procedure or  $\zeta$ MDP Procedure, happiness function, local incentive game, local strategy proofness, New Consumer Theory, Sen's capability, functionings

*JEL Classification:* D6, D11, D13, D62, H31, I31, Q25