

Coase theorem (property rights and transaction cost) with diagram.

Answer:

The Coase theorem is a method of tackling the inefficiency caused by an externality, by awarding property rights to the externality to one party and allowing the parties concerned to bargain their way to an efficient solution (Figure 1).

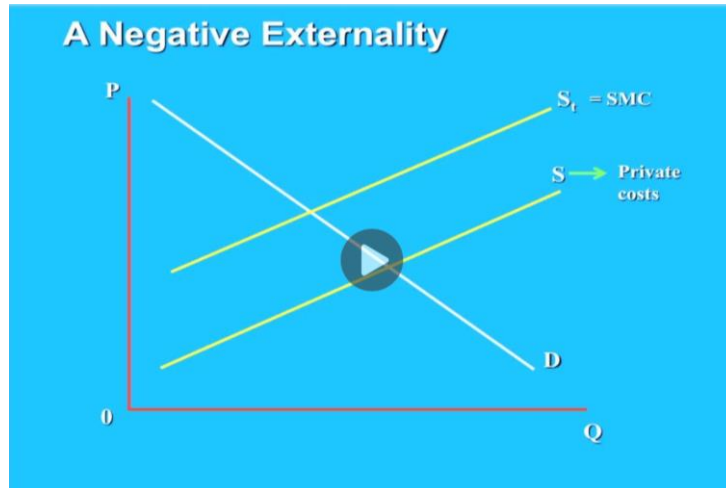


Figure 1 - Coase Theorem and Property Rights

Answer provided by <https://www.AssignmentExpert.com>