

***The Department of Agricultural & Resource Economics
in conjunction with the Department of Economics***

Welcomes

Jean-Paul Chavas

Professor, Department of Agricultural and Applied Economics
University of Wisconsin-Madison



**FRIDAY, March 4, 2016
11.15 a.m – 12.30 pm, OAK 337**

“Coase Revisited: Economic Efficiency under Externalities, Transaction Costs and Non-Convexity”

Abstract: This paper presents a general equilibrium analysis of economic efficiency under externalities, transaction costs and non-convexity. It applies to market exchange as well as contractual arrangements. We show that the Coase theorem continues to hold under general conditions: the efficient management of externalities remains consistent with aggregate profit maximization under transaction costs and non-convexity. We examine the role of transaction costs and explore how the minimization of transaction costs is an integral part of efficient allocations. We also show how our analysis applies under non-convex technology, provided that we allow for nonlinear pricing in markets.

For questions or concerns, contact Tatiana Andreyeva (tatiana.andreyeva@uconn.edu).