

Q1

i) case A :

Negative impact and social cost

It arise because the factory is release air pollution that destroy clean air around that place. The factory has produce too much lead to maximize the benefit

Case B: negative impact and social cost

Because this action lead to increase co2 that make pollution.

ii) The Coase Theorem is based on the premise that transaction costs (administrative costs such as court time, lawyer's fees, etc.) are rare and that wealth benefits are minimal (for example, when the property right is assigned to the polluter, some may have incentives to increase production and earn the payments)

i will use the compromise way to talk with investor about the problem such as reduce the pollution or find the way together.

iii) if it can't use coase theorem. Government have to have the policy to help people such as limit the co2 emission.

Q2

i) I choose WTA because it is willingness to accept compensation . If they want facility for them they will have the noise from electricity.

ii) cost are the price to pay for construction

Benefits are the investor will get the benefit from electricity to make good facility to people