



## **Thesis Abstract**

### **Transaction-Cost Politics in Environmental Regulation and the Case of Hazardous Wastes in the Philippines**

by Anna Floresca F. Abrina, MS, Economics, University of the Philippines  
Los Baños

This study attempts a conceptual unification of the works on transaction-cost politics by Avinash Dixit and of the other literature on the Coase theorem and transaction costs as applied to regulation and to politics. The analytical framework developed is used to provide perspective on the observed environmental regulatory arrangements and the constraints in the making and implementation of environmental regulatory policies in the Philippines, with particular emphasis on hazardous waste management.

The present study views environmental regulatory policy as an equilibrium outcome of a political process, which is influenced by many costs of negotiating and implementing agreements, most notably costs of coping with information asymmetries and costs of making commitments credible. In the examination of the agency relationships among political principals, regulators, regulated agents and society, the presumptions of the severity of common agency and of the prevalence of opportunistic behavior and information asymmetries in hazardous waste regulation are reinforced. Environmental regulatory reform and the design of environmental regulatory agency should therefore take into account the human capital and communication infrastructure needed to provide efficient administrative and enforcement services and the conflict of interest between different social groups.