Name:	

## **Five Minute Exercise**

Efficiency with a Positive Externality

## Given:

The private willingness to pay for a good is: W2P = 30 - Q/10The supply curve is horizontal at a MC of \$20 Each unit of the good generates a positive externality of \$2

## **Determine:**

The difference between the market Q and the efficient Q.

A	
Answer:	