Name:

## Five Minute Exercise

Efficiency with a Positive Externality

## Given:

The private willingness to pay for a good is: $\mathrm{W} 2 \mathrm{P}=30-\mathrm{Q} / 10$
The 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 .

