

**Task:** Write problem set by using graphs or calculation, explanation  
**Topic:** Problem set 2  
**Type:** Problem set  
**Length:** 2 pages  
**Formatting:** MLA  
**Requirements:** Write summary of a problem set and solutions to overcome it.

Pollution

Student's name

Name of institution

Problem set 2

Equilibrium is a point a state of balance between demand and supply forces in the market.

Actually in instances where the equilibrium quantity is greater than the socially optimal quantity then the production of any good is deemed to have a negative externality which in this scenario is pollution.

Since we are posed with both private demand and supply functions we can actually determine the private market equilibrium.

For a private equilibrium: Demand=Marginal Damage

$$P^D=M^D$$

$$200-2Q=40+Q$$

$$160=3Q$$

Q=53 units, and Price is \$93

For a socially market equilibrium,

$$P^D=P^S$$

$$200-2Q=20+4Q$$

$$180=6Q$$

Q=30 units and P=\$14

Clearly from the above explanation, it can be noted that the Private equilibrium is quite higher than the socially optimal equilibrium. This therefore underscores the existence of a negative externality. This can be illustrated graphically as shown below

Pigouvian tax.

To control the pollution the government can employ a level of tax per every unit of pollution caused. This is called Pigouvian tax

The ideal tax could be  $(93-30)$  which is \$63

Marginal Cost

Social Cost curve

Demand curve

F

E

Quantity

Price

Social Marginal cost

F

Price

### **Overall Impression**

Issues with capitalization, incoherence, a lack of punctuation, an overuse of “actually,” and not following through with providing a graph, this paper is a real mess. Basically, the person's IQ is low, or the writer was unfamiliar with the

English language. It was so hard to read that I think I need to buy glasses now just to make sure. The only good thing I can say about it was that it was short, so I didn't waste too much time reading it.