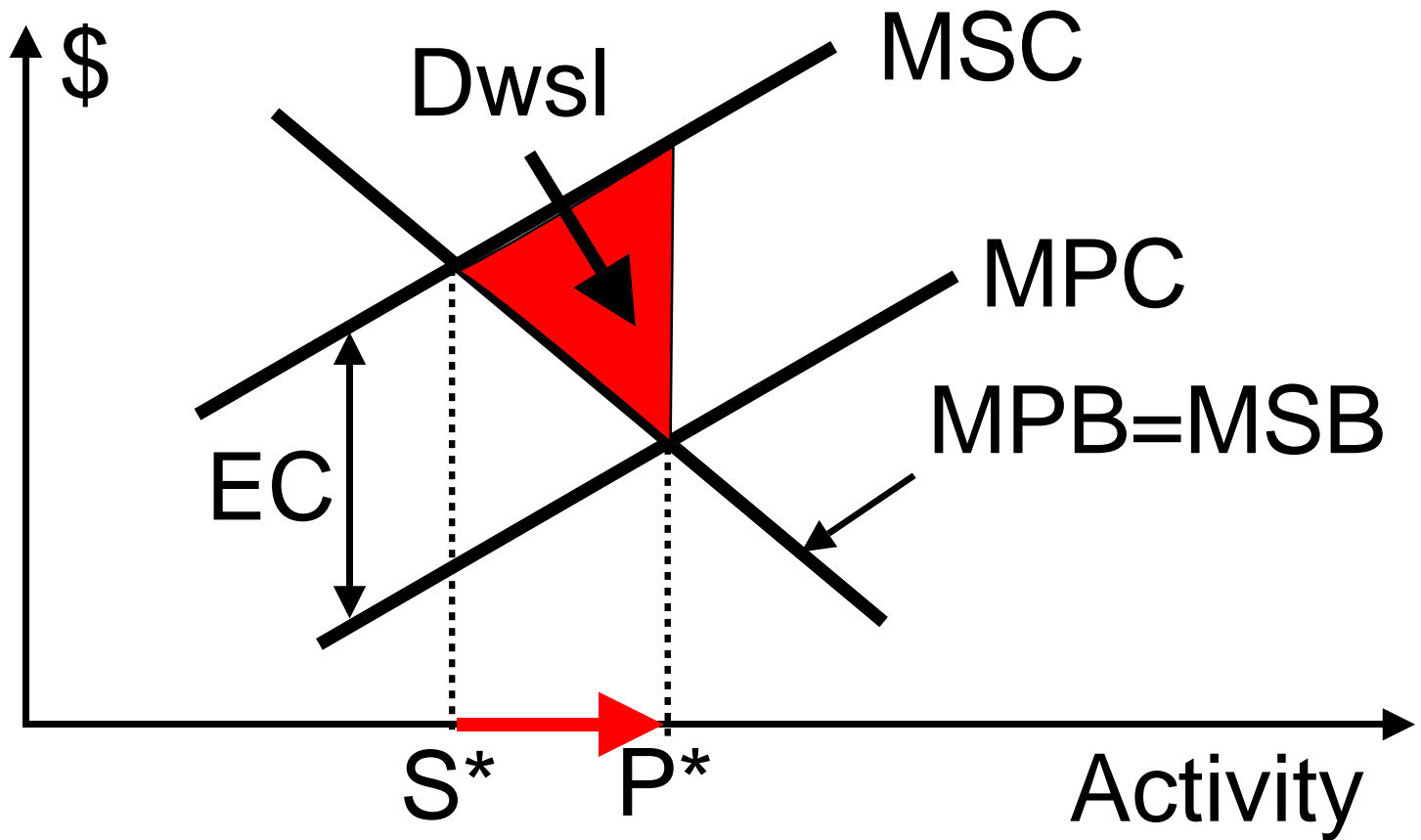


Externality (negative)

by production, example.: Pollution



- MPC: Marginal private costs
- MSC: Marginal social costs
- MPB: Marginal private benefits
- MSB: Marginal social benefits
- EC: External costs
- S^*/P^* : Social/private optimum
- Dwsl: Deadweight social loss