Figure 5.1 Average Global Temperature, 1880 to 2002
Figure 5.2 Market Failure Due to Negative Production Externalities in the Steel Market

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.3 Market Failure Due to Negative Consumption Externalities in the Cigarette Market
Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.4 Market Failure Due to Positive Production Externality in the Donut Market

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.5 A Coasian Solution to Negative Production Externalities in the Steel Market

Price of steel

SMC = PMC₂

S = PMC₁

Payment

MD = $100

D = PMB = SMB

Q₂

Q₁

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.6 Taxation as a Solution to Negative Production Externalities in the Steel Market

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.7 Subsidies as a Solution to Positive Production Externalities in the Donut Market

Gruber: Public Finance and Public Policy, First Edition
Copyright © 2005 by Worth Publishers
Figure 5.9 Pollution Reduction with Multiple Firms