

Topic: Negative Externalities

Q1

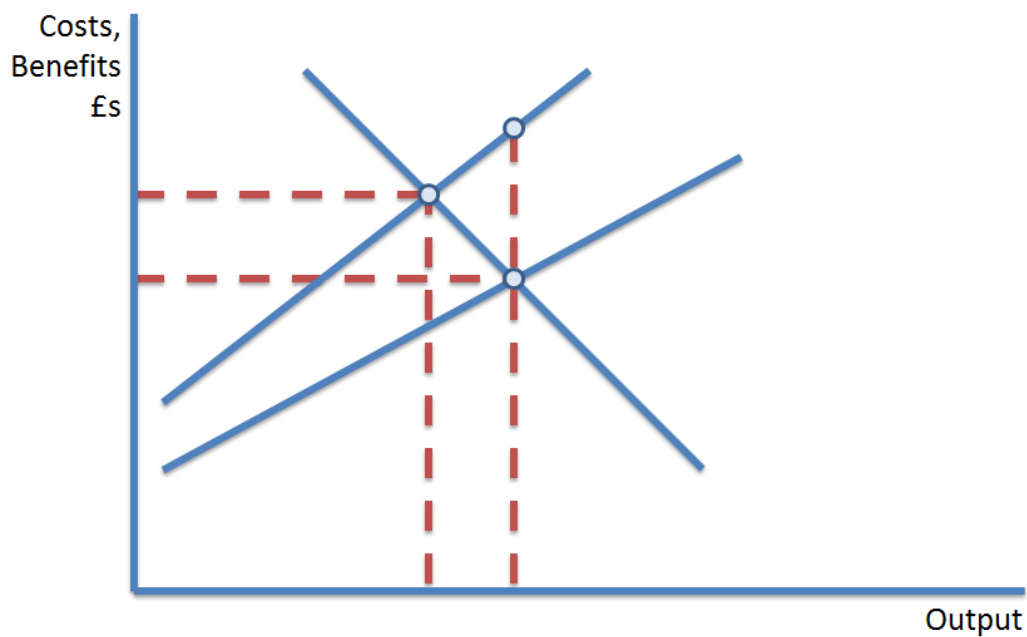
Define negative externalities

The following are either negative externalities in production or consumption. Fill in the right hand box after deciding which

Negative Externality	Production or consumption ?
The social impact of drug use in an estate in Los Angeles	
Air pollution from a tyre factory	
Health issues as a result of passive smoking	
An oil spill in the sea during drilling	
Noise pollution as a result of neighbours holding all night parties!	
Damage to the environment and to health from use of pesticides	
Noise pollution in the areas around an airport	
People throwing household waste into the street	

Q2

Complete the diagram to show negative externalities in production



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Q3

Now explain the diagram above using the example of the negative externalities associated with the production of energy from coal

Q4

Governments often intervene in markets which display negative externalities using a tax. Draw a demand and supply diagram to illustrate the use of an indirect tax:



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Q5

Fill in the right hand column of the table below to help you build a paragraph, using a tax on pollution as the example

Explain what it is designed to do....	
Positive Evaluation	
Negative Evaluation	
Might work better with...	