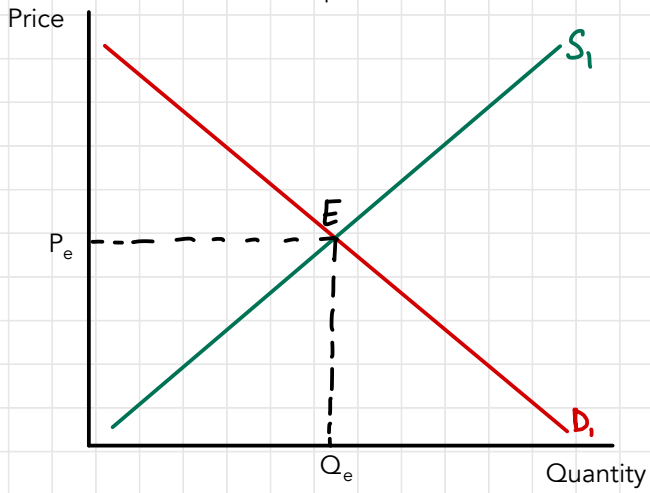
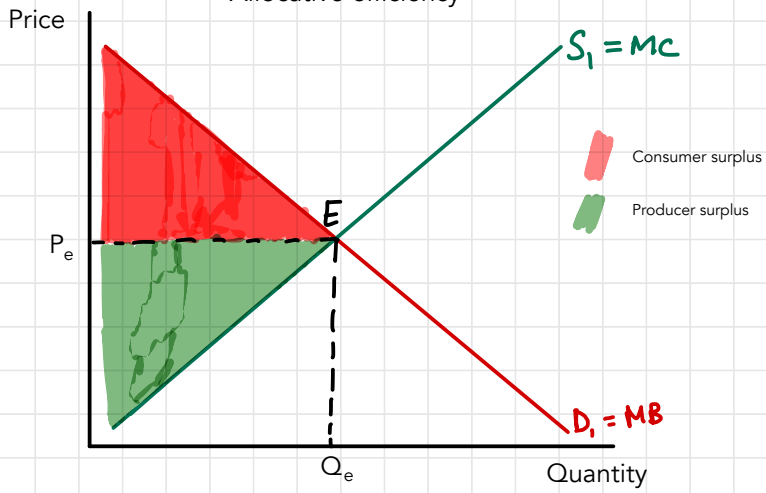


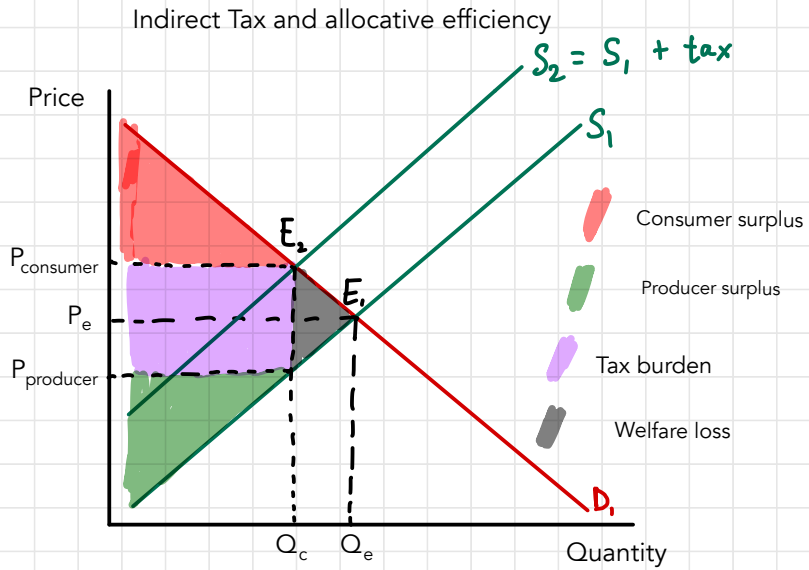
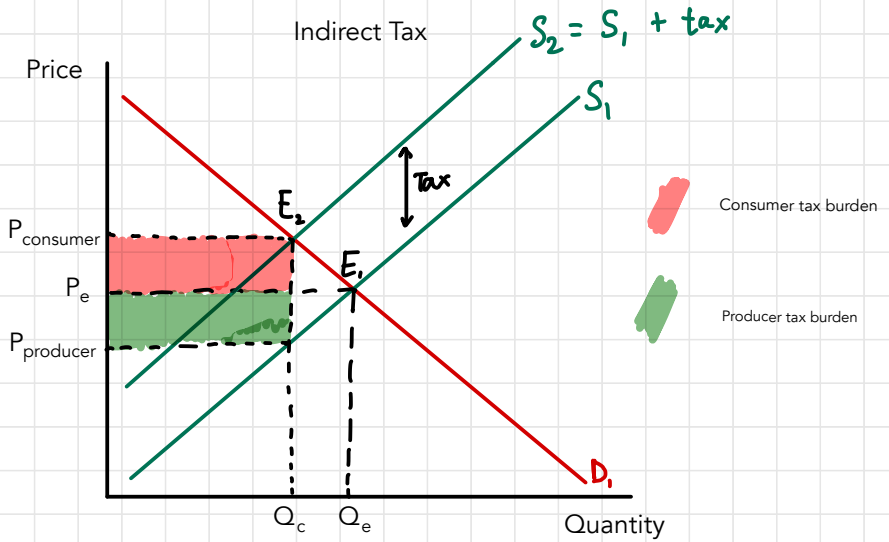


Market equilibrium

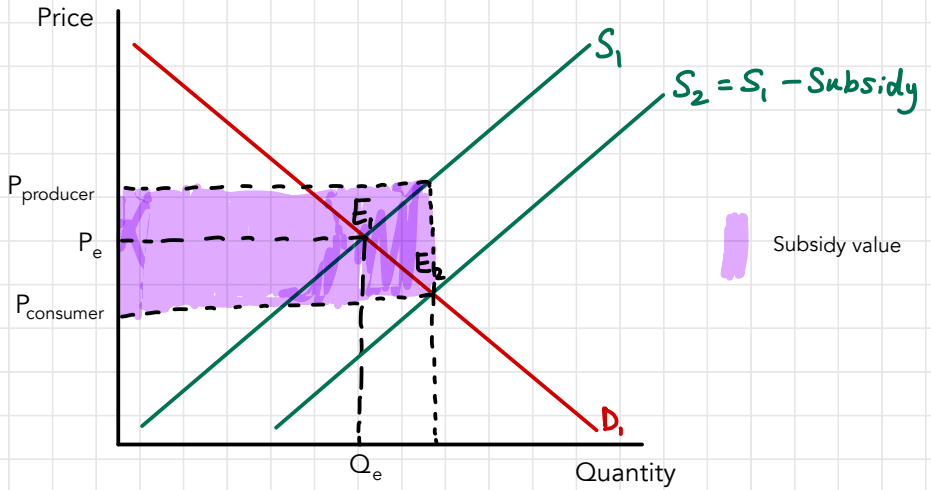


Allocative efficiency

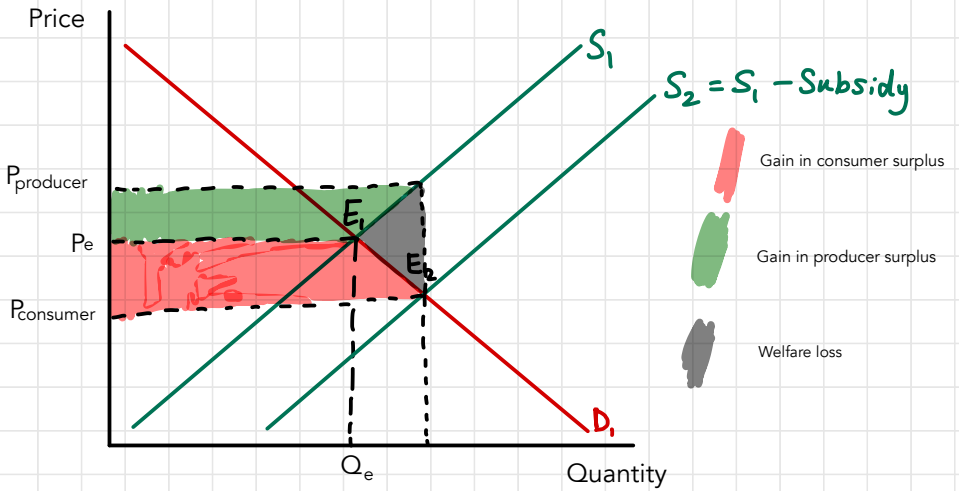


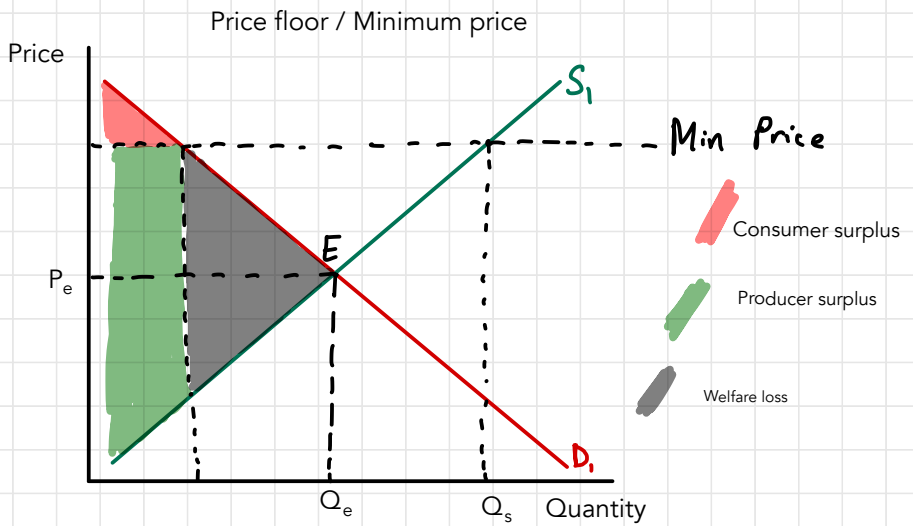
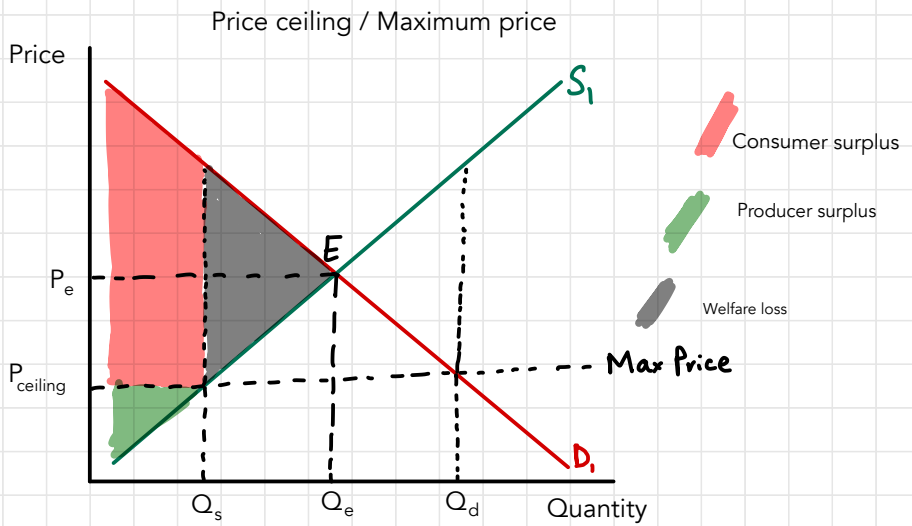


## Subsidy

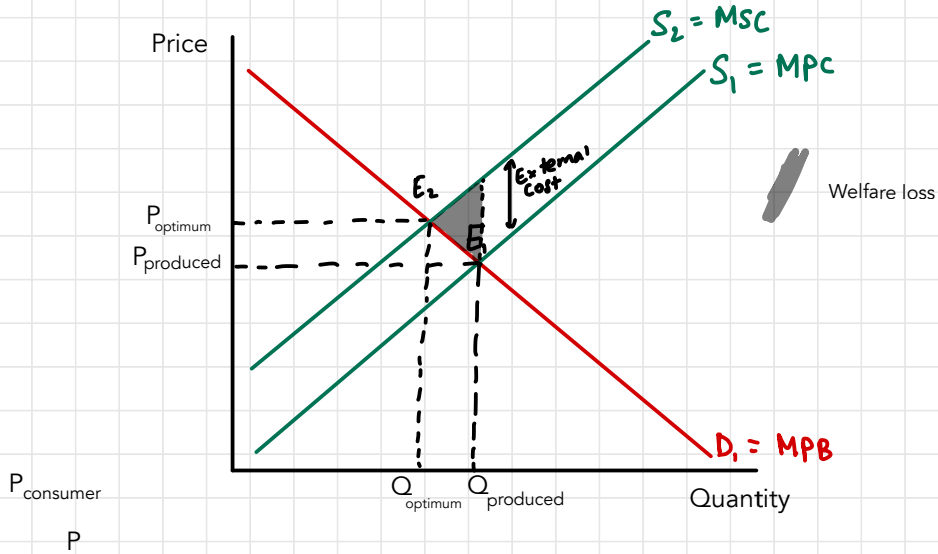


## Subsidy and allocative efficiency

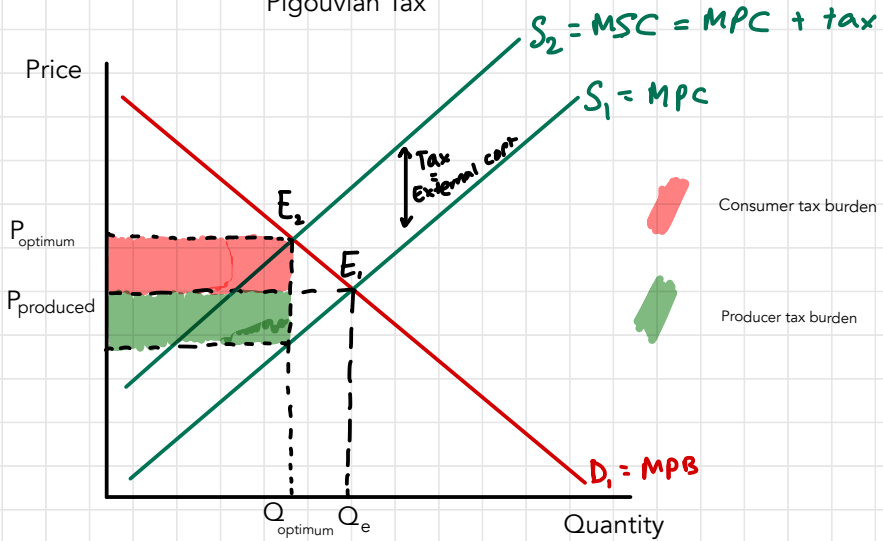




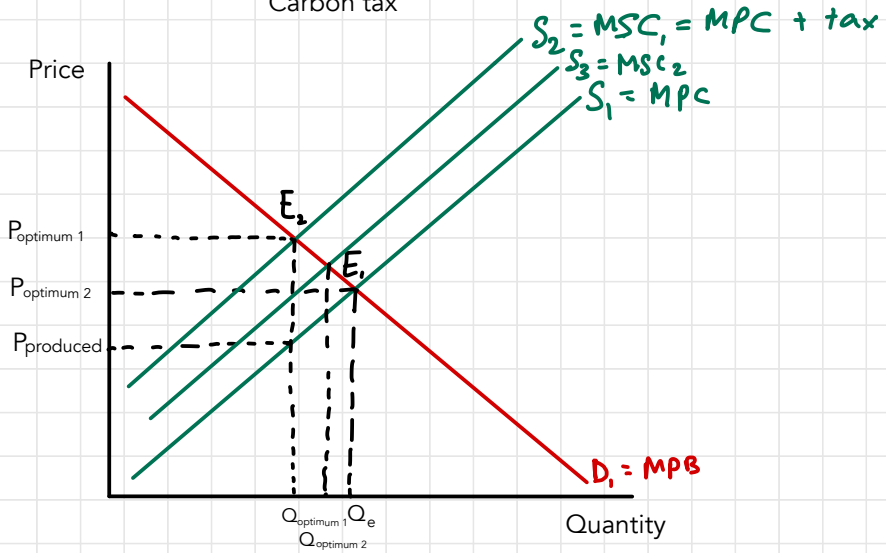
## Negative production externalities



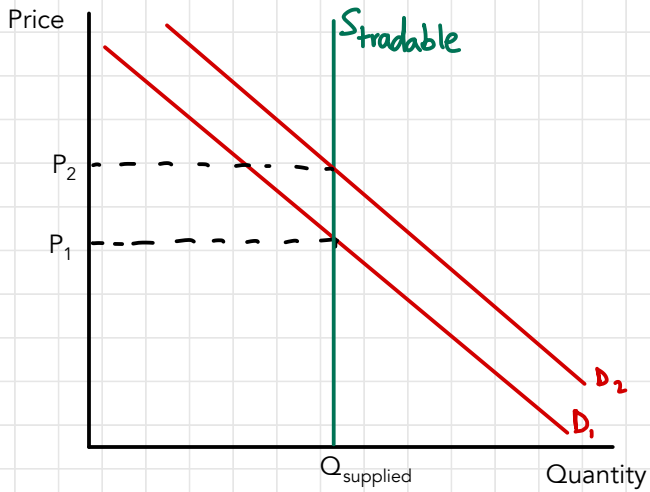
## Pigouvian Tax



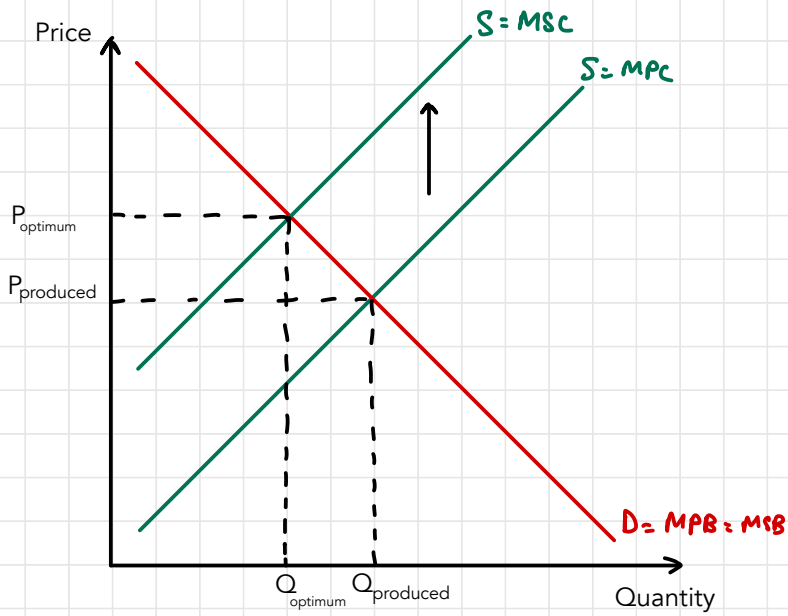
### Carbon tax



### Tradable permits

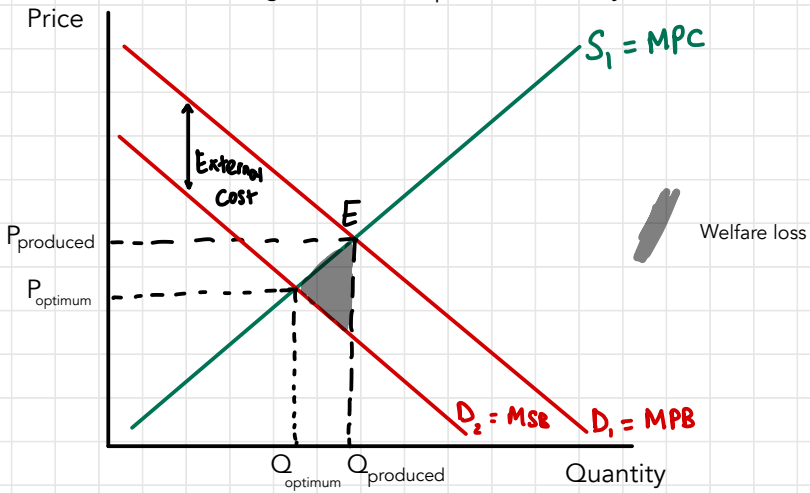


## Government regulation

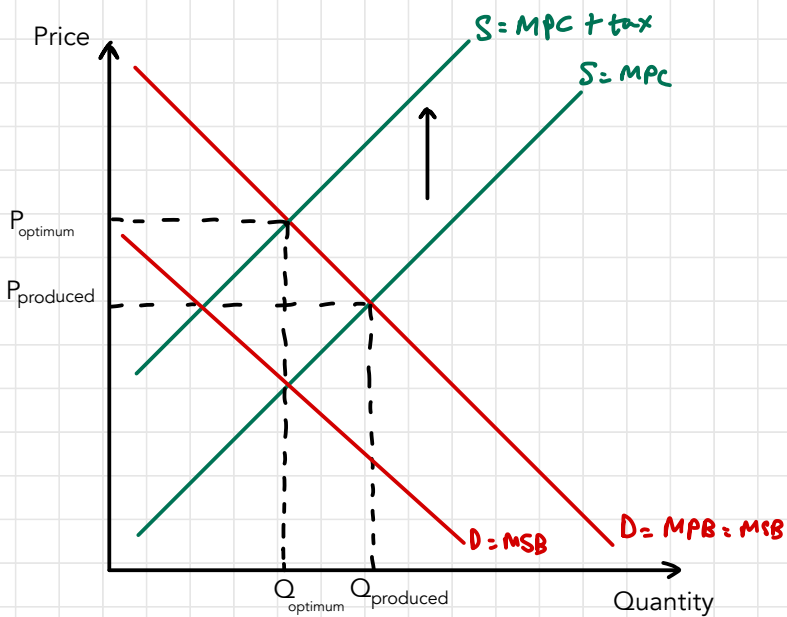




### Negative consumption externality



### Pigouvian taxes on consumption



# Government regulation on consumption

