

Economics 201 HW 3

Joshua Reed

March 14, 2017

1 Article 1

Tyrone business fined for water pollution harmful to fish

1.1 Identify the externality discussed in the story.

The externality is the negative impact upon the fish by the suspended solids produced by the Tyrone business.

1.2 Is this a positive or a negative externality?

This is a negative externality.

1.3 Who causes the externality and who is impacted by it?

The externality was caused by the Tyrone business. The fish have paid the external cost by being unable to reproduce properly, and becoming more easily infected.

2 Article 2

Noise pollution from airports may have direct impact on health

2.1 Identify the externality discussed in the story.

The impact upon the health of nearby residents caused by the noise pollution of airports.

2.2 Is this a positive or a negative externality?

This is a negative externality.

2.3 Who causes the externality and who is impacted by it?

The externality is caused by air traffic. The people impacted are nearby residents who have paid the negative external cost to their health.

3 Article 3

LeConomics: Is the economic impact of LeBron James return to Cleveland more than a feeling?

3.1 Identify the externality discussed in the story.

The increase in economic activity in the Cleveland area.

3.2 Is this a positive or a negative externality?

This is a positive externality.

3.3 Who causes the externality and who is impacted by it?

This externality is caused by LeBron James, and the NBA franchise. Clearly Cleveland residents and businesses receive the external benefit.