Econ 301 Intermediate Microeconomics
Chapter 16 In Class Exercise 1

Answer all questions on a separate sheet of paper. Make sure you show your work.

1. Question 5 on page 681 of the textbook, all parts. (Hint: to figure out where the inverse demand curve meets the marginal cost curve, set them equal to each other and solve!)

2. In addition, answer the following questions related to question 5:
   (a) What do you think is the best method for the government to address this externality? Why?
   (b) How could the drive-in owner address the externality?