

**YouTube title:** “WKUK Space Potatoes” <http://www.youtube.com/watch?v=mv8mV5X0MR8>

**Video Length:** 3:36 minutes

**Chapter 4:** The Role of Government, p. 70

**Topic:** Market Failure, p. 71

**Key Terms:** Externalities, Negative externalities, social demand, market demand, external costs

**Learning Objective 1:** The nature and causes of market failure.

### Summary

In this video, an astronaut named Barry subjects his co-workers to various refreshments while waiting for their space shuttle to take off. Because of the shuttle’s orientation on the launch pad, Barry’s co-workers are sitting below him. This causes any refreshments Barry consumes to spill and fall onto them.

### Economic Application

This video is an example of negative externalities. Barry enjoys his refreshments, but his coworkers suffer greatly as a result. Schiller states that the term externality “refers to all costs or benefits of a market activity borne by a third party, that is, by someone other than the immediate producer or consumer.” Barry is the immediate consumer, and his coworkers bear the spillover costs of his activity.

### Multiple-Choice Question

From the perspective of his coworkers, which phrase best describes Barry’s consumption of refreshments while waiting for the space shuttle to launch?

- a) Positive externality
- b) Free rider
- c) Negative externality
- d) External benefit
- e) Social cost

### Discussion Question

Why does Barry insist on opening more refreshments instead of stopping like his coworkers demand?