

14. The marginal cost of educating a college student is \$5,000.00 a year. The table below shows the marginal private benefit schedule from a college education. The marginal external benefit for college education is \$2,000.00 per student per year.

Students (millions per year)	Marginal Private Benefit (dollars per student per year)
1	5,000
2	3,000
3	2,000
4	1,500
5	1,200
6	1,000
7	800
8	500

- With no public colleges and no government involvement in college education, how many students will enroll and what is the tuition?
- If the government subsidizes private colleges and sets the subsidy so that the efficient number of students will enroll in college, what is the subsidy per student? How many students will enroll?