

Quiz 2

(5 points)

Time: 22 September 2021 at 15:00-15:30 (30 minutes)

There are 2 questions. You need to answer all two questions. Please **submit** your answers in a PDF file with a file name “**Quiz2_StudentID_FirstName Surname**” via BE Moodle class before **15:40**.

Write a paragraph to answer two questions below:

Question 1: What are the problems in water resource management? (2.5 points)

Question 2: What could be a source of inefficient allocation of land? (2.5 points)

Question 1: What are the problems in water resource management? (2.5 points)

There are many problems in water resource management which related to water resources and inefficient of allocation.

Firstly, one of problems related to water resources is scarcity in availability due to shortage and in access due to lack of appropriate infrastructure. The accessment to clean water is also one of the problems, which is incorrelated with SDG 6. Another problem is the demand for energy (like hydropower) surprisingly increases. So, we should use the indicator measure if this water-use efficiency or not. Lastly problem is water quality since nowadays there are many pollutions making the water not suitable for drinking.

Secondly, the inefficiency of allocation, as there are many causes such as restrictions on ^(prioritize → unequalized) transfers, subsidies & agricultural water pricing, municipal & industrial water pricing. All of these leads to problems of allocation of water to be inefficient.

Lastly since the water is very important to everyone, so they keep the price to be lowed, making water underpriced or underestimated. So, people used it not wisely.

Question 2: What could be a source of inefficient allocation of land? (2.5 points)

Firstly, the cause of inefficient allocation of land is related to market problems. There is an insecure property rights as people highly use first-come, first-served methods making an opportunity cost with other potential uses of land that could be socially valuable. Moreover, undervaluing environmental amenities like positive externalities may be undervalued by landowners as it is not accrued benefit to them. Incompatible land uses is also a market problem that lead to inefficient allocation of land as there is a negative externalities cost so the private net marginal cost is lower than the social net marginal cost.

Secondly, there is a public sector problem related to taxes which are inappropriate and leads to many issues such as property tax and inheritance tax.

Lastly, Government failure as they usually distort land use allocation. For example, building roads into preserved land.