

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)

① The problems in water resource management is water scarcity, if we don't manage water resource, we will lack of it. The problem is due to physical shortage, or scarcity in access according to the failure of institutions and management to ensure a supply. Another problem is access to clean water. For drinking water, access to safe drinking water effectively reduces water-born disease and malnutrition.

② A source of inefficient allocation of land is the market problems. It is poorly specified property rights, market power and externalities. For example, incompatible land uses, the private net marginal cost is lower than social net marginal cost because the costs of negative externalities associated with the land are not accrued exclusively to the land owner. Another source of inefficient allocation of land is a public sector problems and government failure. Public policies sometime distort land-use allocations like building roads into previously preserved land.