

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
- **Water scarcity** : it is a physical shortage , The failure of management is a regular supply and lack of enough consuming. So, it is a complex relationship of world demand and water demand
 - **Access to clean water is growing problem**: All people and household need safe drinking water, healthcare, workplace, or school. there is some chemical in water that is cause of death.
 - **Water demand for energy is growing at alarming rate** : People around the world using more water rate because of some factors: industry, energy, or water supply
 - **Water quality is also a problem** : There is polluted with chemical which from pollution in the world. and lower cost of drinking water is one of the problems.

So, the government subsidies & agricultural water pricing.

[cost of subsidy > Real benefit]

Low pricing and ignoring the marginal scarcity rent promote of demand water

② the area that far away from the center will less benefit than urban area. Incompatible land use is not good in manage the area. And also the marginal cost $\frac{ex}{w}$ In the farm, the farmer may produce waste, water pollution, air pollution, or sound pollution. They will have more cost of the owner. So, Undervaluing environmental amenities are similar to free rider that ignore about paying, so it will make people not have money to conserve land. Insecure property right is first-come, first serve. It will make right in the wrong person and make bad efficient.