

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
 - Failure of institution to allocate for all users.
- Access to clean water is growing problem
 - Drinking water → clean water could decrease water-borne disease.
 - Water stress → environmental flow is importance to maintain health and resilience.
- Water demand for energy is growing at alarming rate
 - From IEA website, the global water use will increase a lot in the future so, this is one problem that water doesn't enough for all users.
- Water quality
 - The water pollution which have chemicals / bacteria in water will make people sickness.

2) Inefficient allocation of land

- **Market problem** is one of inefficient outcome. For example,
 - Insecure property right makes low-valued uses could dominate high-valued uses by default.
 - Undervaluing environmental amenities
 - This may make social benefit more than owner net benefit. So, some owner will conserve land trust.
 - Incompatible land use
 - It happen to environment around that land which means private net marginal cost is lower than the social net marginal cost
- **Public sector problem**
 - about inefficient tax. It does not reflect current activity's use.
- **Government failure**
 - the government may use land for their policy so it may distort land-use allocations