

## 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 because people need to drink water, water demand for energy is growing at alarming rate, Available water is polluted lead to decrease in supply of water. the next problem is efficient allocation of scarce water because of Restrictions on transfers, subsidies and agricultural water pricing that resulted in negative net benefit, and Municipal and industrial water pricing, The price charged by water distribution utilities do not promote efficiency.

2 source of inefficient allocation of land is Market problem including undervaluing environmental amenities. This problem happens when land owner that provide benefit to the society get no support from the habitant, so the land owner have to sell it to developer and then social will lose the benefit from that land.

the second problem of Market problem is Incompatible land uses; the cost of negative externalities out weigh the benefit to society.

lastly, insecure property right; it is the opportunity cost of other that have more potential to create more social benefit.