FOR 303H1F: Human Dimensions of Global Forests
(Fall 2016)
Practice Midterm (Solution)

Time allowed: 1 h 50 m — Total Points: 100
Aids permitted: Scientific calculators

1. Explain any **FOUR** of the following terms. [6 x 4 = 24]

   a. Market failure

   In economics, it is assumed that free-functioning market are essential for achieving efficiency. Market failure occurs when freely-functioning markets fail to deliver an efficient allocation of resources. The result is a loss of economic and social welfare. Main reasons of market failure are: Imperfect information, externalities, quantity being supplied is public goods, monopoly etc.

   b. Forest tenure

   Forest tenure systems govern the rights and responsibilities of the owners, users, and others over the forest land and timber. The basic policy issues of the forest resources concerning with ownership, utilization, and management are resolved through