

Abstract

In the Czech Republic, during last decades, water price steadily increases causing water consumption to steadily decrease. A great deal of literature is devoted to the price elasticity of water demand but to the best of our knowledge, no similar study has been devoted entirely to the Czech Republic. The general purpose of this thesis is finding the short and long-run price elasticities of water demand in the Czech Republic and in Kladno. In the latter case, we analyze the short and long-run price elasticities of water demand across different household sizes. In both cases water demand appears to be inelastic with respect to water price regardless of the time period. Moreover, we find evidence that both the short and long-run price elasticities increase with decreasing household size. Our inferences are in line with previous findings.