

Contents

List of Tables	xi
List of Figures	xiii
Foreword	xv
Preface	xvii
1. Valuing Public Goods Using the Contingent Valuation Method	1
■ The Contingent Valuation Method	2
■ Illustrative Scenarios	4
■ The Development of the Contingent Valuation Method	9
■ This Book	14
2. Theoretical Basis of the Contingent Valuation Method	17
■ The Basis of Welfare Economics	18
■ Choice of Benefit Measure	23
■ Willingness-to-Pay versus Willingness-to-Accept Measures	30
■ A New Property Rights Approach	38
■ Aggregation Issues	41

■ The Private Goods and Political Market Models	49
■ The Implications of Theory for Contingent Valuation Scenario Design	50
■ Summary and Conclusions	52
3. Benefits and Their Measurement	55
■ Property Rights to Quasi-Private and Pure Public Goods	55
■ The Nature of Benefits	58
■ <i>Introducing Uncertainty</i>	69
■ Methods of Measuring Benefits	74
■ The Advantages of the Contingent Valuation Method	87
■ Summary and Conclusions	90
4. Variations in Contingent Valuation Scenario Designs	91
■ Private Goods Markets and Political Markets	91
■ Elicitation Methods	97
■ Summary and Conclusions	104
5. The Methodological Challenge	107
■ Survey Research	107
■ Contingent Valuation and Conventional Surveys Compared	116
■ Sources of Error in Contingent Valuation Studies: An Overview	120
■ Summary and Conclusions	125
6. Will Respondents Answer Honestly?	127
■ Theoretical Developments	129
■ Experimental Results	133

■ Incentive Compatibility in Political Markets	148
■ Summary and Conclusions	149
7. Strategic Behavior and Contingent Valuation Studies	153
■ Expectations for Strategic Behavior in CV Studies	153
■ Controlling Strategic Bias in CV Studies	162
■ Summary and Conclusions	168
8. Can Respondents Answer Meaningfully?	171
■ Hypothetical Data	171
■ Can Hypothetical Studies Predict Behavior?	174
■ Summary and Conclusions	187
9. Hypothetical Values and Contingent Valuation Studies	189
■ Types of Validity	190
■ Content Validity	192
■ Criterion Validity	192
■ Construct Validity	204
■ Summary and Conclusions	208
10. Enhancing Reliability	211
■ Assessing Reliability	212
■ The Survey Instrument and Reliability	214
■ The Reliability of CV Sample Estimates	223
■ Summary and Conclusions	228
11. Measurement Bias	231
■ The CV Bias Experiments	231
■ Sources of Systematic Error in CV Studies	233

■ A Bias Typology	235
■ Summary and Conclusions	258
12. Sampling and Aggregation Issues	261
■ Bias from Sampling Design and Execution Errors	261
■ Inference Biases	283
■ The Fallacy of Motivational Precision: Measuring Benefit Categories and Subcategories	287
■ Summary and Conclusions	292
13. Conclusion	295
■ The Promise of Contingent Valuation	295
■ Relevance and Quality	297
■ Evaluating the Findings of a CV Study	301
■ New Applications	303
Appendix A. Summary of the Content, Form, and Methodologies of Selected Contingent Valuation Surveys	307
Appendix B. Survey Instrument for a National Water Benefits Survey	317
Appendix C. Hypothesis Testing and Experimental Design in Contingent Valuation Surveys	355
Bibliography	383
Name Index	435
Subject Index	441