

Article #: 28

Title: Fairness in the Contingent Valuation of Environmental Public Goods: Attitude Toward Paying for Environmental Improvements at Two Levels of Scope

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Journal: Ecological Economics; Vol. 36

Date: 2001

Pages: 133-148(KB 11/12/08)

Abstract:

This paper analyzes "protest responses," or the reasons why people are unwilling to pay to obtain (or avoid) an increase (or decrease) in some environmental public good when surveyed in studies using the contingent valuation method. This presents a problem to this method because it does not necessarily indicate they do not value a public good, but simply it is someone else's responsibility to pay, they already pay enough, there is too much governmental waste, etc. Censoring such responses leads to unrepresentative samples of the population or problems with validity in the collected data if inconsistent data is ignored since many beliefs are not independent of one another. Respondents might be unwilling to pay for any public good for reasons unrelated to how they value a specific improvement, are unable due to budgetary constraints despite desire to do so, or only if it is for a local improvement and on a small enough scale to make a difference.

To test the effects of protest responses' effects, a contingent valuation survey was conducted in northern Wisconsin. Respondents were asked about their willingness to pay for four environmental public goods (biodiversity, spearfishing, water quality, and wolves) at two levels of scope (part and whole). For water quality and spearfishing, the "part" level of scope were a chain of lakes that were considered among all lakes, at the "whole" level of scope, in Oneida and Vilas counties. For biodiversity, the "part" level was Oneida and Vilas counties while the "whole" was all of northern Wisconsin. The "part" level for wolves consisted of introducing 300 wolves while the "whole" level was introducing 800 wolves.

People were more inclined to pay for biodiversity (69%) and water quality (62%) than wolves (51%) and Indian spearfishing (44%) at the partial level, with 3% unwilling or unable to pay. As a whole public good, a similar result was observed (biodiversity, 72%; water quality, 73%; wolves, 47%; Indian spearfishing, 49%), with 7% unwilling or unable to pay. Some demographic variability also existed for each public good category. In general, wolf protection was not as worthy as a spending priority and not considered a personal rights issue like the other three. It is clear that water quality and biodiversity are also more seriously considered priorities for household spending than wolves and spearfishing. While the distribution of protest beliefs was sensitive to the type of public good being valued, it was less sensitive to the scope of public good change. The higher percentage of people willing to pay for the public good as a whole indicates people are probably more likely to pay more money to preserve a greater amount of the good rather than less to preserve only part of it.