

## Economic Value of Lakes: Definitions

### Benefit Cost Analysis:

A comparison of economic benefits and costs to society of a policy, program, or action.

<http://www.ecosystemvaluation.org/glossary.htm>

### Benefit Transfer Method:

The Benefit Transfer Method "estimates economic values by transferring existing benefit estimates from studies already completed for another location or issue." For example, if a study is conducted on the economic value of a beach in Florida it may be possible to transfer some of the study's findings to beaches along the Carolina Coast, given reasonable changes in the weightings based on the differences among the beaches.

<http://noep.mbari.org/nonmarket/methodologies.asp>

### Contingent Behavior

In operant conditioning, we look for relationships between behavior and the environment in which certain environmental changes reliably follow certain operant performances. This is a pretty formal way of saying that, what's important in operant conditioning is that important changes in the environment follow, or are contingent upon, some behavior. In all of the cases we look at in this unit, we look for some behavior, the environmental event that followed, and how that changed the probability of that behavior in the future.

<http://employees.csbsju.edu/TCREED/pb/pbterms.html>

### Contingent Valuation Method:

The Contingent Valuation Method (CVM or CV) usually takes the form of a survey questionnaire, which elicits values for environmental goods and services based upon hypothetical situations.

<http://noep.mbari.org/nonmarket/methodologies.asp>

### Eutrophication:

Eutrophication is a process whereby water bodies, such as lakes, estuaries, or slow-moving streams receive excess nutrients that stimulate excessive plant growth (algae, periphyton attached algae, and nuisance plants weeds). This enhanced plant growth, often called an algal bloom, reduces dissolved oxygen in the water when dead plant material decomposes and can cause other organisms to die.

<http://toxics.usgs.gov/definitions/eutrophication.html>

### Hedonic Pricing Model:

The basic premise of the hedonic pricing method is that the price of a marketed good is related to its characteristics, or the services it provides. For example, the price of a car reflects the characteristics of that car—transportation, comfort, style, luxury, fuel economy, etc. Therefore, we can value the individual characteristics of a car or other good by looking at how the price people are willing to pay for it changes when the characteristics change. The hedonic pricing method is most often used to value environmental amenities that affect the price of residential properties.

[http://www.ecosystemvaluation.org/hedonic\\_pricing.htm#advantages](http://www.ecosystemvaluation.org/hedonic_pricing.htm#advantages)

### Nested Logit Model

This model has the ability to represent similarities among groups of alternatives.

<http://www.answers.com/topic/logit-model>

### Non-Use Values:

The value that people derive from economic goods independent of any use, present or future, that people might make of those goods. These are generally differentiated from use value, which people derive from direct use of the good.

[http://en.wikipedia.org/wiki/Non-use\\_value](http://en.wikipedia.org/wiki/Non-use_value)  
<http://www.ecosystemvaluation.org/glossary.htm>

### Oligotrophic:

Refers to a body of water which is poor in dissolved nutrients and usually rich in dissolved oxygen.

<http://www.nps.gov/plants/restore/library/glossary.htm#o>

### Random Utility Model:

The Random Utility Model (RUM) is a model of consumer choice in which the consumer is assumed to have perfect discrimination capability between goods or activities in order to maximize their 'utility' (relative attractiveness of competing alternatives).

<http://noep.mbari.org/nonmarket/methodologies.asp>

### Revealed Preference

A method by which it is possible to discern the best possible option on the basis of consumer behavior. Essentially, this means that the preferences of consumers can be revealed by their purchasing habits.

<http://dictionary.babylon.com/Revealed%20preference>

### Stated Preference Method:

A set of pricing methods where people are asked how much they would agree to pay for avoiding a degradation of the environment or, alternatively, how much they would ask as a compensation for the degradation

<http://stats.oecd.org/glossary/detail.asp?ID=6575>

### Travel Cost Method:

The travel cost method is used to estimate economic use values associated with ecosystems or sites that are used for recreation.

The method can be used to estimate the economic benefits or costs resulting from:

- changes in access costs for a recreational site
- elimination of an existing recreational site
- addition of a new recreational site
- changes in environmental quality at a recreational site

The basic premise of the travel cost method is that the time and travel cost expenses that people incur to visit a site represent the “price” of access to the site. Thus, peoples’ willingness to pay to visit the site can be estimated based on the number of trips that they make at different travel costs. This is analogous to estimating peoples’ willingness to pay for a marketed good based on the quantity demanded at different prices.

This section continues with some example applications of the travel cost method, followed by a more complete technical description of the method and its advantages and limitations.

[http://www.ecosystemvaluation.org/travel\\_costs.htm](http://www.ecosystemvaluation.org/travel_costs.htm)

### Willingness To Pay:

The amount an individual is willing to pay to acquire some good or service.

[http://glossary.eea.europa.eu/EEAGlossary/W/willingness\\_to\\_pay](http://glossary.eea.europa.eu/EEAGlossary/W/willingness_to_pay)

