

Article #: 4

Title: Economics Research Supporting Water Resource Stewardship in the Pacific Northwest

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Abstract:

The beginning of this report provides an excellent overview of economic theory and how it relates to water valuation, in terms of water rights and water in various uses. This report, intended primarily for non-economists, reviews:

- Existing water resources literature concerning the economic value of water for different uses in the Pacific Northwest
- Evaluates tradeoffs among uses
- Examines the use of economic incentives for water conservation and protection or enhancement of water quality

Based on this literature review, the report identifies several priority research topics relevant to the Pacific Northwest. The three main nonmarket valuation methods (travel cost, contingent valuation, and hedonic) are discussed with explanations, comparisons and examples of literature where they were used. A selection of common policies and programs used to manage water resources is also reviewed. The importance of developing water valuation research is emphasized in context of the changing socioeconomic climate of the Pacific Northwest where water resources are subject to intense competition due to increased demand. It also provides an extensive annotated bibliography of water resource economics research in the Appendix.

Although this report specifically addresses the situation in the Pacific Northwest, it has excellent background information and literature overview in the area of water valuation, referencing several articles that are prominent in the field. The annotated bibliography accounts for nearly half of this article and is a valuable resource in itself.