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Title: The Structure of Motivation for Contingent Values: A Case Study of Lake Water Quality Improvement

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Abstract:

This study discusses the contingent valuation method, which surveys individuals to determine their willingness to pay (WTP) for a hypothetical improvement of a public good or the willingness to accept compensation (WTA) for its hypothetical loss. Specifically, this study examines the role of "noneconomic" motives that are not traditionally used to measure the economic value of an environmental improvement but are inherent in the application of the contingent valuation method. Such motives include an individual being WTP to purchase "moral satisfaction" or to obtain a "warm glow." They also include ethical altruism, either toward other people or toward non-human entities such as the environment, where an individual is WTP for intrinsic value based on what is morally right, regardless of personal benefit.

The study spends considerable time drawing distinctions and establishing formulas for the following motives:

- Use - individual presently uses and enjoys the lake
- Option - individual plans on using and enjoying the lake in the future
- Obligation - individual feels compelled to contribute to a good cause like lake restoration
- Altruism - individual finds satisfaction in knowing that others enjoy the lake
- Bequest - individual finds satisfaction in knowing that others will be able to enjoy the lake in the future
- Existence - individual finds satisfaction knowing that the lake will be near its natural state, even if no one sees it
- Responsibility - individual takes personal responsibility for a specific lake relevant to him
- Intrinsic - individual believes a lake ecosystem has a right to exist and have support from humans

The study finds that while these motives have some relevance to the individual's WTP decision. Individuals do not consider an obligation to contribute to a public project when calculating WTP, but perceived personal responsibility in regards to a specific environmental good is very relevant. In addition, ethical motives such as intrinsic value is not typically distinguished by individuals as different from existence value and altruism and existence value are also difficult to separate, closely linking "noneconomic" motives with economic motives in the mind of the individual. The only way to truly distinguish between motives is if they are considered in context of the specific environmental good and examine the relationships between motives further.