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From a new working paper: Hausman (2012) "selectively" reviews the CVM literature and fails to find progress over the 18 years since Diamond and Hausman (1994) argued that unquantified benefits and costs are preferred to benefits and costs quantified by CVM for policy analysis. In these comments, we provide counter-arguments to the claims made by Hausman. We provide these counterarguments not with the intent to convince the reader that the debate over contingent valuation is settled but rather to urge the community of economists to recognize that the intellectual debate over contingent valuation is still ongoing and that plenty of work remains to be done. We review the literature and argue that (1) hypothetical bias raises important research questions about the incentives guiding survey responses and preference revelation in both real and hypothetical settings that contingent valuation can help answer, (2) the WTP-WTA gap debate is far from settled and the debate raises important research questions about the future design and use of benefit cost analyses of which contingent valuation will undoubtedly be a part, and (3) CVM studies do, in fact, tend to pass a scope test and there is little support for the assertion that an adding up test is the definitive test of CVM validity.

<http://econpapers.repec.org/paper/aplwpaper/13-07.htm>