



Contingent Valuation: Is Some Number Better than No Number?

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Abstract

Without market outcomes for comparison, internal consistency tests, particularly adding-up tests, are needed for credibility. When tested, contingent valuation has failed. Proponents find surveys tested poorly done. To the authors' knowledge, no survey has passed these tests. The 'embedding effect' is the similarity of willingness-to-pay responses that theory suggests (and sometimes requires) be different. This problem has long been recognized but not solved. The authors conclude that current methods are not suitable for damage assessment or benefit-cost analysis. They believe the problems come from an absence of preferences, not a flaw in survey methodology, making improvement unlikely.

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