



WATER RESOURCES RESEARCH GRANT PROPOSAL

TITLE: Comparison of Contingent Valuation and Conjoint Analysis for Measuring the Total Economic Value of Water Resources

DURATION: September 1997 - August 1999

FEDERAL FUNDS REQUESTED: \$30,630

NON-FEDERAL (MATCHING) FUNDS PLEDGED: \$70,477

PRINCIPAL INVESTIGATORS:

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CONGRESSIONAL DISTRICT: First

Statement of Critical Regional or State Water Problems:

Information about the economic value of water resources, such as wetlands and groundwater, is becoming increasingly important in decision making. To illustrate, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the 1990 Oil Pollution Act and the Clean Water Act give state and federal governments the right to sue for damages to water resources resulting from the discharge of hazardous substances, including oil. State governors are required to designate trusts to recover damages and both use and non use values can be recovered.

However, the contingent valuation technique, CV, which is now being used to measure the total economic value of water resources is controversial, and the results of CV studies are often viewed with skepticism. The proposed research examines the relative advantages of conjoint analysis, which is an alternative to the traditional CV technique for measuring both the use and non use value of water resources.

Statement of Results or Benefits:

Very little comparative analysis of the contingent valuation and Conjoint techniques has been conducted. Yet, these are the only viable alternatives for measuring both the use and non use economic values produced by water resources. By comparing CV and conjoint analysis, this research will produce an improved methodology for estimating the economic value of water resources for water resource damage assessments and policy analyses conducted by state and federal agencies.