

Hour:	17.10
Date:	December, 12th (Thursday) 2019
Place:	room 3C, building C, SGH

*How to discover true value of  
non-market public goods?  
Consequentiality in stated preference*

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Abstract:

Stated preference surveys continue to be the leading approach for estimating the economic value of non-market goods (including many public goods). To enhance reliability of value estimates, the surveys elicit respondents' perceptions about consequentiality; that is, respondents' beliefs whether the survey outcome can potentially influence policy-makers' decisions. One of the main challenges with including perceived consequentiality in preference modelling is potential endogeneity. Endogeneity can arise because consequentiality self-reports and stated preferences are likely driven by similar (unobservable) factors. This study contributes to the literature by examining the possible endogeneity, with distinguishing between policy and payment consequentiality, in a dichotomous choice valuation survey. Addressing hypotheses suggested in the literature, the study also explores potential influence of the randomly assigned tax amount in the preference elicitation question on consequentiality perceptions. Data comes from an online survey concerned with marine plastic pollution reduction in the Norwegian Arctic. Bivariate probit models do not suggest endogeneity of payment consequentiality, and provide tentative evidence of endogeneity of policy consequentiality. Results show that the effects of the tax amount on payment and policy consequentiality are divergent: respondents faced with higher tax amounts are less likely to expect that they will have to pay this amount once the policy is implemented and are more likely to view the survey as affecting policy decisions regarding introduction of the pollution reduction program.

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