Index

25 age group 53, 60, 72, 75
favoured by females 71
mixed logit model results 70
multinomial logit model results 63, 65, 66
multinomial/mixed logit model results 68, 69
and standard deviation 73
50 age group 51, 53, 60, 61
and choice variable 75
gains and losses 76
and income 86
mixed logit model results 67, 70
multinomial logit model results 63, 65, 66
multinomial/mixed logit model results 68, 69, 71
negative/positive levels 72
and standard deviation 73
accountability 1
actors 83
Adamowicz, W. 31, 33, 51
Adler, M. 24, 25
age 59, 69, 70, 71, 75
see also 25 age group; 50 age group;
Newborn generation
aggregation 13, 23
allocation decisions 1, 84
alternatives 32, 33, 34, 35, 36, 51, 65–6
dominated 54
alternative-specific constant (ASC) 35, 62
altruism 8, 14–15, 84–5
Anderson, D. 53, 54
anonymity 13
Arrow, K. 7–8, 14, 47, 77, 83, 85
asymmetry of preferences 71–3
Atkinson, G. 3
Atfield, R. 44
attribute cross-effects 53, 54
see also interactions
attributes 34, 35, 51, 52–3, 62, 66, 71, 92
alternatives 32, 33
dollar value 37, 52, 55, 56, 91
and mixed logit model 67, 68
positive and negative 71–3
as random variables 66
and value estimates 37
Australia, Future Fund 8
availability cross-effects 35, 53, 54, 58, 71
Barbier, E. 46
Barry, B. 45, 47
Basu, K. 26
Bateman, I. 19
benefit transfer 33–4
benevolence 79, 84, 86, 93
Bennett, J. 31, 32, 45, 46–7, 51, 53, 54
Benthamite welfare function 13
bequest values 8
Bergland, O. 34
Bhat, C. 36, 67
Blamey, R. 31, 32, 33, 53, 54
Bojer, H. 3
Boxall, P. 33
Brent, R. 27, 89
Broome, J. 45, 50, 52, 84, 91
Brown, R. 25, 29
Brundtland Commission 46
bundle of changes 6–7, 37
Campbell, D. 91, 92
Campbell, H. 25, 29
capital, natural 47
cardinal unit comparability 14, 25, 39
Carlsson, F. 48
CBA and distributional weights 21–9,
81–7
changes, bundle 6–7, 37
Helen Scarborough and Jeff Bennett - 9780857932228
Downloaded from Elgar Online at 11/30/2018 08:35:47PM
via free access
Cost–benefit analysis and distributional preferences

Chapman, R. 33
characteristics of respondent 32
Chichilnisky, G. 46
children 60, 65, 71
advantage 83, 84
and future generations 85
choices 75
complex 73
choice sets 54, 56, 59, 61
circularity 45
claimants 83
claims 45–6
classical utilitarian society 19, 20
climate change 85
Cline, W. 47
Collard, D. 48
collector bias 62, 65
communal good 50, 84
community social welfare preferences 89–90, 93, 95
comparability, interpersonal 14, 47
compensating surpluses (CS) 6–7, 16, 17, 18, 22, 37
compensating variation (CV) 16
complete factorial 53
complex choices 73
conditional logit model 34
conjoint methods 31–2
construct validity 91
consumer preferences 32
consumer welfare changes 16
consumption 43, 85, 86
contingent valuation 32, 33
Cook, T. 91, 92
cost attributes 37
cross-effects, availability 35, 53, 54, 58, 71
Cummins, R. 52, 91

Daily, G. 47, 77, 85
Daruvala, D. 48
Dasgupta, P. 47, 77, 85
debt burden 8
decision-making 73–6, 82, 83, 88, 89
designs, experimental 53–4
DICE (Dynamic Integrated model of Climate and the Economy) 85–6
discount rates 77–9, 85–6
distribution 2–6, 66
of utility 50
see also intergenerational distribution
distributional/distributive justice 3, 44, 89
distributional preferences 3, 5–6, 7, 50
between generations 43, 65, 71, 84–95
distributional weights 4–5, 7, 17–19, 22–9, 42, 50, 81–7, 92
comparison of gains and losses 76
and marginal utility 93, 94
and numéraire 52
and random welfare model 40
and social discount rate 77–8, 79
and socio-demographic factors 57
and SRMS 63
and stated preference methods 95
dollar value attributes 37, 52, 55, 56, 91
dominated alternatives 54
draw methods 66–7
draws 66–7
Drèze, J. 27, 28, 82
education 60, 65
efficiency 1, 83
and equity 27, 28, 48, 81, 82, 84, 93, 94, 95
intertemporal 47
egalitarian decision-making strategy 75
Ehrlich, P. 47, 77, 85
elasticity of consumption 85–6
Elster, J. 83
environmental attribute 37
Environmental Choices Across Generations questionnaire 59
environmental negative factors 45
environmental policies 49, 87
and distribution 2–4, 82
effect 44
environmental preferences 50, 84, 93
equality 5
equity 22, 29, 45, 89, 95
and efficiency 26–7, 28, 48, 81, 82, 84, 93, 94
intergenerational 7, 44, 45, 46–7, 76–9, 85
preferences 50, 51, 83, 86, 87, 89
equivalent surplus (ES) 16, 17, 22
equivalent variation (EV) 16
ethical preferences 83
existence values 8
expenditure function 15–16
explicit weights 27

fairness 75, 82
intergenerational 45, 47
females 60, 71
finance, public 8
First Welfare Theorem 11
focus groups 58
fractional factorial 53, 54
framing 49, 92
Freeman, A. 16, 40, 41, 87
Future Fund 8

gains 57, 71, 72, 73, 76, 85, 87
and smiley faces 55, 56
game theory experiments 5
Garnaut, R. 78
gender 60, 65, 69, 70, 71
generations 7–9
distribution 43–58
future 77, 85, 86, 92
number 51–2
younger 68, 71, 74, 75, 79, 80, 86, 92
global warming 85
Gollier, C. 9
goodness of fit 66
goods
communal and individuals 50
primary 45
Gordon, J. 33
Goulder, L. 47, 77, 85
governmental weights 26
governments, taxation and spending 8
grandchildren 48
grandparents 60, 65
growth theory 85

Haab, T. 31
Hall, R. 85
Halton intelligent draws 67
Halton sequence draw method 67
Hanemann, W. 34
Hanley, N. 16, 46, 73, 89
Harberger, A. 25, 26–7, 78
Hausman, J. 66
Heal, G. 47, 77, 85
health 8
Hediger, W. 47

hedonic analysis 84
Hensher, D. 31, 32, 35, 36, 48-9, 51, 53, 64, 68
heterogeneity 66, 68, 71, 73
heuristics 73–6, 87, 88–9
Hicks, J. 16
homo economicus 50, 83
homo politicus 50, 83–4
Howarth, R. 48

IID (independently and identically distributed) 35–6, 39
implausible alternatives 54
implicit distributional weights 5, 24–5
implicit prices 6, 37
income 3, 18–19, 57, 71
inequality 85
and intergenerational distribution
preferences 86–7
mean 59–60
variable 65, 69, 70
Independence from Irrelevant
Alternatives (IIA) axiom 35–6, 65–6
index of well-being 52, 91–2
indirect utility function 15, 16, 34–5
individual and MNL model 36
inequality 3
of income 85
intelligent draws 67
interactions 35, 53, 54, 69, 70, 71
interdependent utility 14–15
intergenerational distribution 43–58, 74, 76–80
choice model 59–73
preferences 84–7
intergenerational equity 7, 44, 45, 46–7, 76–9, 85
intergenerational fairness 45, 47
intergenerational justice 47
intergenerational neutrality 86
interpersonal cardinal comparability 14, 49–50, 61
interpersonal comparability 14, 47
intertemporal efficiency 47
investment, market rate of return on 85

Johansson, P.-O. 15–16, 82
Johansson-Stenman, O. 27, 48
Johnstone, N. 82
Cost–benefit analysis and distributional preferences

justice 1, 44, 45
distributional 3, 44
distributive 89
intergenerational 47
procedural 89
just savings 44–5

Kaldor–Hicks criterion 22
Kaplow, L. 82
Konow, J. 1
Krinsky, I. 65
Kristöm, B. 3–4, 27
Krysiak, D. 47
Krysiak, F. 47
Kurz, M. 8

Lazari, A. 53, 54
less developed countries 27
Levin, S. 47, 77, 85
Little, I. 24
log likelihood (LL) function 64, 66, 73
lognormal distribution 66
Loomis, J. 84
losses 55, 57, 76, 85, 87
in utility 71, 72, 73
Louviere, J. 31, 32, 33, 36, 48, 53–4, 74

Machado, F. 3
Mackay, H. 51
main effects 53–4
Mäler, K.-G. 47, 77, 85
males 60
marginal rate of substitution (MRS) 37, 94
marginal social utility of income 18, 26, 29, 93–4
marginal social welfare 29
marginal utility of consumption 21, 85–6, 93, 94
marginal values of welfare 52
marginal welfare changes 29, 62, 63
market rate of return on investment 85
markets 85
McConnell, K. 31
McCredden, J. 89
McFadden, D. 34, 36–7, 66
mean of the distribution 66
Medin, H. 19
Mirlees, J. 24
Mishan, E. 25, 27
mixed logit model 36–7, 40, 65–71, 72, 86
Morrison, M. 32, 34
Mourato, S. 3, 73
multinomial logit model (MNL) 34, 35–6, 37, 68–9, 71, 72, 86
and coefficients for attribute levels 73
results 63–5, 66
Munaginghe, M. 47
Musgrave, P. 41, 50, 83–4, 88
Musgrave, R. 41, 50, 83–4, 88

Nancarrow, B. 89
natural capital 47
needs 1
nested logit model 37
neutrality, intergenerational 86
newborn generation 60, 61, 69, 73, 76, 86, 93
correlation with choice 75
and levels 53
mixed logit model 67, 68, 70
multinomial logit model 63, 65, 66
negative/positive levels 72
Ng, Y.-K. 82
no change policy option 51, 54, 75
non-market goods 22, 48
non-market valuation 29, 32, 89
non-monetary attributes 37
non-negative changes 46–7
non-use values 8
Nordhaus, W. 85–6
Norgaard, R. 48
normal distribution 66
numéraire 19, 52, 55, 91, 94
Nyborg, K. 19, 50, 83
option values 8
ordinal utility 14
orthogonal fractional factorial designs 54

Pannell, D. 79
parameters 67, 85
welfare 40, 68, 69
parameters, random 66, 67
parents 60, 65, 71
Pareto optimal 11, 12
Parfit, D. 45
Parfit Paradox 45
Pearce, D. 3, 16, 23, 46, 82
Index

Pigou, A. 14
Pinto, J. 8
Poe et al. test 68, 69
policy analysis 94
policy-makers 89
policy options 33, 51, 54, 62, 94
policy preferences 33
political actors 83
political economy 86–7
politics 25–6
Popp, D. 8
positive preferences 48, 86, 90
Posner, E. 24, 25
preferences 36, 41, 50, 52, 58, 68
asymmetry 71–3
distributional 3, 5–6, 7, 50, 65, 71
environmental 93
equity 51, 83, 89
ethical 83
intergenerational distribution 84–7
policy 33
positive 48, 86, 90
social justice 29, 38, 42, 51, 90, 94–5
social welfare 47, 49–50, 91
prices 22, 24
implicit 6, 37
primary goods 45
procedural justice 89
projects 29
evaluation 24, 25
public sector 27, 82
property rights 3
protest vote 61
public finance 8
public opinion 83
p-values 64–5
questionnaire 55–8, 59, 74
Ramsey (1928) model 44
Randall, A. 12, 21, 82, 87
random draws 67
random parameter model 36
random parameters 66, 67
random selection 54
random utility model 34, 35, 37–8
random utility theory 34
random welfare model 38–40, 41–2
Rawls, J. 13, 18, 19, 44–5, 47, 48
Rawlsian decision-making strategy 74
Rawlsian society 19, 20
representation 41, 88
revealed preference methods 32, 33, 92
Revelt, D. 36
revisionist school 26
Rio Declaration on Environment and Development 46
Robb, A. 65
Robbins, L. 14
Roberts, K. 14
Rodríguez, E. 8
Rogers, A. 89
Rosen, S. 34
rules of thumb 73–4
see also heuristics
Sagoff, M. 27–8
Samuelson, W. 60
savings 44–5
scale parameter 40
Schilizzi, S. 79
Schneider, S. 47, 77, 85
self-gratification 14
self-interest 75, 83, 90
Sen, A. 14, 94
Serret, Y. 82
Shadish, W. 91, 92
shadow prices 22
Shogren, J. 46, 89
simulation methodology 65
smiley faces 55–6, 91
social choice 40–1, 87–8
social discount rate 77–9
social justice 39, 40, 83–4, 88
and sustainability 46
social justice choices 87
social justice preferences 29, 38, 42, 50, 51, 87, 90, 94–5
social marginal rate of substitution (SMRS) 19, 20, 42, 62, 71, 79–80, 94
and distributional weights 40, 63
multinomial logit and mixed logit 65, 68
social prices 24
social ranking 15
social rate of interest on consumption 85
social utility of income 18
social welfare 11–21, 47
social welfare function (SWF) 12–15, 23, 28, 62, 63, 65, 84, 85
deriving distributional weight 17–18, 19–21, 25
and interpersonal cardinal comparability 61
and interpersonal comparability 47
and random utility model 37
and random welfare model 38–9, 40, 41–2
and social justice 88
social welfare maximization 37, 38, 39, 90–2
social welfare preferences 1, 37, 38, 42, 84, 89, 91
Arrow et al. 47
and interpersonal cardinal comparability 49–50
socio-demographic characteristics (SDC) 57, 59, 62, 65, 69–71, 84
Solow, R. 44
Spash, C. 16
specification test 66
Squire, L. 24
Starrett, D. 47, 77, 85
stated preference techniques 32, 33, 92, 95
statistical design theory 54
status quo 50, 54, 60–1, 75, 91
Stavins, R. 46
Stern, N. 86
Stern Review on the Economics of Climate Change 43, 86
Stiglitz, J. 47
stochastic distribution around the mean 66
substitution possibilities 33
Sumaila, U. 44
supply price 22
sustainability 44, 46–7, 48, 85
Sutherland, R. 28
Swait, J. 31, 33, 36, 48, 53
Syme, G. 89
Tabellini, G. 86–7
Tacconi, L. 45, 46–7
Tak, H. van der 24
taxation 26, 27, 82
A Theory of Justice (Rawls) 44
time discounting 85–6
Toman, M. 45
traded goods 22
Train, K. 36–7
uncertainty 79
United Nations Conference on Environment and Development (UNCED) 46
United Nations Programme of Action 4
unobserved utility 34
utilitarian decision-making strategy 74–5
utilitarianism 1, 13
utilitarian society, classical 19, 20
utility 12, 13, 14–16, 25, 28, 38–9, 40, 49
of age groups 65
changes 37, 52, 53, 56, 61, 62, 69–71, 75, 91, 92
from characteristics of goods 34
distribution 50
of future generations 86
generational 44
of individual 17, 18–19, 20, 21, 51, 55
interpersonal comparability 47
losses 71–2, 73
marginal 21, 85–6, 93, 94
and random welfare model 41–2
see also well-being utility maximization 90–2
utility parameters 36
valuation, non-market 29, 89
value estimates 6–7, 37
value judgements 28, 29, 41
value sensitive analysis 25
values, non-use 8
veil of ignorance 13, 47, 50, 90
voting 41, 88
Wagner, A. 46
Wagner, G. 46
Wald test values 64, 65
Walker, B. 47, 77, 85
Walters, C. 44
Warrnambool 59
wealth 8, 55
weighted aggregate 18
weights, distributional see distributional weights
Weisbrod, B. 28
welfare
changes 15–16, 40–1
of future generations 77
marginal values 52
welfare economics 11–21
welfare functions 41, 62, 66
welfare maximization 37, 38, 39, 62, 90–2
welfare measurements 37
welfare parameters 40, 68, 69
welfare preferences 94
well-being 42, 46, 49, 50, 56, 61
across generations 57
in dollar values 52, 53, 55, 91
see also utility

White, B. 46
Williams, M. 31, 33
willingness to accept compensation (WTA) 22
willingness-to-pay (WTP) 16, 22
Wills, I. 33, 92
women 60, 71
Woodworth, G. 32
World Bank 24
Wright, R. 73

Yitzhaki, S. 26
Zeckhauser, R. 60
z statistics 64