Index

Adamowicz, Wiktor 161–78
Agrawal, A. and C. Gibson 137
Alaska, Exxon Valdez oil spill 61–2, 75
Alevy, Jonathan E. 161–78
anchoring
and bid levels 4
in dichotomous choice format 3, 7–8
and open-ended questions 4, 10, 11–12
private goods 1–19
with private goods, experimental
design 4–9
and valuation 1–2, 13–14, 16
Anderson, C. and L. Putterman 114
Ariely, D. 2, 14
Arndt, J. and E. Crane 3, 15
auctions
limit price see BDM
on- and off-margin bids 28–30
online 32
random price 21–2, 23–32, 39–40, 81
sealed-bid 97–101
second price 21–2, 23–32, 38–9
SOA tasting 71
sub-optimal bidding 22, 26–7
Vickrey auction 4, 21, 23, 73, 140
Australia, Kakadu Conservation Zone 62
Baland, J. and J. Platteau 115
Bateman, Ian 1–19
Battalio, R. 41, 42–4
Bazerman, M. 164, 169, 173, 175
BDM (Becker-de Groot-Marschak)
mechanism
environmental economics test
valuation 4
incentive compatibility 8
and induced values 22, 72
instruction sheet 36–8
and market price endogeneity 23–32
public choice variant 81
WTA/WTP disparity 21
WTP for a lottery 7
Becker, G. 21, 71, 73
behavioural economics
between-subject design 162, 169
choices validity 64
closed-ended treatment 169, 171
computer programmer hiring 164, 173–4
cross-cultural effects in behaviour 143, 148, 149–50, 151–2
dual-process theory 174, 175
environmental public goods 166–73
ethical principles 162
evaluability hypothesis 173–4, 175
evaluation modes 161, 162, 163, 164–6, 169–70, 173
farmland preservation 168, 173
federal government survey on 163
and hypothetical bias 63–4
joint evaluation modes 162, 164, 165, 166–7, 170–73, 174, 175
‘more is less’ reversal 165, 166, 169–70
multiple-selves theory 174–6
neighbour dispute 164
open-ended treatment 169, 170, 175–9
plates, broken 164–5, 168, 174
preference reversals 21, 161, 162, 163, 164–5, 166, 168, 169, 173, 175
and psychology 161, 173
reference-dependent preferences 163
‘second wave’ 163
separate evaluation modes 162, 164, 166–7, 174
sportscard quality 165, 168, 174, 175
time-inconsistent preferences 163
valuation of non-marketed goods
and services 161–78
want/should dichotomy 173, 174–5
watershed restoration 168–73
within-subject design 162, 169
Bernoulli paradox 73
Bishop, R. 2, 3, 73
Bohm, P. 72
Botelho, A. 141, 148
Boxall, P. 167
Boyce, R. 21
Boyle, K. 2, 3
Brandts, J. 138
Brookshire, D. 2, 78, 81
Brown, T. 2, 3
Burlando, R. and J. Hey 138
Camerer, C. 43, 63–4, 142, 163
Cameron, T. and J. Quiggin 2
CARA (Constant Absolute Risk Aversion) 46, 49, 52
Carpenter, J. 114
Carson, Richard 61, 75, 76, 78, 81
Casari, M. and L. Luini 114
Chaikin, S. and Y. Trope 174
Cherry, T. and J. Shogren 21
Chu, Y. and R. Chu 21
Cinyabuguma, M. 114
closed-ended format 77–8, 83, 84, 86–7
behavioural economics 169, 171
competitive behaviour, CPR (Common Pool Resource) experiments 121, 122, 124, 125, 131–3
contingent valuation 20, 162, 175
credibility 61
ecosystem attributes in Clinch River Valley 167
environmental quality and moose habitat 167
Exxon Valley oil spill, Alaska 61–2
group format 81
and Hicksian consumer theory 1
and hypothetical bias 61–3, 74, 75
intrinsic uncertainty 62–3
iterative bidding format 2, 3
Kakadu Conservation Zone, Australia 62
open-ended format 2–3, 4, 7, 8, 11, 15
private goods purchase and risk 167
take-it-or-leave-it choice 3
and WTP (willingness-to-pay) 72, 162, 167
see also starting point effects; yea-saying
Cook, J. and L. Stefanski 63
Cooper, J. and J. Loomis 3
cooperative behaviour, CPR (Common Pool Resource) experiments 121, 124, 125, 131–2
cost–benefit analysis 20, 31, 74
and policy decisions 162
Coursey, D. 71, 78, 81
Cox, J. and D. Grether 21
CPR (Common Pool Resource) experiments
competitive behaviour 121, 122, 124, 125, 131–3
cooperative behaviour 121, 124, 125, 131–2
CPR Game 118–20, 122, 123, 125–7, 131
data analysis 124–33
Decomposed Game 116–18, 122, 124–5, 131–3
efficiency of 121–2, 125–6, 128
extraction effort 127–30, 131
individual behaviour 121–2, 124, 125, 131–2
parameterization 124, 130
peer enforcement in 113–36
preference measurement 116–18, 123
public goods game 114–15, 116, 120, 121, 128
rewards 114, 115, 120, 122–3, 125–6, 127–30, 131–3
sanctions 114, 115, 120, 121, 122–3, 125–6, 127–30, 131–3
welfare of others 115, 116, 120–21
Croson, R. and N. Buchan 138
Crouch, A. and K. Keniston 3
CRRA (Constant Relative Risk Aversion) 46, 49, 53, 56, 57, 58
culture, ethnicity and race 138–42
cross-cultural effects on behaviour 143, 148, 149–50, 151–2
Israeli ethnic stereotypes 140, 141, 143
and resources see resources, inter-cultural conflict over
self-segregation 155
Index

sportscard market, discrimination in 140–41
Cummings, Ronald G. 3, 20, 72, 75, 78, 81, 83, 137–60
CVM (contingent valuation methodology) see contingent valuation
Davis, D. and C. Holt 72, 143
DC (dichotomous choice) questions as alternative to bidding games 2
anchoring and yea-saying with private goods 3, 7–8
in closed-ended survey 84
in environmental economics text experiment, Sweden 4
implicit preferences 3, 10–11
and open-ended questions 4, 9, 10, 12, 15
and starting pint effects 1
synthetic data-sets 3–4
in valuation experiments 72
and WTP 2–3
Decentralized Chamberlain Market 140
Decomposed Game 116–18, 122, 124–5, 131–3
Dictator Game 116, 140
Dinar, Ariel 91–112
dual-process theory 174, 175
Eckel, C. and P. Grossman 141, 148
Egas, M. and A. Riedl 130
Elicitation effects
dichotomous choice 1–17
iterative bidding 2
open-ended format 2–17
EP (Expo-Power) function 52, 53, 54–5, 58, 61
ethnicity see culture, ethnicity and race
EUT (expected utility theory) 42, 43, 58, 64
and uncertainty see uncertain outcomes
experimental design
anchoring and yea-saying with private goods 4–9
between-subjects 51, 53, 62, 162, 169
cross-task contamination 9
human lottery choices 42–64, 71, 73
hypothetical-versus-real 43, 50, 51, 53, 58–61, 64, 72, 76
incentives 8–9, 21, 83, 96, 144, 147
inter-cultural conflict over resources 142–6
market price endogeneity 23–5
parameters and subject groups 9
sanctions and rewards effectiveness, flaws in design 130
voluntary water transfer 94–102
within-subjects 62, 162, 169
experiments
anchoring and yea-saying of private goods 1–19
closed-ended format see closed-ended format
construct validity 79–80
CPR (Common Pool Resource) see CPR (Common Pool Resource) experiments
environmental economics text, Sweden 4
goose-hunting 73
and hypothetical bias see hypothetical bias
individual-choice 72
inter-cultural conflict over resources 137–60
median-value rule 80, 83–4
open-ended format see open-ended format
outside market beliefs 78
public goods funds 78–9
real-money in stated preference survey 77, 80–90
‘real-ness’, control of 78–9
SOA tasting 71
split-sample design 4
sportscards market 140–41
student subjects 163
unobservable-outside-options problem 78–9
validity testing 163
valuation, definition and background 71–3
see also individual games
Exxon Valdez oil spill 61–2, 75
farmland preservation 168, 173
Fehr, E. 114, 120, 122
Ferraro, Paul J. 137–60
Fershtman, C. and U. Gneezy 140, 141, 142, 143
Fischbacher, U. 116, 122
Forsythe, R. 116
Fox, J. 20
free-riding incentives
public goods 3, 95, 107, 108, 114, 115, 120, 124, 129
voluntary water transfers 95, 107, 108
Frykblom, P. and J. Shogren 4, 14
Gilovich, T. 162
Grether, D. and C. Plott 161
Griffin, R. and S. Hsu 92
Güth, W. 143, 147
Hammack, J. and G. Brown 73
Hanemann, M. 3
Hanemann, W. 73
Harbaugh, W. 148
Harless, D. and C. Camerer 71
Harrison, Glenn W. 41–69, 72, 78
Henrich, J. 116, 138
Herriges, J. and J. Shogren 2
Hey, J. 71, 138
Hicksian consumer theory 1
Hofler, R. and J. List 20, 76
Holmes, T. and R. Kramer 3
Holt, C. and S. Laury 42, 45–53, 56, 58, 59, 138
Horowitz, John 70–90
Howitt, Richard E. 91–112
Hsee, C. 164–5, 168, 169, 173–4
Huffman, J. 92
human lottery choices, experimental design 42–64, 71, 73
hypothetical bias
behavioural economics implications 63–4
benefits transfer 76
budget constraint problem 79–80
calibration 76–7
‘cheap talk’ 20
choices validity 64
and contingent value surveys 61–3, 64, 74, 75
experimental design 45–58, 76–8
and hypothetical rewards 64
identifying effects of 63
noise parameter 53, 63
private goods 78
of probability outcomes 58–61
role of 74–80
spotted owl conservation 75, 76
and stated preference survey 74–7
survey design features 77
‘true cost’ incentive 75–6
over uncertain outcomes 41–69
valuation questions 77–8
Imber, D. 62
incentives, experimental design 8–9, 21, 83, 96, 144, 147
individual behaviour
auctions see auctions
and BDM see BDM
CPR (Common Pool Resource)
experiments 121–2, 124, 125, 131–2
experimental design 72
Irwin, J. 21, 72, 164, 167, 168, 173
Israeli ethnic stereotypes 140, 141, 143
Jiranyakul, R. 42–4
Johnson, M. 42, 53–8
Kagel, J. 42–4, 72, 161
Kahneman, D. 2, 58, 71, 143, 148, 162, 174
Kanninen, B. 3
Kealy, M. 2, 7
Kim, S. 137
Knetsch, J. 71, 163
Kriström, B. 3
Landry, C. 78, 79, 95
limit price auctions see BDM
List, John A. 20, 76, 81, 140, 141, 161–78
Louviere, J. 162
Lusk, Jason L. 20–40
McFadden, D. 2
McInnes, M. 42, 53–8
Magat, W. 167
Mann–Whitney test 16, 26–7, 125, 126, 132, 147, 148
market price endogeneity
Index

experimental design 23–5
experimental results 25–31
on- and off-margin bids 28–30
preference reversal anomaly 21
and value elicitation mechanisms 20–40
voluntary water transfers 102–9
Masclet, D. 114
Mastrangelo, Erin 91–112
Messick, D. and C. McClintock 116–17, 134
Morgenstern, R. 74
multiple-selves theory 174–6
Munro, Alistair 1–19
Murphy, James J. 76–7, 91–112
Nikiforakis, N. 114
Noussair, C. 22, 30, 72, 114
Offerman, T. 125
Oosterbeck, H. 138
open-ended format 77–8, 80, 83, 84
CVM (contingent valuation methodology) 2–3, 4, 7, 8, 11, 15
Orne, M. 3
Ostrom, E. 113, 118, 128
Patt, A. and R. Zeckhauser 163, 175
peer enforcement
in CPR (Common Pool Resource) experiments 113–36
see also behavioural economics
policy decisions 138, 161–2
alternatives, effects of 21
regulatory design 113–14
and resources, inter-cultural conflict over 141
and valuation 75, 76, 78–9, 162
preference measurement, CPR (Common Pool Resource) experiments 116–18, 123
reversals 21, 161, 162, 163, 164–5, 166, 168, 169, 173, 175
private goods
anchoring and yea-saying 1–19
group format 81
risk reduction in purchase of 167
valuation 168
property rights 92, 113
prospect theory 58
public goods
and behavioural economics 166–73
experiments 78–9
free-riding incentives 3, 95, 107, 108, 114, 115, 120, 124, 129
games 114–15, 116, 120, 121, 128
group format 81
and peer regulation see CPR (Common Pool Reserve)
quality and evaluation mode reversal 165
valuation 168, 169–73
value-based decisions 81–3, 85, 86
WTP (willingness-to-pay) 169, 170–71, 173
Quenouille, M. 63
race see culture, ethnicity and race
random effects model 104, 108
random price auctions 21, 21–2, 23–32, 39–40, 81
rank-dependent utility theory 58
Rassenti, Stephen J. 91–112
Ready, R. 3
real-money experiment, in stated preference survey 77, 80–90
regulatory design see policy decisions
resources, inter-cultural conflict over demographic attributes 148
discriminatory behaviour 144, 147
experimental approaches to understanding 137–60
experimental design 142–6
inter-ethnic effects 148
predicted proposer and responder behaviour 152–3
proportional representation of groups 141
and public policy 141
rational stereotyping 153–4
regression analyses 148–54
simulated societies 154–5
sportscard market 140–41
statistical versus preference-based discrimination 153–4
summary statistics 146–8
rewards, CPR (Common Pool Resource) experiments 114, 115, 120, 122–3, 125–6, 127–30, 131–3
Rhodes, Bruce 1–19
risk attitudes
CARA (Constant Absolute Risk Aversion) 46, 49, 52
CRRA (Constant Relative Risk Aversion) 46, 49, 53, 56, 57, 58
demographic information 47
EP (Exp-Power) function 52, 53, 54–5, 58, 61
human lottery choices 43–4, 73
MPL (Multiple Price List) 45–53
probability weighting of outcomes 58–61, 62
risk neutrality 47–52, 58
RRA (relative risk aversion) 52, 53, 56–8
and wealth 46, 47, 50, 52
see also uncertain outcomes
Roth, A. 72, 138, 143, 161
Rousu, Matthew 20–40
Rowe, R. 2
Rutström, E. 42, 53–8, 72
Samuelson, W. and R. Zeckhauser 71
sanctions, CPR (Common Pool Resource) experiments 114, 115, 120, 121, 122–3, 125–6, 127–30, 131–3
Schelling, T. 81, 156, 174
Schulze, W. 2
sea turtle preservation 86–7
sealed-bid auctions 97–101
second price auctions 21–2, 23–32, 38–9
Sefton, M. 114, 128
Seller, C. 2, 3
Shafir, E. 163
Shogren, J. 20, 21–2, 23, 27, 28, 29, 76, 78
Slovic, P. and S. Lichtenstein 2, 161
Smith, Vernon L. 64, 91–112
Solnick, S. 141, 148
sportscards
discrimination in market 140–41
quality 165, 168, 174, 175
Stanley, T. and U. Tran 148
Starmer, Chris V. 1–19, 58
starting point effects (SPE) 1, 2, 5, 7, 11
see also contingent valuation; yea-saying
stated preference survey
conjoint or attribute-based methods 162
contingent valuation see contingent valuation
design features 77
environmental damages valuation 162
flashlight values 82
group presentation format 81
history 73
and hypothetical bias 74–7
mean vs median willingness-to-pay 80, 83–4
real-money experiment in 77, 80–90
sea turtle preservation 86–7
wetlands preservation 84–6
willingness-to-accept format 70–71, 80–83, 86–7
willingness-to-pay format 81–3
Sugden, Robert 1–19
Sweden, environmental economics text experiment 4
Swope, K. 114
t-tests 25, 26, 43
Takatsuka, Y. 167, 173
Thaler, R. 71
Tolley, G. and L. Babcock 80
Trust Game 116
Tversky, A. and D. Kahneman 58, 162
Ultimatum Game 116, 138, 140, 142, 143, 147, 154
demographic attributes 148, 149, 150–51
gender effects 141
uncertain outcomes
alternative formulations, sensitivity to 58–61
contingent valuation surveys see contingent valuation
errors in variables 63
EUT (expected utility theory) see EUT (expected utility theory)
Exxon Valdez oil spill 61–2, 75
human lottery choices 42–58, 71
hypothetical bias over see hypothetical bias
identifying effects of 63
Kakadu Conservation Zone, Australia 62
MPL (Multiple Price List) 45–53
and preference reversal 166
prospect theory of choice 58
simulation-extrapolation approach 63
see also risk attitudes
USA
agriculture and water supply 92
California Model Water Transfer Act 94, 95
California referendum study 78
California Water Code 92
Executive Order 12291 162
federal government survey on behavioural economics 163
inter-cultural conflict over resources see resources, inter-cultural conflict over
Owen’s Valley, California 92
Palo Verde Irrigation District 92
sea turtles protection 86–7
State Water Resources Control Board (SWRCB) 92, 93
voluntary water transfers, third-party impacts see voluntary water transfers
wetlands preservation 84–6
valuation
anchoring see anchoring
behavioural economics evaluability hypothesis 173–4, 175
compensation-demanded 71, 72
contingent see contingent valuation
dichotomous choice see DC (dichotomous choice questions)
elicitation mechanisms 20–40, 71
evaluation modes 161, 162, 163, 164–6, 169–70, 173
experiments, definition and background 71–3
flashlight values 82
group format 81
homegrown values 72
and hypothetical bias see hypothetical bias
individual-choice experiments 72
induced values 72
joint evaluation modes 162, 164, 165, 166–7, 170–73, 174, 175
non-marketed goods and services 161–78
and policy decisions 75, 76, 78–9, 162
polychotomous choice 72
private goods 168
ranking exercises 72
separate evaluation modes 162, 164, 166–7, 174
survey see stated-preference survey see also experiments; willingness-to-accept; willingness-to-pay, behavioural economics
van Soest, Daan 14, 113–36
Vickrey auction 4, 21, 23, 73, 140
voluntary water transfers
compensation arbitration mechanism 96–7
constraints on 92–3
demand under-revelation 95, 107–8
and droughts 93–4, 98, 100, 105, 107, 109
experimental design 94–102
 experimental procedures 97–102
experimental results 102–9
free-riding incentive 95, 107, 108
instream flow values 93, 95, 98–9
market performance 102–9
pricing, location-specific 92–3
pricing, and market conditions 106–7
and property rights 92
random effects model 104, 108
’smart’ electronic markets 93
subsidized water consumption 95
surplus, realized 105–6
tax-and-compensate scheme 94, 95–7
tax scheme equity implications 108–9
taxing mechanism 94, 95–7, 100, 103–9
third-party impacts 91–112
third-party participation 95, 98, 102, 103–8
willingness-to-trade 95, 96, 98
Vyrastekova, Jana 113–36

Wald test 28
Walker, J. and W. Halloran 114
watershed restoration 168–73
wealth, and risk attitudes 46, 47, 50, 52
Weber, M. 92, 93
wetlands preservation 84–6
Wilcoxon rank tests 25, 26, 104, 126, 128
WTA (willingness-to-accept)
in active market environments 21
and BDM mechanism 8, 21
and benefits transfer 76
and contingent valuation 162
in inter-cultural conflict 147
private goods valuation 8–10, 12–13, 16–17
and resale value deviation 78
sea turtles protection 86–7
in stated-preference survey 70–71, 80–83, 86–7
wetlands preservation 84–6
see also yea-saying
WTP (willingness-to-pay)

BDM mechanism 71
and benefits transfer 76
Bernoulli paradox 73
collective choice 81
and contingent valuation 72, 162, 167
evaluation mode studies 164
Exxon Valdez oil spill 61–2, 75
in hypothetical valuation questions 20
mean vs median 3, 80, 83–4
private goods valuation 4–13, 15, 16–17
public good 169, 170–71, 173
stated preference survey 81–3
voluntary water transfer 95, 96, 98

yea-saying
and bid levels 4
interviewer, reaction to 14–15
and open-ended questions 4, 11, 12–13, 14–15, 17
private goods 1–19
with private goods, experimental design 4–9
and synthetic data-sets 3–4
see also contingent valuation; WTA (willingness-to-accept); WTP (willingness-to-pay)