

# Welfare Measurement - JEM127

(June 2013)

- 1. Total economic value:** describe whole components of economic value. Which valuation method can be used to derive a monetary value for each of these components
- 2. Welfare Measures for Price Changes:** why CV and EV may differ and under which conditions these two measures need not be too different; name approaches to derive EV/CV
- 3. Willingness to pay:** what do we measure by WTP and WTA indicators? Explain the reasons why WTP may differ from WTA welfare measure. When the Consumer Surplus can be good approximation of (Hicksian) welfare change?
- 4. Stated preferences:** Name all possible elicitation formats of the stated preference techniques. Which of them are incentive compatible? Incentive properties of CV formats. Theoretical validity of CVs (income elasticity, sequence/order effect, scope test)
- 5. Contingent valuation:** how to perform CV study (step-by-step); type of data; describe parametric and nonparametric approach to estimate mean WTP
- 6. Discrete Choice Experiments I:** describe the idea, DCE elicitation methods; DCE design (step-by-step); designing experimental design of the DCE
- 7. Discrete Choice Experiments II:** the econometric model; WTP estimation; heterogeneity in tastes; IIA assumption; mixed logit; latent class model
- 8. Hedonic Pricing:** idea, assumptions; hedonic price function - implicit price - welfare measure; econometric model and problems; main applications
- 9. Travel Cost Method:** description, assumptions, economic foundation; multi-site vs. single-site model; on site vs. off site recreational model
- 10. Travel Cost Method – econometric models:** Explain following characteristics of the on-site travel cost models: non-negative integers; truncation; endogenous stratification; overdispersion and resulting problem for estimation results
- 11. Health Benefit valuation:** What do we value? Welfare components of morbidity effect, How to value effect on mortality?
- 12. Cost-Benefit Analysis:** main steps in performing CBA; critics of CBA