Does Money Talk? The Effect of a Monetary Attribute on the Marginal Rate of Substitution in a Choice Experiment

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Abstract
The effect of a price attribute expressed either in positive, negative values or being excluded in a choice experiment is studied. These issues are investigated for households' marginal willingness to pay to introduction of wind power generation in southern Chile, as well as on marginal rate of substitution between different attributes or characteristics of wind farms projects. Our results indicate significant differences in marginal willingness to pay and marginal rate of substitutions when different specifications of the price vector are applied. However, based on a comparison between direct ranking of four alternative wind-farms and the implicit ranking based on the estimated model, did not result in a significant difference between the price vectors. In the end of the paper, we discuss implication of our findings for policy makers.

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