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## Contingent Valuation: Is Some Number Better than No Number?

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Most economic analyses aim at explaining market transactions. Data on transactions, or potentially collectible data on transactions, are the touchstone for recognizing interesting economic analyses. However loose the connection between a theoretical or empirical analysis and transactions, this connection is the basis of the methodology of judging the credibility and reliability of economic analyses. Generally, individuals do not purchase public goods directly. Lack of data on transactions implies that economists must find other methods to assess surveys asking for valuations of public goods.

To address this problem, we begin with a discussion of the methodology of evaluating contingent valuation surveys. While there is some experimental evidence about small payments for public goods, we work with the assumption that we do not have data on actual transactions for interesting environmental public goods to compare with survey responses of hypothetical willingness-to-pay. This situation creates the need for other standards for evaluating survey responses. Evaluation involves the credibility, bias (also referred to as reliability in the literature), and precision of responses. Credibility refers to whether survey respondents are answering the question the interviewer is trying to ask. If respondents are answering the right question, reliability refers to the size and direction of the biases that may be present in the answers. Precision refers to the variability in responses. Since precision can usually be increased by the simple expedient of increasing the sample size, we will not discuss precision further in this paper. Problems of credibility or of bias are not reduced by increases in sample size. Thus credibility and bias must be evaluated when

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