

Essay on contingent valuation is the process of determining the scientific determ...

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Part 1

Question 1

The ACE Basin is among the several undeveloped estuaries located along the Atlantic Coast in the United States. The basin occupies an area of approximately 1400km square. It signifies the natural beauty as well as commitment to preserve wetlands and marshes. Previously, there have been serious campaigns aimed at the preservation and conservation of the basin. This resource is extremely attractive for geographers who would want to experience the natural command of this resource (ACE Basin, 1996). The market value of the resource can be estimated through indication of the prices that individuals will be willing to pay upon visit to the basin.

Question two

There are three techniques that may be used in non-market valuation of the ACE Basin; contingent valuation, benefits transfer, as well as travel cost.

Benefits transfer technique is the other method that would be used in the evaluation of the ACE Basin. It is a method aimed at estimating the economic value for ecosystem services by analyzing the data already available in various studies.

Travel cost which is a set of amount of resources required to reach to the location of the ACE Basin may be used in the valuation of the resource.

Question 3

The negative element that is associated with contingent valuation is lack of accuracy since these resources are usually influenced by change in seasons.

The positive concern of the method is that it assists individuals to understand the ecosystem changes that have engulfed ACE Basin.

The main negative trait that goes with Benefits transfer technique is that the data found in previous may not be relied upon since it may have also been exposed to adverse mistakes, which may be transferred to current findings. However, previous studies may be significant in setting ample ground for comparison of various findings.

Travel cost may be challenged through lack of uniformity for various visitors in terms of cost they may incur on their way to the ACE Basin. However, travel cost may be useful for individuals from the same location willing to visit the basin in future.

Question 4

In this case, the best valuation technique is Benefits transfer technique. This technique contains various findings from different researchers giving an ample platform for comparison to find the most outstanding and reliable value of the Basin.

Part 2

Question one

Potential Pareto Improvements refers to possible changes that may be made on an object or element to make it better than any other object. However, it goes against the principle of elimination where one object may be eliminated completely to pave way for the success of the other. The term improvement may indicate that even the case of making one object better off while others become worse off is extremely possible. In any competition there must be a

winner as well as a loser. Therefore, one individual's success may mean failure for the other individual. In most situations, winners win extensively while losers lose in an exaggerative manner.

For example, opening of a market to international trade exposes the parties involved as either winners or losers. Either the producer wins and the consumer loses or the consumer wins while the producer loses.

Question two

Equal standing principle refers to a situation where two sides of a matter should be having equal weight. This means there is no side should be favored as the other is undermined. If there are negative or positive traits to be defined both sides should be treated with equal urgency.

Opportunity cost principle defines that there must be cost incurred following a choice where the best option is forgone. This means there exist one element that is superior to the other.

In this case, opportunity cost is the most preferable. One of the reasons why it is most preferable is because there are no two elements that can be exactly equal. Second, the superiority of one element will always outshine the weakness of the other element. Analysts must be ready to execute the differences that may exist in various elements.

References

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