

Discussant Comments on:

Use of Benefits Transfer in Regulatory Analysis

by

Jim Laity OMB

1.) *“Benefit quantification needs to illuminate, not obscure.”*

Question : Does this always require absolute (\$\$\$) benefit estimates ?

Answer: Sometimes **NO**... but where the answer is **YES**, we need :

- 1) Somebody’s estimate of absolute (\$) values, typically average values; and
- 2) A BT framework for determining by how much target values are above and below average.

2.) *“BT is use of valuation information from one set of goods, services, or amenities to estimate value of another set of goods, services, or amenities”*

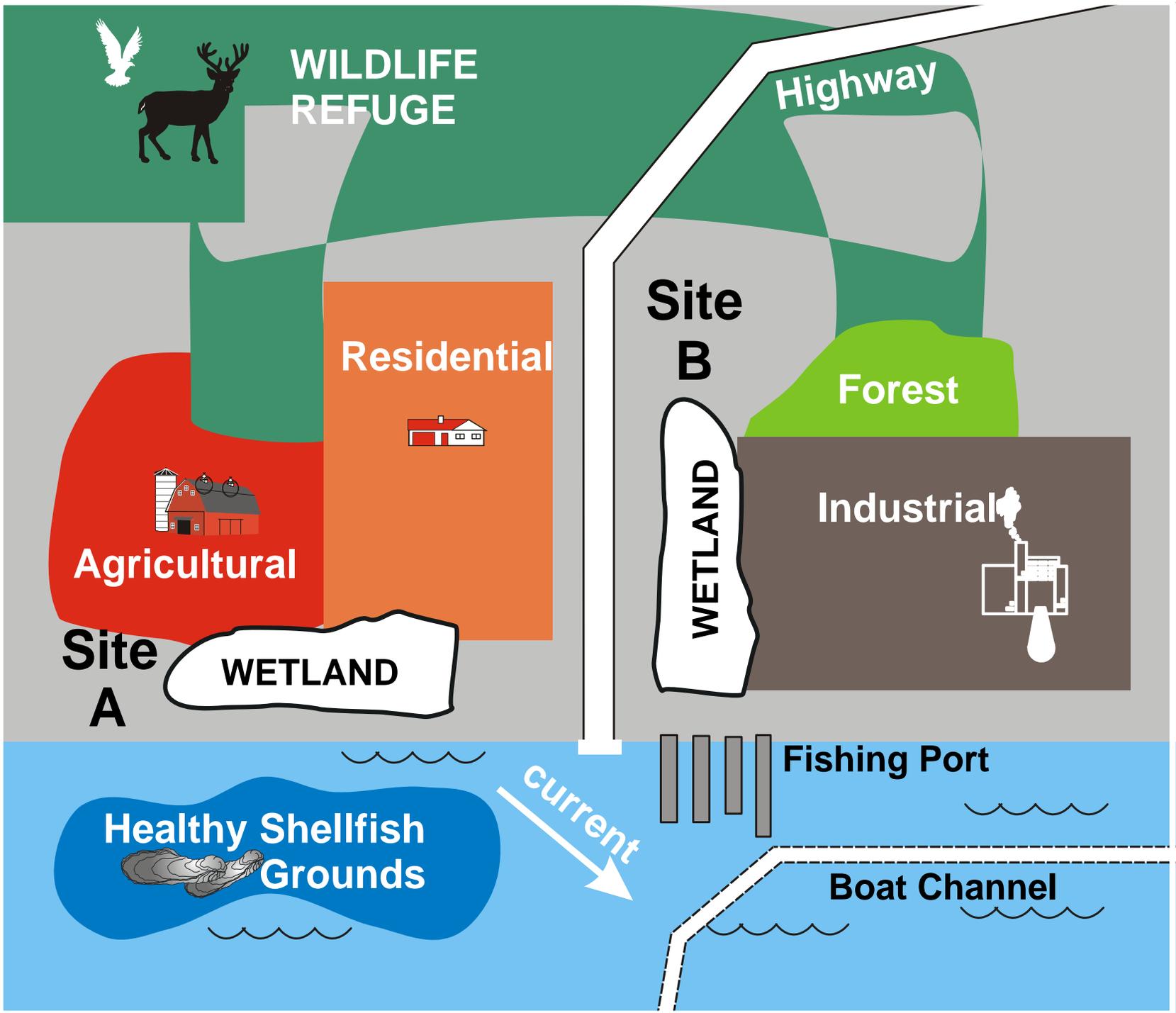
Question: Isn’t it sometimes easier and more useful to compare assets (e.g., wetlands) based on their capacities to provide goods, services, or amenities ?

Answer: I’d say yes. We can sometimes dispense with valuing services altogether .

3.) *“Consider market value of Rolex v Timex & Omnimedia stock in 2002 v 2004”*

Question: Is there a difference between measuring \$ value of a product and estimating \$ value of an asset?

Answer: Yes , maybe we need an Environmental Asset *“Value-line”* or *“Morningstar”*



Benefits Transfer: It's Time for a Peer-Reviewed, Dedicated Journal

By

John Hoehn, Michigan State University

Q: “*Are monetized benefits essential to good decision-making ?*”

A: My view, a reluctant **yes**...but we need to pounce hard on ecovaluation jokers

Q: “*What is the appropriate domain of BT ?*”

A: Clearly we need “preference-based” (WTP & WTA) oriented BT

BUT WE ALSO NEED

BT based on production function/asset valuation concepts.

Q: “**What was results of meta-analysis... of wetland values ?**”

A: My view ? Preference-based surveys should be limited to services. I care about how a short-order cook in NJ ranks wetland services.... but ***I don't care what this guy thinks*** about the types, locations, or attributes of wetlands.

Alternatives to Benefit Transfer: Broadening the Concept of Valuation

by

Clive Spash, University of Aberdeen, Scotland

Clive's Basic Point (?):

1) *If BT is done by economists and is done poorly it focuses on a narrow concept of “value” that is unacceptable to non-economists.*

2) *If BT is done by economists (or anyone else) and is done well, it should include “sensitivity analysis” which makes BT start to look like “multicriteria analysis.” This is good... but makes everything much more complicated than typical economic analysis can handle !*

My basic comment

I agree BUT...this isn't typical economic analysis

Characterizing the site & landscape conditions that generate environmental services and people's preferences for them is a valid way to prioritize, trade, and assign relative values to many environmental assets.

If someone has credible absolute \$\$\$ benefit estimates to allocate using relative value indicators or some other BT method ...BRING EM ON !