1. Which of the following (a-c) is **not** an example of nonuse value?
   a. The value of a river to a recreational fisherman who practices catch-and-release fishing.
   b. The value of a forest to a birdwatcher.
   c. The value of dolphins to commercial fishermen, who don’t harvest the dolphins but use the dolphins to locate fish that they do catch.
   d. all of the above (a-c) are examples of nonuse value
   e. none of the above (a-c) are examples of nonuse value.

2. Complete this sentence.
   The hedonic property value approach can be used to place a value on pollution damages in an urban setting because ______
   a. holding all else equal, property values tend to be lower in polluted neighborhoods.
   b. people tend to be hedonistic.
   c. pollution makes the workplace riskier so workers in urban areas must be paid a higher wage.
   d. pollution makes people wash their homes more often, which is an expensive activity.
   e. hedonic property values are typically used by real estate appraisers.

3. Identify the **best** ending of this definition
   Economic valuation of an environmental service is …
   a. the set of accounting principles for economic activities that are derived from the environmental service.
   b. the process of estimating the amount that members of society would be willing to pay for the environmental service.
   c. the process of determining the value of the jobs that rely on the environmental service.
   d. the assessment of the moral and ethical values that people place on the environmental service.
   e. the process by which the ex ante value of an environmental service is estimated using the contingent valuation method.
4. Which of the following (a-d) **is not** a correct statement about the contingent valuation method (CVM)? If a-d are all correct, choose e.

a. CVM studies are relatively straightforward since they directly ask respondents about their willingness to pay.
b. Because CVM studies use surveys to estimate the values that people place on environmental services, it is called a **revealed preference** method.
c. CVM studies have been criticized because of the potential for bias.
d. The name contingent valuation comes from the idea that the method involves a hypothetical market and then considers a respondents willingness to pay **contingent** on the existence of that market.
e. All of the statements are correct

5. Suppose researchers carried out a study to estimate the cost imposed on rural residents because of contamination of their water wells. The researchers estimated that because of the contamination, households spent $320,000 extra on bottled water, which is expensive to them because they live far from the nearest store. This study is an example of ____

   a. the contingent valuation method.
   b. the travel cost method
   c. the hedonic property value approach.
   d. the hedonic wage approach.
   e. the averting or defensive expenditures approach.

6. Which of the following is the best description of the preferred economic approach to place a value on environmental improvements that could save people’s lives.

   a. The economic approach finds out how much people are willing to pay to reduce the probability of death by a small proportion, and then uses that value to estimate the environmental change considered.
   b. The economic approach calculates the expected lifetime earnings of an individual and then, using that figure, calculates the value of keeping a person alive.
   c. The economic approach calculates the costs of medical treatment and burial of a person. Since that money would be saved with the environmental improvement, those values are used to calculate the value of the environmental improvement.
   d. There is no correct economic approach to valuing lives since such a practice is ethically indefensible.
   e. none of the above are correct.