

The influence of individuals in forming collective household preferences for water quality.

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Abstract

Preferences for water quality and its nonmarket valuation, are of growing interest in a world where supply is increasingly problematic. Measures of preference and value can be used to inform the development of policy regarding pricing and longer term supply strategies. Tap water quality is a household concern. The objective status quo varies between households and not between individuals within households, while charges are levied on households not individuals. However, individual preferences differ from collective preferences. In households where there are two adults, we examine the preferences of each separately and then as a couple in collective decisions. We show the level and nature of influence each has in developing a picture of the collective process. Like others before us we use discrete choice experiments to measure preferences and model the heterogeneity across three experiments; the women, the men and joint. We propose a random utility model which decomposes the error structure in the utility of alternatives so as to identify the individual influence in collective decisions. This approach to choice data analysis is new to environmental economics.