

MICHAEL HANEMANN

European Lifetime Achievement Award in Environmental Economics, 2008

Excellence in our field comes in many forms, which include the following: publishing an article that, forever and a day, from Aberdeen to Zaragoza, is cited by researchers as the starting point for almost all further work in the field; straddling the interface between theory and evidence, such that the former is enriched, decisions are improved, and the credibility of our profession with key policy audiences is enhanced – the intellectual garment is not just woven, it is customised and put to good service; helps enhance and embed the reputation of resource and environmental economics in the field of economics; challenge the status quo, the received wisdom and change the terms of the intellectual and the policy debate; connect with different and disparate audiences and impress all with the originality, relevance and intellectual rigour of one's contribution; publish widely, fitting the contribution, its style and context from the most prestigious to the more mundane. Michael Hanemann has done all of these and more. A few illustrations:

Definitive Article

No PhD student commencing to address willingness to pay and willingness to accept can avoid citing:

. Hanemann, W. Michael. "Willingness to Pay and Willingness to Accept: How Much Can They Differ?" <i>American Economic Review</i> , Vol. 81, Number 3 (1991), pp. 635-647.
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If forever sets the intellectual stage in this field.

The Interface between theory and evidence.

His work constantly interacts between theory and evidence, to the benefit of both. He shares Richard Feynman's (Nobel Prize winning physicist) view

It doesn't matter how beautiful your guess is or how smart you are or what your name is. If your idea disagrees with experience it's wrong. That's all there is to it.

He broadened the theory and modified the conventional analysis of revealed preference, to allow for the context dependence of actual behaviour, and hugely enriched our understanding as to how to use water prices to achieve economic and environmental objectives. Examples include:

Hanemann, W. Michael. "Valuing the Environment Through Contingent Valuation." <i>Journal of Economic Perspectives</i> , Vol. 8, No. 4 (Fall, 1994), pp. 19-43.
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Hewitt, Julie A., and W. Michael Hanemann. "A Discrete/Continuous Choice Model of Demand Under Block Rate Pricing." <i>Land Economics</i> , Vol. 71, No. 2 (May, 1995), pp. 173-192.
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Embedding the reputation in the wider economics field.

He has done this by publishing in leading journals such as the *American Economic Review*, *Econometrica*, *Review of Economics and Statistics*, and *Journal of Economic Perspectives* and by interacting with the wider profession on many stages.

Challenging the status quo

He has done this in all the fields with which he has engaged, including revealed preference and welfare measurement, irreversibility, and the economics of water. A notable example has been contribution to the economics of climate change, where he was an early leader in focusing on impacts on stocks of capital - physical, human and natural resources – rather than flows. He challenges the findings of Nordhaus and others that the impacts of climate change on agriculture in California are likely to be minor, based on the idea that rainfall in an irrigated area is a valid measure of water supply. He demonstrates that dryland and irrigated areas need to be separated analytically because irrigation depends on water supply from distant watersheds. By reconfiguring the analysis to reflect this reality, he finds that the damage of climate change to farming in California amounts to a substantial loss.

Schlenker, W., W. M. Hanemann and A. C. Fisher. "Will U.S: Agriculture Really Benefit from Global Warming? Accounting for Irrigation in the Hedonic Approach", *American Economic Review* (March 2005) 395-406

Schlenker, W., W. M. Hanemann and A. C. Fisher., "Water Availability, Degree Days and the Potential Impact of Climate Change on Irrigated Agriculture", *Climatic Change* (2007)

Connecting with disparate audiences

He has made a signal contribution to the rational and efficient and environmentally effective use of water in a variety of arenas. For the European Commission, he advised against support a major water diversion project in Spain, which was subsequently dropped. He made important contributions to the shaping of climate change policy in California. He has a lawyerly ability to sum up and assess evidence, a skill that has been very useful in both his scholarly work, and his engagement with the sometimes litigious policy process, notably in regard to water and climate change policy.

Publishing widely

In addition to those journals cited earlier, he as contributed more than once, and sometimes many times, to the following journals:

American Journal of Agricultural Economics, Environmental and Resource Economics, Journal of Environmental Economics and Management, Natural Resources Journal, Review of Environmental Economics and Policy and a huge range of books and monographs, National Academy of Science reports and the like.

On the critic Edmund Wilson, Gore Vidal wrote that *To the end of a long life, he kept on making the only thing he thought worth making: sense*. Michael Hanemann's scholarly life is far from over, but he has made sense in the finest sense throughout his career, thereby adorning our profession.

Frank Convery

Chairman of the Prize Selection Committee