Foreword

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Understanding preferences for environmental quality is an important component of environmental economics and is increasingly important for policy makers. Credible assessment of peoples' values for environmental quality is required to address some of the key issues affecting our time. Understanding the impacts of climate change, for example, requires accurate assessments of how people respond to changes in climate and how they value such changes. Policy responses to climate change also require information on preferences and demand. The Millennium Ecosystem Assessment highlighted the importance of ecosystem goods and services to the global economic system. Understanding the value of ecosystem goods and services and integrating this information into policy development continues to be an important global challenge. This volume contributes significantly to these issues of environmental valuation and policy development within Europe.

The title of this book suggests that the volume is focused on a preference elicitation method, choice experiments, as a mechanism for informing environmental policy. While the book does provide a large number of examples of choice experiments and illustrates how the information from these cases is used in policy development, the book is much broader than this. It provides an assessment of the literature on environmental valuation in Europe. It outlines some of the key environmental policy issues facing European countries and provides information on preferences and values associated with policy options. It also provides a set of state of the art examples of preference elicitation and analysis. This volume will be of interest to a variety of audiences. The book provides insights that will be useful to policy makers interested in understanding the public's preferences for environmental quality and it will be useful to academics and graduate students interested in cutting edge applications of stated preference methods.

While each chapter provides an interesting case study, what is notable is the diversity and range of the presentations in the book. There is variation in the types of environmental goods examined: in the econometric methods

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employed; in the choice sets presented to respondents; and in the way the results are integrated into policy analysis. The book has its cornerstone in an outstanding review of valuation studies in Europe. This chapter provides a basis for the field in Europe and will be excellent reading for students and practitioners in the field. All of the studies collect primary data. This is very laudable given the lack of primary data in the area of environmental valuation. These data will undoubtedly be rich sources of information for time to come. Finally the chapters often provide more detail than one would find in a journal paper. This additional detail will be useful to readers and to individuals designing future studies.

Choice experiments as a mechanism for evaluating preferences for environmental quality began to appear in the environmental economics literature in the 1990s (earlier in the geography literature – but these placed little emphasis on the valuation aspects). The early applications used relatively simple experimental designs and econometric methods. This volume reflects the advances that have been made in the field since then. There is considerable sophistication in experimental design, in presentation, and notably in econometric analysis. Of particular note is the emphasis on heterogeneity of preferences, something that our early studies in the 1990s ignored (or simply could not incorporate because of the limitations of econometric tools). An understanding of heterogeneity is important for policy analysis. An assessment of who will benefit or lose, or the distribution of benefits, is often at least as important as how much the benefit or loss will be. The importance of heterogeneity is clearly identified in the studies in this volume.

While the chapters in this book reflect technical advances in the literature, what is probably most important is the creativity that is reflected in the papers. Readers of this volume will notice how researchers have taken innovative approaches in framing the issues, presenting tradeoffs or analyzing data. It is this creativity that is a key contribution to the literature. The choice experiments of the 1990s were simple tables and the analysis was relatively standard evaluation of main attribute effects. These experiments include visual aids, the welfare measures include analysis of scenarios and incorporate heterogeneity, and at times multiple methods are used to identify different components of value. In many cases psychometric or other preference information is used to triangulate with the choice experiment data. The range of issues examined also reflects considerable creativity – topics include flood control, forest conservation, noise reduction, land use and recreation.

In conclusion, this volume provides a creative set of studies of preferences for environmental quality in Europe. The range of methods and applications is very impressive, as is the background and context provided.

What remains to be seen, for these studies and for many analyses of environmental values, is how they will be used in policy development. Casual observation suggests that there is increasing use of environmental valuation research in policy analysis and development. A goal of this volume and other works in this area is to move to improved integration of environmental valuation into policy. The chapters in this volume will certainly help illustrate the role that choice experiments and environmental valuation can play in informing policy.