

Preface

As its title suggests, this book is about benefit transfer, particularly as applied to environmental and natural resource decisions. Benefit transfer uses economic study results from one situation and extrapolates them to another similar situation. It is the only means to provide empirical economic information, such as estimates of benefits or costs, when primary studies are not available, considered infeasible or simply too expensive. Without benefit transfer, the value of many environmental goods and services would remain unacknowledged (or at least unquantified) in decision-making processes, leading to decisions based on incomplete information. Among its many uses, benefit transfer is a virtually indispensable—and some have argued nearly universal—component of large-scale cost–benefit analysis.

Primary studies are generally viewed by academics (and the journals in which they publish) as being a more accurate way to inform decisions. Benefit transfer is a second-best solution used when constraints on time, funding, analytical methods, or data prevent the use of primary studies to provide needed information. Yet benefit transfer also prolongs and magnifies the impact of primary economic research, extending the relevance of primary studies beyond the original setting and time frame in which they were conducted. Many valuation studies that were largely irrelevant to (or not intended to influence) real-world decisions when first published can be given new life and relevance when used as a basis for subsequent benefit transfer. Hence, benefit transfer not only provides policy makers with the pragmatic tools to conduct detailed analysis of policies and decisions; it also improves the returns on investment in primary valuation studies. In this way, it helps us understand the value of information used to inform decisions, along with tradeoffs between the accuracy and cost of this information.

For these and other reasons, the relevance of benefit transfer is indisputable. It is the valuation technique most commonly applied to inform policy and other decisions. Yet benefit transfer is also among the most misunderstood approaches in policy analysis. There is a frequent divergence between the increasingly sophisticated transfer methods recommended by the scientific literature and the often simple approaches used to inform decisions, support advocacy, and calculate values within off-the-shelf decision support tools. In some cases simpler methods are

justified. More complex approaches do not always generate more accurate results, and in some cases there may be insufficient time, resources, or expertise to support more sophisticated transfer methods. Yet the widespread use of the least-rigorous (and generally least accurate) transfer methods may also promulgate similarly widespread misunderstanding of environmental and resource values. Challenges in the application of more sophisticated transfer approaches are further increased by the size, complexity, and relative disorganization of the benefit transfer literature—much of which is not designed to directly support policy application. There are also disagreements within the academic literature—for example with regard to the relative importance of theoretical versus empirical factors when evaluating transfer methods.

Recognizing the critical importance of benefit transfer and the breadth of associated scholarly and policy work, this book has been designed to provide a comprehensive review of transfer methods, issues, and challenges, covering topics relevant to both researchers and practitioners across different continents. Among the primary themes of the book is the availability of a range of rigorous transfer methods suitable for broad application, choices between these methods, and implications of these choices for transfer validity and reliability (or accuracy). We target a wide audience, including undergraduate and graduate students, practitioners in economics and other disciplines looking for a one-stop handbook covering benefit transfer topics, and others who wish to apply or evaluate benefit transfer methods. Early chapters provide accessible introductory and “how to” materials suitable for those with little economic training. These chapters also detail how benefit transfer is used within the policy process. Later chapters cover intermediate and advanced topics better suited to valuation researchers, graduate students, and those with similar knowledge of economic and statistical theory, concepts, and methods. While no single volume can provide all relevant information on a topic, our intent is for this book to provide the most complete coverage of benefit transfer methods available in a single location.

The motivation for this book arose through many hours of discussion with academics, policy-makers and others regarding the need for broadly accessible guidance for those seeking to use or evaluate benefit transfers. It is our sincere hope that this book will both advance the practice of benefit transfer worldwide and spur future research to improve it.

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<http://www.springer.com/978-94-017-9929-4>

Benefit Transfer of Environmental and Resource Values
A Guide for Researchers and Practitioners

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(Eds.)

2015, XXIII, 582 p. 44 illus., 14 illus. in color., Hardcover
ISBN: 978-94-017-9929-4