

Proceedings of the 1991 Countryside Recreation Conference

Organised by the

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UMIST, Manchester, 25 – 27 September

OUR PRICELESS COUNTRYSIDE
Should it be Priced?

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Introduction

The publication of the *Pearce Report*¹ generated wide discussion among all those involved in environmental issues. CRRAG felt that it was timely to run a conference in 1991 that concentrated on the application of environmental economics to countryside recreation. How useful would these ideas be to the management of recreation?

The aim of the conference was to investigate the various means of putting a price on the countryside. The argument was taken to its logical conclusion: if you price it, can you and should you charge for it?

The conference provided a forum where these issues could be discussed. Delegates spent some time in plenary sessions listening to speakers who introduced many ideas and questions. The smaller workshop groups gave the delegates a chance to discuss specific subjects in more detail. The informal fringe events, organised by delegates, proved very successful with sessions offered on:

- Forestry Policy in the 21st Century: do we need one?
(David Henderson-Howat, Forestry Commission).
- Countryside Interpretation: what is it, who should pay for it and can you make money out of it?
(Graham Barrow, Centre for Environmental Interpretation).
- Bridging the Conservation Cost Gap: who coughs up? Environmental costs for landowners are high, economic returns low.
(Richard Williamson, Buccleuch Estates Countryside Service).
- Counting People: how do you do it?
(Tim Herbert, British Waterways).
- Is Discounting Sustainable? Stuffing the future with finesse.
(Colin Price, University College of North Wales).
- Charging for Visitor Services: how much and for what?
(Judy Adams, Lee Valley Park).
- Why are Orienteers in a Higher Socio-economic Bracket than *Times* Readers? How should they pay?
(Brian Parker, British Orienteering Federation).
- Is Scotland Different? How should the concepts of environmental economics be applied in the Scottish context?
(Susan Masson, Rothiemurchus Estate).
- What Value does Archaeology have as a Recreational Asset?
(Lesley Macinnes, Historic Scotland).
- What Psychological Needs does Countryside Recreation Meet? Are they the same for all social groups?
(Simon Hughes, West Glamorgan County Council).

This report follows the format of the conference, reporting in full on the plenary sessions and giving brief outlines of the workshops.

Notes and References

1. Pearce, DW, Markandya, A and Barbier, E (1989) **Blueprint for a Green Economy**, Earthscan, London.

Our Priceless Countryside

Ron Edwards

Regional Board Member, National Rivers Authority and
Chairman, National Parks Review Panel

Thank you for inviting me to speak at your conference. At the outset I must admit to total ignorance of the subject of countryside recreation for if I do not reveal my ignorance now it will be evident before very long. In consequence I feel my talk should be entitled 'Has anyone got a crystal ball I can borrow?'.

My talk has none of the currency which impregnates your conference this year. I feel sure that when you leave this conference you will retain a healthy scepticism and not be like Oscar Wilde's subject who knew the price of everything and the value of nothing. It is a great pity that our society seems only to value that on which it can put a price - arbitrary though that price may be. However, I am told that learning to use market economics is the price that we must pay for demonstrating to those in power that our environment is priceless.

Before I leave the subject of environmental economics I want to draw to your attention two books, *Blueprint for a Green Economy*¹ and *Blueprint 2*² by David Pearce and his group. I must say that the first one left me with some residual anxieties as an ecologist. I am sure that when I read the second on my way to London tomorrow I shall have further concerns. Those anxieties were exposed very much by John Bowers' account in *Economics of the Environment, The Conservationist's Approach*³. I found it refreshing that there were economists who could have the same thought processes and the same criticisms about this form of environmental evaluation as I have. If you have not read that report by John Bowers I can thoroughly recommend it.

But enough of environmental economics. What I want to do is to look at the words 'countryside recreation' and explore in turn:

1. our changing relationships with the countryside; and
2. the possible future changes in recreational activities and their management in that countryside.

In 1965 Michael Dower explored the impact of leisure in the countryside in his essay for the Civic Trust - *The Fourth Wave*⁴. I like the analogy of waves, which I find descriptive of the migrations of people away from and to the countryside over the past 200 years or so, and those movements which are gaining strength today.

The first wave occurred in the late 18th and 19th centuries when the industrial revolution transformed Britain from being a rural society to one where most people lived in cities.

When Victoria came to the throne, most people in Britain were country dwellers, and when she died, less than a quarter lived in the countryside. This drift of rural workers left the squires to their country pursuits of hunting, shooting and fishing. I hesitate to call them leisure pursuits because it was the nearest they ever got to any work.

Lesser mortals also had their indulgences, but sparingly rationed, for there were village inns, annual village fetes and country fairs, not to mention the communal penny readings on winter evenings – as well as poaching expeditions, but those, bearing in mind the severe penalties, were born of necessity rather than pleasure.

But I wonder how many would have agreed with the Reverend Sidney Smith who in 1838 wrote, “I have no relish for the countryside: it is a kind of healthy grave”. Alas, not so healthy during the typhoid and cholera epidemics which were no respecter of rural communities.

But Joseph Arch, the agricultural trades union leader, clearly felt that it had grave like qualities for he said that the village lad had only two kinds of recreation open to him. “He could take his choice between lounging and boozing in the public house, or playing bowls in the bowling alley.”

In a sense, that wave to the cities has continued as a ripple ever since the 19th century. It has carried a number of enterprising young people – particularly young men in the early years – where there was both push and pull, of agricultural depression drawing them to the cities and also the excitement of a whole range of opportunities and facilities which the countryside never really offered. In recent times it has not been a unisex migration; it has been one that has also involved young women. Many of the most enterprising young people in the countryside have made that move. Since the war, there has been the natural bridge of tertiary education which has taken young people from the countryside to the cities for training and many of them have remained there.

But of course, amongst the very rich, there has always been the opportunity to get the very best of both worlds – the country estate and the town house in London for the season. This model – the town house (not in London but wherever brass could be made) and the country estate, became the aspiration of almost every rich industrialist. This was the **second wave** – a reverse flow to the countryside from the cities where they made their money. It was a trickle in numerical terms but led nevertheless to a flush of new estates in the later decades of the 19th century, and to a flush of new peerages and baronetcies as well. Despite the trickle, it had an important impact on social attitudes and goals which is strongly felt today. Indeed, one might regard it as ‘Paradise Regained’ Mark I.

For those who could not quite afford the country estate, at least the country tour was fashionable and had been since the beginning of the 19th century. To some degree this was linked to the notion of the ‘picturesque’ – the admiration of landscape which could be put into a picture, and a movement which started with the Reverend William Gilpin in the late 18th century with his very successful book *Observations on the River Wye*⁵.

This book led to several others in the same genre which reinforced the emergence of British landscape painting by artists such as Wilson and later by Turner and Constable. The countryside was only one of the attractions of course and it had to compete with the

fashionable spas and the strong lure of the seaside which was sponsored and promoted by the Hanoverian Royals, George III at Weymouth and, more spectacularly, the Prince of Wales, later George IV, at Brighton.

The **third wave**, for me, is the one that has occurred since the second world war, and particularly since the 1960s with more leisure time, more wealth and more mobility – the city dweller taking his countryside holiday and his day trip. This wave has been analysed in detail – who the visitors are, where they go and what they do. A good description can be found in the book *Recreation and Resources, Leisure Patterns and Leisure Places* by Allan Patmore⁶. There are also many other extremely good accounts of this third wave.

We are told that about 14 million people leave our cities and towns for the countryside on a typical summer Sunday, but that the underprivileged inner city dweller has not shared to any great degree in this exodus, whether through lack of opportunity or lack of desire still seems a source of discussion.

Some middle class commentators find the recreational preferences of the gregarious working class city dwellers rather curious, for just as they enjoy the packed beaches of the Costa Brava, so they find similar comfort unfolding their chairs and picnic hampers in car parks and lining the verges of trunk roads, gazing at the countryside like some soporific television programme.

However, I am told that there are signs and indications that this timidity is showing some decline and that more and more visitors are taking walks away from these tarmac strips which give them some kind of urban reassurance. There can be no doubt that some city dwellers still find the countryside threatening. To my mother, a city dweller all her life, that most placid of animals, the cow, still elicits a flight response.

But as this third wave has gathered pace, so there has been a **fourth wave**, that of the emigrant from the city, taking a home in the countryside, either for keeps or at least along the lines of the 19th century industrialist who had a foot in both camps. In the vanguard were the retired who sold their semis and moved either to the sea or countryside to pass the rest of their lives in comparative contentment. Most, of course, chose the seaside for the climate, topography, better transport and medical services. Nevertheless, many moved to rural villages and small towns.

Next to move were the commuters of south east England who abandoned the London conurbation for cheaper housing and a better environment, despite the indescribable journeys to urban workplaces which this entailed. These centrifugal forces have operated on many cities but they have been driven more by a desire for a better environment than for cheaper living. The vacuum of the inner city areas continues to draw socially deprived and ethnic minority people. These two groups are very strongly linked.

Then there are those rural part timers with second homes, either through timeshare, chalet or static caravan, or for the more wealthy, through more substantial dwellings which are often viewed as retirement homes in the making.

This fourth wave, which might be regarded as 'Paradise Regained' Mark II, has been far more profound in its impact on the countryside than the day tripper and the holiday maker.

No longer is the countryside populated by those dependent on the traditional agricultural economy, or even on tourism. Put another way, the connection between the rural economy and agriculture is becoming ever weaker. In some settlements in England and Wales, the truly rural workers, and the service workers who support them, now constitute the minority, and in some villages most houses have become second homes or they belong to elderly immigrants.

However, I believe there is a **fifth wave**, 'Paradise Regained' Mark III, which is gathering strength and which will reinforce its predecessor in its impact on the countryside and the rural economy. This is the emigration of traditional city work to the countryside. Of course, the practice of establishing new towns in the countryside, with their commercial and industrial areas, is long established; there are dozens of 'Newtowns' in my gazetteer. In this century, garden cities were built in the early decades and many post war towns such as Stevenage, Telford and Milton Keynes, have decanted city surpluses and the jobs to go with them, into the countryside. But we are now told that within the next 20 years or so another three million homes will be built, equivalent to 15% of our current housing stock, and equal to the total number of houses now in London.

Commerce and the new industries are no longer locked into the big conurbations. So how many of these new homes will be built where people increasingly want to live - in the countryside - if the work goes with them? To what extent, in the reign of Charles III, will the Victorian switch from the rural to the urban areas have been reversed? I realise of course that the dramatic switch in Victorian times was spurred on largely by population growth, a process that we do not have today. Nevertheless I believe that this switch to our countryside will be very significant.

The infiltration of city work into the countryside is not solely dependent on major construction programmes of new homes and new factory estates. The telecottage, using the computer and telephone to do work and transmit it, has become a reality. Already there are whole villages being designed with communal telecottages in mind. The pace of change in Britain has been slow but research in 1988 by the Confederation of British Industry and British Telecom⁷ suggested that seven million full time employees were already engaged in work which could potentially be undertaken, at least partially, from home, and that by the mid 1990s that number would increase to 15 million people - half the working population of Britain.

Potentially this changing pattern of work and of preferred lifestyle, could take us back some way towards pre-industrial days when we were a nation of country people, but to a countryside which will be transformed - growing food, yes, but providing leisure and living space for the many millions living there but not directly dependent on agriculture for their livelihoods, as well as providing leisure space for the city dweller on a trip or holiday in the countryside.

The people in this fifth wave will be very different in character from those that preceded them - the tired, retired person; the commuter, ravaged and spent after a week rushing up to the city. These people will be, on the whole, young, professional and managerial classes, demanding on the facilities which are offered to them but, at the same time, contributing enormously to the countryside and its management. I have been around several of our countryside institutions over the past year and a half and have seen the dominant role that

farmers have played in local authority affairs, reflecting both the traditional importance of farming in the rural economy and their self employed status. I believe that this new invasion of the countryside will invigorate local authorities with young people with rather different ideas, and with time available through working in their own houses in flexitime conditions. I believe that potentially the countryside could be transformed by this last invasion of work to the countryside.

But other forces will be changing the countryside too, those of reducing crop yields to match demand, either by using less land or by reducing productivity. It has been suggested that 20% of agricultural land could be released for other purposes – a trade off of food for recreation? Perhaps the rash of golf course applications is one of the earliest manifestations of this particular change.

If we have this invasion of the countryside by a young workforce, managerial and expert, there will be many problems of adjustment. Last week I spent a day at Chatsworth looking at the various initiatives for which that very enterprising estate is responsible. I was told about the adjustments which urban people need to make when they come to the countryside. Some seem to be unaware that the countryside actually generates smells, and noise at the most inconvenient time, dawn. They seem to be unaware that cows, on their journey to milking, sometimes defaecate on the road. There is an educative adjustment to countryside ways that needs to be made.

Before speculating on future changes to recreation I should like to comment on two issues:

1. the explosion in the different varieties of recreational activities now widely available;
2. the difference in the dependency of those activities on the countryside.

Tom Lehrer wrote and sang a song many years ago about the chemical elements, which demonstrated not only his oral dexterity but also the seemingly endless list of chemical units. A song based on a list of contemporary recreational activities would be even more demanding and lengthy. The internal combustion engine and the wind have both been harnessed to produce the most extraordinary array of contraptions in the air, on land and in the water. I am sure that man's ingenuity is not yet exhausted. Despite this array, however, most countryside recreation is still performed on two feet with muscle power.

The countryside is home to these many activities which may be classified in the following ways:

- adventitiously, merely because people are there (eg, football, badminton) but where the countryside does not enhance the pleasure;
- because they need open spaces and the facilities which the countryside provides (eg, hang gliding, hunting);
- where the quality of experience is enhanced by being in a rural setting (eg, walking, cycling).

I find these distinctions provide a useful classification of activities, and coupled with an assessment of the disturbance and damage that these recreations cause, either generally or to other recreational activities, they form a useful basis on which to assess the desirability of their regulation or promotion within the countryside.

Figure 1 is an attempt at such a classification for a small selection of recreations and it is evident that different recreations have very different performance profiles. Problems arise particularly with those activities which, whilst needing the facilities which the countryside provides, cause substantial disturbance and damage. These are mostly the noisy sports such as trail biking and power boating, the location of which needs to be carefully determined. In Llangorse Lake in South Wales which is used for a variety of activities, power boating and water skiing are almost certainly implicated in the botanical and ornithological decline of the lake, are a menace to other water users, particularly wind surfers, dinghy sailors and fishermen, and are a general disturbance to the area.

Difficult neighbours	Countryside added value	Need countryside	
	+	+	Walking
	+	+	Pick your own fruit
+	+	+	Hang gliding
+		+	Trail biking
+		+	Power boating
+	+	+	Fishing
+	+	+	Canoeing
+	+	+	Horse riding
+	+	+	Hunting
	+	+	Bird watching
+		+	Motor rallying

Fig 1. Classification scheme for attributes of a selection of countryside recreations
 (+ + + = high; blank = low)

There is another category of recreation which is becoming increasingly disturbing to many people, especially immigrants to the countryside. I refer to the traditional blood sports, particularly hunting and some types of shooting. Whether this social opprobrium will gain strength is difficult to predict but there are no signs that it is diminishing. There is currently much comment, particularly associated with the Labour Party's intention, if elected to form a government, to have an open vote on the control of fox and stag hunting. There is also a European Community dimension, reflected in our readiness to criticise others for practices not dissimilar to those in Britain.

To some it seems odd, for example, that the wealthy with sporting interests are prepared to pay such exorbitant fees to shoot artificially reared pheasant which are tame and reluctant to fly. There are partial surrogates for all these activities, aniseed trails for hounds, clay pigeon shooting and fly casting competitions, but these do not have the social cachet that the urban nouveau riche, or even the rural gentry, require.

There are also those recreations which seem to have become locked in battle, having created their own alienation through an exaggerated perception of mutual disturbance. These recreations are frequently benign outside this intimate battlefield. Fishing and canoeing interests take on this character in rivers such as the Wye where salmon fishing has traditionally been the dominant recreational activity – even for the poacher – but where large numbers of canoeists are increasingly exploiting a situation where there are navigational rights but no effective controlling authority. The solution lies, in my judgement, in a national licensing system and a clear and enforced code of practice which would give these sports a legitimacy on a par with fishermen.

But conservationists would claim that there are occasions when fishermen can be difficult neighbours too. It is not long ago that legislation had to be introduced to prevent continued damage to swans from poisoning by lead shot, and there still remain unresolved problems with damage from hooks, and conflicts over the culling of birds such as goosanders which are fish predators. In some countries, Germany for example, in some of the Länder, fishing competitions have been banned and tests must be passed before an angling licence is issued.

Reciprocally, if in Figure 1 wildlife conservation had been included, there are several recreations which would score it as a difficult neighbour. But increasingly, interest in wildlife is pervading countryside activities. Walkers, fishermen and others who have time to contemplate, frequently try to identify the plants and animals they see and this educational process is an important aspect of countryside – as well as wildlife – conservation. There is an enormous variety of beautifully illustrated books currently available which enable people not only to walk in the countryside but to understand how that countryside works.

Perhaps one of the most challenging conflicts to resolve is that between walkers of the open hills and landowners. At its most basic it is seen by many as a conflict between property rights and the socially optimum use of resources. Increasingly, there are constraints other than ownership which must limit access in some areas. Although in agricultural terms the uplands are generally of marginal value, their sporting value has increased enormously in recent years. Whilst it is questionable whether this will continue, for the reasons I have already outlined, this very high sporting value demands, on the one hand the limitation of access, particularly in the shooting season, and on the other, the maintenance of high quality

heather moorland. It does not need me to remind you that it is this vegetation cover which is so highly valued and as deeply embedded in the British psyche as the spruce forests in the German. It is also recognised that these areas are of outstanding importance for wildlife conservation.

I am hopeful that with common land and National Parks in the vanguard, we shall move towards a consensus approach for access to these upland areas. But we must recognise that their more intensive use, particularly where there are footpaths on fragile soils, will entail considerably more resources than we are investing now.

So how do these possible changes in the countryside and recreational patterns interact, given the Government policy statement in *This Common Inheritance - Britain's Environmental Strategy*⁸ to encourage opportunities for countryside recreation? I believe that in the past countryside recreation has been seen almost exclusively from the viewpoint of the city dweller and has been geared to the day trip and to the countryside holiday. Increasingly, the rural dweller, in many cases not dependent on the traditional rural economy, will need to be considered as well.

This rural migration, coupled with further opportunities and desires by the city dweller for countryside recreation (particularly active sports), may be in danger of suburbanising the countryside to some degree. With respect to recreational facilities, perhaps the most extensive manifestation is the current desire to build golf courses. They manicure space, giving a kind of short back and sides effect to these areas. Some would argue that they merely go back to the days of the great country estates in the 18th century giving a kind of Arcadian feel to our countryside.

Water space too is likely to be used even more intensively for sports and move from the traditional control of clubs to a more commercial footing by the principal owners, the new privatised water companies.

All the elements of demand for countryside recreation will increase, the adventitious element because more people will be living there; demand for those recreations which need space, many of them active sports; and those recreations like walking where the countryside gives added value. To avoid the problems of environmental damage and disturbance to other users, encouragement needs to be given on a selective basis to the promotion of those recreational activities which need the countryside, are enhanced by it, and are environmentally benign. The problems and challenges will arise with those activities which need open space but which are neither benign nor enhanced by their rural location.

As John Blunden and Nigel Curry point out in their book *A Future for our Countryside*⁹, this selection process is already taking place to some degree through the provision of facilities in county structure plans - strategic plans which will need to be accommodated within the unitary authority model of the future. But the switch of policy to selective encouragement and the management of demand rather than supply, will need a very systematic approach with social, economic and legislative components in it.

In the past, management of countryside recreation has had it 'pretty easy'; in most cases supply has exceeded demand, but this will decreasingly be the case. That is when real management challenges will gather pace.

That is the end of my predictions. I could be very wrong in my myopic gazing into that borrowed crystal ball. I am reminded of a story about Franco on his death bed who asked what the noise outside was about. He was told that the people had come in their thousands to say goodbye to him, whereupon he asked, "Why, where are they going?"! Like Franco, I could have misread the signs.

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The Context

Geoff Broom

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Introduction

This paper will briefly cover three different topics: the countryside as a resource; the use of the countryside for recreation; and the impact of that use.

The Countryside as a Resource

It is often overlooked that the countryside is an extremely varied commodity. It owes its character to the interaction between three different aspects: the topographic form, the land use and the settlement pattern. Thus the Highlands of Scotland are very different from the fens of East Anglia. Land use varies from intensive arable cultivation to open moorland or forestry. The settlement pattern is sometimes organic with pretty little villages set in an agricultural landscape; sometimes imposed with jerry built mining villages adjacent to the pits, and every combination in between!

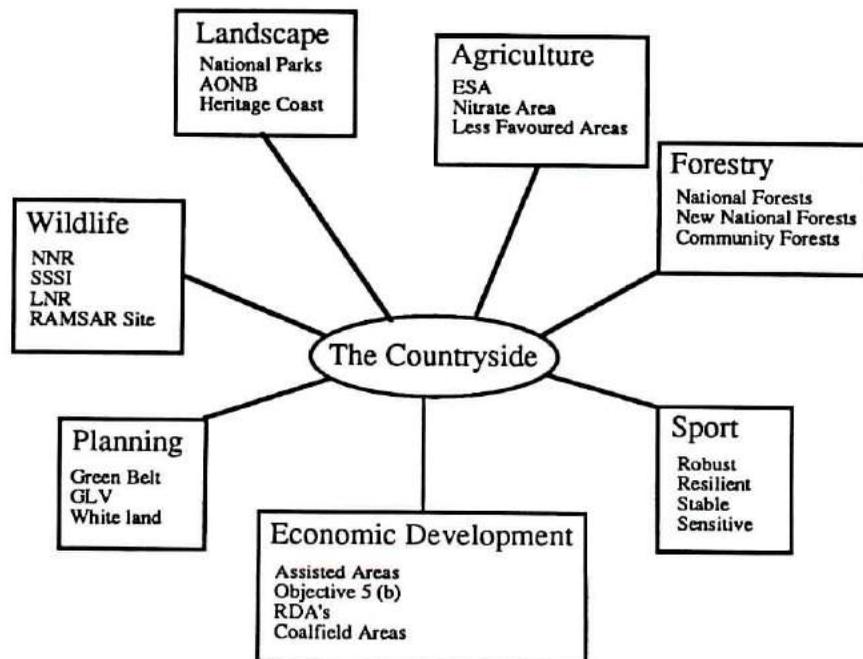


Fig 1. The designation jungle

The particular character of an area will attract policy designations (Figure 1). There are designations for landscape purposes, agricultural needs, nature conservation, forestry – even

the Sports Council is beginning to move into the field of considering designations. One important aspect of designations is the impact they have on an area. In certain cases they are 'enabling' - they provide funds or assistance either to develop new opportunities, as in the case of the Rural Development Commission, or to provide resources for management purposes, like National Parks. Designations can also act as a restraint on development, for instance planning constraints in green belts or restriction on access to nature reserves. So designations are important; they do have effects.

As Ron Edwards' paper shows, the countryside is subject to a good deal of change, much of it generated from outside the rural community.

<p>External Drivers</p> <ul style="list-style-type: none"> • EEC farm price policies • mining and quarrying • peace dividend • urban/rural shift
<p>Reactions</p> <ul style="list-style-type: none"> • extensification/set aside/ESA • countryside stewardship • new national and community forests • countryside as opportunity <i>of</i> golf • countryside as conservation resource
<p>Administrative change</p> <ul style="list-style-type: none"> • English Nature • Countryside Council for Wales • Scottish Natural Heritage • Rural Development Commission • ADAs • ATB/TEC/LECs

Fig 2. Change and decay?

Of the external drivers and influences on the countryside, perhaps the EEC farm price policy is the one that has attracted most attention. Changes to the financial regime of the Common Agricultural Policy has had some very real effects on the farming community, as can be seen from the graph in Figure 3. Farm incomes have dropped considerably over the past few years and are likely to continue downwards.

However, farming is not the only rural activity to be in decline. There are changes taking place in mining and quarrying with the closure of pits and the move to open cast extraction. Some of those changes bring opportunities to redevelop previously despoiled or derelict areas, thereby improving the countryside environment.

Then there is the peace dividend -- the impact of the end of the cold war, the closure of bases, reduction of Ministry of Defence establishments in the countryside. Some of those airfields must provide major opportunities for motor sports and air sports in the future, even though in the short term the main impact is the loss of yet more jobs and local incomes.

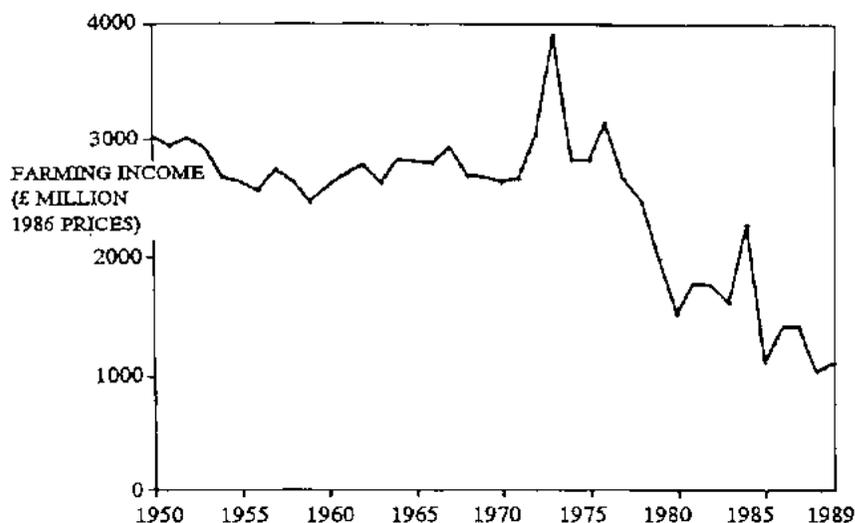


Fig 3. Farm income trends

With regard to the urban/rural shift, it is not just people who are moving into the countryside but jobs as well.

In a recent study for the Department of the Environment¹, we found that 60% of companies in the rural areas have been set up by migrants from the urban areas. Jobs in those industries have grown threefold over a five year period compared to a decline in similar jobs in urban areas.

All these changes affecting the countryside have resulted in various reactions in policies and attitudes. Thus we have extensification, set aside, Environmentally Sensitive Areas and farm diversification schemes from MAFF, all potentially providing opportunities for countryside recreation. Countryside stewardship schemes and similar initiatives in the National Parks are looking afresh at management in the countryside. The new National and Community Forests are taking up emerging opportunities as land comes out of production. All these initiatives encourage the use of the countryside for recreation and leisure.

There have also been some attitude changes. The countryside is now seen as an opportunity for development – at least by some developers. At the same time, the more relaxed attitude to development in the countryside continues to be balanced by the growth of public interest in conservation matters and landscape generally. I find the reactions to the proposed Community Forests interesting. Some people see them as a strengthening of their existing green belt policies whereas other people are welcoming Community Forests as a way of unlatching green belt policy. Some of these reactions have been accompanied by administrative changes.

What determines the attractiveness of the countryside as a recreation resource? What causes people to use it? First of all, of course, it is the inherent character of the countryside (Figure 4). If it is attractive people will tend to come and use it. But it is also modified by a whole host of other things such as the history and image of the area. For example, the popularity of the Lake District owes a great deal to its appreciation by Wordsworth and Tennyson. If you compare it to the North Pennines, which has not suffered from the same

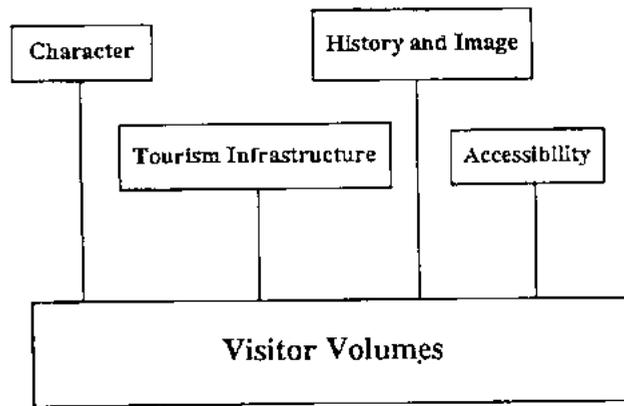


Fig 4. Countryside as a recreation resource

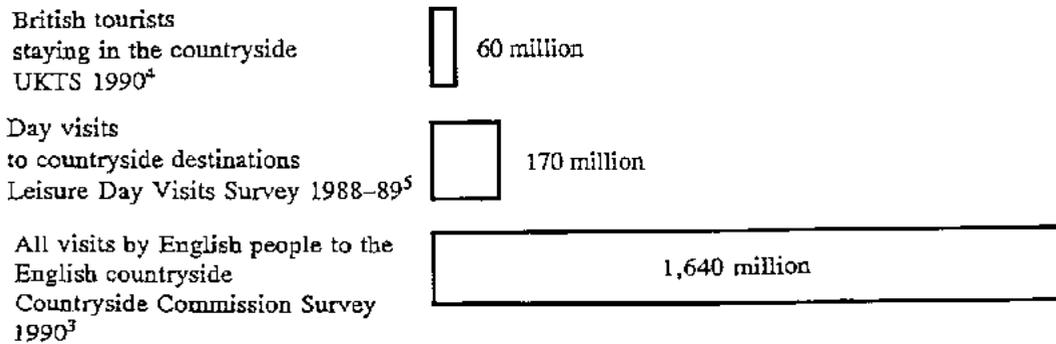
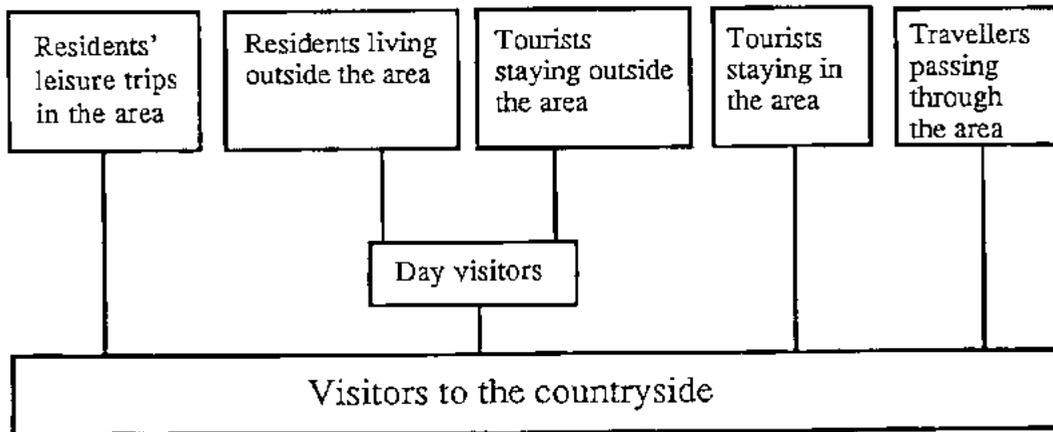


Fig 5. Who uses the countryside for recreation?

sort of literary attention, the difference in visitor volumes is very marked. It also depends on tourism infrastructure – can visitors stay there, are there car parks, are there good road links? Finally, one of the most important factors is the nearness of the area to people. The closer you are to the countryside, the more likely you are to use it. Therefore, the urban fringe is the area where most countryside recreation takes place.

The Use of the Countryside for Recreation

So who are all these people visiting the countryside and using it for recreation? There are various ways of classifying countryside users, one of which is set out in Figure 5. The classification includes residents' leisure trips in the area. Ron Edwards makes the point in his paper that increasing numbers of people moving to live in the countryside will give an area a different character and will generate different leisure demands.

Day visitors include people living in adjacent urban areas, and tourists staying outside the area. For instance, visitor pressures on Dartmoor are influenced by people staying in the major tourist resort at Torbay. Apart from holiday makers staying outside the area there are tourists staying in the area. Finally, there are travellers passing through the area who stop and make use of the countryside en route – a group which is often ignored but which can be quite important: for instance, they accounted for between 13% and 30% of visitor days to different districts in Somerset in 1988. Together these all make up the mass of people coming into the countryside and using it for recreational purposes.

There are a number of sources available to provide information about the volume of people using the countryside. These include the General Household Survey², the National Survey of Countryside Recreation³, the United Kingdom Tourism Survey⁴, and the Leisure Day Visits Survey⁵. Some of the results are shown in Figure 5.

Unfortunately they all use different specifications and definitions. For instance, the Leisure Day Visits Survey suggested that there were about 170 million trips to countryside destinations in 1988/89, with a day trip classified as a trip of over 20 miles or three hours duration. Compare that with the Countryside Commission total estimate of 1,640 million trips by English people to the countryside. Because of the disparities, it is difficult to obtain a clear picture and I am delighted to note that CRRAG is trying to improve matters in this area.

One thing that has emerged is that there is considerable variety in terms of frequency of use of the countryside (Figure 6). The Recreation 2000 survey⁶ commissioned by the Countryside Commission a few years ago provides a very useful piece of analysis.

The frequent users of the countryside, the people who use it once or twice a week, are predominantly young males; well off people living in the countryside; car and boat owners; and members of conservation societies. In socio-economic terms, they predominantly fall within classes A/B.

Then there are the occasional users, people who come perhaps once a month or more often. This is a much more mixed group including those who live in the countryside; usually car owners; and usually having children. They represent about 50% of the population.

Frequent users 25%	<ul style="list-style-type: none"> young males professional occupation living in or near countryside good quality housing car owner member of countryside organisation own a boat, caravan or horse
Occasional users 50%	<ul style="list-style-type: none"> under 60 equally male and female clerical or skilled manual employment live within three miles of countryside car owner have young children
Rare users	<ul style="list-style-type: none"> low income groups unskilled unemployed live several miles from countryside poor housing dependent upon public transport over 70 ethnic minority background

Source: Countryside Commission, 1987⁶

Fig 6. Frequency of use

Finally, there are those who use the countryside rarely, if at all. They are often low income groups; unskilled; unemployed; living in cities often in poor housing; and dependent on public transport; this group includes the very old and some of the ethnic minorities.

This kind of breakdown emerges from most surveys. If you look at the tourism surveys it is the people with higher incomes who take the most holidays and make the most trips. The same picture emerges from the Leisure Day Visits Survey⁵. The people who have the most money and most resources are the ones who use the countryside most for recreation. But it is not just a question of income. Interestingly, work undertaken by Gateway Projects in Nottinghamshire and Tyne and Wear suggests that low usage is as much about lack of familiarity, attitudes and limited knowledge about opportunities, as it is about income. So it is not just a straightforward case of those who have the most money making the most use.

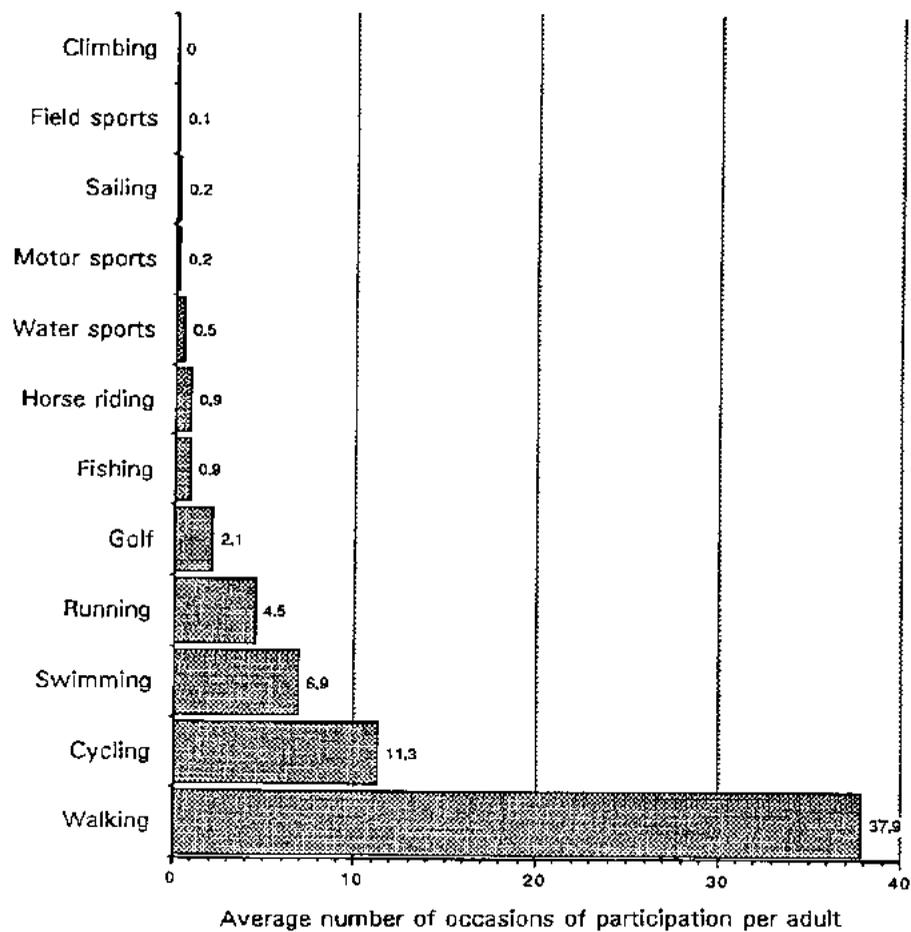
Activities in the countryside are also very varied. The great majority of people visit the countryside to amble around, look at the sights, and stare out of the car window at the all round panorama of the countryside. And what is wrong with that? If they all got out of their cars and trampled over the moorlands we would really be in trouble!

Many people visit attractions such as stately homes and historic buildings, theme parks and events, and country parks. About one third of trips into the countryside are to sites that can

be considered to be managed in some way. The remainder are social and informal activities – picnics, visits to pubs and restaurants, visits to friends and relatives, and specific activities, the predominant one being long walks and rambling.

There is a whole host of other sports and recreations which take place in the countryside, as is shown by the extract from the General Household Survey of countryside sports in Great Britain in Figure 7². Again, walking is the most popular pursuit, with each adult participating an average of 37.9 times per year.

At the other end of the spectrum, minority sports like climbing hardly rate at all, and air sports come even further down the scale. Interestingly, it is activities like air sports, motor sports and some of the noisier water sports that have the most potential for growth. The cost of entry into those sports is gradually coming down. There is a great deal of latent demand because hitherto we have not been very successful in providing places where those sports can actually take place.



Source: OPCS, 1991², Crown Copyright

Fig 7. Participation in countryside sports in Great Britain, 1987

How is the situation changing? The evidence for change is rather mixed. Figure 8 gives some information extracted from various surveys. Nationally, there does not seem to be a very strong picture of growth. In fact, the situation appears to be static or even declining. On the other hand, if you look at trends in club membership – albeit not a very accurate indicator

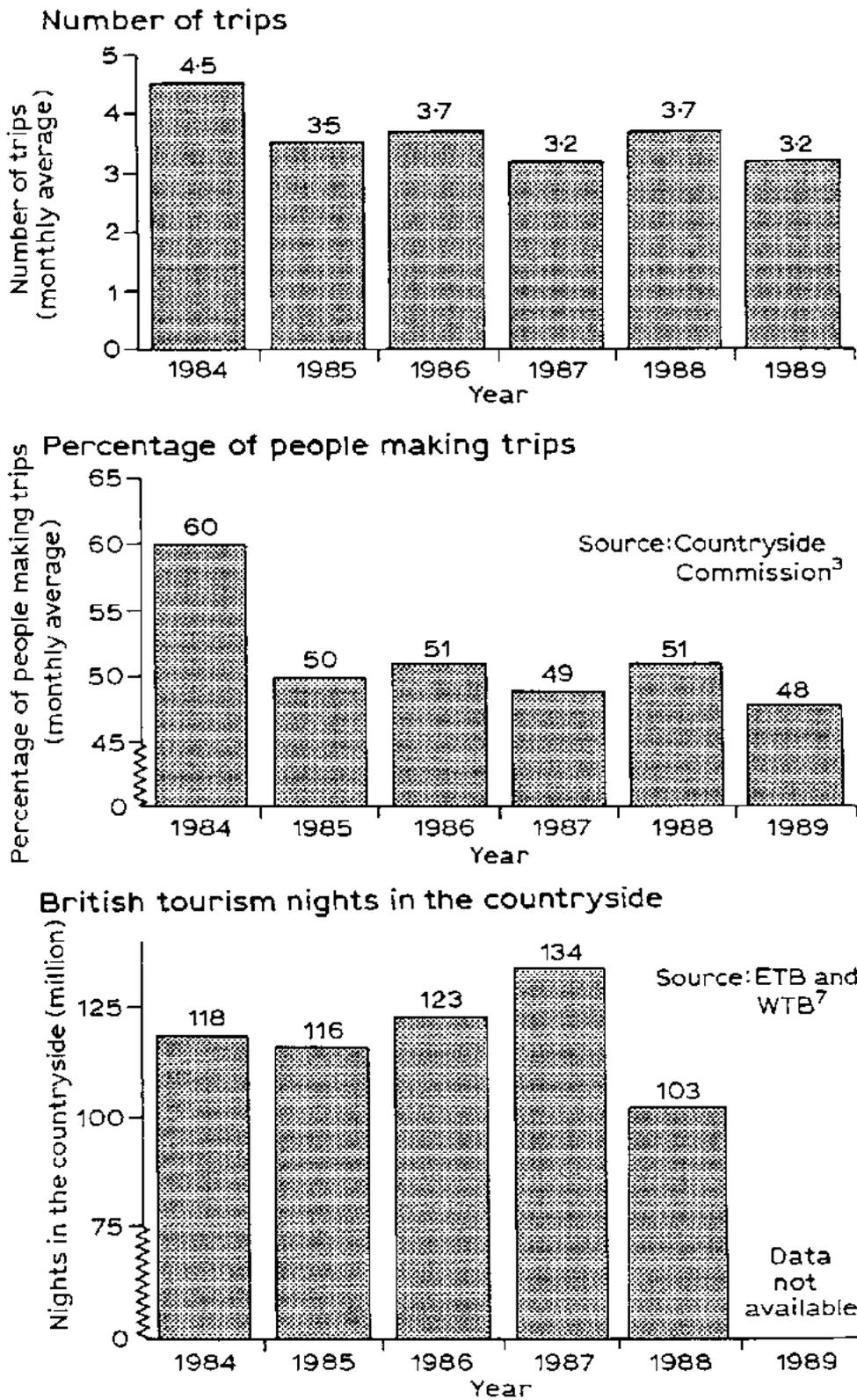


Fig 8. Trends in the use of the countryside

but an indicator nevertheless – you find that there is growth in some areas (Figure 9). For example, Ramblers' Association membership is growing, as also is the British Horse Society, Clay Pigeon Shooting Association, British Canoe Union, and the British Orienteering Federation. It is interesting that the one activity that is declining is angling.

	1980	1985	1990
Camping and Caravanning Club	187,200	182,000	199,800
Ramblers' Association	35,700	57,900	81,800
National Federation of Anglers	478,000	332,900	260,000
British Canoe Union	10,800	11,400	16,000
Royal Yachting Association	65,200	73,500	70,000
British Cycling Federation	14,500	14,400	16,800
Cyclists Touring Club	39,200	35,200	40,300
Clay Pigeon Shooting Association	9,800	13,000	25,400
British Horse Society	32,000	35,500	51,500
Pony Club	54,000	39,000	37,800
British Orienteering Federation	5,300	6,100	7,500

Source: Based on Glyptis, 1991⁸, with 1990 figures added by PACEC

Fig 9. Trends in club membership

The overall impression from looking at trends in club membership is that there is a growth in active recreation, and this impression is borne out by some local surveys. I can quote some preliminary results of work being done by the National Park in the North York Moors. They have detected an increase of about 50% over 10 years in volumes of road traffic in the Park. Some work we have been doing in the Yorkshire Dales suggests there has been something like a 25% increase over a five year period. This is quite a considerable growth, even taking into account the growth in car ownership. So the indicators are mixed, but despite the national survey output, the overall impression is that there is some growth going on in different places at different rates and in different sorts of activities.

The Impact of the Use

I will briefly review three interlinked aspects, namely the environment, the local communities and the local economy. Firstly, the environmental impacts (Figure 10). Visitors to the countryside bring support for heritage sites; many historic houses attract income from visitors towards their conservation costs. They also bring financial support for natural sites – the Royal Society for the Protection of Birds reserves, wildfowl refuges, and local nature reserves. Visits also engender greater awareness of landscape, wildlife and heritage, and thus more support for conservation and conservation bodies such as the National Trust. Catering for visitors leads to the re-use of redundant buildings, sometimes well, sometimes rather badly.

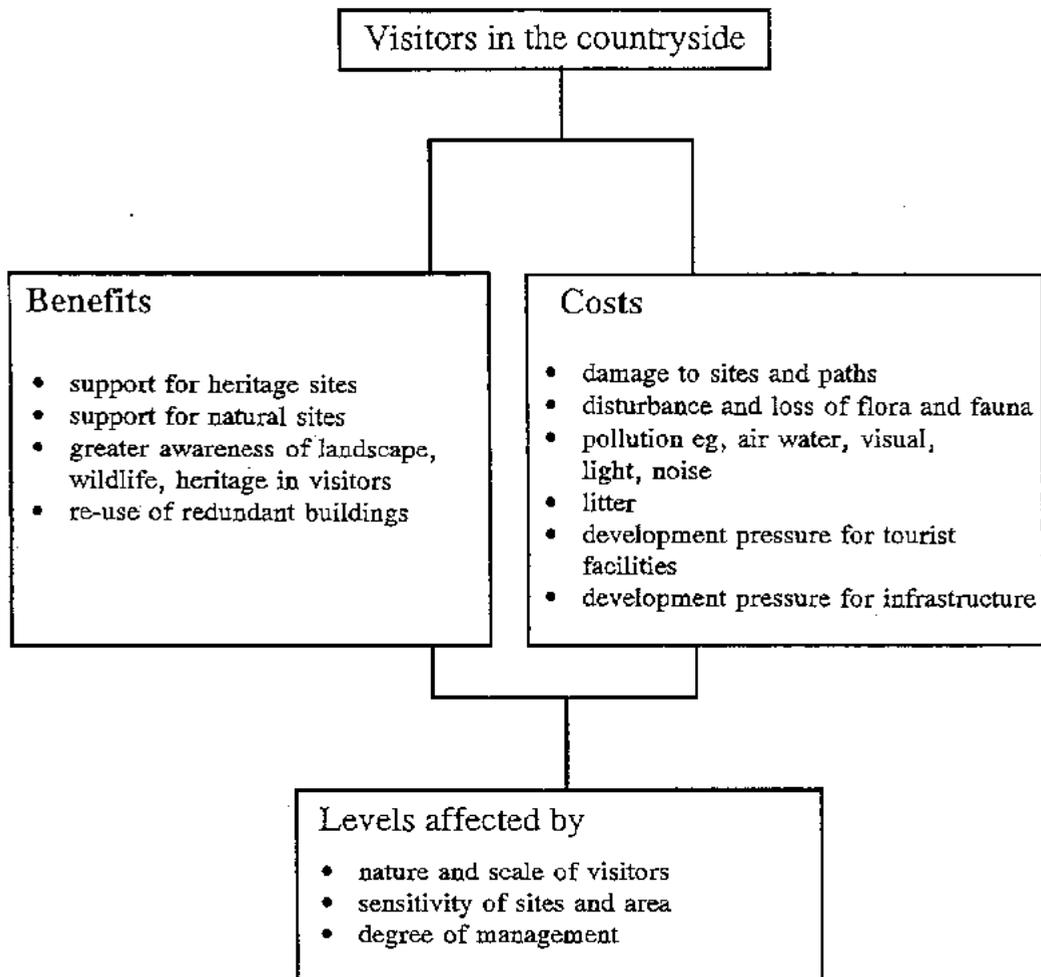


Fig 10. Environmental impact

Visitors to the countryside also produce costs. Pressure can result in damage to sites and paths; disturbance and loss of flora and fauna, pollution, and congestion. There are development pressures for tourist facilities and for infrastructure such as car parks and roads.

The actual impact in any particular area is dependent on a number of factors. The sheer number of visitors is an obvious issue but it also depends on the sensitivity of the area being visited and the degree of management. I would suggest that much of the damage is often quite limited in terms of space and location. Often it is amenable to better or increased management. That management needs additional resources but who should be providing those resources?

Visitors also have an impact on local communities (Figure 11). They provide social contacts for people living in areas of low population. Visitor spending increases the income for local shops and services. There are also disadvantages in terms of temporary influxes of people, or people moving in permanently to provide services for visitors and altering the balance within the existing community. However, the actual impact will be modified by such factors as the robustness of the character of the community, and its size in terms of the number of visitors compared to residents.

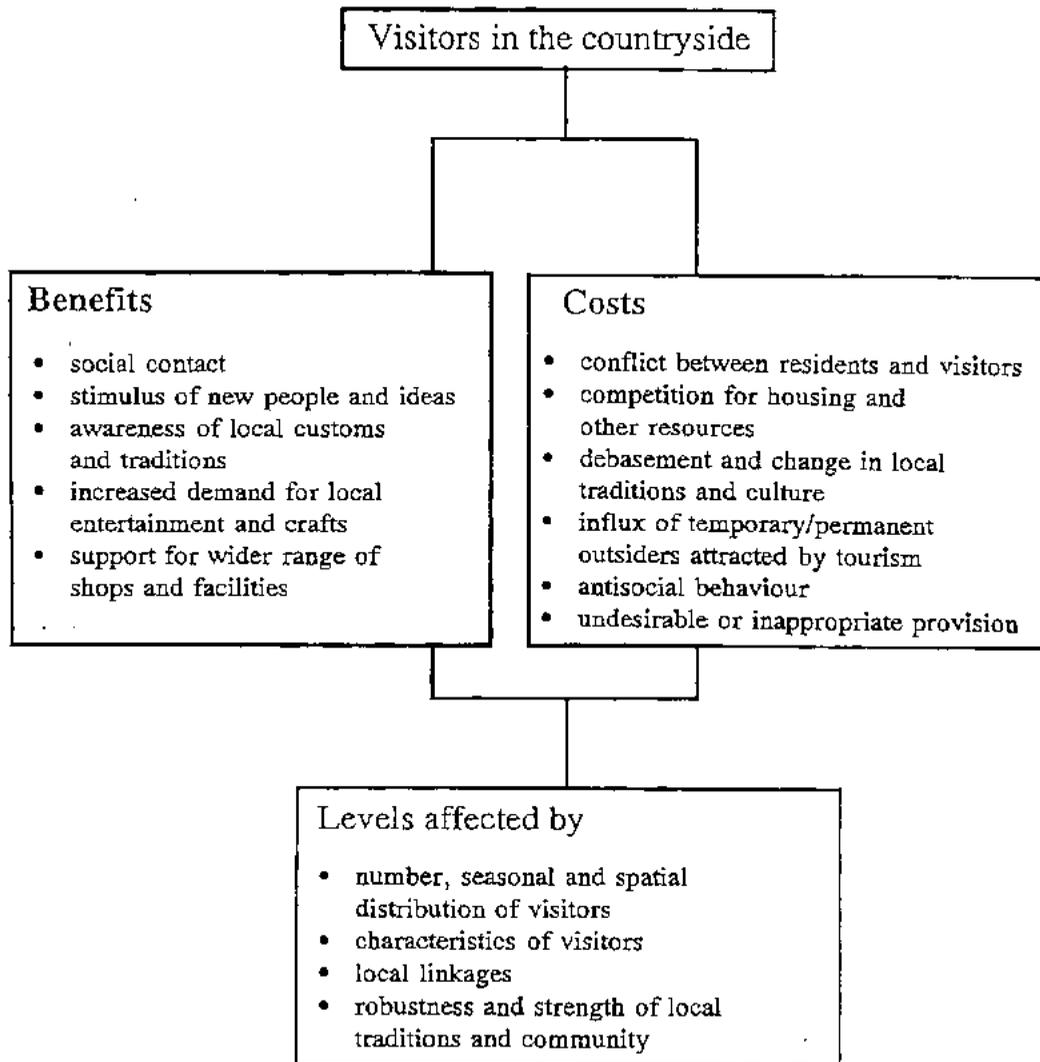


Fig 11. Community impact

There are impacts on local communities but in some cases the situation would change anyway due to other factors, for example, the closure of local mines, the contraction of the farming industry. In fact, visitors sometimes can have a delaying effect on change, by such means as providing alternative incomes and jobs.

Finally then, the economic impact (Figure 12). Here we are getting closer to the theme of this conference. Clearly, visitors bring benefits in terms of local income and jobs; support for local services; and the means to diversify the local economy. There are also additional costs for infrastructure and services – more police on bank holidays, congestion costs, competition with other sectors for labour. Again, the levels of impact will be affected by the number of visitors; the strength of the local economy; and whether there are opportunities for visitors to spend money. If there are no cafés, shops, retail outlets, garages or ice cream kiosks, then the visitors cannot spend money and therefore no economic impact arises.

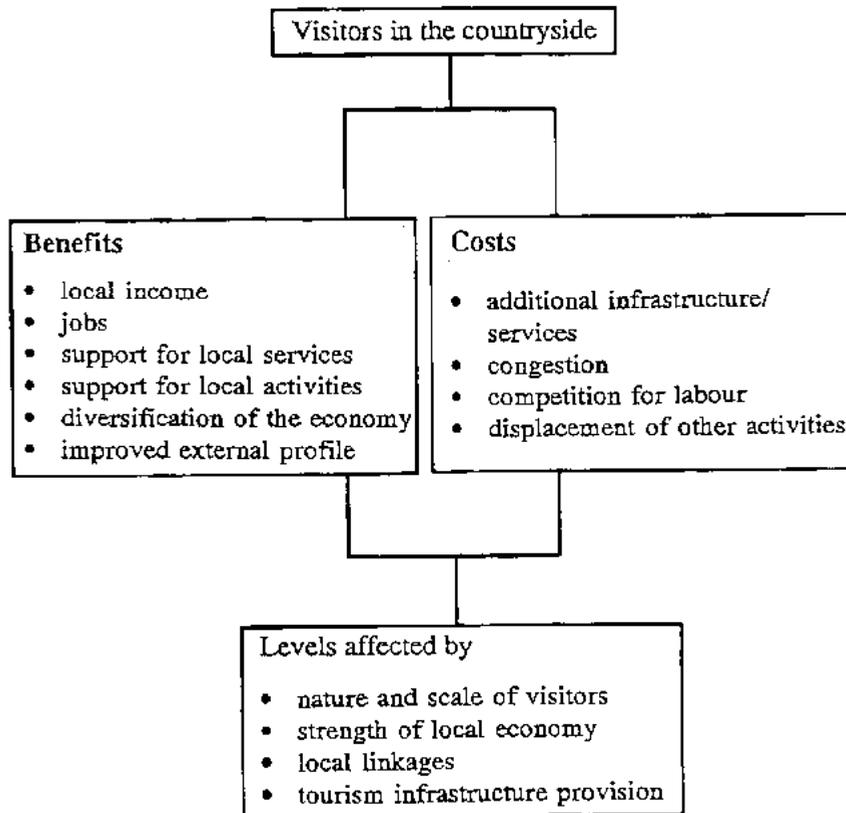


Fig 12. Economic impact

Conclusion

I want to finish by making a few brief observations. First of all, all activities in the countryside have some sort of cost to the user, even if it is only the cost of the shoe leather on which they are walking. In some cases those costs are quite high; some equipment costs are extremely high. If you happen to be into shooting grouse on high class estates, you may be paying £1,000 per day for the privilege. There is some cost to the user for any activity in the countryside.

Secondly, recreation in the countryside does bring benefits, both directly to operators in terms of cash flowing in to them – the stately homes, theme parks, zoos, but also to those in the voluntary and conservation sectors, such as the National Trust and the Royal Society for the Protection of Birds. There are indirect benefits to the community as a whole by encouraging jobs, support for services, shops, garages, pubs, and so on.

Interestingly, it also results in income to government from income tax on the jobs supported; VAT; Unified Business Rate; and other sources. It is interesting to speculate, for example, on the Yorkshire Dales where I suspect the total volume of visitor spend is at least £25 million in any one year. Perhaps about one fifth of that ends up in government pockets in one way or another.

Recreation also brings costs. Some of those are borne directly by local landowners and farmers, such as damage to footpaths, stiles and walls, disturbance and injury to livestock. Sometimes there is a cost in damage to wildlife and heritage as a whole, which is a cost borne by the community. To some extent, through grants to National Parks and local authorities, the community does actually contribute towards the management and defraying some of those costs. For instance, the Government may be taking £5 million from the Yorkshire Dales in various taxes on visitor spending but it does actually contribute a little bit back to the National Park. I believe it was rather less than £2 million at the last count so perhaps the balance is not quite right.

However, the benefits from recreation do not accrue evenly to the community as a whole but rather to the most frequent user. Whether the distribution of the costs and benefits is equitable, and how that balance might be amended in respect of different countryside users and different countryside areas is a topic that will surely give rise to some spirited debate during the rest of the conference.

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Some Economic Terms and Ideas Explained

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Department of the Environment

Firstly, let me commend to you the major White Paper on the Environment from my Department¹, as well as its newly published follow up White Paper². There is a very useful annex to the extensive first White Paper which sets out some of the economic concepts and ideas about the environment.

They say that when economists come in the door, some of the fun always goes out of the window – what I can say in mitigation is that what takes the fun away is that economists are against anything valuable being wasted. In this case it is the countryside; though if the countryside is priceless, I hope that is only a temporary condition.

How do economists get the way they are? Let me tell you a tale starting when they are very young. They are introduced to the discipline of economics almost always in terms of an entirely artificial little world in which the teacher tells them they can assume that there is a limited supply of a range of different goods, each with a price attached to it that is arrived at in a trading market between a limited number of people. This little model of an economy can only grow through accumulating capital. One obvious thought that passes through the mind of many a budding economist is that if one of the goods in this artificial economy – a good that is needed to make it work – did not have a price, that good would be used up. The model economy would then come to a dead stop.

Soon the young economist leaves this artificial world behind and plunges into studies of the real world with lots of different open economies trading with one another and doing all the fascinating things that help to fill up the empty space in the middle of our newspapers.

Think of that economist after 20 or 30 years of dealing with these highly complex real world economies in the most sophisticated terms. One grey morning he or she wakes up and realises that all of those sophisticated economies are part of one closed economy, on a small planet where all the available resources are limited. Yet somehow it has happened that no one has put a price or value on some of the most essential of those resources. As the little classroom model suggests, these essential resources are being used up. The ridiculous passing classroom thought about a possible dead stop to the economy, might actually be a reality. It is enough to give a middle aged economist the screaming 'ab-dabs'!

That may be why a lot of economists are still finding it hard to come to terms with the need to take account of and to value everything that matters to us on this planet. It is a shock to their way of thinking, not because it is not economics but because it is very fundamental economics which they have been happily forgetting about for much of their working lives.

David Pearce who wrote *Blueprint for a Green Economy*³ – and now *Blueprint 2*⁴ – has never forgotten this fundamental. He has organised it, both for his fellow economists and for everyone else, on the central theme of sustainable development. Essentially, this is the same initial classroom model of economics generalised. Our economies can only continue to grow if we build up their **total capital**, taking into account all the natural capital we started with as well as any additional capital we create. The essential insight is that if you base a whole economy on converting, say, iron ore and coal into machines, your working capital may appear to grow as the machines accumulate. But that is only half the picture; you must also take into account the fact that you have been running down your capital of iron ore and coal.

That is a simple illustration suitable to the dark satanic mills of the 19th century. In the 20th and 21st centuries we need to take account of the fact that every sort of production is likely to use up some of our heritage of environmental capital. Every sort of production of goods and services includes the provision of countryside recreation. It is not cost free; it is using up some of the environment. To survive in the long term we will need to make provision for replacing, in one way or another, what we have used up. And if we are making provision for replacing all this natural capital, or rebuilding it, we need to have some idea of its value.

That is a simple idea at the heart of the whole of the economics of the environment. Every resource on the planet is valuable and needs to be valued. No resource can be used up for free.

There are other points that are important. A first is that it is not enough to give environmental goods a value. There needs to be somebody who cares about maintaining that value. If you leave a pile of anything valuable lying about with no one looking after it, it will be picked up and used by someone. If you just stick a label on that pile saying that it is valuable, the only result will be to make people use it up more quickly. You need some form of owner or steward who cares about maintaining the value of that pile of good things. These property rights and stewardship duties can come about in unexpected ways. A familiar instance is the role of huntsmen and packs of foxhounds in conserving foxes, coverts and fences in our countryside. They are putting money in and actually helping to conserve those things. That is just an example of someone acting as a steward in an unexpected way.

Put another way, anything that is in common ownership without a specific owner or steward, can expect to be used most, and to be maintained least, as compared to the things that are in particular ownership. That is why so much common land became poor agricultural land. That is what environmental economists mean when they talk in dramatic terms about 'the tragedy of the commons'. Anyone who has not been given a key to this code phrase can be forgiven for thinking that environmental economists are commenting again on one of the Houses of Parliament! That is not so; they are talking about the commons such as the common that was stolen from the goose in the 18th century.

Another economist concept is the 'polluter pays' principle. This addresses the problem of what to do to minimise environmental damage done by the production of goods and services. The proper thing to do is to make sure that the price of the goods or services carries the full cost of all the environmental damage it does. If you have just come from paying your water bill, you will realise that it is not a comfortable principle. That is a case where the costs of cleaning up are being passed back very clearly to you and me, the ultimate consumers of the service. The result, in the long run, will be that we will be much more careful in using water

than we otherwise would have been. At the other end of the pipe, the used water will return to the environment in a much better state. At both ends, we will be doing much less damage to the environment.

The polluter pays principle will not be entirely comfortable in countryside recreation either. The economists will say that it clearly implies that where the number of people who come to enjoy the countryside is so great that it damages what they come to enjoy, it is right to make sure that they pay the full cost of the damage. Just which of them should pay how much, and how one extracts the money, are questions we will come to later in the morning. It is not a simple matter of putting up turnstiles for city dwellers.

Economists will also say that the troublesome boat owners on Llangorse Lake should face a licence charge reflecting the damage they do to the enjoyment of others. I leave those thoughts with you. On the question of charging I will not go much beyond the 'polluter pays' principle although there is a lot more than that to charging. But in applying that principle, we should bear in mind a sound general working rule in the economics of sustainable and sustained development. There is no damage done if the load we impose on the environment is within the natural short term capacity of that piece of environment to recuperate to its original state. And if there is no damage, there is no ground for 'polluter pays' charging.

When we set out to distribute all the costs of the environmental damage where they really belong, we have to start measuring them. We need values for our environmental assets. We can get along without values for the total stock of these assets. But what we need are values we can place on having a bit more or a bit less of each of these assets. These are what the economists call marginal values or marginal costs. Tempted as economists are to have a shot at it, there is no pressing need to attach a value to the cleanliness of our whole river network, nor to the beauty of the whole countryside. We need to know what it is worth to us in terms of other good things which we will have to do without, to clean up that particular stretch of river so the fish can live there again; or to keep rubbish dumping out of that individual Area of Outstanding Natural Beauty, and so on. In none of these cases does it make operational sense to say that we cannot possibly put any value on the healthy life of a river or the beauty of a particular scene. We will only have limited resources to spend. If we put no value on these things, the resources will be spent on something else. Our valuations will be rough, but a rough valuation is far better than none. The value does not even have to be very realistic. There is a very good example of this and it is quite possible that there are people here who are alive because of it. For some 20 or so years we civil servants put only a minimum low value on the saving of life in road traffic. Even that unrealistically low value probably led to decisions which came to save hundreds of lives a year. Almost any valuation is better than no valuation, and does good.

That takes us to the analysis of costs and benefits. The principle of cost benefit analysis is to set out systematically the options between which you have to choose, and to tabulate all the costs and benefits of each so that you are in a position to choose the option which delivers the greatest net benefit, or – if none of them delivers net benefit and you still have to do something – to choose the option which delivers the lowest net cost. To do such an exercise in full can be pretty hard work. I should mention, however, that I had been doing these analyses for 20 years before I came across a case where I had to work out everything in full before I got a clear answer. It is the simpler preliminary part of the analysis that often does most to improve the quality of the final decision. So cost benefit analysis is worth

doing, even if you never get deeply into the finer points of conceptual analysis or complex calculations.

The point for those of us who are looking at the countryside and the environment is that we need to take into account all the environmental costs and benefits. It is no use adding up just public and private spending, useful as that is in working out how much to charge and how much one can expect to recoup from visitors or from the general public purse. We need also to know how much of the environmental resources we are using up, so we can see how much provision we ought to be making to replace and rebuild them. Equally, it is no use just sorting out the benefits to people here and now; we need also to take into account what would improve the stock of environmental and other capital for the future.

In leaving cost benefit appraisal, let me bring to your attention a book just published by the Department of the Environment. It is called *Policy Appraisal and the Environment*⁵. The book is about the Government's systematic attempt to apply the framework of cost benefit analysis in order to bring environmental factors into the determination of *all* Government policies. In the Department of the Environment we are rather proud of this book which includes useful text on ways of valuing the environment which is a good deal more complete, though rather more technical, than my next passage.

A first way of valuing environmental good things is by trying to read into the price of those things which have prices, the value that is given by the customers to those elements within that value which have no explicit price. The technical term for this is 'hedonic pricing'. In considering the countryside and landscape, that method can be applied by looking at house prices. How much higher is the amount that people are willing to pay for houses with views of trees, of lakes, or amongst countryside where they and their families can enjoy the natural life around them? If you take a sufficient sample of similar houses with and without these advantages, you can arrive at reasonable estimates of how much people are paying to enjoy these intangible natural advantages. There is, for example, some very interesting work for the Forestry Commission on the effect that trees have on house prices⁶, which is highly relevant to our new National Forests. It is also highly relevant to the third and fourth waves in search of paradise regained which Ron Edwards mentioned. These are the people who are moving into the countryside, who are paying these prices and investing in the countryside. What they are investing in, in part, is the opportunity for countryside recreation. Countryside recreation is not just about visitors; it is also about people who are moving into the countryside. The economist looking at it considers that these are probably the people who are actually putting up most money to get into countryside recreation.

A second way into the question of valuation is to look at the people who do not live amongst the beauties of the countryside, but put up money and time to visit them and use them – people like me. This is money and time we could use for other things. The fact that we use it to reach the countryside is a clear signal of how much we enjoy the countryside and of how much we value it.

We assess these amounts by sample surveys. Samples of people who go into the countryside are asked how often they go, how much time they spend on these trips, and how much in terms of fares, car mileage and the other costs of travel – together with charges for admittances fees and so on – they put into the journey. The time they commit is of value. As an aside let me say that in government we take very seriously the value of time. A very

great deal of the planning of our roads and railways is based on estimates of the value people place on time when they are not working.

In looking at countryside recreation, that time value can be added together with the actual amounts of money committed, multiplied by the frequency of people's journeys into the countryside, and a total value of the benefit to them arrived at.

Of course, for the countryside there is a particular difficulty in measuring this value in terms of time. Consider the case of someone who just goes for a drive in the countryside. If they live on the outskirts of the city anyway, they are not committing any time before they start enjoying themselves. We cannot really count the time while they are collecting the benefit as a cost.

There is a third class of people who may never go near the countryside or the wildlife in question but who still have a real wish for it to be kept in existence. There are many examples of where people pay to keep something in existence which they do not actually go and enjoy themselves. One of the most obvious may be the amounts people are willing to subscribe to save the whales.

Value to those who live in and amongst the countryside, value to those who go there, and value to those who do not but who are still willing to pay - these are elements which add up towards a total value which the whole population places upon different elements in the countryside and wildlife. They are all real, and it is important to have a notion of these values if we are to make sensible decisions which will not waste resources; and waste parts of the countryside.

There is another element of valuation. Many of the users and enjoyers of our countryside are not yet born. Their interests must be kept in mind. Again this is measurable. We cannot measure how much those who are not yet born are going to value the countryside, but we can begin to assess the amounts which people in this generation are willing to pay to leave an attractive countryside heritage for future generations.

All that is very dry. Let me go back to my youth and how I learnt about the reality of these 'bequest values' at my mother's knee. When she was a girl she accompanied an old man to look at some maple saplings he had just planted. He explained to her just why he had planted them as he had. He explained it in terms of how magnificent they would look in autumn for his grandchildren and people of their generation. I understand those maples have not yet been cut. They are up near Hexham.

This bequest value, the value of what we want to leave to future generations, can be added to the other elements of the value which people place on the countryside, and should be added to get at a real total value.

In these valuations we have been looking at two general classes of benefits. One is market or private goods. Recreational benefits to people who use the countryside, and the benefits to people who actually live in the countryside are often private goods. The other class is public goods. The distinguishing marks of public goods are two. They show a lack of market prices and, at the same time, how much one consumer enjoys the public good does not affect the capacity of another to enjoy it. Whether or not I enjoy the fact that red squirrels still exist

in Britain in no way affects your capacity or ability to enjoy their existence. If I admire a beautiful landscape, so may you, without affecting my enjoyment of it. Those are both public goods. The reason these things do not have a value in the market is that you cannot charge admission. It is particularly worth noting that existence and bequest values are usually public goods. As you will have gathered, not all public goods are paid for out of the public purse but many have to be. Not everything can be paid for out of charges, some of it will have to be paid for out of taxes.

There is a question of how to assess willingness to pay where we do not have actual behaviour, prices or payments to base it on. That is quite often the case. The surprising thing is that we can get usable rough estimates from asking people questions about what they are willing to pay in sample surveys, what is known as 'contingent valuation'. I will not go into the technique but I will mention that there is a catch about it. If you ask people how much they are willing to pay to secure something you will always get a lower answer than if you ask them what compensation they would be willing to accept in return for letting something go. I think that makes good sense but the economists are not agreed amongst themselves as to why it makes good sense!

Looking towards the future, one of the harder bits of economics to swallow is the implication of the fact that cash in hand is worth more than cash next week. We all acknowledge it. It applies to environmental benefits as well as to cash. Which of you, faced with the choice of getting your pet project – your new bird reserve, your cleaned up trout stream, or whatever – this year rather than in five years' time, would not take it this year? That sort of time preference applies to practically everything. We would rather have it now.

Economists convert this innocent preference into systematic discounting of the future. Their discount rates, whatever level one sets them at, are potentially very powerful in reducing the value now of future benefits and of future costs. They do reduce drastically the amount we are willing to spend now to secure, say, the survival of the red squirrel 5,000 years hence. But the other way of reading that is to say that we are willing to spend a great deal more to see that the red squirrel survives next year than we are to see that the red squirrel survives through to the year AD 7000. If we and our successors continue to follow that approach, the squirrel may have a good chance of seeing out the next 5,000 years.

That leads us towards the question of whether some decisions are irreversible and if so how we are to handle them. The heart of this is that there is an irreversible element in a great many decisions. Even in the most unchanged countryside we never – as the Chinese put it – step across the same river twice. Many decisions about our countryside are irreversible within our lifetimes, but looked at over the life of the countryside as a whole – over the centuries and over the thousand years – they are reversible. William of Normandy's New Forest has been in existence for nearly 1,000 years; we could reverse that decision if we wanted to.

But some decisions are a great deal more irreversible than others. We cannot reintroduce the great elk into our countryside, nor the woolly rhinoceros. Our ancestors wiped them out for practical purposes. We value species and life much more highly now, and we can afford to. Indeed, we value whole ecosystems and habitats. We know we will sacrifice more to preserve species than our ancestors did or could. But we have to value what we can spend on survival of a species against what those resources might achieve for the survival of other

species – or for other things entirely. We cannot regard even irreplaceable species as priceless. We must give them a value in relation to other things. The same is true of our habitats and Sites of Special Scientific Interest; even though those may be irreplaceable over a period much longer than our own lives.

Of course, a lot of the time we are not sure whether something we might do or let happen will prove irreversible. Nor are we sure how all its effects will work through in the countryside or in the environment. The English countryside is probably one of the best understood pieces of our natural environment anywhere in the world. It has been studied with some care and with real understanding and depth. But very few people are cocksure about how the English countryside will respond to change. Therefore, as economists, we preach, and sometimes persuade people to apply, what we call the precautionary principle in managing the environment. The precautionary principle says that the present environment may be more at risk and more valuable than you think; when in doubt don't risk changing it, preserve it as it is.

I have been talking – in principle without going through the figuring – about a wide variety of ways of nicely calculating less or more. But the final message is simple. All these prices and values which we will have for things in the countryside and the environment that are not priced by the market – in economists' jargon, most public goods and some of the private goods – can only be valued in a broad brush way. What the economics of the environment offers is a way of thinking, not any sort of precise calculus. It is a way of thinking to get into perspective different options for the use of the available resources, so that, whatever resources are available, we can at least think purposively about securing the greatest possible beneficial impact over the future of our countryside.

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The Charging Debate: The Free Countryside

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Introduction

I would like to argue that the allocation of countryside resources is largely a matter for public policy; in other words, a matter for state intervention. In presenting that argument, I want to make a number of key distinctions, because in the new found enthusiasm for a rather old science – environmental economics – a number of confusions have arisen.

Means and Ends

The first distinction is between means and ends in countryside policy. It is surprising that there is confusion over this, but it does exist. Essentially, this paper is discussing the means. I think that most people here would agree broadly upon the ends, upon the objectives that we are aiming for – the fair and efficient allocation of countryside resources – but we may disagree about the best means by which to achieve those objectives. Sometimes, however, we forget that we actually need to define the ends, the objectives, of countryside policy more carefully. As individuals, as a society (I believe that there is such a thing as society which is more than just the aggregate of individuals), what do we want the countryside for?

Everyone here knows that the countryside is a multiple use resource. Any one of us could sit down and write a long list of things that we use the countryside for. I am going to mention four which seem to me to be particularly important:

- food production;
- wealth creation;
- environmental quality (the conservation of natural capital);
- recreation (spiritual refreshment).

It is the variety of different uses, often interrelated, that is the nub of the problem. It is quite clear that even the four I have mentioned are not in neatly separate categories. They are in competition with one another to some extent, often to quite a large extent. As individuals, we have varying priorities about how those different needs should be met. As a society, we have changing priorities over time. That is something that has already been touched on in an earlier paper and I want to come back to it later.

The question then is, what are our ends? The objectives of countryside policy must involve some sort of balance between these competing uses of the countryside. The question about means is what will achieve that balance most effectively, most efficiently and most fairly? Is it the operation of the market, or is it some form of public policy?

Free Markets and Market Forces

That brings me to my second distinction, the distinction between the unregulated market and the notion of making markets work for us. I suspect that the unregulated market is rather a red herring in this debate. I doubt if there are many people who would argue that the best allocation of countryside resources would be brought about by a completely unregulated market.

In fact, we have to think quite hard to imagine what a 'free market' countryside would be like. Most of us have no idea; we certainly have no experience of it. We might turn our minds to it for a moment. We would certainly have a very different agricultural system; we would have a different forestry system. We would probably have a distortion of supply of recreational facilities in favour of those types of recreation which were marketable and against those kinds of activity which were for some reason inherently unmarketable. A free market countryside would be very different from the one that we know; I think I would go so far as to say that it has never existed and probably never will.

One of the things that the unregulated market certainly could not deliver is the appropriate and desirable level of environmental quality. This is something that has long been recognised, but some of the issues have recently been made more accessible by people like David Pearce¹. One of the criteria for markets to allocate society's resources efficiently is that everything must be owned by somebody and nothing must be owned by everybody. It is quite clear, as Pearce and other environmental economists have pointed out, that for many environmental goods and environmental amenities, that simple criterion breaks down. Things like biological diversity, clean air, majestic views, are not owned by people. They have the characteristics of common property resources.

These common property resources are effectively free to individuals but they are scarce to the community; they are not exchanged in markets. Therefore, we tend to degrade them, according to the economic analysis. As David Pearce himself puts it "If something is provided at zero price, more of it will be demanded than if there was a positive price. The danger is that this greater level of demand will be unrelated to the capacity of the relevant natural environment"¹ – an analysis that is now well known and generally accepted.

In summary, unregulated markets fail when it comes to the delivery of society's desired amount of environmental quality. It seems to me that there is no way round that simple proposition. So I think we can dismiss the notion that the free market countryside would deliver on at least one of the important utilities that we want from the countryside.

Ownership and Rights

Garett Hardin's *Tragedy of the Commons*² has already been mentioned; I would like to take it a little further. In that essay, published in 1968, through the use of a metaphor of a common where people were grazing animals, Hardin explored the dilemma of common property resources where each of us, acting in our individual, logical best interests, produces a result which is worse for us all, as individuals and as a society. (There is an older concept in philosophy, the prisoner's dilemma, which essentially sums up the same thing.) Hardin explored this dilemma in relation to common property resources and concluded, rather pessimistically, that the destruction of common property resources was inevitable.

The 'tragedy' – the inevitability of the destruction of common property resources – comes about through everyone logically pursuing their own self interest. This contrasts sharply with the notion that the process of people pursuing their own self interest in markets effects an outcome which is of best benefit for society as a whole.

One potential solution is not to have common property resources; in other words, to 'enclose' the commons, to put everything into private ownership so that the tragedy is averted. The other solution, the one favoured by Garrett Hardin, is 'mutual coercion, mutually agreed upon', which, although it sounds rather sinister, is a very good expression for policy intervention. What else is public policy but mutual coercion, mutually agreed upon?

I do not want to discuss the first solution in any great detail, the notion of private ownership as a solution to these problems. But I would like to make a few comments upon it. It will be explored in more detail in a later paper.

Does Hardin's analysis imply that if we could privatise everything we would achieve a solution to the market failure attributed to common property resources? The first and most obvious response is that many environmental assets – clean air, for example – simply cannot be privatised.

The second comment is that assets which can be put into private hands, such as land, do not encompass the whole environmental good. In any case, private ownership of some 90% of the land in this country has not actually delivered on all the utilities that we want from the countryside. Many would argue, for example, that it has not delivered on environmental quality, or on the provision of certain public goods such as recreation facilities or access. It is precisely because the ownership of land does not confer with it the ownership of many of the public goods, the environmental assets, that are inextricably associated with that land, that it has not resolved many of our countryside conflicts. Society at large retains an interest in some of these wider assets. The important debate in this context is not about ownership of land *per se*. It is about the rights and responsibilities that pertain to the essentially public goods that go with it. Those rights and responsibilities attach both to the owner of the land and to other members of society who might seek to use it. It is perhaps in this sense that John Stuart Mill was speaking of 'the land' when he said that the "land of every country belongs to the people of that country"³.

Charges and Regulations

What I want to focus on now is Hardin's concept of mutual coercion, mutually agreed upon – in other words, public policy as it applies to the countryside. I want to examine the role of markets, or market based mechanisms, as an instrument of achieving certain public policy objectives for rural areas.

Once we have established policy objectives there is a number of ways in which we can achieve them. Using the price mechanism is one. Prices can be used as incentives to make people behave differently. Prices can also be used – and I suspect that this is quite important to many people here – as revenue raisers, revenues that can then be ploughed back into resources for the countryside – provided that the Treasury allows it.

Interestingly, I am not even sure why this has become such a matter for debate because it is not a new idea at all. We can use the price mechanism, manipulate markets, to subsidise

good things, to make people do things that we want as a society. We did it for many years, with spectacular efficiency, in relation to food production. After the war, one of society's key objectives was the production of food. We used markets, we used the price mechanism to encourage producers of food to produce it – and they did, in very large quantities.

Society's priorities may have changed so that now we are seeing just the first glimmers of using incentives to persuade farmers, for example, to produce countryside rather than to produce food. That seems to me to be quite a useful example of using the price mechanism, using, in fact, the public purse to achieve social objectives.

The other thing we can do is to tax the bad things, the things that we do not want people to do. On the question of whether it is better to achieve these objectives by using prices, or by direct regulation, the criteria seem to me to be efficiency, effectiveness and fairness. Within those criteria, I would argue that we should be pragmatic about the instruments that we actually use.

We can imagine a number of ways in which taxing bad things could be used in the countryside to achieve policy objectives. The problems caused by public access when it is very concentrated in particular places, where it may therefore cause environmental degradation, have already been mentioned. It is arguable that one way of achieving the objective of repairing that degradation and restoring that environment is to charge people for access. It is a means to an end. There are many arguments about charging for access and I am not going to go into them. Some are ethical. The Ramblers, for example, would argue that people are already paying for these things through their taxes; they should not be made to pay twice. However, the main problem here is practical in that for many areas it is simply impossible to police access. So charging is not the most effective or efficient means, regardless of whether it is fair, and in those circumstances it may be better to use regulatory instruments in the form of countryside management. It is not to say the objectives cannot be achieved but they can be achieved more effectively by other means.

In other circumstances we might consider an 'inappropriate use' tax, which raises many issues of an essentially subjective nature. The example that springs to mind is the use of National Parks, designated for conservation and public enjoyment, for military training, especially training of a noisy and destructive character. Could we perhaps make the Ministry of Defence pay the price of using that public asset if it insists, as it does, that it is simply impossible to go elsewhere? Some of us have questioned that assertion and it is a different debate, but if it were the case that the Ministry of Defence had to use particular parts of our most precious landscapes for live firing and other activities, could we make them pay for it? Such payment would be over and above any fee that the Ministry of Defence might already make to the relevant landowner.

This is a concept which could be extended to such developments as quarrying, roads, and so on. Again, I do not want to consider in detail the many arguments for and against such charges, but it is something perhaps for future debate. The tax or charge may not reflect the 'value' of environmental assets for reasons that I will come to later, but it would at least pre-empt the excuse that "we cannot move elsewhere because it would cost too much". Using precious landscapes also has a cost, and arguably that cost should be felt by the users.

It would be inappropriate to say that in all circumstances using the price mechanism is right,

or that in all circumstances it is wrong. There are times and places when it will be the most efficient, effective and fair way to achieving our objectives, and there are times and places when it will not. In many instances, the transaction costs of using the price mechanism will be too great. The cost of implementing charges in the real world may outweigh efficiency gains in the sometimes surreal world of environmental economics. However, I would conclude that as a means to an end, in certain circumstances, charging has a role to play.

Prices and Dignities

That brings me to another distinction. It is between using market mechanisms as a means to an end, and using markets – usually surrogate markets – to define what those ends ought to be.

We have already heard something about finding the values of environmental amenities. The argument is often put that we must find the value that people place on the countryside, or indeed other environmental amenities, as an input to the process of making public policy choices. Where there are no real markets, as in the case of environmental goods more often than not, we then have to induce people to reveal their preferences in some other way. They do it in various ways, sometimes in related markets, sometimes in answers to questionnaires, and so on. I do not want to go into the technical debate about the methodology.

Basically, what we are arguing is that if we could somehow establish people's willingness to pay for environmental assets, we would have some measure of how they value those assets that could then be weighed against other lucrative uses. One of David Pearce's arguments¹ for attempting such quantification is that voters, politicians and civil servants are accustomed to the meaning of gains and losses expressed in pounds or dollars. Environmental assets could therefore be weighed up in the same language as, for example, developers who wish to use that asset for another reason.

The methodological difficulties of extracting from people their willingness to pay for non-market goods are considerable. If we take the example of asking people about their willingness to pay for particular environmental goods, who should be asked? Immediate users? A sample of the British population? A sample of the whole of humanity? (It is arguable that everyone living has an interest in certain environmental assets like species preservation.) And there are obvious problems in asking future generations which have already been touched upon. But these are, essentially, methodological difficulties. Techniques can – and are – being improved in a number of ways, and I do not want to spend time talking about those because they will be discussed in detail later.

What I would like to consider are the more profound conceptual and ethical difficulties of using surrogate markets to help to determine public policy objectives in this way. Perhaps the distinction here is between prices and dignities, attributable to Kant⁴.

Many people (including many economists) would argue that the value of some assets is distinct from the aggregate of people's individual preferences expressed in terms of willingness to pay for that asset. So even if we could devise perfect methodology to measure every relevant individual's willingnesses to pay for particular environmental assets, and aggregated these preferences, the sum of those individual 'willingnesses to pay' would not equate to the value of that asset. Nor does it provide a good basis for determining the fate of those assets in policy decisions.

The philosopher Mark Sagoff⁵ suggests that the dilemma arises because our preferences as consumers are different from our values as citizens. So, while we can all express preferences, adding them up does not establish what something is worth to us, as citizens in a society. Therefore, in trying to extract people's willingness to pay for what are sometimes quite intangible assets, we commit what the philosophers call a category mistake. In other words, it is not just a question of the precision of the calculus; it is a question of whether the conceptual basis of 'quantifying the unquantifiable' is actually right. This objection is different in kind from methodological criticism.

Major public policies, such as Endangered Species Acts and our own National Parks and Access to the Countryside Act, were made because people had vision and because they did what they felt was right. They did not weigh up carefully and methodically people's preferences for rare species or for having areas of great landscape value preserved for the nation. No one asked the general public how much they would be willing to pay or weighed the sum against the benefits of alternative uses.

Sagoff cites an experiment carried out by economists in Wyoming. Investigators postulated to respondents that the view in a national park might be obscured by pollution. Using contingent valuation, they asked respondents what they would be willing to accept as compensation for having the landscape of the park obscured. They found that well over half the sample simply refused to co-operate. They did not answer the questions properly, and wrote comments on their questionnaire returns which suggested that they considered that whether national park landscapes should be degraded was not a matter of how much they were willing to accept in compensation; it was a matter of public policy. They wanted to support public policy which simply would not allow that to happen.

The argument that policy choices should not be based on the aggregate of individual preferences needs very careful consideration because policy choices clearly do need to be made and policy decisions have to be informed in some way. The argument is that for some of our most precious countryside assets, pricing as a means of informing policy choice is inappropriate. In relation to this point, Sagoff argues that we need to have the courage to, "distinguish the pure from the polluted, the natural from the artificial, the noble from the mundane, good from bad and right from wrong"⁵. In a way, that is what those early visionaries who designated the National Parks did. "These are scientific, cultural, aesthetic, historical and ethical distinctions", says Sagoff, "not primarily economic ones". Such assertions beg important questions about the nature of the policy process, which I do not have time to address.

In conclusion, to return to the subject of the free countryside and the charging debate, I would suggest that we should by all means use the price mechanism where it is appropriate to achieve the objectives of our countryside policies. But we should be very wary indeed of using methodologies, however sophisticated, to put a price on that countryside in order to determine what our policy should be.

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An Alternative Approach to the Charging Debate: Funding through the Voluntary Principle

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Introduction

The alternative approach which I am putting before you is, not that charging for the countryside is always preferable to providing access free of charge, but rather that the expenses of caring for the countryside are better defrayed by alternatives to funding from the public purse in so far as these alternatives are feasible. The emphasis is on enjoyment rather than access and on the most economical or efficient means of paying for that enjoyment.

I shall argue that there are different interests in the countryside and different types of enjoyment. A pluralistic system with decision taking decentralised through private ownership provides the best means of reconciling and containing these conflicts. And the ownership motive and the wealth creating properties of alternatives to funding through taxation can unlock cash resources for the care of the countryside that would be permanently inaccessible under a system of funding through taxation¹.

Public Choice Theory

I agree with nearly all that Susan Owens has said in the previous paper within the framework of the assumptions that she has used: but I should like to comment on these assumptions.

The contrast between market imperfection and government perfection is a framework of reference that goes back at least to Pigou. The process of thought is to identify a market failure, a market imperfection, something which cannot be left completely to the market, and then to contrast that with an idealised government solution and bring in what is, by assumption, a perfect government to deal with problems created by an imperfect market. If you do that, you have a fifty fifty chance of ending up in a worse situation than you started in. All this is the subject matter of something that has not been referred to by name at this conference so far, namely Public Choice theory, which won James Buchanan his Nobel Prize. Public Choice theory analyses government processes in the same way as the operations of market agents are analysed in traditional economic theory. You assume, not that public servants, officials, politicians and others have the public interest at heart and suppress their own, but rather that they are economic agents just like the rest of us and maximise very much the same kind of thing. This leads to the agency principle, which applies to everybody both in the private sector and also in the public or governmental sectors. It states that the agent follows his or her own interests at least to some degree and not exclusively those of the principal. So, whenever you have an agent operating, one of the things you have to look at is the discrepancy which the agent is bringing in between his or her own interests and

those of the principal. One of the ways of obtaining a better solution in these areas of policy is to find an agent who keeps close to the interests of his principal, rather than one who deviates a long way from those interests.

There are also constraints on the effectiveness of obtaining the best decision through democratic processes, which is in some sense a prisoner's dilemma applied to the democratic process itself.

If you follow this line of thought, you can come to some very different conclusions from those of Susan Owens. In particular, she was saying that the market system had not delivered in certain respects because the private ownership system had not provided, as one of its results and by products, a satisfactory environment. If you start asking yourself why this should be so, then the finger of accusation points at least as much to government policy as it does to private ownership. Who paid the farmers to grub up their orchards? Who introduced fertiliser subsidies? And so on. This is the extra dimension of the argument that I am trying to introduce.

Defining the Subject: Boundaries and Objectives

My preference in these matters is to go for general principles as far as possible. Among those that I would bring to bear on the subject is that in general there are no special categories of assets, perhaps not even land: and that there are similarities between the countryside and the town, so that the countryside is not a particular economic or other category. The activities of the National Trust seem to bear this out, because their membership literature treats countryside and town matters, where they have an interest in urban properties, in very much the same tone of voice and with very much the same attitude and approach, which I think is completely right.

Then again, recreation is only part of the rural economy and ecology and it is difficult to divide that off from the rest. Large country houses, villages and pubs are important parts of the countryside and constitute heritage assets in greater or lesser degree. Transport is an important part of the subject: if a bus route is lost, this can make a great difference to the people who live in a particular part of the country. As an example of the importance of integrating these various elements of the argument, I would mention a well managed estate with which I have had a little to do in the past – Chatsworth. One of the most important lessons that you learn if you talk to the agent at Chatsworth, or to agents or factors in a number of other larger estates, is the importance of integration. They treat the whole estate as a single operation – the house, the farm, the tenanted property, the woodlands, the forest if there is one, the sporting interests, the visitors – all are part of a single operation.

I regard this area of problems as something of a seamless web in which one nevertheless tries to identify certain elements on which economic principles can be brought to bear. My approach is one of more rather than less, of making progress in an agreed or identified direction, rather than seeking any kind of absolutist or totalitarian solution that covers the problem in a single blanket. I am reminded of the story, which I believe to be a true one, of Queen Caroline, George II's queen, who asked Walpole how much it would cost to close St James's Park to the public. His answer was, "Two crowns, Ma'am"! I do not want to make that kind of mistake either; so I am well seized of Susan Owens' warnings that there are types of countryside asset to which straightforward middle of the road market solutions are inappropriate.

The principle that there is no such thing as a free lunch, that every policy proposal imposes costs of one kind or another, is really another way of putting the point that I made earlier about market imperfections and government imperfections. It is always a balance of advantages and disadvantages rather than a search for perfection.

The Voluntary Principle and Welfare Economics

The voluntary principle inspires much of what I have to say, and it is something that has not explicitly figured in the earlier papers. By the voluntary principle I mean a number of things. One is that there are major failures of collectivism in this area of policy – the countryside, the environment. One need only think of the USSR and East Germany. If anyone argues that these are discredited communist systems, there are plenty of horror stories from the United States of America and these are examples of the government's becoming involved in environmental activities where private economic agents could have done a much better job, perhaps within Susan Owens' guiding framework to inspire them to do the right thing.

Indeed, in related areas of policy, governments are often the worst offenders and cause rather than solve the problems. This is one of the reasons why one has to look beyond recreation, beyond the countryside, to other areas of policy. I need not lay on the agony about the Common Agricultural Policy and what that may have done, for example, to hedgerows in East Anglia. I have already mentioned grubbing up orchards and fertiliser subsidies. A quite different example of ham handed government policy in this area is the levying of inheritance taxes, in particular on large country estates, where it is very much in the interest of the neighbourhood, as well as of the country as a whole, that the existing owners should go on living in those properties. With the exception of assets deemed by the Treasury, of all unsuitable judges, to be of national heritage status, inheritance tax bites on heritage assets just as much as on any others.

The other aspect of voluntarism is an element of welfare economics, the advantages of trading over taxation. In simple terms, I would just make the telling point that so many people are willing tax avoiders and tax evaders who would not dream of defrauding an honest trader. If you think about that carefully, it tells you something about people's attitude to the tax system as compared with any substitutes for, or alternatives to, the tax system that embody the voluntary principle².

Wealth creation through the substitution of trading for taxation is one example of the voluntary principle at work. Wealth is created because the individual gets something in return for his or her money (trading) instead of getting nothing (taxation); that is why the trader is a volunteer and the taxpayer a pressed man. The implication is that there are major advantages in moving funding for the countryside from taxation to charging, in so far as this is feasible³. Another example of wealth creation through the voluntary principle is the process of giving. Economic theory has traditionally (though with uneasy qualifications) treated giving as a transfer payment, like taxation: what the giver or taxpayer loses the recipient or tax revenue gains, and (apart from the costs of the transfer of the gift and the collection of the tax) that is the end of the story. But this overlooks the fact that giving is voluntary. The givers have the choice of giving or not giving; and if they give, their giving is in competition with other uses of the money such as spending, saving and lending. The giver gives because the money is worth more to him or her as a gift than in any of these competing uses: the process of giving at least doubles the value of the gift. I have developed this argument elsewhere⁴. The implication is that there are major advantages in moving

funding for the countryside from taxation to charitable donation, in so far as this is feasible; and giving includes voluntary labour, which is a major contributor to the care of the countryside.

I would therefore reject the contrast sometimes made between the merits of capitalism for the production of goods and services and the merits of collectivism for their distribution or redistribution. The wealth creating properties of capitalism are to be found in the redistribution of resources through giving no less than in their production.

Who has an Interest in the Countryside?

The question of who has an interest in the countryside is not as obvious as it might seem. A wide definition of interest implies a correspondingly extensive catchment area for care and funding.

Among those with an interest in the countryside I make a distinction between payees and producers on the one side, and payers and consumers on the other. By payees and producers I mean people who draw income from the countryside in one way or another – workers in agriculture, forestry or other businesses in the countryside, officials of public bodies and staffs of private estates or concerns. Politicians, both at local and national level, have an interest in the countryside from time to time; it may advance or retard their careers, and that is the first interest of politicians. Owners have an interest both as payees/producers and as payers/consumers. Other payers and consumers are residents; Ron Edwards' paper outlines the various waves of residents both to and from the countryside. Then there are voluntary bodies like the National Trust and the Historic Churches Preservation Trust. In my view the National Trust has a dual capacity. In its agency capacity, representing its members, it is a consumer of the countryside; but through its staff and its office bearers, it is a producer.

Next there are those who are neither payers nor payees – neighbours, visitors and citizens in general. Many people have a dual or triple capacity. This argument about multiple capacity applies just as much to the countryside as it does to economic life in general. The reputation of Karl Marx has been in decline recently, and I think that one of his principal errors was the assumption, explicit or implicit, that people had predominantly single capacities – they were workers, they were capitalists, they were landowners. It is quite normal, and increasingly normal in this country, for people to have two or even three of these capacities, and this applies to the countryside as well.

All those with an interest in the countryside may be regarded as its beneficiaries in the sense that the welfare of the countryside affects their own welfare, and all are potential sources of funding in capacities additional to that of taxpayers.

Different Types of Enjoyment

The care of the countryside and its funding are also affected by the different types of enjoyment it has to offer its beneficiaries. These beneficiaries include producers and payees, many of whom could move to more highly paid activities but stay where they are because of their enjoyment of the countryside in the course of their work.

Different types of consumer enjoyment have been mentioned in previous papers and include field sports, visiting of country houses and other places of interest, *urbs in rure* (organised

activities of essentially urban inspiration such as theme parks and nature trails) and unorganised activities such as exploring and wandering about the countryside by oneself.

In addition to these active or direct forms of enjoyment there is what I might call the passive, indirect or remote form of enjoyment: enjoyment through contemplation. By this I mean the pleasure that comes from knowing that something beautiful, memorable or otherwise important is being looked after and preserved and the pain that comes from knowing that it is being neglected or destroyed. A large proportion of the membership of the Royal Society for the Protection of Birds are neither active nor expert birdwatchers. A large proportion of the members supporting particular appeals by the National Trust and the Historic Churches Preservation Trust are unlikely ever to visit the properties or churches concerned. The argument is even stronger internationally. People are concerned (and willing to pay their own money to demonstrate their concern) about whales and other creatures that they are unlikely ever to see in the wild. People are similarly concerned about rain forests and Antarctica, not primarily through fears of global warming and the like, which might affect themselves, but primarily through a certain antipathy to rape. An example may make this clear. A charity (Programme for Belize) has been advertising recently to help preserve the rain forests of Belize. How many of their subscribers are likely to visit Belize? And what difference would the preservation or destruction of the rain forests of Belize make to the greenhouse effect, the ozone layer and the like? And yet this charity advertises expecting to attract enough support to pay for its advertising and make a profit.

The attitude of these passive, indirect or remote supporters I regard as entirely rational. The principle applies generally. There are already more good things than any of us can possibly use and enjoy. There is more good music than we shall ever hear; there is more good literature than we shall ever read. If we regret or fear the loss of something beautiful or otherwise valuable, it is not primarily, perhaps not at all, because we regret or fear some encroachment on our personal empires as consumers. Nor is the point a new one. It is entirely rational to regret the loss of the lost books of Livy even if you have not read the books that remain, and even if you know no Latin.

Although the principle of this argument has been assimilated in earlier papers, I suspect that its policy implications are still underestimated. A major policy implication is that access to the general public is only one consideration competing with others. Parts of East Head, Chichester Harbour, owned by the National Trust, are at present fenced off to permit the revival of dune grasses killed by trampling. Access can sometimes do more harm than good, as this obvious example shows. But there are also less obvious examples. It has been a cause of widespread regret that in late 1988 the Department of the Environment granted an application by Oxfordshire County Council to open a path through Lord Rotherwick's 1,300 acre Wychwood Forest, against the wishes of the owner and the Nature Conservancy Council. Oxfordshire County Council was backed by the Ramblers' Association (of course), the Oxfordshire Field Paths Society, the Open Spaces Society and (of all people) the Council for the Protection of Rural England. Protection or destruction? The effect of the ramblers' boots on Wychwood Forest bears more than a passing resemblance to the effect of mining drills and oil rigs on Antarctica.

Another even more important policy implication is that the predominant interest in the countryside in terms of numbers, voting power and potential funding may well be the passive, indirect and remote interest of the silent majority. This is a good example of the

conflict between the general interest on the one side and special interests and lobbies such as those of ramblers on the other side that forms the centre of Public Choice theory. The problem is how to contain the natural predominance of lobbies in a democratic system and thus enable the general interest to prevail, thereby increasing the catchment area for funds raised voluntarily for the care of the countryside.

Conflicts of Interest – Class Based and Cultural

Here I wish to make a distinction between what might be called class based conflicts of interest, which I regard on the whole as less important, and cultural conflicts of interest, which I regard on the whole as more important.

Class based conflicts of interest include the old conflict between landowners and trespassers. A rather more modern example is lobbies for government spending. This is a class based or at least group based conflict of interest. Those who lobby for additional government spending are essentially in conflict with those who have to provide the money as taxpayers.

Then there is the question of large scale versus small scale ownership. This ties in to some degree with cultural problems because many of the difficulties that we have with the countryside at the moment are due to intensive use, which means use by large numbers of people on a small scale. One way to keep the countryside in better shape is not to have so much of that kind of use. Small scale ownership is one way to degrade the countryside very quickly. You could hardly do worse with a south coast cliff than build what you have now in Peacehaven, Brighton; and yet the development suited a large number of home owners who originally wanted the houses built and now suits their successors who want to go on living there. This ties in with the point that Susan Owens made, that one needs to have the kind of framework that makes people follow their own interests consistently with that of some more general interest. Development often leads to small scale ownership; indeed, nine times out of ten that is what it is about, since that is what provides the money.

Planning permission is an interesting case because it is partly class based, in the sense of group based: there is the person who owns the land and there are the neighbours and others who might be disadvantaged. But it is culturally determined as well because people do not always go for extracting the maximum profit from their property: other considerations supervene, not least when the owner is a large landowner.

As an illustration of conflicts between planners and residents or owners, nearly a third of the population of Brecon Beacons National Park signed a petition in early 1991 expressing no confidence in the park's planning department: petty restrictions imposed by the planners were thought to be suffocating local people's attempts to earn a decent living in the area.

Cultural conflicts of interest come in many shapes and sizes. A simple example is loud radios. It may require a certain amount of moral courage to go up to a group of teenagers and ask them to turn their pop music down; but this is one of the intrusions into the countryside that many people find among the most offensive. Loud radios exemplify the problems of congestion and degradation, concepts which will be well known to those involved in the countryside.

A more subtle example is theme parks and nature trails. If I gave my young children a choice between going to a theme park or going for a walk in the open countryside, there is not

much doubt that they would choose the theme park. I hope they will grow out of it; but some people never do. I personally prefer my countryside un-theme-parked, un-nature-trailed and generally left in peace: but not everybody agrees with this. Similarly, the manicured landscape of a golf course is for many people a poor recompense for the real thing.

Country signs are an interesting example of cultural conflicts. Traditional country signs are being replaced by Devon County Council with ugly metal objects. The National Trust used to be an exemplar with discreet and self effacing signs which could nevertheless just about be seen and gave the necessary minimum of information; this discreet policy seems to have been changed in recent years in favour of something more brash. In my part of the world, and I think all over the country, there is a rash of public footpath signs which local authorities have had to put up as a result of legislation passed at Westminster. They have ugly designs with unnecessary and otiose messages. But there must be somebody who thinks that these signs serve some useful purpose; otherwise they would not go up.

I hardly need to emphasise that there are differences of opinion about the proper place of field sports in the countryside.

Reconciliation of Conflicts

My suggestion for the reconciliation of conflicts is to use the ownership principle as far as possible, combined with a well articulated system of property rights. I avoid political solutions, for reasons I have given: political solutions are not felicitous, they are not Pareto optimal, and they result from the most effective lobbying that can be mounted by the interested parties. They correspond to the results of the principle that 'might is right'.

I think it is best to recognise cultural differences rather than to try to suppress them and pretend that people all think the same about the countryside when clearly they do not. It is helpful to devolve these decisions to the level of the individual, and I have already expressed my preference for large scale rather than small scale private ownership in the countryside where possible. A large scale private owner can provide the advantages of orderly estate management without the disadvantages of the government system of planning permission. The policy implication is that large personally owned estates should not be broken up by inheritance tax or other forms of government intervention.

As Susan Owens has said, there are two senses of market solutions, using existing institutions and creating new institutions.

The Ownership Motive

This leads to my central point. The personal owner has a dimension of motivation that no public corporation, local authority or public agency can possibly have. Personal owners have the interest and the wish, in particular, to bequeath property to their own children (so that the ownership motive includes the inheritance motive). This is something that a local authority cannot do. Personal owners have personal pride in maintaining their own property. He or she is the owner of that property. I have written about the technicalities of this⁵; but, as so often, the technicalities correspond to common sense principles. It is interesting that in the Mar Lodge controversy in the north of Scotland, one newspaper reported that the locals were unanimous in preferring the outgoing personal owners, the Kluges, who by the

way are Americans, to a threatened invasion by charitable institutional owners, most of which, they said disdainfully, would probably be staffed by Englishmen.

Time Horizon and Commitment

A related reason why a much better result is obtainable from personal ownership than from collective ownership is that owners can be committed over the generations. They regard themselves as stewards rather than outright owners. The owner's agent or factor often shares this commitment and spends as much as 30 years in the employ of a single estate, which is something unusual in most forms of employment nowadays. The reason why and the results of this state of affairs are shown in the following schema⁶, where the four values of an estate are shown in descending order:

- social value in current use;
- personal value in current use;
- break up value;
- private value in current use.

The social value in current use is exemplified by the Mar estate before the fire and before the Kluges decided to leave. It is something of value both to the Kluges and to their neighbours; the value to the neighbours is the excess of the social value in current use over the personal value in current use. Then, for whatever reason, the Kluges decide to leave, because their personal value in current use moves down to the break up value or below; the additional element of enjoyment that they had when the personal value in current use was above the break up value, which was their motive for remaining on the estate, disappears for various personal or external reasons. If the private value in current use is below the break up value, and the owner stays nevertheless, then by definition he or she is soldiering on in sacrificial circumstances out of a sense of public duty and vocational ownership. This is an unstable situation; it is when this is no longer possible that the break up value becomes the actual value.

The same thing can be put in terms of discount rates or interest rates.⁷ Owners have a high personal value in current use when they have a low subjective discount rate. The difference between the subjective discount rate and the market rate of interest gives saver's surplus, which is precisely analogous to consumer's surplus. This is what helps the personal owners to keep going when they feel that they are performing a public service, or have some other personal and non-pecuniary interest in the estate.

The Concept of a Public Good

There are two overlapping and technical senses of the concept of a public good (in addition to the common sense of its being a good available to the general public). In the first sense, a public good is one which cannot be appropriated to personal or private use. In the second sense, a public good is one the use or enjoyment of which by one person does not reduce the amount available for use or enjoyment by others. Street lighting and military defence are both examples of both senses. But there are goods which are of benefit to the general public (or parts of it) and satisfy the second of these two senses while being wholly appropriated to personal use. The additional wealth created by personal giving is one example⁸; personal ownership of heritage assets, with its sacrificial dimension of vocational ownership, is another⁹. The committed personal owner of country land or other assets with

heritage quality has the motive, and may have the opportunity, to look after it better and spend more money on it than anyone else would be willing to do. The ownership motive and vocational ownership thus lead on to sources of voluntary finance.

Sources of Voluntary Finance

Charging can both increase funding and reduce congestion and degradation. On this subject, my work has been done for me by Nigel Curry in his workshop 'Charging the customer to raise funds', and I list his headings here for the sake of completeness:

- pay at the gate (events and shows);
- membership (golf courses, shooting clubs);
- licences and permits (fishing);
- car parking (country parks and picnic sites);
- peak period pricing (country parks and picnic sites);
- donation boxes (informal areas);
- tolls (bridleways and other rights of way).

This list includes an item for donations. A broad definition of giving would cover everything other than arm's length charging and government funding. Some forms of charging can be loaded to include an element of donation which people will pay cheerfully. An example is membership subscriptions. Some membership subscriptions are below an arm's length market clearing price (like golf clubs with a waiting list); but others are above. Bodies like the Friends of the ABC Theatre or the Friends of the XYZ Museum are engaged in fund raising exercises, even though they stress the advantages of membership as part of their marketing effort; many Friends make little or no use of their privileges and others pay much more than the minimum subscription. The art is to load the right goods and services with an element of donation and avoid the others: the same individual who will happily pay £20 a year as a Friend for very little in return may be indignant if he thinks he is being overcharged £1 in the car park or restaurant. There is a wide range of fund raising possibilities in which the donor receives some modest recompense for what is primarily a charitable donation (for example, name in a theatre programme, name in a book, name on a theatre seat, name on a tree).

Donation can be important, not only in cash, but also in kind. Firms can often donate goods or services that cost less to them than they are worth to the recipient. The most important form of non-cash donation is voluntary labour. It is normal for the office bearers of voluntary organisations to give their time and trouble for nothing. At a humbler level, offices are staffed and letters typed by labour that is either unpaid or paid significantly less than the going rate. And the same holds good for manual labour: the National Trust and other bodies have organised groups of volunteers to perform such useful tasks as clearing ponds and canals.

The personal owner of a country property often donates his or her time like an office bearer, his labour like a volunteer, and his money like a Friend. He often does so on a much more generous scale by virtue of his commitment to the property – in his capacity as personal owner. In addition, by virtue of this capacity, he is the property's entrepreneur, solely

responsible for its direction as well as its management. The properties to which this argument applies include any, from a private house or small farm upwards, that are run not merely for maximum pecuniary profit but with an eye to the environment, the heritage and other broader considerations. The larger the role of the personal owner and the ownership motive, the more these broader considerations can be brought into play.

By contrast with public funding in the traditional forms of grants and subsidies, tax relief for charitable donations has two major and related advantages. First, it is economical, since government disbursements are conditional on larger prior disbursements by private persons. And second, for the same reason, decision taking is devolved to the periphery instead of being centralised; and a much higher quality of decision is to be expected from individuals donating their own money than from civil servants donating someone else's. Tax relief has built in safeguards against abuse and errors of judgment.

The advantages of tax relief are such that it is worth considering whether tax relief should, as at present, be limited to the taxpayer's top rate of tax. I have argued elsewhere¹⁰ the case for relief at a higher rate when tax rates are 'low' (say at the present 25% basic rate of income tax or below), the excess of tax relief to be set against tax on other income or capital, and subject to a relief ceiling of some 50%.

Finally, institutional reforms, though not sources of finance in themselves, may serve indirectly to increase funding or reduce expenditure. In particular, since trespassers by definition contribute nothing to the countryside, a tightening of the law of trespass may increase resources for the financing of the countryside by reducing the damage done by trespassers and making more room for others. Similarly, a reduction or removal of legal obligations to open a house to the public would lighten what can be a heavy burden and might tip the scale in persuading the owner to continue a vocational ownership.

Conclusion and Implications for Policy

Among the various policy implications of what I have said, I would emphasise five.

First, our birthright consists no less of freedom to contemplate than of freedom to visit and indeed ramble over estates, farms and other elements of the countryside. A dimension of policy that I should like to see emphasised more is the interest of those many members of the public who never intend to go themselves to visit most parts of the country and prefer them to be left as far as possible inviolate or at least not over visited. The policy implications are the importance of this silent majority as a catchment area for funding and the advisability of radically reducing present legal obligations on owners to provide access to the general public.

Second, there are potential advantages obtainable from institutional changes including the articulation of property rights in areas where this has not been fully exploited so far – a matter discussed by Demsetz, Leacock, Furubotn and Pejovich.¹¹

Third, personal ownership of heritage assets is a public good; and this implies the desirability of abolishing inheritance tax, preferably on all assets but certainly on assets which have any kind of heritage character. Not the least of the reasons for this reform is that there is a gap in the system at present where the owners are on the margin or can no longer cope and

where the fiscal system, far from giving them any kind of help, pushes them under in their hour of need.

Fourth, charitable donation could be more effectively exploited as a more economical and efficient alternative to public funding if tax relief were granted at more than the taxpayer's marginal tax rate (for example, 35% relief for a taxpayer on a 25% rate of income tax), subject to an overriding limit of (say) 50%.

Finally, I have argued that there are substantial disadvantages in any form of direct recourse to the public purse financed out of general taxation. There is a wide range of voluntary alternatives providing finance for the countryside through trading or donation or some combination of the two; and the pool of potential supporters is ultimately as wide as the whole population. An imaginative use of the voluntary principle instead of taxation for the funding of countryside expenditures will not only replace pressed men with volunteers; it may also much enlarge the volume of finance available.

Notes and References

1. I have developed these interconnected themes in four publications. **Caring for the Countryside: Public Dependence on Private Interests** (Social Affairs Unit, London, 1987) argues that under a properly articulated system of property rights personal ownership serves the public interest more faithfully than alternative methods of financing and control. **Land and Heritage: The Public Interest in Personal Ownership** (Hobart Paper 93, Institute of Economic Affairs, London, 1982) develops the concepts of vocational ownership and saving in perpetuity to analyse the additional contribution made by the personal owner of heritage assets or assets with heritage quality. **The Wealth of Giving: Every One in His Inheritance** (Research Monograph 43, Institute of Economic Affairs, 1989) argues that unconstrained giving, whether charitable or otherwise, is a form not merely of redistribution but also of wealth creation: the process of giving at least doubles the value of the gift. **Earmarking in Britain: Theory and Practice in The Case for Earmarked Taxes: Government Spending and Public Choice** (Research Monograph 46, Institute of Economic Affairs, 1991) argues that wealth is created both through the voluntary principle and through superior resource allocation when taxes are replaced by alternatives with a voluntary component; pages 52-55 and Figure 1 analyse this process of wealth creation.
2. Wealth creation through the substitution of trading for taxation is discussed in **Earmarking in Britain**, op cit, pages 52-55.
3. The advantages of charging over taxation are the theme of Arthur Seldon's book **Charge** (Temple Smith, 1977).
4. **The Wealth of Giving**, op cit.
5. In **Land and Heritage**, op cit.
6. Abbreviated from **Land and Heritage**, page 81, op cit.
7. **Land and Heritage**, op cit, pages 19-22, 24.
8. **The Wealth of Giving**, op cit, page 61.
9. **Land and Heritage**, op cit, pages 84-85.

10. **The Wealth of Giving**, op cit, pages 39-41, 72-79.
11. Harold Demsetz, 'Toward a Theory of Property Rights', **American Economic Review**, May 1967, page 347. Eleanor Leacock in **American Anthropologist** (American Anthropological Association), Vol 56, No 5, Part 2, Memoir No 78. The article by Demsetz is reprinted in Eirik G Furubotn and Svetozar Pejovich (eds), **The Economics of Property Rights**. Ballinger Publishing Company, Cambridge, Mass, 1974, which is the most substantial work on the subject to have appeared so far.

Introduction

This section includes 10 workshop summary papers, and a paper given to the plenary session of the conference summarising the discussions of the workshops.

The summary papers of the workshops, some in note form, are intended as an introduction to each topic, rather than a full coverage of the subject.

The workshops were small groups of an informal nature, where, following an initial presentation, the delegates discussed the issues raised. Key issues were reported to the plenary session, and these are included in full in the paper, 'Reporting Back on the Workshops'.

Environmental Audit and Compensating Projects

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Environmental Audit

Environmental audit is a metaphor. The word audit has been borrowed from the world of accountancy where a system for quantification and rules for calculation are well established. There can be little doubt that to systematise an analysis of the environmental impacts of any activity is preferable to an *ad hoc* intuitive approach, as this will allow for technical improvement and the development of shared principles on which to base decisions.

However, the concept of audit implies a precision of measurement and book keeping which may be difficult to achieve. For some environmental attributes precise quantitative measurement may be possible, such as measurement of noise, or outputs of noxious gases. Other features can be seen as populations of individuals, such as cars, breeding birds and day trippers. Not every environmental feature is so amenable to quantification. Natural beauty, historic interest and nature conservation value can be quantified, but the rules for doing this are arbitrary and the results often judged to be unsatisfactory.

The practice of audit carries with it a danger that things which can be measured, but are trivial, will be seen as important, whilst that which cannot be measured, but is important, will be ignored. Limits on the technical development of audit would appear to exist, but we have yet to determine where these limits are and how non-quantitative attributes can be accounted for.

The environmental audit account may be no less difficult to calculate. It is relatively easy to measure noise, levels of hazardous chemicals and so on, but to determine their impacts on all aspects of the landscape is very difficult and very often relies upon expert opinion. Further, there is no common currency by which environmental features can be compared. How does one quantitatively compare the 'cost' of disturbance to breeding birds against the 'profit' of increased public access?

Those who have promoted environmental audit have been lobbyists against development, but strong economic interests promoting development could encourage the technical development of audit in an unfavourable direction.

Compensating Projects

A part of our countryside is of relatively low aesthetic or ecological value. In these areas there would appear to be significant opportunity for compensating projects. However the greatest attention is likely to be paid to those landscapes or landscape components which are historically or ecologically rich.

There are grounds for thinking that compensating projects can never fulfil the role of maintaining an equal amount of 'the resource' in these contexts. The reason for this is that the countryside has developed over time, it has evolved in the strict biological sense, through the action of physical and chemical processes on solid geology, and as human society has exploited it. One might reassemble the species of plant found on a site by transplantation or growing new individuals, but the contribution played by this evolutionary history cannot be replaced; one cannot buy or make the past.

If it is accepted that compensation can be made for losses of landscape quality, one of the most difficult technical questions is to decide what chance of success there is with a specific proposal. Until recently compensating projects have been little more than simple statements of intent with no technical detail. Keeping existing landscapes is something that has low risk of failure attached to it, proposing a replacement habitat or other landscape feature by its nature has higher risk of failure.

The sources of risk of failure are numerous, and include lack of planning, failure to understand basic ecological and physical principles, lack of skilled manpower to implement a project and inappropriateness of choice of technique. Finally compensating projects are often put forward by those with only a short term commitment to the site, as for example where a road scheme or housing development is planned, and therefore provision for long term maintenance is weak or entirely absent, or it is expected a third party such as a local authority will take on an extra commitment.

It is worth reflecting that the statement of intent to build a house has a low risk attached to it. The exercise has been carried out many million of times this century, the materials employed are standardised and the subject of rigid specifications and testing. The work force involved in building projects is a highly specialised team, each member having a period of training in the work and previous practical experience. In contrast only a few hundred habitat creation projects have been attempted. The materials involved are highly heterogeneous and their properties poorly understood. Further nearly all those likely to become involved in the implementation of a scheme will have only a small amount of experience and there is currently limited professional training. Not surprisingly at present many habitat creation projects are of limited success or fail completely.

With regard to both environmental audit and compensating projects the problem remains of how to translate seemingly trite words into systematic professional techniques.

Measuring the Economic Impact of Countryside Recreationalists

Roger Vaughan, Bournemouth Polytechnic, and
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Introduction

The focus of this paper is on the measurement of spending by countryside recreationalists and the extension of this method into measuring the economic benefits of countryside recreation in respect of the creation of income and jobs. The reasons for measuring these economic impacts of spending, income and jobs are firstly, advocacy – to prove that recreation is worthwhile – and secondly, planning – to develop an understanding of the ways in which recreation affects the local economy.

The paper is based on a study recently undertaken on behalf of the Countryside Commission. The study examined the economic benefits derived from the spending of walkers on the Pennine Way¹.

The Measurement of Economic Impact

The economic implications of walkers on the Pennine Way consist of the spending by walkers and the impacts of that spending on incomes and jobs. The incremental analysis divides the impacts into a number of elements with the link between the elements being the money spent by the walkers:

Element one is the spending by walkers.

Element two is the impact of the spending on incomes and jobs at the businesses in which walkers spend their money. This is often called the direct impact.

Element three is the impact of the spending on incomes and jobs as a result of the businesses, in which walkers spend their money, making purchases. This is often called the indirect impact.

Element four is the impact on incomes and jobs of the income earned as a result of walkers' spending being spent by the recipients of that income. This is often called the induced impact.

The analyses present the results either as totals, for example £25,000 of income, or as coefficients of the rates of impact. The coefficients are generally of the proportional type and, for example, would take the form:

$$\frac{\text{Direct} + \text{Indirect} + \text{Induced}}{\text{Walker Spending}}$$

Thus a proportional income coefficient of 0.25 would mean that for every one pound spent in hotels, one quarter (25 pence) becomes income for local people and businesses in the form

of wages, profit and rent, after tax and national insurance contributions have been deducted.

A detailed guide to the method can be found in *The Cultural Heritage: An Approach to Analysing Income and Employment Effects*². This covers the analytical specification, the data collection and the interpretation of the results.

Surveys and Sampling

Introduction

To produce the types of results commonly associated with studies of the economic impact of visitors, or in the case of the Pennine Way, walkers, involves sample surveys of businesses and walkers. The overall objective is to ensure reasonable accuracy through the minimising of error sources: sample error, bias and mistakes.

Business Surveys

The core of any study of the economic impact of the spending of visitors to an area which uses proportional multiplier analysis is a business survey aimed at measuring the conversion of turnover into income and purchases locally and also the relationship between turnover and the size of the workforce. In measuring these rates of conversion there are two related considerations of sampling and questionnaire design.

Sampling

The main point to be aware of in sampling is that businesses do not carry an equal importance in the economy. The distribution of turnover, income payments, purchases and employment are skewed and recognition of this will guide the sampling in relation to the composition of the sample and the size of each of the individual components of the sample. As a result, the business survey is not a single random sample of all businesses within an area but a number of random samples of businesses based on predefined groups. The reason for this is that a completely random sample of businesses would require a larger sample in order to ensure that all important types of business appear.

Questionnaires

Business questionnaires are problematical in that the data sought are the most sensitive part of an impact study, both for the analysis and in the nature of the data. In preparing and administering such a questionnaire it is important to be aware that:

- (a) decisions on the content and layout of such questionnaires should allow for easy cross checking to be carried out during the interview;
- (b) accounts are not prepared for multiplier analysis but are prepared for quite different purposes and this may cause some components to be undervalued and others overvalued;
- (c) there is no geographical record of where the purchases listed in the accounts were made. Therefore it is necessary to refer to 'invoices' and/or to accept the best estimate of the respondent in relation to the level of detail required.

The Surveys of Walkers

The analysis requires two sets of data:

- (a) the number of visitor days/nights over the period of the survey; and
- (b) the amount of money spent by countryside recreationalists.

This information can be obtained through face to face interviews and/or through self administered questionnaires. However, as with businesses surveys, the problem to be solved relates to defining the survey design and designing the questionnaire(s) in such a way as to minimise error.

Survey Design

In selecting people to provide the data the main considerations are: who to interview, when to interview, where to interview and how often to interview. Thus, for example, the Pennine Way study obtained data through face to face interviews, self registration and self administered questionnaires. The different methods ensured that the differences between day walkers and the long distance walkers in their use of the Way would not bias the results.

Questionnaire Design

It is not possible here to go into detail on the questionnaire design. However, it is worth noting some specific considerations in relation to obtaining information about spending:

- (a) recording spending at the end of a trip should give more complete information but there may be problems of recall;
- (b) categories of spending should be chosen to provide sufficient differentiation between the types of business in which money is spent, but the complexity of the analysis can cause problems if too many categories are defined and locational information is also required; and
- (c) zero spending should be specifically recorded or the results will be an over estimate.

Assembling the Data

The data are combined using a combination of input/output methodology and traditional Keynesian multiplier analysis. The model used has three parts:

- (a) The spending of money by walkers. This part of the model consists of the number of days, the average amount spent per day and the pattern of the spending between different business types.
- (b) The inter-business transactions. This is a modified form of input/output analysis using a limited set of businesses, and measures the direct and indirect impacts.
- (c) The induced effect. This is a modified form of traditional Keynesian multiplier analysis which incorporates the pattern of spending, by the residents of the area, of the income they have earned as a result of walker spending and the characteristics of the local businesses in which the residents spend their money.

The Results

Using the methodology outlined, the Pennine Way study produced a range of results in relation to the advocacy and planning objectives of the economic element of the study. It is not possible in this context to go into detail on the results.

However, in broad advocacy terms the study demonstrated that walkers on the Pennine Way spent a total of £1.9 million during the survey period (April to October, 1990). This spending

resulted in £423,000 of income to residents of the counties through which the Pennine Way passes and 155 jobs (95 all year full time equivalents).

The planning related results of the study are shown in Figure 1. From this it can be deduced that the two types of walker have different rates of impact with, for example, 30,000 day walkers being required to create the same amount of income as 10,000 long distance walker days.

Type of economic impact	Long distance walkers	Day walkers
Spend per day (£)	10.70	5.50
Income per 10,000 days	28.60	9.00
Jobs per 10,000 days	10.30	3.50

Fig 1. Summary of Economic Impacts by Walkers on the Pennine Way

Such knowledge can be useful when preparing development strategies, although it should be used in conjunction with other information and not in isolation.

Conclusion

The approach adopted in the Pennine Way study does not 'value' the countryside as a recreational resource in the way that, for example, consumer surplus analysis might do. The expenditure approach is based on the spending of people while enjoying a benefit of, in the case of the Pennine Way study, the recreational opportunities afforded by the Pennine Way and the areas through which it passes. As such it provides useful advocacy and planning information. This information is only as good as the data on which it is based. This paper has shown that while the basic concept of the analysis undertaken, and the results produced, may be deceptively simple, putting the methodology into practice requires a great deal of time, thought and care and has many pitfalls for the unwary.

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Techniques to Value Non-Market Goods

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The theoretical foundation for the valuation of non-market goods was laid by the Frenchman, Jules Dupuit in 1844. Some time elapsed before monetary valuation was adopted as a practical technique by the US Army Corps of Engineers. Since that time the applications have slowly expanded from almost exclusive use in water projects, and concern for the changes in quantities of environmental goods and services, to all projects with an environmental impact and concern for environmental quality changes. In particular, the last 20 years has seen the relatively rapid development of several techniques for evaluating the benefits of environmental improvement; these include the travel cost method, hedonics and the contingent valuation method.

When an economic analysis represents a particular environmental feature in monetary terms, a common misconception is that the figure is totally arbitrary and reflects the subjective estimation of the economists performing the analysis. This is certainly not the intention of the economics profession. The goal has been to discover the extent to which the public values the environment by measuring their willingness to pay for environmental goods and services. In order to understand the approach being taken by environmental economists, the cost benefit analysts, the basic theory, as originally proposed by Dupuit and later developed by Alfred Marshall, must be understood.

The concept of willingness to pay as a measure of welfare is closely related to the demand curve. The benefits of environmental improvement, or positive welfare changes, can be defined in terms of the area under the demand curve for the environmental good or service in question. In practice benefits are approximated by the area under the ordinary (Marshallian) demand curve. These demand curves exist for public goods and non-marketed goods such as the services of the environment. However, due to the absence of markets for environmental goods and services, demand curves cannot be estimated from direct observations of transactions. As a result economists have developed several techniques to calculate demand for environmental commodities and the welfare generated by the environment.

There are basically two approaches to obtaining demand or benefit information. The first approach is to exploit the relationship between marketed goods and environmental goods, either through consumption or production activities. The information generated by the related private goods markets is used to draw inferences about public goods demand. This approach includes the travel cost method, hedonic pricing models, and dose response methods.

While the services of a recreation site are usually provided at a nominal, or even zero, price,

every user pays a price in terms of the travel cost incurred. This information, combined with the number of trips originating from a given zone, can be used to estimate a distance decay equation. If the entrance fee is then increased a demand curve can be estimated, assuming users of the site respond in the same way as they would if travel costs increased. The travel cost method has been used to estimate the benefit of parks, fishing and ski resorts.

Hedonic pricing relies upon the use of information from house prices. The differences found in environmental quality between different areas can be capitalised in house prices. An implicit price for the particular characteristic being considered can be derived. For example, variations in air quality in Los Angeles, California have been evaluated using hedonic pricing.

Dose response functions have been calculated by natural scientists to give physical estimates of materials damage, health effects, and agricultural damages. These functions relate a given measure of a pollutant to the impact of a receptor. Thus, the level of tropospheric ozone can be related to the loss in productivity found in potatoes, for example. These impacts of impaired air quality can then be used to estimate welfare losses in the market for potatoes.

The second approach relies on non-market mechanisms and involves directly asking individuals to reveal their willingness to pay for a stated level of an environmental good or service, or the quantity they would demand at a stated price. Most commonly this approach takes the form of the contingent valuation method (CVM). CVM is a relatively new technique in economics and as a result is still being refined. Those intending to use CVM should understand the several areas of potential bias which have been identified. These biases include information bias, bid vehicle bias and hypothetical market bias.

One interesting aspect of the CVM is the ability to estimate non-user benefits. Those are the benefits which are unrelated to actual use of the environmental commodity by the individual concerned. Thus, a rare animal or plant species can be valued purely for the fact that it is known to exist, and for the knowledge that future generations will experience it (existence and bequest values). Another aspect of the total environmental value which CVM can estimate is option value. Option value is the willingness to pay to preserve a feature of the environment to maintain the option of future use.

Thus, several methods have been developed which throw light on the different ways in which people use and value the environment. However, the application of these techniques requires that the theoretical assumptions hold and biases are avoided where possible and acknowledged when known to exist. Finally, the limitations of valuation techniques must be accepted so that their role is only ever a part of environmental decision making and management.

Making Values Work – Investment Appraisal and Project Evaluation

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Introduction

Financial Appraisal

Objectives.

Problems: environmental externalities.

Economic Appraisal

Objectives: costs; benefits; economic efficiency; discounting; Net Present Value.

Appraisal rules: Pareto Optimality; The Hicks-Kaldor Compensation Rule.

Problems: distribution and intragenerational equity; partial solutions and the limits of economics. Environmental impacts; conventional solutions (eg, the planning of roads). Sustainability and intergenerational equity.

Bringing the Environment into Project Appraisal

What is Value?

Conventional value theory; Total Economic Value; problems with HM Treasury.

Monetary Evaluation of the Environment

Criticisms: ethical questions; practical questions.

Advantages: current problems; common unit comparisons; explicit treatment of the environment.

Techniques: Travel Cost Method; technique; consumer surplus (eg, recreational value of woodland); nature of values obtained; problems; applicability. Hedonic Pricing Method; technique (eg, air pollution, traffic noise); nature of values obtained; problems. Contingent Valuation Method; technique (eg, the Norfolk Broads; Yorkshire Dales landscapes); nature of the values obtained; problems. Dose Response Method; technique (eg, health impacts of air pollution); nature of the values obtained; problems. Shadow Projects; technique; nature of the values obtained; problems. Government Subsidy Payments; technique (eg, coastal defence works); nature of the values obtained; problems.

Extending Cost Benefit Analysis

Incorporating Monetary Evaluation of the Environment

Integration: the importance of using the correct technique and asking the right questions. The need for an Environmental Impact Assessment (eg, the Norfolk Broads study, sea level rise study).

Ensuring Sustainability

The Problem: Global Environmental Changes. Potential versus actual compensation. The conversion of natural into man made capital; service loss; irreversibility.

A New Role: the Constant Natural Asset (CNA) rule; CNA in practice - capital substitutability and actual compensation via shadow projects; CNA and non-renewable resources.

Sensitivity Analysis

Inaccuracy of money valuations; inaccuracy of physical quantifications. Changing physical assumptions and discount rates (eg, sea level rise). Why monetary evaluations may not be amenable to sensitivity analysis. Looking towards the future; modelling future demand for environmental goods; Krutilla type analysis.

Charging the Customer to Raise Funds

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Principles

What Role Does Charging Have?

Why might we wish to introduce charging for recreation facilities? Bovaird, Tricker and Stoakes¹ suggest that charging can have the function of regulating and manipulating demand, providing information on preferences and raising revenue. It might also be used as a means of 'creating a market image' - perceptually distinguishing a market from a non-market good. Although this workshop principally is concerned with only the third of these, it is useful to bear in mind that charging the customer will also have the other three impacts and they should therefore be taken into account.

What Happens to Demand When There is Charging?

What will happen to the demand for, or participation at, recreation facilities if charging is introduced? There are two issues here: what happens to the numbers of visits, and what happens to the type of people visiting? The numbers issue can be informed by having some knowledge of the price elasticity of demand for the recreation facility. Work on this by Bovaird, Tricker and Stoakes² indicates that between certain prices and at certain sites the demand for recreation is relatively price inelastic. This means that for proportionate increases in price, there will be a less than proportionate reduction in numbers. Revenue may thus increase from certain price increases at recreation facilities.

In terms of the type of people who come when charging is introduced, there is only anecdotal evidence. It is almost certainly not the case that when prices go up, only the more affluent continue to visit. This is partly because entry fees are likely to be only a small proportion of the total cost of the trip or 'day out' (travel costs are usually the most significant) and partly because people's tastes or preferences might be a stronger influence on participation than price alone.

This 'tastes' factor might even mean that as charging is introduced, the social composition of participants might move towards the less affluent. The free 'solitude' activity has been shown to be the most popular amongst the more affluent (Fitton³), whereas the 'event' type of activity - village fetes, agricultural shows, exhibitions and so on - for which entry fees are more usually charged, are likely to attract a broader spectrum of the population (Curry⁴). Dower⁵ suggests that poorer people often feel that they should pay for recreation, but the rich expect it from taxes. In some cases, therefore, charging can actually make recreation consumption more egalitarian.

Practice

What Sorts of Method are Used?

A number of different methods of charging have been employed by local authorities, the voluntary sector and others. These include the following:

- pay at the gate (events and shows);
- memberships (golf courses, shooting clubs);
- licenses and permits (fishing);
- car parking (country parks and picnic sites);
- peak period pricing (country parks and picnic sites);
- donations boxes (informal areas);
- tolls (bridleways and other rights of way).

How Practical Are They?

This issue covers two main areas. First, in terms of 'capturing the customer', this will vary according to the method used and the diversity of access to the facility. Licenses, permits and memberships are effective to collect but may be difficult to police. They have the advantages of being paid in advance, and not dependent upon consumption. Car park charging, peak period pricing and 'pay at the gate', require restricted access to the facility and so are less useful for networks and linear routes.

What Sorts of Facilities Are and Are Not Charged For?

There is no consistent pattern in charging for different sites, networks, events or special facilities. This will depend on the motives for charging, the methods used, the effectiveness of these methods and their feasibility. There also is a legal basis for charging. Under the 1968 Countryside Act, for example, local authorities are not given the power to charge for access to country parks and picnic sites (Clause 43) but may charge for facilities therein. Access to areas subject to access agreements under the 1949 National Parks and Access to the Countryside Act may be charged. Access to areas owned and leased by water companies is chargeable or not under various provisions in the 1990 Water Act.

What Sorts of Organisations Use Charging and Why?

As for different recreation facilities, there are no consistent patterns of charging across different organisations such as local authorities, the National Trust, the Department of the Environment, the Forestry Commission, the voluntary sector, water companies, private operators and so on. In general, much will depend on the motivations for charging considered at the outset of this paper.

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Alternative Ways of Raising Funds

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Introduction

BTCV have a clear purpose in mind for all the funds they collect, and they have successfully packaged their product in a most attractive way. It is much easier to 'sell' the people part of the product rather than some nebulous concept of improving the environment, but the money collected all helps the organisation to achieve its aims.

Statutory funding of BTCV has inevitably not kept pace with growth in the last few years, so it has become necessary to raise funds in partnership with industry. A major part of BTCV work involves local communities, particularly children who, as future potential customers, are very attractive to commercial sponsors. BTCV have a track record for getting things done, which is also important to a sponsor. Using their skills and expertise, they have helped other groups in Europe raise funds for conservation projects.

Campaigning

Campaigns are a good way to raise money, as they focus a sponsor's mind on the aims and objectives of a particular project. BTCV aim to cover more than a project's direct expenses. They aim to get approximately twice as much as is required for direct materials to cover inhouse specialist skills of publicity, fund raising, graphics, etc.

They have developed product promotion as a good source of income, which may or may not be tied to particular projects. This does not cause an ethical problem, because none of the products are endorsed by BTCV. Obviously some sponsors are allowed to use their BTCV link more prominently than others. Direct mail has also been tried with, for example, people being asked to sponsor tree planting by returning a tag to be placed on a new tree with their name on it, in return for a suitable donation.

The organisation must get publicity out of the projects as well as the sponsor, so that they can build up a track record. Payment must be geared to what the sponsor will get out of the project rather than what it costs. (A sponsor's title in the name of a project is very expensive!) Project costs are irrelevant to most commercial sponsors, and do not need to be discussed with them in any great detail.

Principles of Fundraising

Successful fundraising requires clear thinking by the organisation needing the money. Requirements must be assessed and quantified, long term goals should be set, and a decision

should be made as to how much can be invested in raising money. Selling features must be found for projects, and the whole organisation should get behind the fundraising effort, rather than just each project manager. If possible, a specialist should take on the job of fundraising, so that expertise can be developed. Sponsors, and competition for funds, should both be researched thoroughly. A good relationship must be established between sponsor and recipient, and thanks must be given when the project is finished. It is important to recognise that past sponsors are often the easiest ones to get money from for new projects.

The costs of running a conservation organisation were split into three categories for the purpose of fundraising:

1. The cost of innovative projects can often be covered by sponsorship from Charitable Trusts.
2. The cost of high profile tried and tested projects can be collected from commercial sponsors if they find them attractive.
3. Running costs have to be collected from individual members of the organisation, or the 'profits' from commercial sponsorships.

These sources of funding are addressed in more detail below.

Charitable Trusts

Charitable Trusts are there to give money away. They do not want much recognition for their donations, but will be very specific about what they will fund. Very few work in the field of the environment, and most are for social or 'people' projects. Their main interests are usually about solving problems rather than supporting a good cause. The staff are approachable. They will discuss an outline proposal by telephone, and give advice on the likelihood of it matching their areas of interest.

They are often run by accountants, who will want a detailed financial statement as an appendix to the proposal. Value for money is high on their list of priorities, and gearing (where their donation will enable money to be obtained from other sources) will impress them. They generally give one year grants, but a fundraiser can sometimes reapply. They can be found in The Directory of Grant Making Trusts, and the Charity Commissioners in London can give help, training and advice on how to extract money from them.

Commercial Sponsors

The commercial sponsor wants visibility above everything else. They pay for the visibility rather than the costs of a project, so they can end up paying a lot for something that costs very little! It is useful to estimate how much a fundraiser can ask for by looking at how much has been collected for other similar projects. This is where experience is very useful.

The arrangement is for mutual benefit, so the sponsor must not be allowed to 'take over' a project. The sponsor will want publicity and a high quality project, and the organisation will want to get the job done, but also get publicity to make finding other sponsors easier.

Commercial arrangements are often the most difficult to set up and manage, but can be the most lucrative. There is a directory on commercial sponsorship, which fundraisers should consult.

For each project, the organisation must assess how many people will see it, who they are, and what that is worth. They should then find out who to approach in a company and build up a relationship. Once a fundraiser is successful, practical details must be sorted out. It is often better to get the company to do the publicity, because they can usually get media coverage more easily. Timescales and payment schedules must be agreed. Promises must be made, but the fundraiser must not make promises they cannot keep. It is good policy to promise less rather than more, and do the job well. Review the project and make sure the sponsor is happy with the outcome, so that it is easier to go back for more money next time.

Managing Demand Through Pricing and Other Techniques

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What are the underlying objectives of wanting to manage demand through pricing? Why do we want to manage demand?

Need to protect the conservation interest of the site: the resource is finite; to manage the resource in as sustainable a way as possible; keeping the site available for the future.

To maintain the visitors' enjoyment of a place and to prevent erosion of that enjoyment through overcrowding or use: assess the carrying capacity of the site; spread the load; visitor flow; limit demand or increase demand.

To raise money: income to help with the conservation needs of the site; visitor perception of having to pay - adds value to the experience. Raised expectations?; dependent on local competition and market forces.

What are the practical ways in which the demand to visit a site is managed through the charges made?

Pricing structures: different prices on different days, eg, Sundays; seasonal pricing structure; group rates and needs of special groups and individuals; differential pricing for activities, eg, boat launching at Studland; different prices for different parts of a property.

Membership entries: unrestricted, site benefits from reimbursement; income from members now contributes 40% of National Trust income; possibility of 'members only' days.

What associated zoning, parking, circulation and other management methods are needed to complement charging, or offer an alternative means of managing demand?

Location and size of car parks; zoning use, eg, safe bathing areas; seasonal zoning, eg, protection of bird nesting sites; remoteness of sites and keeping them that way; traffic management schemes, eg, road closures to remove vehicle access; time tickets; type and variety of visitor attractions; signs, waymarking and information giving directions; licensing activities, eg, horse riding, hang gliding; byelaws, enforced to control activities that are in conflict with conservation objectives, but where there may be a demand for that activity; agreements for shooting and fishing, hunting, ie, permission to undertake an activity where the landowner wants control, income and to be notified of that activity; closed days or close season.

Management in Practice

Glenn Millar, British Waterways,

Jenny Heap, English Nature, and

David Henderson-Howat, Forestry Commission

This paper summarises the experiences of three agencies - British Waterways; Forestry Commission; English Nature - using non-market valuations.

British Waterways

British Waterways (BW) owns, or is the navigation authority for, a network of some 2,000 miles of mainly navigable canals and rivers and 90 reservoirs throughout Great Britain. The network is a major leisure and recreational resource, catering for a variety of activities, including boating, fishing, walking, nature study or just looking at the canal scene. In addition it forms part of the nation's social, economic and natural heritage. The waterways provide a rich natural habitat for plants and wildlife, while waterway related buildings and structures vividly echo the social and industrial history of Britain over the past 200 years. Together these elements, plus the addition of water in the landscape, contribute to a unique waterway environment, on or beside which the various recreational activities take place.

For certain recreational activities, BW levies charges on users (eg, boating and fishing). These, together with other income sources, such as freight transport, property and water sales, cover about one third of turnover. The remainder is made up by a grant in aid from the Treasury.

Besides activities which generate revenue for BW, waterways perform other functions. These functions are not bought or sold in the marketplace and include:

- Balance of trade benefits to the UK, mainly through canal holidays.
- Land drainage. Canals form part of the country's drainage network, but charges are not normally levied for this function.
- The social benefits accruing to users of the towpaths. No charge is levied for activities such as walking along the towpath, or looking at the canal scene. In terms of numbers of visits, these informal activities are considerably more significant than the commercial uses. In 1989 it was estimated that out of a total of 158 million visits made to waterways, 133 million (84%) were carried out by non-paying informal visitors. In common with other publicly owned leisure resources it is impractical to charge a fee for such visits because of the high transaction cost of collecting it in relation to the revenue generated and because of the public good nature of the recreation. Nevertheless, considerable benefits can accrue to informal visitors through the satisfaction they obtain from their visit (ie, their 'consumer surplus').

- Intrinsic benefits associated with the existence of waterways. The unique waterway scene, comprising the natural and built environment, provides a group of benefits to people, not associated with current use of the waterways. People may value the waterways against the possibility of using them at some time in the future ('option' value); through concern for their continued existence as part of the social and natural heritage of the nation ('existence' value); and through a desire to preserve the waterways for future generations ('bequest' value).

A study of the social benefits accruing to waterway users was carried out by Willis and Garrod (Newcastle University)¹ in 1989/90, using data obtained through a series of interview surveys carried out at a range of waterside sites in summer 1989. The sites selected reflected different types of waterways, covering rural and urban locations, with differing features and attractions.

Three techniques were used to assess the benefits. Two of these were Travel Cost methods, which are indirect methods of assessment which link the value of the environmental asset to a related private good - in this case the cost of travel - which can be measured. The third method used was a direct approach - Contingent Valuation - in which people were asked what they would be willing to pay for access to the site.

All three models have their strengths and weaknesses. Overall it was felt that the Travel Cost approach offered the better solution. The favoured Individual Travel Cost model gave a mean consumer surplus per adult visit over all the sites of £0.55. (The Contingent Valuation estimate was lower, as expected, but was within the same 'ball park'.) Using estimates of the total number of informal visits made to the network during the year, derived from a national omnibus survey, the total consumer surplus resulting from informal visits to the BW system was estimated at £63 million pa.

Taken together, the balance of payment, land drainage and social benefits of waterways were estimated at £101 million in 1989/90, compared with government grants in that year of only £45 million. This analysis has not taken account of the fourth category of benefits previously mentioned, ie, the intrinsic benefits offered by the waterway system. Although it is possible to obtain estimates of option and existence values through Contingent Valuation methods, it was felt that insufficient work has so far been carried out into the techniques in the UK.

BW are now turning their attention to the possibility of taking account of unpriced benefits (and costs) in the management of the waterway resource. Attention is being given by a number of organisations to environmental accounting and the refinement of cost benefit techniques in project appraisal. For recreational resources there is a need to consider how these techniques can be adapted to help in the decision making processes associated with resource allocation, the evaluation of alternative management strategies and options and the monitoring of performance. There are many problems here. For example, to what extent can consumer surplus be raised or lowered through alternative management strategies? Environmental upgrading of a canal towpath would be expected to increase the consumer surplus of individual visitors and also increase total consumer surplus by attracting more visitors to the canal - but will this increase exceed the cost of the improvements? An alternative way of looking at this is that the upgrading will enhance surrounding property values. Work has been commissioned to investigate the effect of proximity of canals in relation to property prices, and to see if the effects of different types of environment can be isolated.

Finally a major problem with assessing user benefits relates to estimating visitor numbers at unpriced recreational sites, where no control over access or egress is exerted. This is important for grossing up estimates of consumer surplus. For this, British Waterways is developing electronic 'people counters' for use in locations without access to mains electricity supply. Prototype counters have been on trial over the past two years, and a workable unit is now available, which can be used in conjunction with commercially available data loggers.

Forestry Commission

Importance of Quantifying Non-Market Outputs in Forestry

Examples of the non-market benefits of forestry include the user value of recreation; and non-user values such as the option value placed on the New Forest or Caledonian Pinewoods. So far, attention has been focused upon trying to assess the user value of forest recreation.

Work carried out by Benson and Willis (Newcastle University)² concluded (using the travel cost method) that the average value per visit to Forestry Commission woods was £2.45 (at 1991/92 prices). Information from Household Surveys suggests that about 47 million visits per year are made to Forestry Commission woods. Thus the aggregate value of informal recreation appears to be in excess of £100 million per year. By comparison, receipts from the sale of timber in 1990/91 was £74 million. Although the valuation of informal recreation is not precise, it is clear that the user value of this non-market benefit represents a significant part of the output of the Forestry Commission's forests. The distribution of this recreation benefit is, however, very uneven: some forests are heavily used for recreation and others are hardly used at all.

During the summer of 1991, more work has been conducted by Hanley and Ruffell of Stirling University. They have been asked to try to assess the recreational use values of woodland features, such as species diversity, age diversity and other factors such as the presence of water. Results are not yet available, but it is hoped that the outcome of this research will shed more light on the extent to which (for example) the New Forest enjoys a very high recreational use value because of its location near centres of population or because of its structure (with plenty of open space and the presence of ancient and ornamental woodlands).

Use of Non-Market Values in Appraisals

There is still a long way to go before non-market values can be used confidently in appraisals. Nevertheless it is important that managers recognise that they make implicit assessments of non-market values regularly in their day to day decisions. In order to think through this in a logical way it can be useful to prepare a table listing possible non-market costs and benefits against each option. This then provides a framework. Values (such as costs) which can be quantified should be expressed in numerical terms. For other factors it may only be possible to give a qualitative assessment. By encouraging the use of such a framework, managers are at least forced to think through the issue of non-market benefits and costs.

As more information becomes available about the value of non-market benefits and costs it may become possible to quantify them in a meaningful way as part of appraisals. As an initial stage, it may be a question of considering whether particular values lie within a plausible range. Other problems are raised by this approach. First, there is the question of

discounting. What is the appropriate discount rate to use? When considering forest investments, what is the timing of the generation of non-market benefits? Secondly, there are issues of marginality. Most studies to date have given results for average non-market costs or benefits, but correct resource allocation requires marginal values to be known.

English Nature

In 1990 the Nature Conservancy Council commissioned research looking at the application of environmental economics to nature conservation. This included case studies which illustrate some of the complications and implications in trying to use monetary valuation for non-market goods.

There are huge methodological problems in estimating non-monetary values, especially non-use values. The studies reported in this paper looked at use values. This approach has the most advanced methodology and is most often used in cost benefit analysis. The studies highlight implications of information bias, willingness to pay compared with willingness to accept, and the relevant population to question.

Following the Pearce Report³ there was seen to be a need to explore how establishing monetary values for wildlife might aid decision making in favour of nature conservation. The concern was that per hectare values for moorland or ancient semi-natural woodland were of very limited utility for nature conservation objectives. They appear to say nothing about the overall requirement nationally or regionally for such habitats if minimum nature conservation standards are to be maintained.

Similarly, species valuations would seem to say nothing about the minimum viable population size of that species, nor the extent of habitat required to support the population, nor the resources required for this. Nevertheless, more realistically they can suggest possible pricing policies for reserves supporting such species. Nature conservation of course covers much more than just use value - many would see this as an add on extra.

The research was done by the Department of Agriculture Economy, University College of Wales, Aberystwyth and the Department of Economics, University of Stirling⁴. The work included three case studies, one of a Dorset heathland, one of a road scheme through an Site of Special Scientific Interest wood and one of a barrage proposal.

For the Dorset Heaths, the role of information as an important influence in the Contingent Valuation studies was explored. The role of cost benefit analysis was the central issue in the other two case studies - firstly, in determining the proposed route of the Harrogate Bypass; and secondly the degree to which cost benefit analysis is open to 'institutional capture' was examined in relation to Cardiff Bay. All these locations are SSSI.

The Dorset Heathlands

The conclusion is that information on the general decline of heathlands has a greater impact on willingness to pay than information of a species/site specific nature. If such values are to be used in cost benefit analysis (possibly as an input to a public inquiry), then these mean values must be aggregated up into a total value estimate.

The estimate of total annual visits to the site was 110,000 day visits pa. Using the mean

value of willingness to pay for daily entry to the site of £0.74, an annual value for recreation benefits (consumer surplus) of £81,400 is calculated. Using an alternative willingness to pay value, based on an annual permit to visit, this value is £44,595 pa.

It is important to note that if all respondents had received 'full information', the aggregate bid in the first willingness to pay scenario would rise to £92,400. This aggregate bid would fall to £70,400 however, if all respondents had been given no additional information. When presented alongside net development benefits, especially in housing developments, consumer estimates of this magnitude appear low in comparison, and the nature conservation argument would be lost.

The Harrogate/Knaresborough Bypass

The preferred route for the bypass went through an SSSI woodland. The Department of Transport's cost benefit analysis, although exhaustive in its attempt to measure accurately the cost and benefits associated with road construction (time savings, accidents, road maintenance and vehicle operation), does not contain the facility to estimate associated environmental costs and benefits. For this reason no financial comparison of the relative environmental damage between route alternatives can be made.

In order to take full account of environmental factors in a cost benefit analysis, it is necessary to go beyond the existing cost benefit matrix. By employing one (or both) of two techniques this may be achieved, ie, the measurement of the preservation benefits involved, using Contingent Valuation; and/or the incorporation of a constant environment stock constraint, using shadow project criteria.

This case study looks at the Contingent Valuation approach to the measurement of the preservation benefits. One of the main problems associated with Contingent Valuation is what population group affected should be used in the aggregation process? There was a great difference in the mean willingness to pay bids required to get an aggregate willingness to pay of greater than £276,000, which represents the discounted extra cost of the SSSI avoiding route. This varies from £0.6 per person to £3.42, depending on the population aggregate.

The preservation benefits estimated were too small to prevent the preferred route being economically efficient on this data. However benefits accruing to people outside the Harrogate district from preserving the wood in its ecological integrity have not been measured. Such benefits undoubtedly exist.

Responses to the willingness to accept question revealed just how problematical such scenarios are in the application of Contingent Valuation. Bids ranging from zero to £7 billion were obtained. If the 5% highest bids are excluded, the mean falls to a mere £196,552, which is well in excess of the necessary minimum preservation value to make the alternative route preferable to the proposed route.

In conclusion, these figures are difficult to evaluate. The economic value of the loss of the site is indeed very highly valued when measured on a compensation basis. It vastly exceeds the value measured on a willingness to pay basis. On these grounds the preferred route should not be selected. We would surmise that by bidding such large compensation sums, individuals are signalling that a cost benefit approach is inappropriate to deciding upon the future of an ancient oak woodland. This message is reinforced by most of the protest bidders under this scenario.

Cardiff Bay Barrage

This study illustrated that the measurement of costs and (particularly) economic benefits is always difficult. Incorporation of environmental changes, such as the loss of an SSSI, directly into the economic cost benefit analysis (perhaps via a Contingent Valuation exercise) is risky. Cost benefit figures differ widely. As this study showed, there are three main reasons why: imperfect ability; asymmetric information (different bodies having access to different data); differences in the goals of the many agents and organisations affected by a major project.

The overall conclusions from these studies are:

- **The Market.** In the face of alternative uses such as development, it is clear that reliance on market based decisions will not ensure the protection of SSSIs. This is for 'practical' reasons (market signals do not adequately express people's preferences for wildlife) and 'philosophical' reasons (we hold different values as citizens from those we hold as consumers). Property rights are not properly defined, and distributional issues, including inter-generational distribution, not adequately catered for.
- **Cost Benefit Analysis.** The use of cost benefit analysis is generally inadequate in the way that it treats nature conservation. There are valid concerns relating to the treatment of future generations, and distributional equity. The Cardiff Bay case shows that the distribution of gains and losses will vary according to the interests of institutions and will influence their perception. In addition, the complexities of carrying out a cost benefit analysis in practice mean that it is open to institutional capture. In the absence of detailed scrutiny such manipulation is difficult to spot.
- **Monetary Valuation of Wildlife.** The case studies have shown that basing decisions upon imputed prices for wildlife, obtained via valuation exercises, will not protect the wildlife resource. It is generally the case that the values produced will be low in relation to alternative uses of an SSSI.
- **Safe Minimum Standards.** Conservation agencies should use arguments based upon sustainable development: the passing on to future generations of a constant environmental capital stock, and the maintenance of minimum standards for wildlife conservation. Market mechanisms are best used to provide the necessary incentives for this. Adoption of appropriate practices should be considered part of good business, or farming, practices.

Notes and References

1. Willis, K and Garrod, G **Valuing Open Access Recreation on Inland Waterways**, ESRC Countryside Change Initiative Working paper 12, Countryside Change Unit, Department of Agricultural Economics and Food Marketing, Newcastle upon Tyne.
2. Benson, J and Willis, K (1992) **Valuing Informal Recreation on the Forestry Commission Estate**, Forestry Commission Bulletin, The Forestry Commission.
3. Pearce, DW, Markandya, A and Barbier, E (1989) **Blueprint for a Green Economy**, Earthscan, London.
4. Contract reports on these studies have now been received by English Nature.

Planning Gain?

Martin Elson

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The Planning and Compensation Act 1991 allows for the conclusion of planning obligations, enforceable by the local authority, in conjunction with planning permission. Obligations may be entered into by agreement between local authority and applicant, or by unilateral undertaking, normally accepted by an Inspector at appeal.

The use of obligations and agreements for recreation and conservation is growing. This is acknowledged in Circular 16/91 *Planning Obligations*, which refers to recreation provision in conjunction with new development. Planning Policy Guidance Note 17 on Sport and Recreation (1991) also accepts that recreation facilities may be provided off site, and that alternative provision can be made when recreation land is lost.

An example is the development of a disused reservoir in Metropolitan Open Land where, in exchange for permission to develop 20% of the site with 400 houses, an agreement has been concluded that the developer would create a wildfowl and wetland reserve and centre. Another is a development of 900 houses on a green belt hospital site, accompanied by an area of historic parkland to be handed over to a Trust. A third example is very large: 4,000 houses on the edge of a settlement, together with a whole range of facilities including a distributor roadway, and a levy per house for youth and community provision off site. The fourth is a holiday village in the Cotswolds where the developer is putting up a six figure sum for a range of conservation and recreation provisions.

The accepted tests for an agreement are, whether:

- what is provided is directly related to the development;
- the development leads to an acceptable balance of uses;
- what is to be done is fairly and reasonably related to the development in scale and kind.

A number of logics for planning agreements appear to exist in the present situation. It is questioned whether agreements are:

- a levy on development profits; eg, a percentage for art, a percentage for recreation?
- community compensation for accepting development?
- parts of an environmental weighing or balance sheet; eg, providing a net environmental gain or a shadow project?
- a recreation/access balance sheet compensating for loss of access by creating new terms of access?

Making the Case

Lyn Powell

Partner, Chapman Warren
Planning Consultants

The speaker used the Garden Festival Movement to demonstrate how to Make the Case. He used his experience of the successful Blaenau Gwent Borough Council/Gwent County Council bid for the 1992 National Garden Festival as a case study.

The Reasons for Bidding

There were a number of reasons why Blaenau Gwent and Gwent County Council submitted a bid for the 1992 Garden Festival. The population in the area had fallen, and there had been a severe decline in the steel and coal industries. Employment figures at that time showed that about 20% of the workforce were without jobs; in some areas of the Borough male unemployment had reached about 45%. The area could provide a major site which was derelict and would otherwise not be reclaimed for some considerable time.

Ebbw Vale was well situated to attract visitors. There were major population centres within a two hour drive - West Midlands, parts of the South West, and large towns as far east as Reading. The Garden Festival could be an additional attraction to the flourishing tourist trade in the Brecon Beacons and the emerging attractions of the South Wales Valleys.

How is the Decision to Invest Made?

There are many reasons why a funder may choose one initiative rather than another. In the case of the Ebbw Vale bid for the 1992 Garden Festival these might include:

- The Power of the Idea. The initiative needs to capture the imagination of the funders. The Ebbw Vale site meant a complete change of image for a derelict area and the Valleys sub-region as a whole.
- The Number of Jobs. The case study was able to show that about 1,000 people would be directly employed by the project; and about 2,000 people could be employed in the fully developed end use.
- The Types of Jobs Created. The bid was able to show that training opportunities for young people would be available especially in the service and tourism sectors.
- Cost. The cost of a project obviously plays a part in the decision making process. However, all the original bids for the 1992 Garden Festival displayed very similar costs.
- Environmental Improvement. The Ebbw Vale bid was able to demonstrate an ability to achieve the permanent reclamation of not just the derelict site in Ebbw Vale but of other sites over a wider area thereby assisting a change in perception in the South Wales Valleys over an accelerated time period.

- **Political Factors.** Various factors in the Blaenau Gwent bid were probably viewed positively: the bid was assembled on a partnership basis between the local authority and the private sector; the 'family day out' nature of the scheme (rather than purely a horticultural project); and the need for the Secretary of State to demonstrate support for the valleys.

Competitive Bidding

The submission of a competitive bid is always a matter of subjective speculation. Normally, between three and six consultants would be asked to prepare detailed proposal documents. A fundamental necessity is to pay attention to the brief, and discuss the detailed requirements with the promoter.

Make sure that the bid is realistic, particularly in relation to the funding that is available. Decide on the promotional points of your project and emphasise them. In the Garden Festival bid these included the attractiveness of the site for visitors and sponsors, and the value of the scheme to the local community in terms of long term employment opportunities.

In the final analysis, luck and 'gut reaction' is a key factor in deciding which project is chosen.

Evaluating the Benefits of a Scheme

Having successfully secured funding for a project, it is necessary to evaluate the benefits that are generated. Within the Garden Festival movement, only two evaluations of the benefits have been published so far. The benefits of a Garden Festival should be long term: an appropriate time to assess the overall effect of Garden Festival Wales will be around the year 2000 when a sufficient period has been allowed for the end use to be substantially implemented.

Reporting Back on the Workshops

Richard Broadhurst

Recreation Officer, Forestry Commission and
CRRAG Vice-Chairman

Any group of people pushed together into a workshop go through a complicated process of group dynamics. That is part of the fun of a CRRAG workshop! Each group will have its fair share of extroverts and introverts, of optimists and pessimists. Each soon develops its own group character. There is perhaps a natural tendency to identify problems as being of someone else's making and the things that go well as being inextricably linked with our own activities. One group took a still simpler view if the report was accurate:

What were the limits to applicability?	Government policy....
Who or what is stopping progress?	Government policy....
Who should do the research?	Government....
Who should pay?	Government....!

Undoubtedly there is much that the Government can do. There is also much that can be done by the agencies, by academics, by local authorities and all workshop participants. This was reflected in the wide ranging output of the various groups.

A series of drastic approximations is required in reporting back on the feverish activity of 10 workshops spread over 19 sessions. The process was necessarily selective and began with the workshop chairs summarising the views of the participants and recording these on report back forms and on posters. These people had a challenging task. In the interests of brevity it was sometimes necessary in reporting back to give the average, or something which came close to a consensus view. There is the risk that some of the richness of the workshop was not reflected in the final report, often produced under pressure of time, if not duress. In just the same way it is not possible in this brief summary to do justice to the rich variety of viewpoints. Different sessions on the same topic sometimes focused on quite different aspects and ended up reporting conflicting views.

The workshops all reported in the same format:

- How useful is this approach -- what are the **limits** to applicability?
- Who or what is stopping progress?
- What are the gaps in our knowledge?
- What are the research priorities?

- Who should do the research?
- Who should pay?
- What are the key points from this workshop?

The workshops were of different kinds – those concerned more with research, methods and techniques and those which dealt with practice and management. For simplicity I have grouped them in four clusters – concerned with advocacy, using values, charging, and measuring values.

Advocacy Workshops: Making the Case; Planning Gain?

Some of the issues raised referred to the inevitable question as to how far planning gain is development led, to the restrictions which the structure of local government placed on how and what deals could be arranged. A comparison of the number and range of current agreements was identified as a priority together with the inevitable widespread dissemination of good practice. It is in the interests of public bodies and the developers to pursue the research. Agencies, local authorities and countryside bodies should conduct the work and planners and developers should fund the studies. Local authorities vary in the range of circumstances which they face and in their ability to identify and grasp opportunities. Greater exchange of information would enable authorities to learn from the experience of others.

Limits	<ul style="list-style-type: none"> • Development led • Local government structure • Legislation • Understanding
What is stopping progress?	<ul style="list-style-type: none"> • Government policy • Competition
Priorities	<ul style="list-style-type: none"> • Number of agreements • Development plans to promote agreements
Key points	<ul style="list-style-type: none"> • Opportunities • Local authorities vary

Fig 1 Advocacy

Using Values Workshops: Making Values Work (Investment Appraisal and Project Evaluation); Environmental Audit and Compensating Projects

This group of workshops focused on the central issues of the conference. How could values be expressed in economic terms for those things which we hold most dear? Each of the methods used to derive values has a different set of limitations. Contingent Valuation can only give a rule of thumb answer and there is a need to specify precisely in a series of rules what comprises critical capital in appraising alternatives through environmental compensation and shadow projects.

Limits	<ul style="list-style-type: none"> • Rules re critical capital • Understand choices • No obligation/legislation
What is stopping progress?	<ul style="list-style-type: none"> • Treasury and some government departments • Legislation • Methodology • Lack of data • Misunderstanding
Priorities	<ul style="list-style-type: none"> • Base data • Integrated studies • Methodology for comparing values • Code of practice
Key points	<ul style="list-style-type: none"> • Useful • Recognise limits • Who should pay • Willingness to pay informs • Politics and science drive • Abuse • Critical capital

Fig 2. Using values

In all things, and particularly in Contingent Valuation, it is crucial that people understand the choices put before them. Many of the problems and imperfections of the methods available to the environmental economist reduce down to difficulties in communication. The environment and economics are both fertile areas for the generation of jargon or 'babble'. Increased budgets would enable the methodology to be further refined whilst legislation and an enhanced readiness at the Treasury to accept the validity of these methods would speed progress.

Some alternative projects appeared on the surface to be easy to appraise. Participants were very aware though, that the projects being appraised were themselves set in dynamic systems. Our knowledge of how systems would develop without the intervention (by the project being appraised) was at best partial. More work is required to refine our picture through better base data. One of the problems identified is that of comparing values produced by different methods. Some sort of agreed framework or overall methodology is required. A set of rules which described acceptable practice would go some way towards reducing concerns and suspicions here¹. It was also argued that no matter how polished the methodology, such studies as 'willingness to pay' serve only to inform decisions whereas politics and science drive the decisions.

Charging Workshops: Charging the Customer to Raise Funds; Managing Demand Through Pricing and Other Techniques; Alternative Ways of Raising Funds

Charging was discussed within the context of fund raising. It is easier to charge for discrete or site based services but a quite different set of issues is raised by charging for area wide services. Importing funds into an organisation from new sources is often associated with the risk of dilution of the recipient organisation's aims. This issue is more readily perceived than

the positive one of extending influence into or through the donor organisation. This concern about interference or being drawn away from the organisational aims, for some, reduces interest in seeking new funds. For many public organisations the system of budgeting does not encourage fund raising. There are few rewards for success. Funds so raised are often removed to central departments or to the Treasury. Having the right incentives in place is seen to be a major factor in successful fund raising.

Limits	<ul style="list-style-type: none"> • Scale • Distorts priorities • Politics • Numbers and profile
What is stopping progress?	<ul style="list-style-type: none"> • £ • Recession • Incentives • Competition • Knowledge
Priorities	<ul style="list-style-type: none"> • Preferences and attitudes • Alternatives • Context - competition • Effects on different people over time • Which trusts? • Mechanisms used by public agencies • Training in fund raising • Best practice booklet
Key points	<ul style="list-style-type: none"> • Partnerships • Public involvement • Professionalism • Objectives • Sites not areas • Rational approach • Politics/equity • More research

Fig 3. Charging

Priority areas include the need to know much more about people's preferences and attitudes. We need to study the effects of introducing charges on different people and over time. Another priority is seen to be the availability of a user friendly guide to enable swifter identification and closer matching in respect of trusts that support environmental causes². One of the key points emphasised is that any joint project or fund raising exercise is essentially about partnerships. Successful deals are those in which partners have a good understanding of each other's needs and seek shared visibility for partners. Many of the issues raised relating to equity and policy reflected the concerns covered so well by Clawson and Knetsch in their classic account *The Economics of Outdoor Recreation*³. An up to date version of something like this applied to the UK would be invaluable.

Measurement of Values Workshops: Measuring Visitor Spend; Techniques to Value Non-Market Goods; Management in Practice

There is a long history for most of the methods used in measuring what people spend and in placing values on non-market goods. The workshops rehearsed many of the issues which have bedevilled these techniques from the outset of their use. Economists who use Travel Cost Methods will continue to argue whether time should be included in the equations as a cost or a benefit. With sufficient data no doubt it becomes feasible to provide for all kinds of time with different values and sign values. One of the problems is that the data requirements for effective studies are already prodigious. Another time related question which is posed often concerns the time preference to be used in Discounted Cash Flow techniques. Conventional practice has constrained the usefulness of this technique for projects of a limited lifespan. As concerns focus on intergenerational equity, so too economists should consider carefully what rate to use to reflect the relevant time period. Like so many of the problems these relate to differences in individual preferences. The questions then become: Of value to whom?, Whose time preference?.

Limits	<ul style="list-style-type: none"> • Complex systems • Data requirement • Assumptions • Additionality/displacement • Contingent Valuation – framing the question • Travel Cost Method, journey – cost/benefit? • Discounting the future • Understand choices
What is stopping progress?	<ul style="list-style-type: none"> • £ • Partners • Suspicion • Understanding
Priorities	<ul style="list-style-type: none"> • Local studies • Where is money spent • Document methodology • Control bias • Contingent Valuation for non-use values • Better information exchange • Draw together agency work (ESRC)
Key points	<ul style="list-style-type: none"> • Importance • Most useful with projects • Method selected to yield 'right' results? • More experience • Not yet robust • Treasury must accept Contingent Valuation

Fig 4. Measurement of values

Studies on visitor spend sometimes have problems related to the spatial dimension and the complexities associated with the scale of resolution. It is difficult to identify what the displacement effects of additionality are. Whilst most studies have sought to identify what people have spent, there is now considerable interest in where people have spent their money.

For any of these studies – whether visitor spend studies or Contingent Valuation – very large data sets are required to obtain useful results. When data is collected in large amounts it becomes even more important to be sure that respondents understand the questions and choices put to them. Priorities include the setting up of local studies to give more qualitative information about where money is being spent. An interest was expressed in exploring the application of Contingent Valuation in the area of non-use values.

Much good work has been done. The workshop on Management in Practice demonstrated what some of the agencies were achieving. There were further lessons which could be learnt by comparing agencies' experience. A request was lodged that the Economic and Social Research Council could usefully draw together this experience. Much of the work to date had been applied at the level of policy or on the grand scale. Many of the techniques would be of great value if they could be scaled down, rendered more practical and related to projects.

In summary, there was a reassuring realisation by workshop participants that the systems under study were indeed complex! The more we know the more we realise how much there is to know. The maxim has wide applicability. The methods so far employed are of course useful. As with any other area, the methods have their limitations. Also, as in other areas of work, not everyone necessarily shares the same view about what limitations should apply in any particular case. Much more work is required to build up relevant experience in the practical use of the techniques developed by the theorists. Comparative studies and integrated studies taking into account all the issues for a given site or area are examples of the kind of work required. We need to know more about people's attitudes and the role of information in increasing or altering the values they hold. Through good humoured exchange of information, an agreed methodology can be developed and refined. The workshop participants should be congratulated for joining in the process with such verve and good humour⁴.

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|---|---------------------------------------|
| • | Systems are complex |
| • | Methods useful |
| • | More work is required |
| | area |
| | integrated |
| | comparative |
| • | Understand choice |
| | attitudes |
| | role of information |
| • | Develop agreed methodology |
| • | Good humoured exchange of information |

Fig 5. Summary

Notes and References

1. In the ensuing discussion the Treasury green book **Investment Appraisal in the Public Sector: a Technical Guide for Government Departments** was mentioned.
2. The Directory of Grant Making Trusts is a comprehensive guide for anyone seeking funds. The guide lists roughly 2,500 trusts! The Directory of Social Change, Radius Works, Back Lane, London NW3 1HL produces a range of useful material which is eminently readable and of immediate use.
3. Clawson, M and Knetsch, JL (1966) **Economics of Outdoor Recreation (Baltimore, USA)**, The John Hopkins Press.
4. Two groups now exist which can contribute in promoting the development and refinement of an agreed methodology – the Government's inter-departmental group on environmental economics and CRRAG's subgroup on Environmental Economics which brings together some of the specialists from the different agencies. Through CRRAG any findings can be more widely disseminated in time.

Charge or Tax? – The Practicalities

John Toothill

National Park Officer,
Lake District National Park

As this day approached I have grown more and more despondent as to whether I could really say anything that was going to be new. After the earlier papers this is going to be mundane, practical, perhaps even smelling of Kendal and of the country hick. However, what I hope to do is to present some views from the people on the ground about charging, how we get our money, what is a sensible way of going about it, what is practical.

Let me start with some practicalities, as background. The Lake District National Park, one of the smallest independent local government bodies, in theory gets 75% of its money by direct grant from the Government and 25% from the county council. Because we charge and take money from visitors, the split is actually 51% from the Department of the Environment, 17% from the county council, and 32% from the money which we ourselves raise. Our budget is approximately £4.5 million, so in the current year our total income from trading activities is £1,435,000. We are therefore talking about a substantial amount of income that we are generating ourselves, over and above the grants that we get from central government.

As the amount that we generate ourselves increases, and as that percentage increases, so that money becomes more important to us. If we took a policy decision next year not to charge for any of the services we offer then we would have to stop £1.5 million worth of activity. Out of a total budget of £4.5 million that clearly means a very great deal. The more you charge, the more you come to rely on that income.

Where are we getting that income from? Information centres, large visitor centres such as Brockhole, car parks, planning fees and a boating business. It sounds very impressive but, in fact, if we adopted proper business accounting methods, only the car parks would make us a profit. All the other enterprises that we run would be at a loss. Our 11 car parks make roughly £150,000 over and above the expenses. But even there we are not commercial. We overdo the landscaping; we try to look for lower charges for local people instead of being ruthless. So that money represents what a local government department might make from car parks in the Lake District, not what a commercial operator would make.

The same story would apply to other National Parks; they might deny it but it would apply to them, and it would apply to local government generally. We are not making maximum money out of visitors; we are not in that line of business. And most of the enterprises that we run would not, in commercial terms, be reckoned to run at a profit.

Let me make my first general conclusion. If local authorities are looking for money from the countryside, they will not make it by trading in the way they trade at the moment and with

the sort of enterprises that they run; particularly if they are run with the philosophy that they should not be ruthless, and that they must do other things for the general good. There are practical difficulties for local government and local authorities in terms of making an immense amount of money out of trading activities in the countryside.

I will put that aside for the moment although I will come back to it later. Let us just look at the question: why do local authorities charge or tax? Why are we in the business of extracting money if we are not all that good at it? Previous papers talked of theories – how much people will pay, what they will bear, where it is reasonable to charge. Local authorities do not really go through the philosophical argument about whether they are in the business of charging for countryside recreation. They are in the very much more mundane business of increasing their budgets. If they can see a way of making a charge which the customer will bear, they will take it. And so, increasingly, they are charging for services which 20 years ago were free. That does not mean that they are making money to spend on other things. They are not making a commercial profit. What they are doing is to begin to provide some services at no cost to the local authority (and therefore to the charge payers and tax payers) which previously cost them money. So there is eventually a spin off for other services. Local authorities make charges, not with a great philosophical background, but simply where they feel they can get some money and the customer will not grumble.

The possibility has been expressed that some charging, particularly for car parks but for other events also, might be used as a mechanism for controlling numbers. That might be so, but in general, certainly in the Lake District, we have not reached any charge which is beginning to restrict numbers. Currently, in the Lake District, to park your car in a countryside situation, perhaps to go for a walk for the day, you will pay £2. I would guess that if that was raised to £5, all the car parks would still be full most of the time.

But I want to stress the point that local authorities are not into that sort of argument; they are simply taking from visitors the money which can readily be taken.

Increasingly over the past ten years, the principle that the polluter, or user, should pay, has been advanced. Local government has adopted that principle in general, so that over the past ten to 15 years we have increasingly begun to say that while there are some services which we provide because we have got grants, and for the general good, the user must begin to pay for those services. Car parking is the obvious example.

Generally, it is fair to say that throughout the country, not only in local government, there has been a switch over the past ten to 15 years to payment for things that previously we never even contemplated paying for. I made a quick list: toilets, air at garages, parking in the countryside, cathedrals, medicine, going to university. All these are things that 15 years ago we did not pay for; now we accept that we do.

When I looked at the reverse: what we used to pay for and now get for free, the only thing I could think of was going onto station platforms!

However, I think it is accepted that there are some ancient freedoms that we still feel we should not pay for. Walking on paths, using roads, going on the beach – going into open country many would say. But are we not moving into charging for these things? We charge you to park your car about 50 yards from the beach, and give you little alternative when all

the roads around have yellow lines so you cannot get anywhere near the beach. So, you pay for your car, but are you, in fact, paying to go on the beach?

When we charge someone £2 per day at the head of Langdale, are we charging them to park their car, or are we charging them to go up a mountain? There is a difficulty there that I think we have got to resolve because some of the charges that we are beginning to operate are, in my view, infringing on some of those freedoms that we have always regarded as sacrosanct. We are getting very near to charging for some of those things that we claim we would never charge for. We are beginning to tread on dangerous ground.

So I believe that the principle of the user pays, the polluter pays, can lead us on to some erosion of the things that we all regard as freedoms.

To try to sum up that section, over the past ten or 15 years the country as a whole has moved to charging. Local government has gone along with it. The customer has gone along with it; we have all gone along with it. The principle seems to be: not what is fair and reasonable but what can we get away with without the customer grumbling. That is a principle that certainly applies very widely in local government, but the principle of the user or the polluter paying is increasingly getting very near to being a charge for the old freedoms such as the beach and the mountain, that we, in our heart of hearts, would say we would never charge for.

In the countryside we are beginning to reach a crunch on charging, simply because what we want to see there is no longer what the farmers, driven commercially, would provide for us. Traditionally, up to ten years ago, people liked what the farmers did in the countryside. The Scott Report¹ could say that there was no dispute between the farmer and beauty, that what the farmer did provided the beauty that the visitors wished to see. That is no longer so. The farmer is being driven by commercial forces to provide a countryside which in general we do not like any more. So the crunch is coming whereby to provide the countryside that we want, and if we want farmers to be in that countryside, then we have got to start paying the farmers in a different way to provide it, because the commercial forces are not driving them to do it.

There are two ways of doing that. Either we tell the farmers to work in a different way, or we pay them to work in the way we want. The first method is the way we would deal with a commercial enterprise. If a factory produces water effluent which is totally unsatisfactory, we say, stop it. We may give the owner some time in which to change, but not a payment to do so. The owner will put the matter right, and then increase the price of the goods because producing them is going to cost more. We pay the extra cost as consumers. We could do that with the farmer. We could say, stop using nitrogen; stop putting too many sheep on the fells. The farmer might do that if forced, but the result would be an increase in the cost of the goods. But would it? We are in the Common Agricultural Policy (CAP); we are into subsidy. Talking about farming is not as easy as commercial enterprises – the price mechanism may not actually work with the farmers.

The second way, of paying the farmers to behave in a way that will provide the countryside that we want, is the one which is being increasingly explored. This, for all practical purposes, is likely to be the way we are going.

If we are to pay farmers to farm in a non-productive, environmentally acceptable way, where does the money come from? Farmers get their money from the CAP which will surely be changed because it is currently providing too much food and not the countryside that we want. I am over simplifying but that is the problem. Will changes in the CAP come soon enough, and will they be positive enough, to enable farmers to stay in the countryside, to make a living, and yet provide the countryside that we require? The changes in CAP are coming very slowly, and equally slow are the other measures on the environmental side which might provide incomes once CAP ceases to provide what we want.

I am saying that CAP is not going to provide what we need in the countryside; that the environmental side of our thinking has got to provide the money which is going to enable farmers to stay in the countryside and provide the sort of countryside that we need.

To sum up what I have said so far. Firstly, I made the point that we are going through a period of changing charging practices in the countryside but that the existing local government methods of charging are not going to produce money on a scale to solve our current problems. Secondly, if we accept as a general principle that the user, or polluter, pays, then we have to move more sharply to different sorts of charges. Finally, our countryside, the countryside that we like, will alter radically unless we start paying the farmers, providing them with money to run a farming business which coincides with our view of that countryside. I have argued that the CAP will not provide that money.

So let us have a look at what will. Ideally the Government will give us that money. Instead of a grant to the Lake District of £3 million, that will go up to £6 million and the extra £3 million we can give to the farmers so that they do not produce as much but spend more time looking after the environment. But is that right, the Government providing? If we accept the principle that the users are beginning to pay more rather than the tax payer, does that move fit in with our principles? More practically, will the Government provide that extra money that we need? What sort of money am I talking about? Well, in the Lake District alone there are just short of 1,000 farms. If their income drops by £5,000 because their production drops, it will mean in the region of £5 million a year of compensation to those farmers. Multiply that through the country and we are talking about very large numbers indeed. Certainly, it would mean that the money coming into the Lake District would need to increase from about £3 million to £8 million. Is it practical to think of the Government providing that sort of money? The answer, I believe, is no.

Can the charge payers provide it, those people who live in Cumbria? In a sense there is an argument that the Lake District is the background to tourism, it is their country, if they keep it nice then tourists will come and therefore they ought to contribute. That is a theoretical argument but in practice clearly the average people in Cumbria are not going to increase their poll tax, or whatever replaces it, by £150 per year, which is what it would mean (an increase in payment from £400 to £550) just in order to keep the footpaths in the Lake District in better condition and provide money to the farmers. So I do not think the charge payers will provide the money.

In terms of providing more money to the countryside, one turns inevitably, not to the Government, not to Brussels, not to the local charge payers, not to the tax payers, but to the users.

We can start charging the people who come by three different methods.

Firstly, we can charge by activity. You could pay so much per walk, so much per mile. You could pay by the hour when you sit on the shores of Windermere. You would probably pay rather more per hour to sit on the shore of Ullswater because it is quieter and nicer. That would be the user pays philosophy, taken to its extreme.

You can pay by the car. In a sense the car people already do pay, in the car parks. And that cost is increasing rapidly. The argument is that the people who come for the day by car do not contribute enough to the area. They probably do not buy their petrol locally, they may bring their own food, some of them may well disappear from the Lake District having used the roads and looked at the scenery but not having contributed at all. So you could target the car, either by much increased car park charges, or by tolls of some sort or another. This is the second way of getting money.

The third way is from the person who stays there. The argument for that is that they are taking more advantage of the Lake District; they are already paying quite a lot to stay and a little bit extra would not hurt them. Once you start thinking along those lines then you are thinking in terms of something like a bed tax.

Let us turn to practicalities and have a look at these three different methods. Charging by activity. That offends my principles about freedom of the fells but if we are avoiding principles there is the even more cogent argument that it is totally impracticable. Leaving aside the problems of vandalism (in other words the problem that if you leave money lying about in the Lake District, even in containers, somebody is likely to pinch it) the cost of abstracting money from people who are going on walks or who wish to park their cars and sit by the lake is just extraordinary. My ranger force would have to increase from 11 to about 500 if we were to carry out that sort of charging. These people would become policemen, and I do not think the public would wear it for a moment. So I do not think that charging by activity stands up on practical grounds.

Let us think about the second area, the car. People who bring cars are already contributing through the car parks. But the argument is that the car is the main problem in the countryside today. Drivers are the people who really cause the cost; they are the people who ensure that new roads and car parks are built, and therefore they ought to bear a greater proportion of the cost of maintaining the countryside which they come to see.

There are two ways of charging car owners. You could charge on all car parks, and increase the charge. I am pretty sure that on most car parks in the Lake District you could increase the charges by a large amount. That would be one way. It would not bring in the sort of money that I have been talking about, but it would help.

The second way is tolls. This has been talked about for a long time. The first time I heard it mentioned was 20 years ago when it was suggested there should be a charge for taking your car over Wrynose and over Hard Knott passes. I find some objection to that in principle for two reasons. Firstly, it is a public highway and putting a toll on it is difficult legally, and rightly so. Secondly, I think that once you do that you are edging towards making our National Parks a place for the richer people. You can argue that if you have a car, you have a certain amount of wealth. But it might be possible to charge tourists £10 to use Hard Knott

and Wrynose passes. What are the local people in Eskdale who want to come over to Langdale going to say when they find that they have got rich people coming in and paying £10 for the pleasure of the journey and they cannot make it because there is a one way flow, or some system like that?

Nevertheless, local tolls would be possible, certainly in valleys which have dead ends. It would be very unpopular, it would be very difficult to operate because of the local people, but it would be possible.

An overall toll has been suggested, and entry fee. That has attractions in the sense that everybody coming in would then be contributing; but it is totally impractical. There are well over 120 entrances to the Lake District, so you would need barriers at 120 places. You have got to cater for the people who live there; you have to make some arrangement for them to get through. Presumably, you have got to make some arrangement for their relatives. You then have to arrange for the money to be collected. In other words, I would rule out the concept of a toll on the grounds that it is totally impractical.

There is a third way which would not be dedicated to the Lake District that is possible. You could have a two tier charge for a car registration fee. You could say that your £100 licence will not allow you into the Lake District, to all the National Parks, or the countryside, or Wales, or wherever you want. You would have to pay perhaps £120 to be able to get into that sort of area. That would be feasible; it would not be costly. It would be difficult to police, but not all that difficult. The police could look at the colour of the registration disc. Where that scheme may well fall down is getting out of the Government the extra £20 and distributing it between the various National Parks. My fear would be, not in making that system work, but in getting the benefits from it back to the countryside, the National Parks, the Lake District, or whatever.

So charging the car driver is possible; it is in some cases practical; but it is difficult.

Charging the overnight stayer is far and away the most practical and easiest solution. I have to admit that this is a hobbyhorse of mine. It is a very easy tax to levy. Let me just say something about how it operates in Switzerland. I am talking here about a bed tax, in other words, a tax every time you sleep. Most European countries have a bed tax; it is called a tourist tax, an overnight tax, a bed tax. In Switzerland there is a national law which says that each canton can, if it wishes, impose a bed tax on visitors. The bed tax can be in three stages. There is a charge for cheap accommodation, tenting; a charge for middle accommodation, bed and breakfast; and a steeper charge for hotels, related to the amount you are paying. The canton sets the rate and that money has to be sent in by the property owner. That money can only be used for a variety of purposes which the central government has stated. It has to be used for tourist orientated tasks such as repairing footpaths, providing information centres and so on. You could not use that money to build a new school.

The Swiss have experienced about 7% tax evasion. It is a very effective tax and so far has not proved a disincentive for people going there; however, I noticed recently that Sweden, which has such a tax, is thinking of reducing it because it is felt that it has reached the stage where it is a disincentive for visitors.

A visitor to Portugal reported that when he hired a car he paid a tax of 40% simply because he was a tourist. I do not know the rate in Sweden. In Switzerland it is quite low, about £1 per night.

I think I would accept that if such a tax were to be introduced it should not be just in the Lake District, in all National Parks, or in the countryside, but should be available everywhere. Think of what London could do with £1 per night from each of the visitors that stays there. Certainly, in the Lake District, it would bring in £6 million without any trouble at all. In other words, it would more than double the amount of money presently being spent in the Lake District through the National Park Authority.

So, at the end of the day, the practical solution, if you are wanting to charge for the countryside, is to produce a bed tax.

To summarise, I have argued the following. Firstly, that the present charging policies in the countryside, by local authorities and other people, are not going to produce the sort of money that we need to keep the countryside as we like it in the future. Over the past 15 years we have moved towards more charges and a policy of the user, or the polluter, paying. In my view these pose something of a threat in the countryside. If we are to keep the countryside as we want it, farming will need much more cash input over the next few years in order to look after our landscape, in order that farmers' incomes shall remain very much as they are now, and in order that the farmers themselves shall remain in that landscape. The CAP will not, in my view, provide that money; it will not make that switch to environmental work. Nor can we do it through increased food costs, nor through the tax payer, nor through the charge payer. The user will have to provide it, and the practical method, and the least offensive method in my view, is a bed tax.

Notes and References

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Tax or Charge? – Which is Right?

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Intellectual fashions occasionally grip academia and policy communities. We are in the grip of one at the moment. That is not to belittle the serious work being done on the valuation of environmental resources. Some of the people here today have been pioneers in that field, before it was an intellectual fashion, and will continue to do serious work in it even when the fad has passed. So in expressing a certain amount of caution and scepticism my remarks are intended to reflect not on that work but on the way in which intellectual ideas occasionally become swept up into the political arena.

At such moments it is often worthwhile to stand back. First, therefore, I want to put the issue of environmental valuation into an historical context. Almost 78 years ago, at a meeting of the recently formed British Ecological Society, a man called Francis Wall Oliver formulated the matter in a remarkably farsighted way. He was one of the first ecologists to recognise that title; he was also a founder member of what was then the Society for the Promotion of Nature Reserves (now the Royal Society for Nature Conservation) and the first ecologist to serve on the National Trust Council. His speech at that meeting of the British Ecological Society was on the theme of the nature reserve movement, and he raised the key dilemma facing that infant movement:

“While all admit that it is well that wild natural life should be maintained, the difficulty is to determine what shall be the best course to pursue It is essential that public feeling should be aroused but it is not in human nature to make sacrifices for no tangible advantage. One cannot raise money for a thing that is not threatened.”¹

From ecological field excursions, though, Oliver had gained the distinct impression that England was an almost empty country:

“The ‘rural exodus’ has served to lull any apprehensions that might be aroused by urban and suburban expansion; the country districts of England are not obviously and seriously threatened, hence the Nature Reserve movement lacks this background for a strong popular appeal.”¹

In the absence of a tangible threat it was important to foster favourable attitudes. In particular: “Everything should be done to encourage intelligent action by private landowners.” He regarded “... acquisition of an area by purchase” as “a last resort”, and gave this prescient warning:

“... the paying of large or fancy prices should, as a principle, be avoided – otherwise there would be a danger of an ever increasing burden of ‘unearned increment’ as culture and a better appreciation of Nature spread.”

This early ecologist thus expressed a crucial distinction in valuing the environment, between a value and a market price. His injunction to avoid an “unearned increment as culture and a better appreciation of Nature spread”, has a very topical ring: arguably, it is where we stand today.

The need to assert the integrity of social and natural values in a market economy has always been one of the prime motivations behind the environmental movement. An even earlier example epitomises another key distinction and introduces a concept which has been absent in the papers so far – that of rights. This example goes back to the first amenity society, possibly the first ever formed anywhere in the world, the old Commons Preservation Society (now the Open Spaces Society). At the time of its formation, in the 1860s, London was beginning to expand rapidly and the Lords of surrounding manors were taking the opportunity, wherever possible, to extinguish commoners’ rights by whatever means they could, to be able then to sell off the land for building works, or to the railway companies and other developers.

A threat had arisen to Wimbledon Common. The Lord of the Manor there had proposed an enclosure plan. This had raised the ire of the people living nearby, as well as that of this nascent body, the Commons Preservation Society. The Metropolitan Board of Works came in and wanted to defuse the tension. It suggested it should buy the rights to the manor; sell off some of the land to cover its cost, and preserve the rest as public space. This sort of mediating and compromising role seems always to be the mantle assumed by public agencies in Britain. However, Shaw-Lefevre, the leading Liberal politician who was founder of the Society, said no, and lobbied the Metropolitan Board of Works and a Parliamentary committee that had been set up to look into the issue. He argued that if that principle was applied all over London, not just as a solution to Wimbledon Common but more generally, it would either incur massive public expenditure or considerable loss of open space, neither of which he considered acceptable. He thought a sensible way out of the dilemma would be to strengthen common rights at law in a manner which would guarantee both the public interest and public access. In other words, instead of a state sponsored market solution to mediate the conflict, he successfully asserted certain collective and common rights over those properties. The language of rights is that of citizenship, pursued in legal and political fora, not specifically in the market, but inevitably these spheres intersect, particularly in a society like ours in which formal ownership of land and natural assets is so unequally divided.

As we look for effective techniques to incorporate environmental values into the choices we make as individuals and as a society, it is important that we do not lose sight of some of these fundamental considerations. Economists, from Pigou to Pearce, have been most prominent in seeking to develop technical means of environmental valuation, based on the concept of externality. But they have faced persistent problems in terms of the reception of some of their ideas. A recent OECD Report, based on a survey of the impact of environmental economics and economists on the ways in which governments act, found that the actual use of economic instruments by governments for environmental purposes has been very limited, and that few of the economic instruments used met the simple criterion of aiming to use financial incentives to internalise desired forms of environmental behaviour (Opschoor and Vos, *Economic Instruments for Environmental Protection*, 1989).²

The picture that emerges is of economists repeatedly putting forward what they see as sensible solutions but encountering stubborn resistance. It is a resistance which, at the level of public officials, might be discounted as bureaucratic inertia. But, as Susan Owens suggested in an earlier paper, the difficulties might be more fundamental. Drawing on the work of Sagoff (1988)³, she argued that the economists' efforts were flawed by a category mistake in confusing consumer preference with citizen choice. Mensuration of consumer preferences does not therefore denote the social value of something. The consumer reacts to the market mechanism, and the citizen exercises rights through the political system. To confuse the two rules is to make a category mistake.

To give an example, consider the values I would express concerning that very convenient piece of antisocial and anti-ecological technology, the motor car. My own individual preference is for the cheapest possible petrol, no limits at all on my personal use of my car; in short, limitless freedom. That is my set of preferences as a consumer. However, I would be attracted to vote for a politician who said that he or she was going to introduce a whole set of restrictions on private motoring, and I support pressure groups that seek such restrictions. You might say that is hypocritical, or you might say that as a motorist I am operating within a certain rationality which the market imposes upon me, but that I am quite capable of envisaging a future society in which I could operate through a different rationality, within a differently structured market. Thus I might register a citizen's choice sharply at variance with my consumer preference. In the role of consumer I operate with quite different preferences from those I have in the role of citizen. Yet it is an assumption of standard neo-classical economic theory that we all possess a single set of ordered preferences.

But the strong negative reaction to economists' efforts to monetise the environment, particularly among members of the green movement, suggests that they are perceived to be making a more fundamental category mistake, that affronts basic values.

Let me introduce some sociology here. A traditional dichotomy employed by sociologists is that between *Gemeinschaft* and *Gesellschaft*, often translated to mean society/community. It distinguishes between organic social relations, typically within the family or small, close knit communities, and the impersonal social relations in mass society, in the market. The organic social relations are typically those of the family, resting on bonds of love and mutuality, co-operation, and the intrinsic value of human relations. The impersonal social relations are typically those of the market, resting on formal rules of conduct, on individualism and competitiveness, and with an instrumental view of human relations.

Behaviour in each of these settings is governed by distinct sets of rules and norms. Problems occur, therefore, if people adopt behaviour appropriate to one setting in the other. In other words, if I act in terms of familial relationships in a commercial setting, that is nepotism, favouritism, graft or corruption. If I start paying for basic human relationships, then that is prostitution and debasement. In this sense, morality is contextual. And we adjust our behaviour accordingly. If I were to behave at home in the same way as I behave as a commuter, then I would have problems. Equally, if I were to behave as a commuter like I do at home, I might get into trouble as well. That is a rather basic category mistake which is the social context of a lot of morality and moral behaviour.

One senses that the sort of outrage that environmental economists arouse comes in part from

a feeling that they are transgressing social norms, particularly in bringing together nature and the market.

The notion of nature and the market as separate moral realms became established in Victorian society when both nature and the family came to be seen as retreats, havens from Victorian capitalism. These were very male oriented metaphors: the family and nature were seen to offer temporary escape from the drudgery and grind of the workplace. Somehow or other, the human spirit could find release from the cash nexus in these settings.

Untamed nature, the wild countryside, had a special place in this value system. Let me quote from Hugh Miller, the Scottish naturalist:

“A thoroughly cultivated country is ... much less beloved by its people than a wild and open one. Rights of proprietorship may exist equally in both; but there is one important sense in which the open country belongs to the proprietors and the people too. All that the heart and intellect can derive from it are alike free to peasant and aristocrat; whereas the cultivated and strictly fenced country belongs usually, in every sense, only to the proprietor.”⁴

The human spirit, liberated in these wild places from the petty conventions and gross inequalities of a class ridden society, could here find communion.

Another element in this outlook, also with Victorian roots, is the notion of the countryside as a place of moral affluence. It is a notion on which many of the organisations concerned with protecting the countryside originally drew, and to some extent still do so. For example, bodies like the National Trust, the Royal Society for Nature Conservation, the Council for the Protection of Rural England, were set up to preserve nature and open spaces from market forces, from what was seen as a debasing, money grubbing commercialism.

I have already mentioned Shaw-Lefevre; in protecting common land he saw the opportunity to restore to it, “... something of the attributes of the ancient Saxon folkland”⁵. Thus, in asserting collective rights, he emphasised human solidarity against the pressures of the market, referring to a pre-capitalist, communal form of ownership. The structure of the National Trust, which emerged from the Commons Preservation Society, is thus no accident – as a voluntary organisation it is based on an ideal of organic solidarity, with a collectivist commitment to own land and property in perpetuity. The people who planned it did so as a model which would stand against the model of the market.

There are echoes of that position in many contemporary debates. Two years ago I was at the annual meeting of the Green Party, just when the bandwagon on green consumerism was really getting going. They had invited Julia Hale who is one of the great spokespeople for green consumerism but she was barracked by many of those present. Their point of view was that they did not want green consumerism, they just wanted less consumption. They argued that green consumerism made consumption acceptable, and indeed might hasten the marketing and commoditisation of all sorts of aspects of nature and the environment.

There are left and right wing variants of such a deep green perspective. At its most sophisticated the argument would go that liberalism and capitalism (in combinations which depend on your political stance) have eroded traditional social bonds, leading to an atomistic

society of mass consumers. Monetary transactions have become the dominant form of social interaction, suppressing organic solidarity and destroying competing non-monetised lifestyles. The notion of contentment in a state of sufficiency, which was once offered perhaps by traditional religion, is replaced by the consumer's fantasy of complete satisfaction, which instils yearnings for ever new and more. Unbridled private consumption, though, overrides the public good, and eventually those parts of the environment which have not yet been pillaged by the market become mere objects of consumption. From such a perspective, at root the ecological crisis is seen as a moral one: the market mentality has yielded a material affluence where the dominance of things has produced a spiritual desolation.

I can see the proponents of the 'dismal science' sinking in their chairs at this point. Let me quote one of them, Colin Price, who is here today, one who can claim to be a founder of environmental economics, not least through his seminal book on *Landscape Economics*⁶. In a recent review he wrote:

"I adopted the viewpoint ... as something which needed to be done. The analytical approach to beauty has not yielded much enjoyment, and sometimes it has depressed me immensely. I, like many critics of the outlined approach, would prefer to walk through a world of beauty forever unthreatened, forever intuitively appealing. It hurts me that nature is threatened; it hurts me even more when people poke fun at me for doing it."⁷

Here is a *cri de coeur* from someone who feels misunderstood, who would argue that a comprehensive system of resource accounting is needed if society is to take stock of natural assets. Otherwise, in our sort of world, such assets will be unvalued in public and commercial decision making, and therefore will be degraded and squandered.

As someone coming from a political science perspective, however, I would pose the question: if you monetise, do markets follow? You might argue, logically not; that the purpose of resource accounting is to give a surrogate monetary value precisely to those assets for which there is no market. But in the practical world, the logic of the argument may be less significant than the mentality it encourages. In introducing the discourse of the market into the discourse of nature, does one break certain taboos and thereby help legitimate pressures to extend the morality of the market?

Let me give you an example that came up in a seminar with David Pearce. He gave a typical example of the sort of advice an environmental economist is called on to give these days. An international organisation might commission him to go to an African country to present to them the arguments whereby some last remaining expanse of savannah grassland, say, should be protected from encroachment by agricultural settlement. He would seek to assess the wildlife value, using the techniques we have been talking about for the past few days. One way of doing it would be to look at the tourist value of that wildlife. There are, of course, examples across Africa of game reserves which well heeled tourists come great distances to see. So you can arrive at fairly high values for these things. Then you can throw in the other potential non-use values. But what Pearce could not convince me of was that if he prepared a report like that and presented it to this developing country, that it would not alter the perception of that area as a resource. In other words, if you said it had so many million pounds value, based on its tourist potential, would that not encourage the establishment of mechanisms and markets to exploit it as a tourist resource? In trying to monetise an asset,

do you pave the way to marketing it? Once you have identified non-market use values, is there a pressure to find markets?

The economists reason that, if it is a public good, you cannot have a market for it, but it is not beyond the wit of man to find ways and means of trying to generate markets from public goods. For some people the very difficulties of doing so may present them with a challenge, and a potentially lucrative one at that. And it is not such a fanciful proposition given the kind of society in which we live, and under a Government which has insisted on the creation of markets and quasi-markets in such fields as health care and education, and has gone as far as privatising water.

This raises a pertinent question for the rural agencies to consider: with cash limits, with the prospects of agencification (ie, independent agency status), with pressures to raise additional revenue, if you begin to identify non-use market values in your accounts, to what extent will there be pressure from government for you to realise them?

That has major implications for the way we view the countryside as a resource. One of the elements of the ideology of the countryside that I was propounding earlier, is the notion of open access, even though it might not be open access in reality. To create markets, though, you need restricted access. Does that mean that public agencies that were set up to promote access will now have to restrict it? I am not talking only about the restrictions that arise from charging and the cost of that in relation to people's ability to pay. In addition, to be able physically to charge you have to erect a ringfence, or you have to create a non-consumptive public good. An example is what is being proposed to ease traffic congestion in London: there would be metallic strips in the roads as you entered central London which would clock up on a meter and you would be charged accordingly. That is a case where people are talking about putting a ringfence around a public good. Equally, in the search for markets for non-consumptive public goods in the countryside, will agencies, whose *raison d'être* has been in part about promoting public access, be forced to find ways and means of restricting access?

One thing that has received little attention in earlier papers has been the private sector, even though 90% of rural land is in private ownership, and already the trend towards the commoditisation of rural space is clear. The classic example is the great golf course boom. A golf course does provide for recreational demand but at the same time it represents a packaging of recreation in a form that can be sold. Crucially, it involves the privatisation of rural space, by putting a ringfence around it. We have had three waves of golf course booms in Britain. The first one, earlier in this century, embodied the notion of clubs, associations, voluntary organisations. The second wave, in the 1960s and 1970s, was a provision through the public sector, driven by welfarist notions. The present wave is very much to do with private market provision.

At the same time, all of the talk about non-use values is becoming part of that rich language whereby private landowners continue always to renew their demands upon the rest of society and upon the public and private purse. Environmental goods become a new form of property right in this language, for which they should be compensated if no market mechanism can be established. Such reasoning may be compelling but it could undermine the traditional moral justification for private ownership, of stewardship.

The work of public sector agencies also depends upon trust. One of the key developments

in British politics in the past 15 or 20 years has been an erosion of faith in public service and of deference to authority. To what extent do these market arguments continue to detract from the legitimacy of public authorities? One of the areas in which that erosion has gone least far is the environment. Indeed, the intense concern for the environment of recent years has been a factor in making the state seem respectable again after a decade in which the state was such a bogey.

Public bodies charged with safeguarding the rural environment, in particular, enjoy a halo effect. In consequence, they command a degree of public authority and legitimacy which many other parts of the public sector have lost. I sense that is partly because they can draw on Victorian arguments about moral affluence which then guide a whole set of questions about what is right and proper to do in the countryside, and that these authorities are then seen as guardians of this morally sanctioned activity. Potently, they are both protectors of the public interest and stewards of nature. You can see it in the titles – Countryside Commission, English Nature, Scottish Natural Heritage – which have tremendous symbolic significance. It is a difficulty for the people who work in such organisations because it is often assumed that they have unlimited powers equal to the grandiosity of their titles!

But what is their role to be if they go down the monetisation route? Is it to overcome market failure? Is it to create quasi-markets from non-market values? Is it to be increasingly responsive to consumer preferences? Techniques such as those of economic valuation cannot simply be taken off the peg and used whenever it suits you. They have implications for the way in which you think of yourselves as an organisation, for your broader social responsibilities, and for the legitimacy of your actions.

Mind you, the paternalistic/stewardship role adopted by those agencies, though oriented to notions of the public interest, has not always been committed to popular needs. This is an important point and one which, again, has not been touched upon. An argument against the public bodies is that they have not necessarily been responsive to different interests in the countryside, or potential usage. Carolyn Harrison, in her new book on countryside recreation, judges the social welfare/paternalistic/stewardship role of the public agencies that prevailed strongly until the 1980s in the following terms:

“A culture of public intervention served to contain where and how people enjoyed themselves and masqueraded as a social policy which would benefit everyone. ... The plurality of values held by the participating public is not reflected in the policies adopted in the public arena especially when those policies are designed to act in the interests of informal countryside recreation the general direction taken by public policies has not served the interests of informal recreation very effectively, neither has it raised participation levels amongst people who have no recent tradition of visiting the countryside.”⁸

People might want to dispute that assessment but it is a charge that should be addressed.

But would market mechanisms and greater attention to consumer preferences solve the problem? Would they widen access, increase participation rates, and vanquish that fuddy-duddy, nannyish notion that state agencies are there to prescribe right and proper and suitably reverential approaches to countryside recreation? Would it allow for a much greater diversity? Or would the effect be to recreate and reinforce existing patterns of income

inequalities, and be as regressive, or more so, as the existing paternalistic, stewardship role which at least has been willing to address the issue of low participation rates?

The counterpart of the passive consumer is the active citizen. There is that duality in modern society, and it has initiated debate within all the major political parties over citizens' rights. This question was raised in an earlier paper: are all historic freedoms to be parcelled out and privatised? It was an interesting way of posing the issue, because in Britain the public has very few formal rights (in contrast to historic freedoms) over land and the environment. Much of what we enjoy is by custom, not by legal right.

Recently, the British Horse Society welcomed a Groundwork Trust initiative for farmers and landowners to set up permissive bridleways for which they would charge, just as long as it did not lead to the neglect and decay of established bridleway routes where they had freedom of access. They were wise to add such a proviso, for the areas of the countryside where the public is sure of its rights is tiny in Britain. Similarly, at a recent tourism meeting, the possibility was aired of charging for access to beaches. With such proposals on the agenda, there is a pressing need to consider turning certain customary freedoms into rights. Of course, the counterpart to rights is responsibilities, and perhaps here one can see an appropriate role emerging for public agencies in the countryside, in a market oriented society, that of promoting both the rights of citizens to a clean and healthy environment and the responsible exercise of those rights.

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Closing Remarks

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The conference was about the application of the concepts of environmental economics to the work of countryside recreation practitioners. We have heard about the different concepts and techniques, about valuation, pricing, charging, taxing, and so on. We have had them all laid out before us in one way or another.

What I want to do is to offer you not so much a summary of the conference in terms of precisely what people said, but more a few very personal reflections on what the meaning of those issues might be for the work of people who, loosely speaking, are within the countryside agency or the countryside community.

The concepts we have been discussing are very powerful; they arouse strong feelings; if they were all adopted they would have major implications for policy in the way that activities are delivered in the countryside. And yet, confronted with this series of powerful concepts, I feel we are steering our way through some rather dense fog in terms of our level of understanding both of the concepts and their application.

I would just offer you a few waymarks which occur to me as being important as I address the implication of all this for me and for my work.

To start with a few obvious ones: the countryside is very highly valued by us all. We put conflicting and competing values on the countryside and we need to find ways of managing or resolving those conflicts. The use of the market is one technique available to us for countryside management.

Ownership in the countryside is extremely important. The case has been made for public ownership, private ownership, and I would make out a case for common ownership in the countryside. Some people have suggested that this or that method might be the right way forward. My own view is that all these sorts of ownership have a part to play in the countryside and that no one on its own is magically or inherently better than others. They all have a distinct role.

Environmental economics is a tool for us to use in the countryside but the ultimate decisions are political. A number of speakers referred us to the importance of the political process as the ultimate means of resolving conflicts. What is the political process about? It is about setting strategy; it is about allocating resources; it is about regulating ourselves, our markets, our lives, in ways which we mutually decide are appropriate. Therefore, we need to attend to the political process. I suppose I belong to the school of thought which says that ultimately