



Reprint: Justifying social values of nature: Economic reasoning beyond self-interested preferences



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ABSTRACT

Demonstrating that conservation is not only beneficial for nature but also for human well-being is as much desirable as it is challenging. Undoubtedly, using economic numbers hold some great promises, there is, however, a considerable number of critical reflections on using economic thinking to promote nature conservation. A recent aspect within these critics is that economic theory has failed on appreciating the multiple values (not only ‘individual’, but also ‘shared’ and ‘social’ values) of nature. Against this background, we will firstly show that the total economic value-concept covers a broad range of value dimension and that preferences of self-interested rational individuals may well cover also social or group values, although unclear to what degree. Secondly, we will highlight that economic theories on ‘merit goods’ developed by Richard A. Musgrave or the constitutional economics approach related to James M. Buchanan and others provide an as yet neglected but useful strand of arguments for the existence of values beyond individual preferences and that discourse ethics calls for deliberation to disclose those value dimensions. We will thirdly demonstrate how economic valuation methods could be improved by integrating deliberative elements in order to capture social value components in valuation exercises. As methods strongly shape valuation outcomes, it is a question of the practical purpose and of the ethical context of the valuation exercise that should determine which approach to choose.

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1. Introduction

Economic arguments are used to push environmental problems up on the political agenda. What the Stern-report (Stern, 2007) did for climate change served as a role-model for the TEEB initiative aimed at biodiversity conservation and the sustainable use of ecosystem services (Ring et al., 2010; TEEB, 2010a). Demonstrating that conservation is not only beneficial for nature but also for human well-being is as much desirable as it is challenging. Undoubtedly, using economic numbers hold some great promises. These include: to examine and communicate environmental problems in terms that are more relevant and better understandable to society; to reduce the relative ‘invisibility’ of natural assets in public and business calculations; and thereby to mainstream outside the environmental sector the importance of nature and its ecosystem services.

Using economics, however, is also a much contested way of relating to nature. There is a considerable number of critical reflections on using economic thinking to promote nature conservation, both from within science as well as from societal groups. Objections range from

- a critique on the assumptions of neo-classical economic theory (based on, e.g., the idea of homo oeconomicus, a utility maximising individual with fixed preferences and a prosaic relationship with nature) (Doak et al., 2014; Fisher and Brown, 2014; Redford and Adams, 2009), to
- the scope and capability of economic valuation methods to capture the manifold value dimensions inherent to nature (O'Neill and Spash, 2000; Vatn, 2009; Chan et al., 2012; Neuteleers and Engelen, 2015), to
- basic criticism that “nature has no economic value”, and economic value has no “testable, defensible, non-circular meaning or content” (Sagoff, 2008, 242), because it measures scarcity, but does not put any value of nature, to
- doubts about the usefulness of economic valuation for decision making in policy (Laurans et al., 2013; Waite et al., 2015), as well as
- doubts about the appropriateness of incentive measures to stimulate a more sustainable behaviour (Vatn, 2010; Falk and Szech, 2013; Laurans and Mermet, 2014; Laurans et al., 2013; Rode et al., 2015).

A special issue of concern within these critiques is the narrow scope that (especially neo-classical) economists tend to have on the concept of value (Spangenberg and Settele, 2016). By

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anchoring value on aggregated preferences of self-interested rational individuals and expressing value in terms of economic welfare, social and relational (Chan et al., 2016) values (those describing societal well-being beyond self-interested preferences) and individual value components that are not based on rational preferences and thus inaccessible for monetary valuation will remain blind spots. In particular, economic valuation is deemed to fail to adequately consider needs of future generations, since these needs are estimated by projecting and extrapolating future preferences out of today's non-sustainable contexts (Norgaard, 2010). Another critique found valuation methodologies to conflate benefits and values and thus fail to adequately capture the diversity of values that can be associated with a benefit (Chan et al., 2012). Economic valuation seems to fall short on its own aspiration: to broaden the scope of values taken into account beyond private gains and costs when deciding upon allocation and distribution of scarce resources.

There is hence a growing need to widen the view of a narrow economics perspective: to move beyond a sole focus on individual self-interested preferences, to detect the nature of social values and to explore ways for capturing those values. In the UK, a consultation process among stakeholders and experts was organised to select and discuss 28 questions for future research on ecosystem services out of 800 proposals. Among the selected questions figured: 'Can people simultaneously possess and express 'individual' values, 'social' values, and 'shared social' values, and if so, how do they relate to each other and how can they be defined, identified, measured, aggregated and used in decision making?' (Valuing Nature Network, 2012). There are recently published guidelines that try to integrate economic, socio-cultural and ecological valuation approaches (VIBSE, 2014). The UK National Ecosystem Assessment group has published a report in its follow-on phase particularly on shared, plural and cultural values of ecosystems (Kenter et al., 2015). Nevertheless, also in such elaborated analysis the economic theory on public goods and the role of the state to act to protect social values is marginal (Kenter et al., 2015). It seems that economic theory has failed on a key question in the ecosystem service community: how to appreciate multiple values (not only 'individual', but also 'shared' and 'social' values) of nature in a more differentiated manner (and without drowning in (methodological) complexity).

While we do not attempt to answer this question, we believe that, yes, economic theory (in combination with political philosophy) can make important contributions to a broader recognition of social values within the ecosystem service framework. Our broader intension in this article is, therefore, to shed some light on whether (and how far) economic values of nature and ecosystem services do also include social values, and whether we can identify strands in economics theory that go beyond the traditional economic mainstream and that can be exploited for addressing social values. In this sense we seek to 'protect' economic valuation against criticism, especially if the criticism refers to approaches that are beyond neoclassical economics.

Against this background, the aim of the paper is threefold:

- We will firstly show that the economic framework of values (the Total Economic Value – TEV-framework) covers a broad range of value dimension (broader than many non-economists assume) and that preferences of self-interested rational individuals may well cover also 'social or 'group' or 'relational' values, although unclear to what degree (see Section 3).
- Secondly, we will highlight that economic theories on 'the role of the state' provide an as yet neglected but useful strand of arguments for the existence of values beyond individual preferences. These theories are expressed in the notion of 'merit goods' developed by Richard A. Musgrave or the constitutional

economics approach related to James M. Buchanan and others. Closely related to the constitutional economics approach, discourse ethics by German philosopher Jürgen Habermas calls for deliberation to disclose those value dimensions (see Section 4).

- With the concepts of merit goods, constitutional economics and discourse ethics we want to strengthen both understanding and reasoning for social values (beyond narrow self-interested values). We will thus thirdly demonstrate how economic valuation methods could be improved by integrating deliberative elements in order to capture social value components in valuation exercises (see Section 5).

Before addressing these issues we briefly refer to the notion of social values in environmental evaluation (Section 2).

2. Approaching social values in environmental valuation

The definition of social values is ambiguous, as are the names expressing these types of value. Sometimes the term 'social values' is used; sometimes authors speak of 'community values' or 'shared values'. In addition, when using the term 'social value' the underlying value concepts attributed to this kind of values might differ. According to Kenter et al. (2015) values can be seen as (i) universal principles or normative beliefs which are shared culturally – 'transcendental values', (ii) they can reflect more individual opinions of worth about something – 'contextual values' (this may also include shared or social values attached to certain places or species that are rooted in deontological ethics), (iii) or they can be regarded as expressions of preferences in terms of metrics such as monetary value estimate or an index rating – 'value indicators'.

As this article focusses on the role (and limits) an economic perspective can take for addressing and characterising social values, such values may be most usefully characterised by contrasting them with personal values or interests. This distinction is analogous to that made by Vatn (2009) who distinguishes between 'I-rationality' and 'We-rationality'. According to this perspective economic valuation does not elicit 'self-regarding' preferences only, but may also cover 'other-regarding' benefits as well (Kenter et al., 2015). In preference formation, Vatn (2005, 2009) developed this notion to emphasise that besides pursuing personal advantages individuals can decide and act according to wider societal concerns depending on the decision-context. In fact, given that a human being cannot survive on its own for long under the living conditions most ecosystems provide, egoistic preferences have been questioned as a suitable basis for decision making affecting the environment (Vatn, 2009). The point here is that 'We-rationality' is guiding us to 'social values', even though this term is being used in widely different ways.

For sharpening the meaning of the term 'social value' it is useful to further distinguish three semantic dimensions of value, namely to separate the (i) object of value from (ii) the value itself and (iii) its provider, as presented in Table 1:

- *The object of value* refers to the concrete benefit. In the environmental context, an individual benefit could be the food

Table 1
Semantic dimensions of value in environmental valuation (source: own).

Dimensions of value		
Object of value	Individuals (individual benefit)	Community (collective benefit)
Value type	Personal values/interests	Social/shared/relational values
Provider of value	Individual	Group

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