



4th

CES International Seminar on the Foundations of Economics

Value Conflict, Decision-Making and Public Action

Research Group on Science, Economy and
Society and the Doctoral Programme CES/FEUC
in Governance, Knowledge and Innovation

15th-16th | June | 2012

Centre for Social Studies at the
University of Coimbra



PROGRAMME

Friday, 15th of June

10h00-10h15 Opening Session

10h15-12h30 Value Conflict and Incommensurability: Theoretical Approaches (I)

John O'Neill, *"Incommensurability, conflict and values in public policy: from socialist calculations to environmental valuation"*

Ana Costa and Luís Francisco Carvalho, *"Value conflict and the problem of rationality: insights from the history of social and economic ideas"*

Vítor Neves, *"Beyond the 'measuring rod of money': K. William Kapp's contribution to a theory of social value"*

Chair: Laura Centemeri

12h30-14h00: Lunch

14h00-15h30 Value Conflict and Incommensurability: Theoretical Approaches (II)

Ricardo Coelho, *"Social costs and (in)commensurability in social sciences: a review"*

Laura Centemeri, *"Reframing incommensurability in environmental valuation: from value pluralism to the plurality of engagements with the world"*

Chair: Vítor Neves

15h30-16h00: Coffee Break

16h00-17h30 Value Conflict and Decision-Making Devices

Clive L. Spash, *"Value and Preferences in Public Policy: Individual and Social Choice"*

Vasco Gonçalves and José Castro Caldas, *"The origins and development of cost-benefit analysis"*

Chair: Ana Costa

20h00: Dinner

Saturday, 16th of June

9h30-11h45 Value Conflict and Public Policies

João Tolda, *"Evaluating innovation policies: methodological and metric issues"*

José Reis and Tiago Santos Pereira, *"Silences and salencies: how an airport becomes (in)visible"*

Maria de Fátima Ferreiro and Maria Eduarda Gonçalves, *"Conflicting values and public decision: the Foz Côa case"*

Chair: José Castro Caldas

11h45-12h00: Coffee Break

12h00-13h00: BECOM Meeting

ABSTRACTS

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Value Conflict and the Problem of Rationality: insights from the history of social and economic ideas.

Value conflict is a pervasive feature of human action (individual and public action). Public action is often confronted with different concerns making competing and inconsistent claims about the desirable common goods to pursue. This raises the necessity to cope with and manage the value conflict arising in action.

For an approach to choice committed to the presupposition of commensurability of value, the presence of various and conflicting claims pressing action towards different and incompatible directions is viewed as a threat to rationality in decision processes. This approach is grounded on utilitarianism; utility along with an axiomatic, logic and desubstantialized perspective of rational choice, prevalent in neoclassical economics, became thus a unique and abstract measure to which the different and conflicting dimensions of value, inherent to the various alternatives under evaluation, may be reduced. In this perspective, rational choice deals only with a maximization problem involving a single value dimension.

According to this calculative, monistic approach, decision making is just related to the selection of the best means to achieve given ends. Ends are defined previously to action and clearly separated from means. Ends, values, are just out of the reach of critical appraisal. Viewed as mental states, values, ends, belong then to an inner, subjective realm not allowing any reference to the context wherein action takes place, nor a discussion about which values are worth to be pursued. In fact, neoclassical economics' rational choice model is the outcome of a long-standing process along which the concept of rationality had different meanings. The paper tries, in a first instance, to clarify this process by scrutinizing the influence of utilitarianism in economics, namely in marginalists, and to discuss the meaning(s) of the concept of value commensurability.

However, this approach has been challenged from the outset. Stuart Mill's version of utilitarianism gave rise to some objections to Bentham's approach by emphasizing the idea that pleasures and pains could have different qualities. Critical views also include other perspectives more at odds with conventional economic discourse, namely John Ruskin's conceptions on value and valuation, translated by John Hobson into an alternative 'welfare economics', and John Dewey's views on deliberation. The idea that there are (higher) values not reducible to a monetary counterpart, and the claim that deliberation and choice may be rational in spite of value conflicts and incommensurability, are crucial hints from these critical perspectives. The tensions among these views are also acknowledged. What are the main convergences and divergences among them? Are value conflicts acknowledged, and if so how can we address them? In the end, which kind of insights could be drawn about the concepts of economic value, valuation and rationality?

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Value and Preferences in Public Policy: Individual and Social Choice

Opening up the economic approach to understanding human behaviour means accepting the limited role of preferences, that the underlying utilitarian logic is not universally accepted, that the emphasis on prices and market institutions is a specific way in which to frame public policy discourse. So understanding of choice and conflicts in society requires broadening the conceptual model. At the individual psychological level behaviour can be understood as involving a variety of motives including alternative ethical beliefs. The expression of refusals to trade is fundamental to the expression of a range of highly important human values.

The choice not to choose is one mainstream economics struggles to understand. One way in which this can be expressed in microeconomic theory is via lexicographic preferences and these can be investigated empirically (Spash and Hanley 1995, Spash 2000a, Spash et al. 2000, Spash 1998). However, this approach can tend to make the idea of lexical orderings in decision processes appear extreme and/or irrational, rather than a normal everyday means of dealing with the world. Engaging in microeconomic discourse to try to express simple intuitive ideas about social reality proves far from easy and incommensurability is a prime example (Aldred 2006). This is a fundamental problem with the approach of mainstream economics, i.e. its inability to comprehend concepts outside its narrow framing of human rationality. The failure of mainstream economics to address the reality of how humans choose also relates to the prime importance given to individual preferences as the key to describing both individual and social decisions. That preferences offer no explanation of human motives is something economists have largely ignored (Holland 2002, Spash 2008b).

What this leads to is a reframing of human values as having multiple motives and expression (Spash 2000b). This value pluralism cannot then be squeezed into a model where all value derives from individuals expressing their preferences in the market place. So the method and institutions that economists use cannot be separated from their conceptualisation of human motives and behaviour. Breaking-out of the narrow confines of mainstream thought to achieve a more realistic approach then raises the problematic political questions of forming new institutions and approaches that challenge those now existing. So a new value theory in economics is called for and this also means a new institutional approach and recasting the role of the individual in social decisions (Spash 2008a). Wider public participation has been put forward as part of the solution but how this participation is itself meant to operate is highly contested and it can be employed to merely reinforce a narrow economic logic (Lo and Spash 2011). A utopian ideal of a decision process which allows multiple value expression and achieves democratic decisions and social choices seems necessary as a target to contrast against the tendency towards pragmatic simple solutions and silver bullets.

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Evaluating innovation policies: methodological and metric issues

Over the last years, innovation policies have increasingly included measures related to systemic approaches that emphasize the importance of promoting interactions among a wide variety of actors operating at multiple levels. On the other hand, recent budgetary shortfalls have placed growing stress on reducing the governmental expenditures and on evaluating the effects of public policies. Meanwhile, several composite indicators have been proposed, by organizations and by individuals, in order to quantify national or sectoral innovative capabilities, on the basis of statistical information about different potential sources of learning dynamics.

This paper deals with methodological issues concerning the evaluation of innovation policies and discusses, in particular, the usefulness of two composite indicators (the Technological Achievement Index, published by the United Nations Development Programme, and the Innovation Union Scoreboard, developed by the European Commission) for measuring the effects of those public policies.

Keywords: complex systems, innovation measurement, innovation policy evaluation, science and technology indicators.

John O'Neill (University of Manchester, UK)

Incommensurability, conflict and values in public policy: from socialist calculation to environmental valuation.

This paper will examine the debates about commensurability and value pluralism in the socialist calculation debates between Neurath, Mises and Hayek. It considers the implications

they have for more recent debates about the role of monetary valuation and markets in environmental policy making.

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Silences and salencies: how an airport becomes (in)visible

The deliberation regarding large infrastructures such as an international airport is, intrinsically, a process of a public and collective nature. It is not simply the transparency of the deliberation process that is at stake. It is also the process through which objectives and restrictions are determined, as well as definition of the decision-making framework. In Portugal, the construction of the new Lisbon international airport should have, inevitably, given attention to those variables most directly associated with the creation of positive externalities. Such variables, either regarding more general considerations or regarding the size and territorial organization of the country, should include the control over the creation and appropriation of land rents, as well as the territorial planning and urban development, in addition to the technical and safety variables specific to airport operation.

The deliberative process in the case of the location of the new Lisbon airport encountered several vicissitudes. At first, this was mostly framed in relation to the territorial variables of an urban and territorial nature (namely in terms of mobility and access ways) and it was organically included in the planning dynamics of the country. However, at a later moment, the deliberative process suffered a radical change, through the implementation of an independent assessment process, thus turning it into a unique decision-making process.

We argue that this change and the trajectory taken in this process represented a substantial reversal, not discussed and not assumed, of the logic of deliberation. In this process, the variables referred to above gained a significant different meaning, becoming dependent on the decision on the new location for the new airport rather than being independent variables influencing the deliberative process.

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Reframing incommensurability in environmental valuation: from value pluralism to the plurality of engagements with the world

In this paper I discuss the issue of environmental valuation from a perspective of “pragmatic sociology” (Bénatouïl 1999; Blokker 2011). Coupling the pluralism of “orders of worth” (Boltanski and Thévenot 1991) with the pluralism of “regimes of engagement” (Thévenot 2007), different kinds of incommensurability can be detected and analysed when observing the socio-technical processes producing shared forms of valuing nature.

Being able properly to address incommensurability in these processes is crucial for the legitimacy of public action and decision on environmental related matters. The relevance of incommensurability in explaining the difficulty of achieving such a legitimacy is shown by the fact that public decisions having a significant impact on the environment more often than not give rise to conflicts. Examples are countless of situations in which having to collectively decide about an environment reveals the many ways in which this environment *matters*, for good or bad, to people or communities, and the conflicts potentially entailed by this pluralism of ways to value what matters and how (O'Neill et al. 2008).

The main aim of the paper is to show how the shift from a frame of conflicting values to an approach of pragmatic sociology of plural regimes of engagement can clarify in what terms it could be pertinent to speak about "constitutive incommensurability" when dealing with the valuation of environment, and especially of environmental damage. Moreover, incommensurability understood through the lenses of regimes of engagement becomes an object of empirical investigation. In the same way that commensuration has been studied as a "social process" (Espeland and Stevens 1998), incommensurability is something that we produce and maintain. It is then important to investigate how we do this and the reasons why incommensurability matters to people, so to contribute to the debate on the limits of commensuration.

As a first step in the paper's argumentation, I will argue that the problem of environmental valuation is one of the issues that more clearly calls for the clearing of the "Parsons' pact" (Stark 2009). There is not such a thing as an economic value of the environment separated from social values. Our societies (and economies) refer to plural ways of making an environment valuable, that is, they refer to multiple principles of evaluation of the same environment. In order sociologically to address the process through which an environment or an environmental entity are made collectively valuable I will refer to Boltanski and Thévenot concept of "orders of worth". Orders of worth are principles of evaluation, commonly recognized and assumed as legitimate in our societies: they entail the establishment of a space of equivalence allowing for commensuration to take place. Conflicts concerning the value of an environment involve different orders of worth that are called upon by the mobilized actors. The way Boltanski and Thévenot envisage the overcoming of incommensurability is through a "compromise". A compromise is, in fact, a way to stabilize a composite space of equivalence, in which different forms of commensuration are made temporarily compatible.

As a second step, I will introduce the distinction between the qualification of an environment through legitimate orders of worth and the qualification of this same environment stemming from the "familiar engagement" with this same environment. The concept of familiar engagement points to the relevance and pertinence of a perspective of "dwelling" (Ingold 2000) for the appraisal of the plural ways in which environment can matter for human beings. The dwelling perspective points to the fact that the environment is first of all a place we live in: as humans, we develop attachments to our inhabited environments. These attachments are crucial for the developing and maintaining of our personality and of our capacities.

I will argue that the maintenance of these familiar attachments implies to subtract them to commensuration. Nevertheless, their importance for us, their value for us, can be shared with others, communicate to others, but exclusively on the basis of a shared experience. In this sense these attachments can be considered as "constitutive" of a form of experiencing the social and material world surrounding us and our engagement in it. The dwelling perspective gives account of a specific source of incommensurability, which is different from the one the model of plural orders of worth points to. I will discuss how the incommensurability accounted for by the dwelling perspective is particularly relevant when discussing environmental issues. Evidence from literature on environmental issues and my own research on environmental damage will be discussed.

As a conclusion, I will argue for the need to design tools, instruments, and procedures of environmental valuation in which general rules of environmental valuation and more personal

and attached ways to value an environment would be both considered. But how to decide without completely relying on measurable and objectified accounts of what counts? The idea of an evaluation based on “narratives of nature” would be examined as a possible way to integrate in a valuation process general (detached) and personal (attached) definitions of what makes the value of an environment.

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Conflicting values and public decision: the Foz Côa case

This article considers public decision involving conflicting values and interests by presenting a case (Portugal, 1990s) where the construction of a dam already under way following an Environmental Impact Assessment procedure (EIA) was abandoned in order to preserve prehistoric rock engravings. The Foz Côa case illustrates the methodologies currently adopted under European Union law in the support of public decision concerning large infrastructures with significant impact on the environment and/or the cultural heritage, highlighting their limitations when confronted with the complexity and the plurality of values commonly at stake in such circumstances. We assume that the reasonableness of a public decision is meant to emerge from a process through which the various and conflicting reasons for acting are brought together, implying the opening of ends, and not only of means, to discussion and inquiry, a deliberative perspective which is put in contrast with the monistic methodologies supporting public decision-making under the EIA procedure. Some broader lessons may be drawn from the analysis of this case, we argue, regarding the conditions under which a regulatory system should tackle the diverse and conflicting values involved in public decision that affects today’s highly-prized values like the environment or the cultural heritage.

Keywords: Foz Côa dam; public decision; environmental impact assessment; conflicting values; environment; cultural heritage.

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Social costs and (in)commensurability in social sciences: a review

Despite being a common subject in social sciences, value (in)commensurability is rarely approached explicitly. Even in the vast literature on the social costs of private enterprise it is uncommon to find an articulation with the philosophical debate on (social and individual) choice in the presence of value conflict. The present article is aimed at mitigating this rift.

Conceptually, the starting point is the distinction between incommensurability and incomparability. Although these terms were used as synonyms by Raz (1986), here we follow Chang (1997) and use incommensurability to designate the impossibility of establishing a hierarchy of values according to a common criterion (a commensurator), and reserve the concept of incomparability for the impossibility of comparing objects according to criteria such as better than, worse than or equal to.

This conceptual background allows us to establish that the incomparability of objects is necessary but non sufficient condition for the incommensurability of values. Two objects are, then, incomparable when the values used to compare them are incommensurable and there one of the objects is not superior to the other regarding all relevant values. Conversely, the incomparability of objects implies the incommensurability of values.

Here, the focus will be on the concept of incommensurability, as the common point in the social sciences literature on value conflict and hard choices. From this starting point, we will present a review of the main theories associated with the concept in each disciplinary field: trade-off avoidance and resistance in Social Psychology (Drolet and Luce, 2004; Fiske and Tetlock, 1997), hard choices and commensuration as a social process in Sociology (Cohen and Ben-Ari, 1993; Espeland and Stevens, 1998), non-compensatory valuation of damage and incommensurability of reasons in Law (Sunstein, 1994; Warner, 1993) and alternatives to rational choice theory in Economics (Kahneman and Thaler, 1991; Aldred 2006).

From this review, we then proceed to apply the commensurability/incommensurability dichotomy to social costs theories. Here, Kapp (1950) emerges as the only author to have fully understood the implications of admitting incommensurable values for policies aimed to address social costs. On the other hand, both Pigou's (1928) Welfare Economics and Coases' (1960) institutional approach, the basis of two major and opposing views on social costs, accept full commensurability of values as an acceptable premise for policy design.

We conclude by discussing the consequences of assuming the commensurability of values, namely how it leads to a neglect of information, casts aside moral issues and can be used to impose a technocratic governance over a participatory approach to policy-making.

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The origins and development of cost-benefit analysis

In this paper we address the most sophisticated and influential contemporary monistic approach to decision-making - cost-benefit analysis. We explore the developments of this approach from its origin to its state-of-the-art versions with the aim of clarifying the way in which commensurability is produced by the procedures and the implications of the various methods of commensuration involved in cost-benefit analysis, thus identifying and exposing its normative assumptions.

This will involve the reconstruction of the intellectual genealogy of cost-benefit analysis from Bentham's utilitarianism to the state-of-the-art developments, with a focus on its extension to non-marketable "goods and bads", namely environmental.

This historical approach aims at supporting the critical analysis to be carried out subsequently in another paper, of cost-benefit analysis and of its outstanding role in shaping public decision processes and mediating social-technical controversies loaded with normative and epistemic uncertainty.

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Beyond the 'measuring rod of money': K. William Kapp's contribution to a theory of social value

Economists tend to see money as the most appropriate common denominator for measuring the 'worth' of things and market prices as the best available indicator of economic value (including of nonmarket goods). In spite of all philosophical and practical difficulties, costs and benefits are ordinarily seen as ultimately commensurable and cost-benefit analysis considered as being crucial for the economic evaluation of public policies.

Yet, a lot of puzzling contradictions between exchange values and the social importance of goods, value conflict and incommensurability of values have long caused concern among many unconventional economists (not to mention other social scientists). It was the case of K. William Kapp (1910-1976), a leading European institutional economist émigré in the United States for a number of years.

Kapp urged us to work on a theory of social value – a "baffling task", as John Maurice Clark, before him, noted – in order to develop a concept of economic value and valuation focused on society as a whole ("a truly organic social valuation", in Clark's words), "independent of market valuations and capable of scientific application to concrete cases" (Clark, 1936), a "value to society" rather than "value *in* society" (as registered in terms of market prices).

For Kapp, social value is "one of the most important categories of any system of thought willing to explore the nature and repercussions of governmental action and economic policy making". In his view, a theory of social value should rely on explicit societal goals (conceived as interrelated with the available means), individual and societal use values ("values which are socially i.e. politically appraised and determined") and objective, empirically ascertained criteria about what is essential, desirable and possible for human life, welfare and survival.

Accordingly, he struggled to put forth the principles on the basis of which appropriate indicators and methods of assessment should be built. This paper revisits Kapp's work and its intellectual origins, and is an attempt to assess his contribution to a theory of social value.

