

**ENVIRONMENTAL POLICY AS A PROCESS  
OF REASONABLE VALUING**

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I. The Problem

Our task in this chapter is to argue that the standard economic approach to environmental policy is often ignored in the policy process because that approach does not fit with the fundamental character of collective action (policy) in modern democratic states. This conceptual disjunction means that economists often advance analytical frameworks (concepts, language, and methods) for assessing environmental problems that are at serious odds with the way in which ordinary citizens, government decision makers, and politicians tend to frame environmental problems. When the policy prescriptions from economists are then ignored or denounced, economists will often express befuddlement that their “optimal” solutions were rejected. These circumstances then lead some economists to consider the policy process as irrational because it does not result in means and outcomes advocated by economists. It will be claimed that public

policy is irrationally dominated by politics rather than by the self-evident rationality of science. This position then becomes the basis for often-strong advice to politicians about how environmental policy ought to be formulated and evaluated (Arrow, et al., 1996; Palmer, Oates and Portney, 1995).

This disconnection—often-open hostility—between policy makers and economists is, to us, undesirable because economists have valuable and important insights and analytical approaches that could be useful to the solution of vexing environmental problems. Yet these favorable prospects are often squandered because economists persist in their belief that only economics—regarded as the science of choice—can bring rationality to the otherwise “muddled” realm of collective action. This need for the rigor and discipline of economic thought is regarded as necessary and desirable because the realm of politics—in the eyes of many economists—is dominated by selfish interests, free riders, and those who seek to get something they want at the expense of others. Aren't politicians short sighted, misinformed, and under the thrall of special pleaders? Many economists believe this to be true.

This self-imposed mandate to impose economic rationality into the political process seems to be quite pronounced in environmental economics. For example, when economists undertake analyses and evaluations of social programs concerning, say, education, health care, old-age programs, and national defense, much of the focus is on cost-effectiveness, target efficiency, and incentive compatibility. Yet when new environmental policies are under consideration, a standard assertion by environmental economists is that such policies ought to be undertaken only if it can be shown that the benefits of these particular programs are in excess of the estimated costs.<sup>1</sup>

Let us leave aside from present consideration the value-laden assertion about how environmental policy ought to be formulated and evaluated. The more interesting question concerns why environmental economists feel authorized to insist that environmental policy must be considered through the filter of benefit-cost analysis, while other policy decisions—those concerning education, old-age programs, health—are spared this requirement. These other social programs and policies certainly entail large levels of public spending, and they are scrutinized for their financial implications. And of course evidence of cost-effectiveness is a necessary condition for most everything done in the public sector. But it seems that only environmental policy is held to a standard of proof in which the benefits of environmental policies must be calculated and monetized by evidence of the citizenry's willingness to pay. These alleged "benefits" must then be found to be greater than the expected costs of the proposed new policies. Lacking that proof, the proposed environmental policies are inevitably denounced as irrational, wasteful and not in the public interest (Palmer, Oates, and Portney).

Is this different treatment for environmental policy based on a sense that existing environmental problems are less serious than other social choices and hence corrective environmental policies must be held to a higher standard of economic prudence? Is there a legitimate concern that environmental policies hold greater potential for mistakes than is the case for education, old-age programs, health care, and the military? In other words, why do environmental economists insist that environmental policies pass this specific economic muster when other social programs are not held to the same standards of proof about the level of monetized benefits?

It seems plausible that the insistence among environmental economists for clear quantitative evidence that environmental benefits exceed the costs of new environmental

policies—and hence the great affinity for studies to ascertain the willingness of individuals to pay for environmental improvements (which are then too readily called the “social benefits” of environmental programs)—is grounded on one of several grand dichotomies in economics. The particular dichotomy at work here insists that there is one realm called the economy and then another quite distinct realm called politics.<sup>2</sup> With this dichotomy in hand it becomes easier to imagine that military spending, public health, educational policy, old-age programs, and a variety of other social programs pertain to the realm of politics. On the other hand, many environmental economists think of—and therefore model—environmental policies as politically imposed modifications of the economy. More specifically, environmental economists tend to see environmental policies as nothing but regulatory interference with the separate and clearly “private” domain of firms and households. That is why the literature of environmental economics is full of frequent reference to market failure and government intervention in (or interference with) the market (Vatn and Bromley, 1997)? That is, environmental policies are seen by economists as regulatory interventions into someone else’s realm (the realm of autonomous firms and households), while health programs, educational programs and labor programs are seen differently.

It seems apparent that much of environmental economics is but a branch of regulatory economics in which new policies are imposed on the economic realm from the external political realm. This view then requires proof that the alleged “market failure” (pollution, urban sprawl, global warming) is indeed serious enough to warrant political interference with the separate realm of the economy.<sup>3</sup> In an effort to protect the economy from this meddlesome intrusion from politics, environmental economists will insist that a benefit-cost study be undertaken so that they might be able to ascertain—via proof of total willingness to pay for environmental

improvements—that this pending intervention by the political realm into the economic realm is justified on economic grounds. If it is not clearly justified, then politics has no legitimate—by which economists mean economic—reason to intrude into the realm of the economy.

We will argue here that this approach to environmental policy is conceptually flawed because it starts from a fictitious model of the policy process in democratic states. Notice that environmental economics brings not just analytical methods to environmental policy. It brings, as well, a normative agenda in that it presumes to tell others how environmental policy ought to be formulated, evaluated, and implemented. Not surprisingly, this normative agenda insists that environmental policy ought to be seen as but another form of economic optimization. That is, the environment must be brought under the covering laws of economics: the environment must be commoditized, and choices about the environment must be considered as but a special case of individual maximization extended to the realm of collective action (Vatn and Bromley, 1994).

In contrast, we argue here that all public policy in democratic states is correctly understood as a process of reasonable valuing. With the concept of reasonable valuing in hand, we insist that it will be possible to show how environmental economists might enhance the possibility that our insights and methods might actually become useful to the policy process.

## II. The Framing of Policy

Our argument begins with the hypothesis that environmental economics cannot usefully contribute to environmental policy when economists start with the presumed dichotomy discussed above. Our operating hypothesis is that it is specious to suppose that there is an economic realm that stands apart—and logically distinct—from the political realm.<sup>4</sup> It is logically impossible to carve the world “at the joints” such that one ends up with two distinct

realms—one called the economy and the other called politics. Our strategy here shall be a realist approach. That is, we shall advance a description of the policy process as it exists in western democracies. Notice that we do not start with a story about how environmental policy ought to be structured; the environmental economics literature abounds with such allegories. However, our description shall comprise the core premise of our inferences regarding the plausibility of the concept of reasonable valuing as how public policy actually works. From our description—as premise—it shall be possible to see exactly the ground on which we build our case for an alternative stance to the policy problem as formulated by many environmental economists. Our normative position is therefore conditional—given that public policy works in this particular way in the modern democratic state, environmental economics would stand a greater chance of making useful contributions to the policy process if it were undertaken in a manner that resembles what we shall here define as reasonable valuing.

We start with the proposition that environmental problems arise because of an emerging sense among the citizenry in a democratic state that particular environmental settings and circumstances—we might call them environmental outcomes—are becoming problematic. Perhaps particular wildlife or highly valued plant communities are disappearing. Perhaps coastal areas are too frequently coated with oil from tanker accidents. Perhaps green space in the shadow of cities is being covered over with asphalt and structures. Perhaps nearby forests are showing the effects of acid rain. Perhaps picturesque mountains are obscured by smog. Perhaps rural residents are advised against drinking well water laden with agricultural chemicals. On this account, existing or emerging undesirable circumstances become the galvanizing empirical ground for agitation on the part of some citizens. But of course observable outcomes are merely

the tangible manifestations of millions of unobservable or simply unnoticed behaviors and practices whose inevitable entailments comprise the objectionable outcomes.

If these suddenly objectionable outcomes are the plausible results of particular practices and behaviors, then it follows that initiatives directed at the modification of existing behaviors must focus on the reasons for the results. And while the proximate cause might well be particular behaviors and practices, the essential reasons for the results are the extant institutional arrangements (legal regimes and customary practices) that parameterize those now-perverse behaviors. Each of the above environmental outcomes has a plausible connection to particular behaviors and practices that are themselves products of a constellation of incentive structures that make those behaviors and practices seem—at the present time—reasonable. We see, in the status quo ante, prevailing notions of reasonable institutional arrangements and reasonable behaviors and practices—both predicated upon an earlier shared conception of reasonable outcomes.

In the long sweep of history it was certainly reasonable that one important purpose of rivers was to carry away the wastes of both cities and factories. Of course transportation played a role in location decisions, but so did waste-disposal needs. It was reasonable, at the time, to discharge human and factory waste into rivers, lakes, and oceans. And it remained reasonable to do so until the entailments of those practices and behaviors became manifestly undesirable. New knowledge contributed to this nascent ambiguity concerning what was regarded as reasonable. Soon human fecal matter was discovered to hold serious public health implications. Fish were soon discovered to die from oxygen-deprived waterways. Certain industrial chemicals were found in increased concentration as one moved up the food chain. And it should not surprise us that attitudes and beliefs changed over time such that the stink of rivers and lakes as open sewage systems, and the sight of poisoned fish, began to repulse the citizenry. Suddenly reasonable

behaviors and practices—themselves informed by customary and legally sanctioned rules that seemed, at the time, reasonable, were realized to be causally related to environmental outcomes that no longer seemed as reasonable as they once had.

Once particular realized outcomes are judged to be unreasonable, or at least less desirable than hitherto, then it follows that the antecedent behaviors and practices associated with those outcomes warrant scrutiny. If those behaviors and practices are found to be plausible reasons for the undesirable results, then we see that behaviors and practices can also be seen as reasonable or unreasonable in terms of their entailments or implications. This recognition suggests the consideration of the idea of reasonable valuing.<sup>5</sup>

The foregoing account leads us to propose that the essence of reasonable valuing is the quest for reasonable practices. As we suggest above, public policy is animated by, and proceeds in the face of, emerging concerns and judgments about particular outcomes that now seem unwelcome (unreasonable). When these troublesome outcomes are identified and defined, they become policy problems that will motivate different segments of the community to seek a solution. In other words, the polity—whether it is local or national—faces the apparent necessity to modify or replace suddenly discredited “best” practices with new “best” practices.<sup>6</sup> We wish to emphasize that new policies are simply new collective action in restraint and liberation of individual action. New public policy—new collective action resulting in new rules for behaviors and practices affecting the environment—simply produces a modified realm of action (opportunity set) for individual choice. The search for new best practices that will once again produce reasonable outcomes constitutes the core of reasonable valuing.

Reasonable valuing calls attention to the ethical, economic, and legal circumstances in which people (as economic agents) are embedded when it is suddenly realized that existing best

practices produce undesirable outcomes. This exposure then offers potential avenues for new interaction among individuals and organized interests (say farmers and environmentalists) that had hitherto been regarded as orthogonal. These new connections will strengthen some ties and weaken others. Feedback processes will be altered.

Reasonable valuing requires knowledge of the origins and historical significance of the newly harmful (or unwanted) practices. How and when were these practices introduced? How, and by whom, are these practices connected to unwanted environmental outcomes? How and by whom are these practices interpreted and understood as sources of existing environmental problems? In other words, whose purposes did the original practices and outcomes serve? Whose purposes are served by particular problem definitions? Whose purposes are served by alternative ways of defining and solving particular environmental problems?

Although reasonable valuing is clearly grounded on existing social practices and customs, notice that it is geared to the future. Reasonable valuing is concerned with selecting the best practices from a set of existing (and possibly) intertwined practices. The idea of best practices must be understood as dependent upon current perspective and the embeddedness of those practices and their advocates. The reason for seeking a solution to the newly identified environmental problem is itself the logical extension of a continuing historical lineage of conflicts and their eventual resolution under the covering law of “reasonableness.”

Different conceptions of the good, reflections about means and ends, intentions, purposes, beliefs and desires suggest that there are a number of very different yet plausible futures. The plausibility of reasonable valuing rests on the necessity to consider these varied futures, and to evaluate not only the problematic present practices but also to illuminate the conditions of potential and possible futures. By considering present practices, economic networks and

opportunities, and social relations, a reasonable policy process seeks to increase the capacity for responsiveness to the unfolding future. According to Commons:

Reasonableness is a matter of judgment as well as justice, since it looks to the future effects of present acts, while justice, in itself, looks only to the past as justifying the claims of the present. (Commons 1990, p. 826)

The compelling logic of reasonable valuing in human affairs rests on the lack of a coherent alternative. In that sense one must see reasonable valuing as a definition—a description—of the realized outcome of a process of searching for what, under the circumstances, seems reasonable to do. Is that not, after all, the essence of the human condition? We submit that individuals and collectives do not choose what they want. Rather, they choose those things for which, at the moment, the best reasons can be mobilized. If this were not defined as “reasonable” then one is left with the unattractive prospect of describing human history as a series of “unreasonable” actions and choices. Of course there have indeed been unpleasant and indeed horribly unreasonable actions in history. But it is quite improbable that the human animal could have reached its present state of evolution if all (or most) actions were patently “unreasonable.”

### III. Thinking About Reasonable Valuing

Reasonable valuing must understand the historical and institutional context of environmental disturbances and plausible solutions, it must understand the web of productive

relations, it must understand reciprocity and social position in the face of transference of legal and moral rights, and it must rest on the ideal of workability.

#### A. Understanding Present Rules and Practices

The context of environmental policy is not pre-ordained but rather emerges with the systemic disturbances and evolving definition of the particular environmental problem requiring a solution. Following John Dewey (1939), we hold that the decision-making context encompasses the disturbed situation in which alternative courses of action are created and possible impacts evaluated. The particular emergent context depends on the specifics of the problem, the present rules and practices, and the history of the problem.

Many environmental problems unfortunately become environmental conflicts because those who seek to formulate new policies, programs, and projects appear to rule down—or to impose—their will on others. This imposition necessarily threatens individuals in their current behaviors and practices. Recall that existing institutional arrangements produce—they are the reason for—existing “best practices” that are suddenly found to be the plausible (proximate) cause of the newly undesirable outcomes. Most of these institutional arrangements (working rules) reveal themselves only in the acts they induce or compel (Commons, 1990). These working rules are themselves the outgrowth of ongoing actions and transactions within a particular social, economic, ecological and legal environment. For instance, the force of legislative, executive or judicial actions arises from the correlated structures and processes of sanctions, punishments and inducements. If the law does not act, there are no legal working rules. In a circular and reciprocal way, rules make sense only in reference to the very regularities they are thought to bring about (Fish, 1989).

The working rules describe and prescribe which activities are permitted, which are prohibited, and which are obliged. Prohibition indicates which activities cannot be done without interference and sanctions on the part of the collective power. Obligation indicates which acts must be done on pain of sanction by the collective power. Within the realm of permitted actions individuals can and may engage in practices they deem good and useful. The law is both permissive and silent.

Environmental policy—including legislation and administrative actions—may alter only the working rules that prescribe which actions shall be prohibited and obligated. That is, the law has a very limited power to influence what actually happens in the larger space of permitted practices. That is, environmental policy can only rank the practices according to their social or public goodness, but rarely does such policy have the ability to compel specific practices. Much of public policy concerns the structure of normative boundaries. How productive actions are practiced is dependent on the moral rules in the space of permitted actions.

The fabric of practices within the existing institutional structure is significant because particular policy measures never affect just the practice that is to be prohibited or required (obligated). Rather, interconnectedness means that changes in working rules—new policy—will echo throughout the fabric of practices (Jervis, 1999). Those effects that are intended are invariably considered to be the results of policy action. However, new policies perturb entire arrays of practices and may therefore give rise to unintended effects. Often, if the context has been properly considered, even these unintended effects could have been foreseen. Changes in the working rules may also have effects that are genuinely novel and yet unthinkable—and thus beyond the reach of deliberative policy. These surprising consequences of nonlinear interactions within the fabric of practices may be called emergent effects. If policy making is considered

external to the fabric of existing practices then the insights and tools for tackling unintended consequences, and emergent effects, will be much more limited in scope than when new policy is regarded as internal to the fabric. The more complex the fabric of practices, the more likely are we to find unintended and emergent effects.

Consider the difference between emergent effects and unintended consequences.

Unintended consequences are simply disturbances and surprises against the prevailing moral order, while emergent effects imply a new moral order. When programs for marketable pollution permits were introduced, some firms were reluctant to enter the market and this reluctance in turn undermined the effectiveness of the program. We see here unintended consequences; those who formulated emissions trading programs—economists, for the most part—simply could not imagine that firms would not rush immediately into this novel market. But something else happened as well. Specifically, a large number of individuals and groups mobilized against the idea of firms trading the “right” to pollute—and that opposition persists today in North-South debates over greenhouse gas emissions. If heavily polluting firms in the industrialized North can acquire pollution credits from nations in the South with large endowments of forests to sequester carbon, then opponents insist that there will be no incentive for the polluting firms to rectify their polluting behavior. We see here an emergent effect in the form of a new moral order. Suddenly, trading rights to pollute becomes a realm of dubious reasonableness. The efficiency properties of great appeal to economists are undermined by an emerging sense of moral outrage that some polluting firms can escape sanction.

The environmental policy process must be grounded on a willingness to address the key causal practices, and to assess how these practices lead to the unwanted outcomes. It is also necessary to understand the ways in which these practices are interconnected. In order to provide

sensitivity and responsiveness to the context, a “map” of current practices must be drawn. This map will be helpful in illustrating how the environmental disturbances first emerged, whose purposes those practices served, and according to which parties the disturbances are interpreted as environmental problems warranting rectification.

John R. Commons (1990) regarded institutions as (the result of) collective action that constrains, liberates and expands individual action. He further divided collective action into two types: organized and unorganized. Unorganized collective action concerns taboos, traditions, conventions, customs, etiquette, and routines associated with individual habits and tastes. These unorganized forms of collective action differ from one another in both space and time; traditions endure longer than individual habits and tastes. As Max Weber once noted: “Convention transforms custom into tradition” (Weber, 1968, p. 326). Organized collective action concerns, for example, the European Union, nation states, firms, communities, associations and assorted groups. These realms of collective action differ from one another in one specific respect: to what extent the rules of action are articulated and formalized. Organized collective action is purposeful and bound by formal rules. Unorganized collective action is purposeful, the working principles of taboos, traditions, and custom are followed, but the working rules are not always clearly articulated or thoroughly specified.

The purpose of reasonable valuing is to select the best existing practice, and here it is necessary to know how and why some practices have persisted, some have evolved, and some have perished in the course of time. As Richard Bernstein (1983, p. 130) has noted “all reason functions *within* a tradition.” Scientific habits of thought and action *are* themselves the “working rules” for finding answers to questions about problematic practices and the working rules that

allegedly induce those actions. This is why multi-disciplinary work is so difficult to carry out, and so important in public policy.

## B. The Nature of Economic Relations

While the individual is regarded as the sufficient unit of analysis in the standard economic approach to environmental policy, a more realistic conceptualization would reveal that the pertinent entities must be seen as organized groups of individuals. As above, organized collective action is the realm where the reigning social goals and rules are identified, articulated, and adopted. The relevant entities are firms, households, government agencies, trade and labor organizations, commercial associations, nation-states, and political (environmental) movements (Commons, 1990). With much economic attention currently devoted to households and firms as realms of contracts and negotiation, this movement beyond the isolated individual is now well accepted in much of economics.

William Connolly (1999) uses the expression “the politics of becoming” to suggest that policy making must be sensitive to the future, indeed sensitive enough to acknowledge the emergent changes in the fabric of practices, and changes in group composition. This should happen when new practices and groups are coming into being, not when they have become rigid and embedded. When the fabric of practices and economic opportunities change, the purposes and intentions of people are under duress. Policy processes must be sensitive and responsive to what the future may bring. The politics of becoming entails the historical sense acting in the present, for potential and possible futures.

Connolly uses another expression as well—“the politics of collective assemblages” (1995). The politics of collective assemblages addresses the issue of how different changes in

the fabric of practices might affect individuals' security of expectations, conformity, liberty and exposure provided by different organized groups. The purpose here is to discover the key groupings: (1) those who have a special role in producing the environmental disturbances or problems; (2) those who play a significant role in keeping the system stable; and (3) those who play an important role in solving environmental problems. Thus, the politics of assemblages is a tool of the policy process in examining structural and functional features of the locality.

### C. Reciprocity

Reasonable valuing is predicated on the notion that the new prohibitions and obligations must not be the starting point of environmental decision making. Because reasonable valuing entails cooperation and concepts of fairness and mutuality, new policy measures will be most effective if developed in the general realm of existing permitted actions. That is, new policy should, to the extent possible, be connected in some way with those activities in which people are already engaged.

Policy conflicts arise because of a tension between legal and moral perceptions of rights and duties. This tension emerges because those who currently hold rights tend to regard their favored position as coincident with the larger public purpose, and hence duties must be imposed on those who would threaten this conflated private/public purpose. Most environmental problems—leading to agitation and perhaps wider social conflict—challenge the prevailing public purpose (and the prevailing presumptive rights structure). In contrast, social consensus implies that the practices, economic opportunities, and social relations and positions are accepted. As Connolly has observed, the presence of consensus (the absence of conflict) is a sure sign of danger because this suggests that the policy process is not sensitive to pressures and

sufferings related to the acts of resistance of unfolding practices, identities and collective entities that are emerging within. The absence of consensus (the presence of social conflict) is not necessarily good either because then the contours between the groups, identities and practices are thick, exclusive and self-centered (Connolly, 1995). This suggests that the policy process in democratic states operates at the edges of consensus and conflict.

A common feature between reasonable valuing and the other economic approaches to value is that people are considered as instrumentally rational (*zweckrational*) beings: by their very nature people try to select the best possible means to attain desired and admired goals or ends-in-view. The purpose of reasonable valuing is to examine different perspectives to the best possible means (practice) for given ends.

The deliberation of ends-in-view and means are clear signs of the use of reason and rational inference, but what makes this process reasonable is that ends-in-view and means are reflected in the light of economic relations and social positions—together with actual and potential practices. Reasonableness is assessed in the face of a multiple set of values, articulated reasons, and unarticulated causes for regarding certain ends as good and certain others as evil—and certain means right and other means wrong (bad).

The social psychology of reasonable valuing is based on innovative reciprocal learning processes, not on the commands, control, and exclusion exercised by legal superiors. Reasonable valuing works actively against “passive exclusion” and is for “active inclusion.” Every player may not have legal rights, but with the means of reciprocity an attempt is made to give rise to new moral insights about current rights and values. In the process of active inclusion, social ties and links are strengthened and reconstructed, which may provide more reflective conditions for

social relations and moral claims. People tend to show more respect to those who belong to the same particular “we.”

#### D. Workability: The Only Ethical Ideal

The essential purpose of reasonable valuing is to select the best existing practices as a resolution for particular environmental disturbances and problems. But how do we recognize the best practices? Because reasonable valuing is a process that takes place at the point of a particular policy conflict (locality), there is no outside vantage point from which to assess and weigh different practices. The criteria for finding or creating the best practice are always local (Fish, 1999). Depending on existing practices, the “best” varies from one viewpoint to the other. It might be said that: “where you stand depends on where you sit.” The best is always relative to one that serves the “best” individuals and groups in question. Because people do not always know what is the best for them, it is essential that the context of the policy process is sufficiently open and transparent for all participants. This gives everyone the best possible opportunity to judge what they regard as “the best.” This judging cannot be the view of people acting somewhere outside of the “locality” (Benhabib, 1992).

But how are the best existing practices selected? If policy makers, scientists, groups and individuals exposed to particular environmental disturbances and problems are members of the same locality, and none of them is in a sovereign position to rule down (impose) solutions to the problems, who then does the selecting? There are two types of selection that must be considered: (1) natural selection; and (2) artificial selection.

Natural selection refers to the process in which “average” conditions in a setting are responsible for the selecting. Natural selection cuts down (cuts out) the traits and characteristics

that do not fit the prevailing social and economic context. Those traits and characteristics may be good or bad but they are “singled out” for elimination because they deviate from the average—from the norm. In a sense certain traits and practices are allowed to die out because, as above, they no longer “fit” the evolving circumstances. Artificial selection, on the other hand, is not a passive or even mechanical process in which certain attributes are eliminated (or discontinued) because they do not “fit in.” Rather, artificial selection is a process of purposeful action by individuals or groups with an end in view (and in mind). The pertinent actors cut out those traits and characteristics that do not fit their purposes.

Workability implies that the policy process selects the best out of many practices considered best. For this difficult task, Richard Rorty offers the following advice: “We shall call “truth” and “good” whatever is the outcome of free discussion—if we take care of political freedom, the goodness and truth will take care of themselves” (Rorty, 1989, p. 84). There are two key ideas here: free discussion and political freedom. Free discussion entails a shift from argumentation to articulation, and from commanding to persuasion (Rorty, 2000).

Argumentation refers to rationality: the rules of action and inference are pre-known. Articulation refers to reasonable. Free discussion understood as a process of articulation means that everybody is given a voice. Free discussion is, however, empty without ethical responsiveness and solidarity within the locality. Free discussion entails that purposes, economic opportunities, and social ties are so tightly interconnected that the noise within the fabric of practices turns out to be a signal—a voice with a purpose.<sup>7</sup> The more sensitive are actors to turning noise into purposeful signals, the freer the discussion in given conditions. Free discussion only attempts to make these relations more tangible and articulate—and people more sensitive to them. If things

go well, the consequence of articulation may be an increase in the incidence of forbearance in reciprocal relations.

We interpret political freedom in Deweyan terms and consider it as the potential and possibility for novel actions, personal growth, social learning, and technical (artistic) development (Dewey, 1999). Taken this way political freedom refers neither to positive or negative freedom. In the pragmatist conception of freedom, the question is not about to be free to or free from, but to have an active capacity and willingness to exercise the freedom in existing conditions (Commons, 1995).

Reasonable valuing—free discussion and the exercise of political freedom—could not take place without the willingness for ethical growth and instrumental learning. Ethical growth means that people learn a new way to talk about old problems and practices, or that they learn to speak about things that they did not know before. Instrumental learning on the other hand means that people learn to practice a new thing, or that they learn to perform an old task in a new way. Ethical growth and instrumental learning are intertwined: learning to talk about new things implies that something new has happened that was incomprehensible before, and learning to do a new thing cries out for words to understand what has happened. To paraphrase Ludwig Wittgenstein, our world ends where our language ends—and vice versa. Ethical growth and instrumental learning in reasonable valuing means that the space of possibilities expands; and in doing so it affords more potential actions for people and groups. People may exercise more freedom.

Strengthening positive feedback within the space of permitted actions is the only means to strengthen the economic and social relations between people within the given locality. By strengthening these ties the ethical networks grow stronger; the we grows larger.

#### IV. Why Reasonable Valuing?

We suggest that the essential purpose of environmental economics is to provide knowledge about the effectiveness of different environmental policy alternatives, where effectiveness may well be considered in terms of cost-effectiveness. Because economics tends to accept the status quo, environmental economists do not have a reason to question how existing practices are ranked. By changing the rank ordering, the cost-effectiveness of new policy proposals will change. Notice that in conventional environmental economics the merits of any policy change is always judged against the status quo. Unlike these conventional approaches, reasonable valuing examines the whole fabric of actual, potential, and possible practices. For this reason, reasonable valuing applies multiple criteria for ranking practices and assessing the cost-effectiveness of policy proposals.

Standard environmental economics provides information about individual preferences concerning certain environmental goods and services. This information is considered necessary for assessing the economic value (worth) of policy proposals. In these studies people are either asked how much they are willing to pay (WTP) to experience an improvement in some aspects of their environment, or they may be asked how much they believe they should be compensated in order to accept (WTA) the continuation of the status quo ante. According to reasonable valuing, these are the wrong questions. Better questions are: how much disturbance will people resist (WTP) and how resilient (WTA) are their preference structures? The resilience and resistance of individual character, identity, sense of duty, righteousness, and, say, virtuousness in the face of environmental disturbances and changes are not only due to their economic imagination or actual economic relations and opportunities. Resilience and resistance also depend on moral and

political values that the extant intertwined economic and social relations cultivate and nurture. Unlike received environmental economics, reasonable valuing explicitly addresses the multiple aspects of individual and group resistance and resilience in environmental planning and decision-making.

Reasonable valuing considers individuals as situated, embedded, and embodied actors within the evolving dynamic economic and social structures and relations of the locality. Values and preferences are not fixed but are created and recreated while transactions are underway. Reasonable valuing focuses on the multiple ways in which practices, groups, and norms “scaffold” individual choice sets for different actions (Clark, 1997). Reasonable valuing provides better grounds for the environmental policy process than the established forms of mainstream environmental valuation that consider individuals as rational and conscious in their actions, and independent and autonomous from other actors, practices and norms.

Traditional environmental economics operates outside of the policy process, and the traditional policy process operates outside of the given locality. Mainstream policy ignores complexity, embeddedness, and the multilevel dynamics of locality. Mainstream economics explains environmental changes in mechanical terms. Reasonable valuing operates within the locality and thus offers better grounding for understanding the causes, reasons, and purposes behind particular environmental problems. This includes an understanding about the complex working principles of practices, groups and norms. Only then is it possible to anticipate what Commons calls the purposes of the future—where the present is taking us, and why. Standard environmental economics is concerned with question of what and how? Reasonable valuing is concerned with questions of how and why?

Mainstream environmental economics does not pay attention to the complex ways in which people discuss environmental values. Reasonable valuing acknowledges that language plays an important role in the process by which individuals get entrained and attuned to certain practices, purposes and identities. Also, reasons for certain environmental activities (values) tend to be justified by utilizing certain individual vocabularies and organizational narratives (Czarniawska, 1997). Because the mainstream is trapped in a discredited view of language as a medium between individual and outer world, there is a general inability to grasp the importance of language in the policy process. Both the standard policy process, and environmental economics tend to deal with “real” things—problems and people—not with those things that stand between the real things. In contrast, reasonable valuing considers language as a tool for coping with the environment. That is, language is not a neutral medium but constitutes an active tool in changing the patterns of interactions and relations in the particular environment (Clark, 1997). Reasonable valuing sheds light on vocabularies and narratives that constraint, liberate and expand the ways of justifying purposes, causes, intentions, preferences, and actions.

In sum, reasonable valuing is a process of criticism and innovation. Reasonable valuing is a process in which existing conditions, and potential and possible futures, are challenged. Reasonable valuing is the practice of (constructive) criticism in search of reasonable social practice.

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## NOTES

<sup>1</sup> We have recently seen an example of this view in a rather sharp debate about environmental regulations [Palmer, Oates, and Portney; Porter and van der Linde].

<sup>2</sup> Samuels [1989].

<sup>3</sup> This can be seen in very clear terms in the debate concerning environmental regulations and competitiveness. See Porter and van der Linde and Palmer, Oates, and Portney.

<sup>4</sup> See Bromley [1989], Commons, and Samuels.

<sup>5</sup> Reasonable valuing is central to the economics of John R. Commons. See Atkinson, 1987; Rutherford, 1994; Ramstad, 1990.

<sup>6</sup> We say “best” practices to suggest that the existing practices need not be judged deficient in terms of their original entailments. The problem is simply that those entailments are now seen as problematic and so the “best” practices producing those outcomes must be replaced by new “best” practices.

<sup>7</sup> See Hodgson [1999]. His discussion concerns the necessary impurities in all economic systems.