Value articulating institutions
The challenge of long-term democratic decision-making in environmental governance

By Arild Vatn
Norwegian University of Life Sciences

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1. Introduction

• The aim of this talk is to explain the concept of **value articulating institutions (VAIs)** and discuss how **long term – the interests of future generations** – can be included in decision-making over environmental values through forming **such institutions** – more questions than answers…

• The ‘creative and dialogical’ vs. the ‘instrumental’ perspective
1. Introduction (cont.)

• In doing so, I will
  – Introduce the concepts of institutions and plural rationality
  – Present a framework for studying environmental governance and situate the role of value articulation in the decision-making process
  – Explain the concept of a value articulating institution
  – Discuss how the ‘long term’ is and could be included in value articulation
  – Linking value articulation to political decision-making

• I will moreover make my arguments by ‘spinning a thread’ through the talk comparing an economist to an institutionalist position (e.g., cost benefit logic to the logic of deliberation)
2. Institutions and plural rationality

- **Institutions** are social constructs of great importance for forming actors (individuals and organizations) and **their interaction**

- As **conventions, norms and legal rules** they influence what we see, what we emphasize and what interests get protection by society

- Institutions define **positions and roles**. They offer **meaning** to such constructs

- These **meanings** – or **rationalities** – vary across roles and institutionalized arenas of life – e.g., the economic actor (consumers and producers); the politician; the citizen
• **Individual vs. social rationality**
  – Individual rationality as what is best for the individual – e.g., maximizing individual utility
  – Social rationality as what is the better for the group – a communicative logic

• **Institutions as rationality contexts** – as framing the logic of action and interaction – e.g., favoring self-interest vs. the ‘common good’. What is appropriate behavior → March and Olsen (2006) and the forming of the role of the politician

• The different ‘visions’ of the politician in economic theory (the benevolent planner), public choice (it is all egoism) and institutional theory (appropriateness/different roles based on different logics)
3. A framework for the study of environmental governance

• Key elements to environmental governance
  – The **actors** (economic, political, civil society actors)
  – The **institutions** defining these actors and their interactions
  – The **environmental resources** and services involved – including their dynamics
  – **Technologies**

• A key issue is the relations between the actors and what are considered legitimate distribution of power
3. A framework (cont.)

Environmental governance systems

- Political actors: goals, actions, and interactions
- Economic actors: preferences and actions
- Institutions governing the policy process: Constitutions and collective-choice rules
- Resource regimes: Institutions governing access to resources and interactions between economic actors
- Civil society: actors, values, institutions, actions, and interactions
- Technologies and infrastructures
- Environmental resources and processes and their attributes

Outcomes:
- Resource use
- State of the resource
3. A framework (cont.)
EGS, valuation and decision-making

• Valuation regards first of all a comparison of possible outcomes
• Key issues regarding decision-making include the form of valuation and how the power to decide is distributed
4. Value articulating institutions

- Institutions are ‘rules’. As such they are social constructs that protect **values**, create and protect **interests**; organize **interaction**

- Valuation methods like pricing (as part of cost benefit analysis (CBA)), weighting (multicriteria analysis (MCA)), and evaluation of arguments (deliberative methods (DM)) are defined by institutions – can be termed **value articulating institutions (VAIs)**

- The format of VAI important as they emphasize which preferences we emphasize in a certain context
4. Value articulating institutions (cont.)

• Hence, each method (VAI) defines rules concerning:
  – **Participation**
    • Who
    • On which premises – role/position – e.g., consumer vs. citizen vs. experts? Owner (seller) vs. non-owner (buyer)
  – Which **form** should **data** have
    • Physical effects – how measured and presented?
    • Values and priorities – measured in the form of prices, weights or arguments?
  – Which **type of process** is involved
    • Producing individual price bids, communicating over the stakes involved etc.
    • How is a conclusion reached: summarizing price bids, changing preferences, developing consensus, voting etc.?
In economics, it is taken as a given that people act as consumers/'economic man’

In the other social sciences some use ‘economic man’ interpretations (from M. Olson and onwards), others emphasizing appropriateness (e.g., March and Olsen), the construction of meaning (Berger and Luckmann; Scott) and the dichotomy between consumers and citizen (e.g., Sagoff)

The distinction between the consumer and the citizen is key to the PALO project. To my knowledge, there is little empirical research on its practical meaning and the different meanings given various ways of instituting this role.
4. Value articulating institutions (cont.)

Institutions, negotiations and deliberation

• The kind of process facilitated by VAIs
  – **Individual** valuation – typically through payments
    • as consumers
    • as firms
  – Valuation through **strategic bargaining**
  – Valuation through **(deliberative) negotiations**
  – Valuation through **deliberation**

• The distinction between **instrumental and communicative** interaction

• The distinction between **stakeholders, citizens and experts**
5. The long term in value articulation

• The interesting and difficult issue concerns future generations.

• The issue is most often framed as how to represent their interests (similarly phrased to the case of other species).

• I will discuss this issue by referring to four questions:
  – What are the stakes about?
  – How are/could future generations represented in different VAlS?
  – On what basis could we qualify what is legitimate representation?
  – How does the format of VAlS influence the content of the representation of future generations?
5. The long term in value articulation (cont.)

What are the stakes about?

- The future challenges are quite concrete, while also uncertain. Maintaining the functioning of socio-ecological systems

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- Many of the issues we are now approaching involve large stakes and are irreversible (biodiversity loss; climate change, pollution)

Rockström et al. (2009)
5. The long term in value articulation (cont.)

Different VAIs: Cost benefit analysis

• The core element is the calculation of the net present value of a project:

\[
NPV = \sum_{t=0}^{T} \frac{B_t}{(1+r)^t} - \sum_{t=0}^{T} \frac{C_t}{(1+r)^t}
\]

• where \( B_t \) are benefits and \( C_t \) are costs in year \( t \), \( r \) is the **discount rate** and \( T \) is the time horizon

• Most economists argue that the discount rate must be based on **individual discount rates** – the time preferences of **consumers**. Other choices are ‘non-scientific’/paternalistic (e.g., Tol; Nordhaus)

• Not least **climate change** has challenged this position also among economists (e.g., Stern; Weitzman).

• Nevertheless, most resource allocations are defined by individual discount rates **as expressed in markets**
5. The long term in value articulation (cont.)

Different VAI’s: Deliberative methods

- Deliberative institutions have the capacity to facilitate communications about the **common good**
- Emphasizing the role of the **citizen** and evaluating **arguments**
  - The force of the **better argument** – communicative rationality (the dynamic aspect of social rationality) (Habermas)
  - **Reflection upon preferences** in a non-coercive fashion (Dryzek)
What is the long term then about?

- The issue is about defining a common good – it is about the culture as well as what physical resources/ecosystem qualities we leave behind.

- It is not about what future generations would want. Partly, it is about ensuring that basic needs can be covered. Partly, the present ‘forms their wants’. Taken together, it is about responsibility for creating the basis for good life opportunities.

- This is a normative issue that cannot be based on individual priorities as revealed through e.g., payments. It has to be decided upon based on evaluating/reflecting upon arguments and scrutinizing the quality of present preferences.

5. The long term in value articulation (cont.)
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Different VAI's: Deliberative methods again

- How to facilitate such communication?
- Two key issues where future research is especially needed
  - What are legitimate forms of representing the future
  - The effect of different framings on the ‘quality’ of the deliberation about the future

There is also the second order questions regarding choosing among framings (including the legitimacy of this process...)
Choosing among VAI}s is about evaluating their legitimacy

Legitimacy may be seen as ‘justified authority’

Three different perspectives:
  – **Due process**
  – **Acceptability** (the ‘descriptive’ understanding)
  – Evaluated by normative standards

Normative standards
  – Content: As supported by reason and judged favorably by society (Habermas; Bernstein)
  – Form: As ‘representative’ – authorization/accountability, presence (e.g., O’Neill)

These are all second order questions that need to be discussed in broad societal context – framed as ‘**who we want to become**’. The **power** issues in this
5. The long term in value articulation (cont.)

**Legitimacy (cont.)**

- Legitimacy based on representativity has been a challenge for deliberative institutions, while they fare better is evaluated by Habermasian accounts.

- Actually, **representativity is ‘less of a problem’** in our case: There is no way to represent or be accountable to future living beings in the standard sense of these concepts.

- Hence, legitimacy must be found in **the format of the deliberation** – under what conditions and what premises should we evaluate the long term.

  ➔ The **citizen** with emphasis on her/his **normative competence**.
5. The long term in value articulation (cont.)

**Legitimacy** (cont.)

- The ‘ideal institution’, distinguishing
  - **Citizens** (as having normative competence)
  - **Stakeholders** (as informing about present interests)
  - **Experts** (as having factual competence)

- The key question is to understand what facilitates
  - A development of the role of the citizen
  - How the above three capacities can interact to create the best basis possible to evaluate action with respect to the future
  - How to handle the fact that there may be different visions about such a future
5. The long term in value articulation (cont.)

Is there a ‘citizen’?

- This is too large an extent an empirical question and it is context specific

- Two case studies (Soma and Vatn 2010; 2014)
  - Coastal zone planning in Norway
  - Process 1: comprehensive ‘bottom-up process’ completely co-opted by powerful local stakeholders
  - Process 2: An experiment in another coastal area where we ensured focus on citizens’ participation – including stakeholders and experts as informants
    - The role of selecting participants
    - The way the ‘scene was set’
    - The decision over the time frame

Input to the decision-making
6. Back to decision-making
6. Back to decision-making

• How can deliberation be part of the **wider societal dialogue** and **policy processes**? We have too many examples of how deliberation in ‘small groups’ have been side lined in political struggles

• Has partly to do with **what is seen as legitimate**

• Has partly to do with the format of the **political institutions** themselves

• Has partly to do with the **economic power** is distributed and formed

• A process of deepening democracy including also **constitutional aspects**

• The Norwegian case about the new § 112 in the constitution: The right to an ‘healthy environment’ – for present as well as future generations