Teleological Presuppositions, and the 'Expectation Gap': A Response to Laura Westra

PETER LUCAS

Department of Philosophy
Furness College
Lancaster University
Lancaster, LA1 4YG, UK.

In her paper 'The disvalue of "contingent valuation" and the problem of the "expectation gap"' Laura Westra declares her intention to provide a new critical perspective on contingent valuation.[1] I want to begin by saying why her new perspective seems important, and how I see it relating to previous work in the area. I then want to focus on the most innovative aspect of her paper: her claim that there exists an 'expectation gap' between legitimate public expectations concerning the use of contingent valuation in risk assessments, and the practical reality, which parallels the accounting 'expectation gap' identified by the American Institute of Certified Public Accountants (AICPA).[2] What particularly concerns me here is her portrayal of 'just and objective risk assessments' as if they were closely analogous to accountants' reports on the financial dealings of corporations.

Firstly then, what is her new perspective, and why is it important? The use of contingent valuation as an environmental decision-making tool has been subject to sustained attention and criticism, in the UK largely in the wake of David Pearce's *Blueprint for a Green Economy* (1989).[3] Much of this criticism has focused on the long chain of assumptions that apparently underlies the use of contingent valuation:

1. contingent valuation is a reliable measure of willingness to pay;
2. willingness to pay is a reliable measure of intensity of preference;
3. preference satisfaction is a reliable measure of utility; and
4. consequences in terms of general utility are a reliable measure of moral worth of action.

Assumptions 2 and 3 are standard assumptions of welfare economics, although economists still tend to have technical worries about assumption 1: how does contingent valuation compare to other methods – e.g. hedonic pricing or travel-cost approaches – as a measure of willingness to pay for non-traded items?.

Environmental Values **9** (2000): 383–8

Assumption 4, on the other hand, is not so much simply an assumption of welfare economics as a characteristically liberal democratic assumption (which is not to say it is therefore consistent with other cherished liberal democratic ideals, of which more shortly). Many liberals would view the abandonment of this assumption as opening the door to authoritarian perfectionism, since alternative accounts of moral worth of actions are likely to depend upon deontological or virtue theory conceptions of 'positive freedom'. Philosophers, on the other hand, can have a field day with all four assumptions, and particularly with 3 and 4. Standard arguments against moral subjectivism can be raised against assumption 3, and standard deontological or virtue theory objections to utilitarianism can be raised against assumption 4. From a philosophical perspective then, the chain of assumptions underlying the use of contingent valuation may well seem to be a chain composed of nothing but weak links; so much so indeed that one might wonder if the method could be sincerely defended at all; and, concomitantly, whether fresh contributions to the case against contingent valuation can really be necessary.

I think they are necessary, and I think Professor Westra's paper represents a valuable further contribution to the case against contingent valuation. That such fresh contributions are necessary is apparent when we consider the general political and institutional context in which contingent valuation is used. Here it seems that what philosophers think of as dubious assumptions are treated almost as self-evident truths. In our generally liberal democratic political context, assumptions 2 through 4 are pretty universally made, however hard philosophers may find them to swallow; and, as a result, the economist's technical worry concerning contingent valuation (viz. is it in fact a good measure of willingness to pay?) can seem the only really politically significant worry.

The value of Westra's contribution consists in particular in the way it puts assumptions 2 through 4 in question. She does so in a manner that broadens the context of criticism from that of the sometimes rather arid philosophical objections already mentioned, to bring to bear issues associated with what she elsewhere refers to as 'institutionalised environmental violence'. In doing so she succeeds in highlighting some important tensions between these three assumptions and certain cherished liberal democratic ideals. She does this primarily in two ways:

1. By linking the question of the adequacy of contingent valuation to issues of global justice, as opposed to local utility (in the context both of fears about the inescapably global effects of many environmental hazards, and also of the national self-interest that is often evident in domestic political decision making), she points up in particular the likely consequences of the use of the willingness-to-pay criterion for the further privileging of already privileged minorities, and the further majoritarian oppression of minorities. (Of course these points also relate fairly directly to familiar philosophical justice v.

utility problems, my point is that they are presented in a way that should encourage reflective liberal democrats who aren't philosophers to appreciate the way their ideals may conflict here).

2. By focusing on the issue of informed consent, she brings out the way that the meaningfulness of contingent valuation exercises depends on respondents expressing free preferences, in the light of adequate information. A preference expressed under conditions of practical coercion does not carry much legitimising weight, and freedom from coercion seems to require freedom of information, as an established fact rather than as a vague ideal. (This seems a potentially powerful line of criticism, especially in the British context, where the issues of freedom of information, and especially of governmental secrecy, are currently much debated.)

I do not, however, feel that I can follow Westra all the way to her conclusion concerning the 'expectation gap' problem for contingent valuation. The 'expectation gap' example is the main means by which she seeks to show that the 'mantle of respectability' surrounding decisions made on the basis of contingent valuation is apparent rather than actual, that the air of legitimacy surrounding such decisions is 'spurious'.[4] The 'expectation gap' originates where accountants' relationships with their clients have become all too cosy, leading them to effectively abet fraud, by distorting or suppressing details of the client's financial dealings. In such a case there is a gap between legitimate public expectations concerning the preparedness of accountants to maintain their professional integrity and independence, and the practical reality. Westra draws a parallel between this situation and the situation of governments who maintain an overly cosy relationship with financially powerful minorities, and self-interested majorities. The public, she argues, has a legitimate expectation of being told the 'true and objective conditions' of environmental risks; of receiving 'just and objective risk assessments'. But instead, contingent valuation is used to put a veneer of respectability on decisions that effectively rubber-stamp the self-interested preferences of already powerful groups. It is rather as if someone suffering from a disease were told to put the diagnosis to a vote of their neighbours, rather than consulting a medical expert; except that here there are grounds for suspecting not only that the constituency is badly informed, but that it is being deliberately misinformed, lied to, in order to secure a particular political result: the continued uninterrupted pursuit of corporate self-interest, aided and abetted by government.

Now on one level I am quite prepared to believe this it true. But there is more than one level to the problem here. So long as we are only talking about the control and manipulation of relevant information there is an obvious parallel with the accountancy expectation gap here. In both cases, to put it bluntly, those who have a duty to tell us the truth are lying to us. But there is another somewhat separate issue tangled up in all this, in relation to which the use of contingent valuation doesn't look so obviously illegitimate, nor the expectation gap parallel so informative. Contingent valuations are one possible approach to risk assessment; and risk assessments, as Westra acknowledges, contain an ineliminable evaluative component. Natural science is able to provide us (within certain philosophically interesting limits) with authoritative predictions concerning the likely outcomes of proposed courses of action. But while knowledge of the probability of a particular outcome is a necessary precondition for an accurate risk assessment, it does not take us any further toward a completed risk assessment on its own. Risk assessments are not composed of one half prediction plus one half evaluation (as Westra's quote from Kristin Shrader-Frechette [5] might misleadingly suggest). Until we bring in the evaluative dimension we have no risk assessment at all. And in relation to this evaluative dimension the claim that there is something essentially underhand or irresponsible about conducting a vox pop of our neighbours rather than consulting a body of experts, or establishment worthies, is much less convincing.

I am sure we would all agree that a just and objective risk assessment should be based on the very best scientific information and the very best evaluation of the various possible outcomes. But how are we to get just and objective evaluations of outcomes? Westra's answer takes the following form: we need knowledge of the public good,[6] (especially incorporating knowledge of health threats,[7]); knowledge of objective intrinsic values;[8] knowledge of the impact of the relevant outcome on the integrity of natural life-support systems.[9] A just and objective evaluation, then, takes account of the human good and human health; but because humans are embedded in complex natural systems, it also takes account of the integrity of those systems. The overall picture is reminiscent of Leopold's notion of 'land health', and it is, above all, teleological and naturalistic. Well and good. Although the naturalistic conception of the good implied here is contestable, I would not find too much to dispute in all this for practical political purposes. But this kind of naturalistic teleological view, according to which there is such a thing as the human good, substantially independent of our own will, empirically verifiable, and embedded within the wider good of the biosphere as a whole, is a particular philosophical answer to the question: what are the proper ends of human action? And that the achievement/defence of this good should be the overriding goal of public policy is not an established fact, but a particular (highly plausible perhaps, but not unproblematic) normative position.

It is at this point then that the 'expectation gap' parallel breaks down. We do not need to be in a position to refute this naturalistic teleological view to reasonably object that it remains to be established that there are 'facts' about the public good of the same order as the facts concerning the financial dealings of a corporation; and thus that we can legitimately draw a parallel between the manipulation of the public through the control and suppression of financial information, and their supposed manipulation via a 'covering up' or avoidance of 'just and objective' evaluations of risks.

There is, however, more than just a clash of fundamental presuppositions here. The problem for Westra's approach is not that there are questions being begged in her treatment of an independently existing 'problem' (viz.: how are we to ensure that the risk assessment methods we use do not give rise to an 'expectation gap') which a non-teleological position would beg differently. The problem is that the possibility that there could be an expectation gap, analogous to the accounting expectation gap, but relating to the deliberate covering up of the public/human/biospheric good, is one that follows only given certain teleological presuppositions. Consequently, there is a sense in which the 'expectation gap' problem could reasonably be cited as a problem for her own position but not for that of the non-teleologists. It is, after all, teleology that introduces and depends upon the idea of the 'good' as a possible object of knowledge; and it is on this idea of the good as an object of knowledge that the 'expectation gap' problem is built. Epistemic problems associated with the good must therefore always remain in some form to haunt teleologists. Non-teleologists on the other hand can always claim to have 'dealt with' those problems, and any associated 'expectation gap', by jettisoning the assumptions that give rise to them in the first place, and they can cite this as a virtue of non-teleological approaches.

The non-teleological cast of modern liberal democratic politics, and welfare economics in particular, is not simply a consequence of ignorance of, or suppression of, the 'established truth' that the health of people and their natural life-support systems should be the proper end of public policy. It represents one outcome of a broader philosophical and cultural tradition which is very much in reaction against the idea that there is some true and objective end of public policy, apart from aggregate preferences.[10] This tradition is actively sceptical about teleology in general: it is an anti-teleological tradition, which privileges negative liberty above all, and which is proud of its rejection of a conception of the 'good' as a possible object of knowledge. For this tradition only the unrestricted expression of individual human wills should determine the ends of public policy.

In respect of the evaluative dimension of risk assessment then, Westra's argument that contingent valuation is simply a device to procure de facto consent to the pursuit of corporate self-interest will not be persuasive, since the use of contingent valuation can plausibly be portrayed as a sincere attempt to arrive at the only form of 'just and objective' evaluations we can have in a political context marked by a general, and justified, abandonment of teleology. It may well be true that we must make some teleological assumptions in order to have anything like deliberation in decision-making, public or private; and I can see how some strong arguments in support of this conclusion might go. But that we can expect naturalistic teleological assumptions to go through without argument in the present political context, such that we can then premise our criticisms of contingent valuation upon them in a not obviously question-begging or self-defeating way, is, I think, too much to hope.

NOTES.

[1] Westra 2000. An earlier version of this response was given at a seminar organised by Lancaster University Department of Philosophy, on May 26th 2000, at which Laura Westra gave her paper. The author thanks Professor Westra and all present for their comments.
[2] Westra 2000: 165–6.
[3] For some criticisms of environmental uses of contingent valuation see, e.g., Prior 1998; Lockwood 1996; Knetsch 1994; Adams 1993. For an outline and criticism of the use of contingent valuation in environmental cost-benefit analyses see O'Neill 1993, chapters 4 and 5.
[4] Westra 2000: 157.
[5] Ibid.: 159.
[6] Ibid.: 162, 165.
[7] Ibid.: 164.
[8] Ibid.:169.
[9] Ibid.: 159.
[10] For a classic statement of anti-teleological liberalism see Berlin 1969. A more recent, but equally forceful champion of the anti-teleological tendency within liberalism is Rorty 1989, esp. Pt.1.

REFERENCES

Adams, John 1993. 'The Emperors Old Clothes: The Curious Come-Back of Cost-Benefit Analysis', *Environmental Values* **2**: 247–60.

Berlin, Isaiah 1969. 'Two Concepts of Liberty', in *Four Essays on Liberty.* Oxford: Oxford University Press.

Knetsch, Jack L. 1994. 'Environmental Valuation: Some Problems of Wrong Questions and Misleading Answers', *Environmental Values* **3**: 351–68.

Lockwood, Michael 1996. 'End Value, Evaluation, and Natural Systems', *Environmental Ethics* **18**: 265–78.

O'Neill, John 1993. *Ecology, Policy and Politics.* London: Routledge.

Prior, Michael 1998. 'Economic Valuation and Environmental Values', *Environmental Values* **7**: 423–41.

Rorty, Richard 1989. *Contingency, Irony and Solidarity.* Cambridge: Cambridge University Press.

Westra, Laura 2000.'The Disvalue of "Contingent Valuation" and the Problem of the "Expectation Gap"', *Environmental Values* **9**: 153–171.