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DELIBERATIVE MONETARY VALUATION: PREFERENCE CHANGE AND THE COMMON GOOD

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## **Deliberative Monetary Valuation: Preference Change and the Common good**

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### **Short Abstract**

Deliberative monetary valuation (DMV) is an alternative value assessment approach inspired by deliberative democracy ideas. In it participants state their willingness to pay (WTP) after going through a group discussion process. Deliberation is expected to foster the expression of values oriented to the common good rather than self-interest. This idea assumes that preferences are amenable to change, not fixed and given, and demands an examination of the reasons for preferences if one is to explain with they change. This research analyses a policy proposal aimed at conserving the tropical dry forest in the Colombian Caribbean through monetary payments. Drawing on data from a DMV process this study finds that: i) average WTP did not change as a result of deliberation but, ii) significant variability was observed at the individual level; and iii) reasons supporting preferences indicates a greater orientation to the common good for those whose WTP increased.

### **Extended Abstract**

Deliberative monetary valuation (DMV) is an alternative value assessment approaches inspired by deliberative democracy ideas. DMV combines economic and political process to value in monetary terms the environment. In it participants state, individually or collectively, their willingness to pay (WTP) for an environmental change after going through a group discussion process. The monetary value obtained is meant to be used in environmental assessment, (Lo and Spash 2013), though WTP figures obtained in this way do not lend themselves to a single interpretation.

Several claims have been made on behalf of deliberation in an environmental valuation context. The first, and most common claim, is that deliberation is the appropriate approach for addressing the clash of multiple and incommensurable values that plague environmental problems (Kenter et al. 2015; O'Neill 2007). The second claim is that deliberation is good at integrating the multiple perspectives that attend a complex issue (Bromley 2006). The third claim is that deliberation fosters the expression of values oriented to the common good rather than self-interests (Sagoff 1998; Vatn 2009). The fourth, and final claim, is that deliberative procedures enhance the legitimacy and procedural justice of collective decisions regarding the environment (Lo 2011; Wilson and Howarth 2002).

In relation to the third claim, a greater orientation to the common good is possible if deliberation has the potential to influence the values, and/or the beliefs, and/or the preferences that the individual holds. This idea implies a departure from the neoclassical paradigm on two grounds. First, it assumes that preferences are amenable to change, not fixed and given. Second, it demands an examination of the reasons for preferences if one is to explain with they change.

This research objectives are. First, to test the effect that deliberation has on expressed preferences, which are measured through willingness to pay (WTP). According to (Dietz, Stern, and Dan 2009) WTP expressed after deliberation should be greater than before if deliberation directs participants attention to the social costs and benefits of policy choices and away from individual ones. Second, to analyze the reasons supporting preferences at the individual level and the meaning of the WTP at the collective level.

This study follows a mixed methods approach combining quantitative and qualitative data. A contingent valuation survey was implemented before and after a group discussion protocol. The former is a standard contingent valuation exercise while the latter is called Deliberative Monetary Valuation (DMV). Econometric and statistical analysis were employed to test the effect of deliberation on WTP. The Q method was used to in conjunction with qualitative data to analyze the reasons and meaning of the underlying collective WTP. Qualitative data comes from transcripts of group's discussion and from open ended questions that were included in the valuation questionnaire. The study context is a policy proposal aimed at conserving tropical dry forest remnants through monetary payments made by the local community to landowners. The study was carried out in the Colombian Caribbean.

The research found that: i) average WTP did not change as a result of deliberation but, ii) significant variability was observed at the individual level; iii) reasons supporting preferences indicates a greater orientation to the common good for those whose WTP increased, while there is no clear pattern for those whose WTP did not change or decreased after deliberation; and iv) in accordance with this, analysis of transcripts and the Q method indicate that the payment scheme is not understood as a market transaction but as an incentive for collective action.

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