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Price, Principle, and the Environment

This book argues that while economic theory can inform the design of institutions and processes for settling disputes, it cannot measure the value of environmental goods. Environmental economics fails as a science of valuation because preference-satisfaction, its normative basis, has no relation to any value not trivially defined in terms of it. It fails because preferences cannot be observed but must be inferred from arbitrary descriptions of behavior. It fails because market prices are settled largely on the supply side and thus do not correlate with consumer benefits. Maximum willingness to pay represents a conceptual will-o'-the-wisp about which people have no estimate even for ordinary purchases. It fails because economists have no better information than market players and thus cannot second-guess or "correct" market outcomes. The book contends that environmental policy turns not on preferences revealed to economists but on principles that are identified and applied through deliberative political processes.

Students and professionals in environmental studies, whether in law, philosophy, politics, or science, along with informed readers generally, will find that this book, written with clarity and humor, thoroughly debunks economic valuation and explains the normative foundations of environmental policy.

Mark Sagoff is Senior Research Scholar at the Institute for Philosophy and Public Policy, School of Public Affairs, University of Maryland, College Park. He is the author of *The Economy of the Earth*.

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MARK SAGOFF

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For Kendra

*“Nothing matters in the end but the quality
of the affection that has carved its trace in the mind.”*

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