

- Basic philosophies (Biocentrism, Anthropocentrism, Precautionary principle, Sustainability) regarding the importance of the environment do not help us make decisions about specific environmental policies.
- Economics idea (Utilitarianism): Aggregate individual preferences to make decisions
  - Individual utility  $U_i(x_i, e)$
  - Social choice mechanism: Unanimous/Pareto criterion; Potential Pareto improvement; Majority rule
  - Social welfare function  $W(U_1, \dots, U_N)$
- Impossibility of perfect choice mechanism
  - There is no one clear, unambiguous way of making social decisions.
- Criticism of the utilitarian perspective
  1. It assumes that we all have immutable utility functions that represent our preferences.
  2. Not all affected individuals are included in many voting processes.
  3. Should public policy be based on individual preferences rather than a concept of what is right?

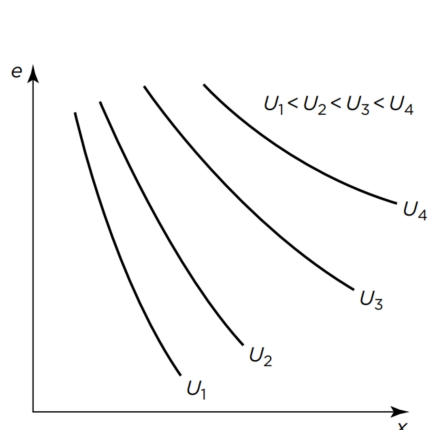


FIGURE 3.1 Indifference curves for different individuals

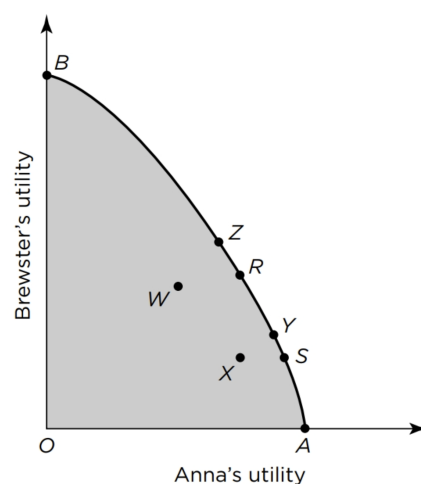


FIGURE 3.2 Utility possibilities for two-person society

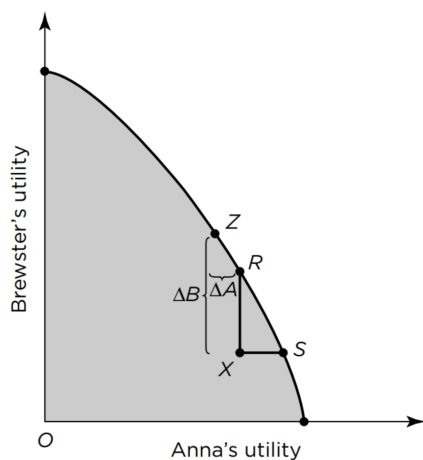


FIGURE 3.3 Potential Pareto improvement

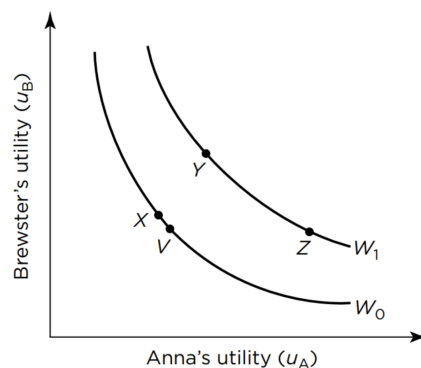


FIGURE 3.4 Social indifference curves