



The potential of public participation to contribute to efficiency in natural hazard decision making

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Most of the mitigation measures against natural hazards can not be perfectly allocated via the common market mechanism, given their principle character of being a public good. Thus, different instruments need to be applied to retrieve their values. Economic valuation tools are one alternative to estimate preferences of individuals towards these goods. These methods are often difficult to operationalise and are also not always a feasible task for every single project. An optional tool for retrieving the desired values can be provided by direct preference representation in the decision process. This suggests directly involving affected interest groups in decisions. The critical question, of course, is whether the decision on protection measures can be left to public participation or should remain in the experts' decision responsibility. It can be observed that the latter mode shows inefficiencies since demand for protection measures remains higher than its supply. Of course, budget restrictions are one reason for that, but an improvement in efficiency might as well come about through a change in decision making.

In this paper it is argued that participation might be one way to bring about the desired goal of increasing efficiency. The present work offers a discussion of the relevant political economic concepts in order to introduce the thought that participation (as described in the theory of deliberative democracy) can increase efficiency through achieving the Pareto criterion claimed in the realm of constitutional economics. Furthermore it will be shown that certain elements of this way of preference representation already exist, e.g. in Austria's danger zone planning, and a discussion of their effect will be given.