COST-BENEFIT ANALYSIS
SYLLABUS AND READING LIST

Introduction and objectives

This module of the WASCAL doctoral program focuses on cost-benefit analysis. The course provides the necessary methodological foundations, but emphasizes the practical application of the techniques to cases and exercises from around the world. The substantial exercises are essential to mastering the material.

This course covers the microfoundations and the analytical and practical techniques that are needed in order to decide whether a project should be done or a policy or program implemented. By the end of this course you will be able to formulate and actually undertake cost-benefit analyses. In the course we apply the techniques to a wide variety of problems, including infrastructure investment, and environmental, renewable energy, and microcredit.

We will meet on-line every weekday from Tuesday, April 28 through Monday, May 11, from 12:30h – 14:00h. To join the class meetings, use the following Zoom link: https://suffolk.zoom.us/j/4020900910

My e-mail is jhaughton@suffolk.edu; please feel free to contact me (in English or French) about any aspect of the course and the material. I will post the assignments, and course materials on my web site at https://sites.suffolk.edu/jonathanhaughton/.

Grading

The grade for the course will be based on:

a. Final Exam. This will be worth 35% of the total grade, and will be open-book but with a time limit. Date to be determined.

b. Five homework assignments. [50%] These are substantial and demanding exercises, but are essential in order to master the material. They should be e-mailed to me. Due by class on April 30, end of May 1, by class on May 5, end of May 8, and by class on May 11.

c. Final presentation. [10%] There will be a brief (maximum 6 minute) presentation at the last class (Monday, May 11), based on the work in the fifth assignment, which will ask you to write some questions for a contingent valuation survey.

d. Class participation. [5%] I expect you to be present (virtually!) and engaged in the classes.

Syllabus and Reading List

We will try to use Glenn Jenkins and Arnold Harberger, Manual: Cost-Benefit Analysis of Investment Decisions, (if I can find a copy to scan and put on line). Class notes will be important.

1. Basic Components of Cost-Benefit Analysis

   Jenkins & Harberger, chapters 1 and 2.

2. Financial Analysis: Cash Flows, Points of View, Discounting
3. **Risk Analysis**


4. **Economic Prices for Traded Goods**

Jenkins & Harberger, chapter 10

5. **Economic Appraisal**

a. **Economics for CBA**


b. **Measuring Benefits and Costs**

   Jenkins & Harberger, chapters 8 and 9.

6. **Further topics:**

   a. **Valuing life, limb, time, recreation, noise**

   b. **Economic Opportunity Cost of Labor**

10. **Benefits Measurement:**

   a. **Demand Curves**

   b. **Travel Costs**

   c. **Hedonic Pricing**

11. **Benefits Measurement: Contingent Valuation. Case: Cape Wind**


12. **Case Studies: Thailand Village Fund; Egyptian Social Fund for Development; Statistics Teaching at Suffolk**


15. **How Accurate is CBA?**