



ECO 490 Cost-Benefit Analysis

Winter 2024

Course Credits: 4

Contact Hours: 56 hours

Instructor: TBA

Email: TBA

COURSE OBJECTIVES

This course is intended to provide a clear understanding and guidance in the use of benefit-cost analysis while evaluating development projects that bear major resource and policy implications. It aims to cultivate a comprehension of the fundamental principles underpinning cost-benefit analysis. Through the evaluation of various projects and diverse examples showcasing its implementation, this course also highlights the utility and constraints of this methodology.

Upon Completion of this Course, students will be able to:

1. Gain a familiarity with the theoretical underpinnings of cost-benefit analysis;
2. Differentiate cost-benefit analysis from other policy impact analysis tools, such as cost effectiveness analysis;
3. Evaluate the feasibility of projects using net present value, benefit cost ratio and internal rate of return where appropriate;
4. Evaluate and compare alternative policies using the tools of cost-benefit analysis and economics generally.

PREREQUISITES

ECO 205 Microeconomic Theory, ECO 210 Mathematical Economics

GRADING

Grades will be determined by accumulating points, with 100 points being the maximum, as follows:

ITEM

POINTS



2 Assignments	20 Points
2 Quizzes	20 Points
Midterm Exam	25 Points
Final Exam	35 Points
Total	100 Points

Late submissions will be graded at the end of the course. Grades will be assigned according to the following rule:

$$A \geq 90 > B \geq 80 > C \geq 70 > D \geq 60 > F.$$

We reserve the right to make adjustments to the overall grading policy.

COURSE MATERIALS

Required Texts:

Cost-Benefit Analysis: Concepts & Practice, 5th edition, by Boardman, Greenburg, Vining, & Weimer (Cambridge University Press, 2018).

Recommended (Optional) Texts or Other Materials:

None.

COURSE TOPICS

MODULE	TASKS
Module 1	<p>Topics: Topic 1: Introduction to Cost-Benefit Analysis Topic 2: Conceptual Foundations of Cost-Benefit Analysis Topic 3: Basic Microeconomic Foundations of Cost-Benefit Analysis Topic 4: Valuing Benefits and Costs in Primary Markets</p> <p>Assessments: Assignment #1</p>
Module 2	<p>Topics: Topic 5: Valuing Benefits and Costs in Secondary Markets Topic 6: Discounting Benefits and Costs in Future Time Periods Topic 7: The Social Discount Rate Topic 8: Dealing with Uncertainty: Expected Value, Sensitivity Analysis, and the Value of Information</p> <p>Assessments: Quiz #1</p>



Module 3	<p>Topics: Topic 9: Option Price and Option Value Topic 10: Valuing Impact from Observed Behavior: Direct Estimation of Demand Curves Topic 11: Valuing Impacts from Observed Behavior: Indirect Market Methods Topic 12: Existence Value</p> <p>Assessments: Assignment #2 Midterm Exam</p>
Module 4	<p>Topics: Topic 13: Contingent Valuation: Using Surveys to Elicit Information about Costs and Benefits Topic 14: Shadow Prices from Secondary Sources Topic 15: Cost-Effectiveness Analysis Topic 16: Cost–Utility Analysis</p> <p>Assessments: Quiz #2</p>
Module 5	<p>Topics: Topic 17: The Social Discount Rate Topic 18: Risk, Option Price, and Option Value Topic 19: Distribution Considerations, Alternative Approaches, and Policy Recommendations Topic 20: Wrap up and Review</p> <p>Assessments: Final Exam</p>

ATTENDANCE

1) Class attendance is required. Missing classes without permission will lead to decrease in overall grade.

Missing less than two classes: no penalty.

Missing more than two classes: 7% will be taken off from the overall grade.

If the instructor reports a student’s frequent missing of class to the Soochow University Academic Administration Office, the student might get a written warning and might be prohibited from attending final exam.

2) Participants in this course are expected to arrive in class promptly and adequately prepared. The primary objective of this course is to critically engage with the readings and the subject matter. Therefore, course participants are expected to have completed the reading prior to class and prepare thoughtful reflections/commentaries to share



with fellow colleagues.

LEARNING REQUIREMENTS

- 1) Late assignments are not acceptable and are subjected to grade deductions.
- 2) Assignments submitted in the wrong format will be counted as not submitted.
- 3) Failure to submit or fulfill any required course component results in failure of the class.
- 4) Make-up for midterm and final exams only with valid excuses, as defined by the University.
- 5) In order to earn a Certificate of Completion, participants must thoughtfully complete all assignments by stated deadlines and earn an average quiz score of 50% or greater.

TECHNOLOGY POLICY

The use of electronic devices in class is distracting, both for the user and for the rest of the class. Only non-programmable calculators can be used in the tests and exam. Any attempts to use cell phones and other electronic communication devices will be seemed as cheating. Laptops are discouraged, unless you use them for activities DIRECTLY related to the course (eg., note taking, reading course documents).

ACADEMIC INTEGRITY POLICY

Soochow University highly values the academic integrity and aims to promote the academic fairness, honesty and responsibility. Any academic dishonesty behaviors and any attempts to cheats and plagiarism will be reported to the university administration office. A written warning and the relevant penalties will be imposed. The record might be shown on the official university transcript.

DISABILITY ACCOMMODATION

Soochow University is committed to maintaining a barrier-free environment so that students with disabilities can fully access programs, courses, services, and activities at Soochow University. Students with disabilities who require accommodations for access to and/or participation in this course are welcome.



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Note:

Please contact the University Administrative Office immediately if you have a learning disability, a medical issue, or any other type of problem that prevents professors from seeing you have learned the course material.