Instructors: Chris Dockins  
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Phone: 202-566-2286  
Office Hours: after class and by appointment  

Course Description  
This course will provide students with an understanding of the principles and practice of benefit-cost analysis. Students will learn how to develop and apply benefit-cost techniques to evaluate public policies and specific projects. Topics include standard benefit-cost analysis techniques, long-term discounting, analysis in the presence of uncertainty, sensitivity analysis, and distributional concerns. Instruction will consist of a mix of lectures and class discussion.

Required textbook:  

Additional readings will supplement the text and be posted on the course website.

Course Requirements and Grading  
Your work will be evaluated on the following basis:  
Class Participation: 10%  
Problem Set 1: 20%  
Problem Set 2: 20%  
Problem Set 3: 20%  
Final: 30%

Course Outline

Week 1 - September 4, 2013: Introduction and Conceptual Foundations of CBA  
Boardman, Chapters 1, 2, 20  
Supplemental Reading  
Heinzerling, Lisa. 2012. Cost-Benefit Jumps the Shark. In this article Professor Heinzerling argues strongly against the use of benefit-cost analysis for the case of the Prison Rape Elimination Act. Her arguments raise many interesting questions about the validity of benefit-cost analysis and the values upon which it draws. Which of her arguments is valid? Is she framing the issue correctly? Do you agree with her conclusions? (http://gulfac.typepad.com/georgetown_universityLaw/2012/06/cost-benefit-jumps-the-shark.html)


Week 2 - September 11, 2013: Benefits and Costs in Undistorted Markets
Boardman et al. - Chapter 3
Supplemental Reading:

Week 3 - September 18, 2013: Benefits and Costs in Distorted Markets
Boardman et al. - Chapters 4, 5
Supplemental Reading:

** Problem set 1 assigned **

Week 4 - September 25, 2013: Costs
Boardman et al. - Chapters 12
Supplemental Reading:
Ferraro and Taylor - Do Economists Recognize an Opportunity Cost When They See One? Bastiat - Broken Window Excerpt from Essays on Political Economy US EPA – Analyzing Costs (Chapter 8 of Guidelines for Preparing Economic Analyses)

Week 5 - October 2, 2013: Labor and Employment
Boardman et al. - Chapters 12
Supplemental Reading:

** Problem set 1 due **

Week 6 - October 9, 2013: Benefits: Market Methods and Travel Cost
Boardman et al. - Chapters 13
Supplemental Reading:

Week 7 - October 16, 2013: Benefits: Revealed Preference
Boardman et al. - Chapter 14
Supplemental Reading:
Boyle - Introduction to Revealed Preference Methods
Flores – Conceptual Framework for Nonmarket Valuation

**Problem Set 2 Assigned**

**Week 8 - October 23, 2013: Benefits: Stated Preference**
Boardman et al. - Chapter 15
Supplemental Reading:

**Week 9 - October 30, 2013: Benefits Transfer**
Boardman et al. - Chapter 16
Supplemental Reading:
Rosenberger and Loomis - *Benefits Transfer of Outdoor Recreation Use Values*, US Department of Agriculture

**Problem Set 2 Due**

**Week 10 - November 6: Discounting**
Boardman et al. - Chapters 6, 10
Supplemental Reading:

**Week 11 - November 13, 2013: Uncertainty, Sensitivity Analysis, and Existence Value**
Boardman et al. - Chapter 7, 8, 9
Supplemental Reading:
Flores, Nicholas (2002) *Conservation Reconsidered, The Economics of Natural Environments, and Our Understanding of Environmental Preferences* paper prepared in honor of Resources for the Future (RFF) at 50 Years

**Week 12 - November 20, 2013: Cost-Effectiveness**
Boardman et al. - Chapters 18
Supplemental Reading:

**Problem Set 3 assigned**

**November 27, 2013: NO CLASS**

**Week 13 - December 4, 2013: Equity Issues**
Boardman et al. - Chapters 17, 19
Supplemental Reading:
Levy, Jonathan I., Susan M Chemerynski, and Jessica L. Tuchma.2006. *Incorporating concepts of inequality into health benefits analysis*, *International Journal for Equity in Health* (open access.)

**Problem Set 3 due**

**Week 14 - December 11, 2013: Final Exam**

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