ECON 850  ECONOMIC EVALUATION AND POLICY 2003

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Course time:  Tuesday evenings, 6.05 p.m. to 9.0 p.m.  
Location:  Room C5A 301

Description of course

The course describes how to evaluate public policies and projects using economic principles. We start with a discussion of the nature of public issues, economic evaluation and the welfare economic principles that are the basis for economic analysis for public policy. The main part of the course explains the principal method of economic evaluation, cost-benefit analysis, in detail. Other methods of evaluation are introduced and compared with cost-benefit analysis. The course draws on numerous practical examples and exercises.

Aims of the course

The minimum aim of the course is to enable students to understand the role of economic analysis in the conduct of public policy. For stronger students, the aim is to enable you to conduct economic evaluations, using cost-benefit analysis, and to advise policy makers on public policy issues.

Course method

In our Tuesday evening sessions, I will talk for about an hour and a half outlining the key points for that week. There will then a break for about 10 minutes. In the second half of the evening, students will break into groups to discuss questions relating mainly to the topic of the previous week. Students should do the core reading associated with each topic. You will be given the questions at the session so that you will engage actively in problem solution.

Course schedule: topics

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<tr>
<th>Date</th>
<th>Week’s topic</th>
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| March 4 | Nature and process of economic evaluation  
Examples of economic evaluation | B1         |
| March 11 | Welfare economics foundations of economic evaluation | B2; P1,2  |
| March 18 | Cost-benefit evaluation criteria  
Valuations in primary and secondary markets | B1,2; P3; B4,5 |
| March 25 | General valuation principles  
Basic valuation with market prices | B3; B4 |
| April 1 | Valuing benefits by estimating demand curves  
Multiple choice test (1) | B12        |
| April 8 | Valuing benefits from revealed preferences  
Multiple choice test (2) | B13,15     |
| April 29 | Valuing benefits from stated preferences | B14,15     |
| May 6 | Choosing the discount rate | B6,10; P4  |
| May 13 | Dealing with uncertainty | B7; P6     |
| May 20 | Treatment of equity and distributional issues  
Multiple choice test (2) | B18; P5    |
| May 27 | Alternative evaluation methods | B17        |
| June 3 | Carrying out cost-benefit studies | B19        |
| June 10 | Revision |
Assessment

Two multiple choice tests in class (see program)  2 tests × 10 marks  20 marks
One set of questions (to be given out 8 April and to be done by 14 May)  20 marks
Final exam (2 hours)  60 marks

The final exam will cover the whole course. To pass the course, students are expected to achieve at least 30 marks in the final exam.

Course references reading


Selected articles


CBA Studies

Transport
  Very High Speed Rail
  Warringah Transport Study
  Parramatta-Chatswood railway
  M2 and M5 studies
  Road safety
  Second Sydney Airport
  Cross-city tunnel

Education
  Year 12 schooling

Health
  Tobacco consumption
  Coronary heart disease
  HIV/AIDS
  Immunisation

Environment
  Wallis Lake protection
  Swimming pool fencing

Urban Development
  Urban consolidation v fringe development
  Edmondson Park

Transfer of assets
  ARTC study

Competition policy
  Boundary surveying
Some main points

CBA is often cost minimisation