Fall 2021, PPHA 58102, Economic Analysis II: Introduction to Cost- Benefit analysis
Class Meeting Time: Wednesday 6:00-8:50 pm.

Instructor: Robert Kaestner   **Office:** Keller 3057
E-mail: kaestner@uchicago.edu   **Office Hours**: Email anytime; Wednesday 5:00-5:45 pm; and by appt.

Teaching Assistants:
TBD   **Office: Office Hours:** TBD
Yalun Su, yalun.su@uchicago.edu   **Office: Office Hours:** TBD

Course Description

Cost-benefit analysis (CBA) is the primary tool used to provide quantitative evidence to inform public policy decisions. Ideally, the use of CBA will improve the efficiency of public policy by identifying public policies/projects that create the most "value" for society. The concept of CBA is easily understood. For any project/policy under consideration (versus current state of the world), do the following: add up all of the current and future monetary costs of the project/policy; add up all of the current and future monetary benefits of the project/policy; and then compare the benefits to costs. If benefits are greater than costs, then the project/policy makes society better off and is candidate to be implemented. Seems straightforward, right? Conceptually it is straightforward, although there are a few theoretical and philosophical issues that arise that complicate the analysis. The conceptual difficulties, while important, are few in comparison, however, to the practical difficulties associated with conducting a CBA. I can think of few issues that merit the characterization "the devil is in the details" more than CBA. In this course, we will review the theoretical/conceptual foundations of CBA as applied in the public sector. We will also review some of the philosophical issues central to the validity of CBA and practical difficulties in conducting CBA.

Ideally, the course will provide a foundation to be an astute consumer of CBA and a beginner producer of CBAs.

Course Format

The class will meet in-person during scheduled class time. Most nights we will use the entire time allotted.

Except for the first class, lectures will be prerecorded and are to be viewed prior to weekly class meetings. In addition, it is expected that students will complete the assigned readings prior to class.

In-class activities are intended to be student directed. I have provided some discussion questions for each such activity and I expect students to be ready to engage with me and each other. The in-class activities are intended to allow students to articulate course content in their own words, deepen their understanding of the course content and to provide an opportunity for students to learn from one another. Everyone is expected to participate and everyone should feel comfortable expressing their view. I understand that it may be difficult for some students to speak publicly, but the class is a welcoming, respectful community. The class discussions are an active learning process and by definition learning means not knowing already. So, feel free to think creatively and openly even though sometimes it will be a miss hit.

Relationship to Curriculum

This is a course in applied economic analysis focused on assessing whether programs and policies increase social welfare.

This course is intended to build on the foundation of microeconomics provided in the two-course, core economics sequence. Accordingly, there will be some overlap with the material presented in those courses because cost benefit analysis is based largely on microeconomic analysis of markets. To the extent that there is overlap and review, this will serve to strengthen your understanding of microeconomic analysis. However, this course will focus more on welfare economics (market surplus, market failure and government intervention). Cost-benefit analysis also depends on empirical estimates of costs and benefits, and this aspect of the course will build on your training in statistics and program evaluation. Finally, applications of cost-benefit analysis span several areas of public policy, including health, education and the environment.

Course Objectives:

- Obtain a thorough understanding of the microeconomic foundations of CBA.
- Understand the Hicks-Kaldor Criterion and philosophical objections and criticism of it and concerns over the distributional impacts and how they are accounted for in CBA.
- Acquire the skill to use supply and demand analysis to measure benefits and costs in primary and secondary markets that are used in CBA.
- Learn common techniques to value benefits when market prices do not exist.
- Have a working knowledge of the role and importance of each of the key steps in conducting a CBA, such as the issue of who has standing, the importance of transparency and the use of sensitivity analysis.
- Understand the most common practical problems that arise in CBA including the appropriate discount rate, uncertainty, the efficacy of contingent valuation, and how to measure the statistical value of a life.

Course Policies:

Use of Web and Email:

I will post course materials to the university's CANVAS web-based course management system: the URL is http://courses.uchicago.edu/. Students are responsible for any and all material posted there. I encourage the use of email and I try to respond in a timely fashion. My email address is kaestner@uchicago.edu. Please be sure to set your notifications on CANVAS so that you receive all communications from me sent through this platform.

Course Policies:

Attendance is required. I understand that circumstances may sometimes require you to miss a class, although with a 10-week quarter, any absence represents a significant loss of time. Students who need to miss class because of work (or other reasons) shall notify me in a timely manner as to when they will be absent. I will make every reasonable effort to honor the request, not penalize the student for missing the class, and if an examination or project is due during the absence, give the student an exam or assignment equivalent to the one completed by those students in attendance. A similar process for notifying me should be followed for students who wish to observe their religious holidays. Again, I will make every reasonable effort to honor the request and not penalize the student for missing the class.

Late Assignments and Missed Exams: Unless explicitly agreed upon in advance, late assignments will not be accepted.

Disability Accommodation:

The University of Chicago seeks to provide an environment conducive to learning, teaching, working, and conducting research that values the diversity of its community. The University strives to be supportive of the academic, personal, and work-related needs of each individual and is committed to facilitating the full participation of students with a disability in the life of the University. Students with a disability, particularly those that require an accommodation, should contact Student Disability Services (https://disabilities.uchicago.edu/).

Course Requirements

Books:
- Anthony E. Boardman, David H. Greenberg, Aidan R. Vining, and David L. Weimer, *Cost- Benefit Analysis: Concepts and Practice,* 5th ed. 2018, (Cambridge University Press) ISBN: 9781108415996 (Cheaper 4th edition is available, cheaper and very similar—but if you go this route it is at your own risk)

Assignments and Exams: Grades will be based on seven, take-home assignments. **Assignments and the due dates are listed in the course outline below**. Please make sure you identify the due dates.

All assignments are to be completed independently without assistance except from TAs or Professor.

Grading:

Grades for assignments are 4=excellent (professional preparation, answered specific questions directly and germanely, provided interesting analysis/insight), 3=good (professional preparation, answered specific questions directly and in most cases germanely), 2=average (professional preparation, answered specific questions directly but with some error). 1=unacceptable (unprofessional preparation, incomplete answers to specific questions, mostly incorrect answers).

Final grades are letter grades and follow the common grading policy of University and Harris Public Policy: https://registrar.uchicago.edu/records/grading/. The mapping of numerical grades to letter grades is as follows:

A: >=26, A-: 24-25, B+: 22-23, B: 20-21, B-: 18-19, C+: 15-17, C: 13-14, C-:<13

Academic Integrity: (https://studentmanual.uchicago.edu/Policies)

"It is contrary to justice, to academic integrity, and to the spirit of intellectual inquiry to submit the statements or ideas of work of others as one's own. To do so is plagiarism or cheating, offenses punishable under the University's disciplinary system. Because these offenses undercut the distinctive moral and intellectual character of the University, we take them very seriously and punishments for them may include expulsion from the University."

"Proper acknowledgment of another's ideas, whether by direct quotation or paraphrase, is expected. In particular, if any written or electronic source is consulted and material is used from that source, directly or indirectly, the source should be identified by author, title, and page number. Any doubts about what constitutes "use" should be addressed to the instructor."

Detailed Course Outline

Date	Topic/Readings
Sept. 29	**In-class Lecture:** What is CBA? History of CBA and Codification of CBA for Public Policy The Basic Steps of CBA **Readings:** • Boardman et al. Chapter 1 • Scott Farrow, How Not to Lie with Benefit-costs Analysis, *The Economists Voice*, 10:45-50 • Dudley, S., Belzer, R., Blomquist, G., Brennan, T., Carrigan, C., Cordes, J., . . . Zerbe, R. (2017). Consumer's Guide to Regulatory Impact Analysis: Ten Tips for Being an Informed Policymaker. Journal of Benefit-Cost Analysis, 8(2), 187-204. **In-class Activity** Student directed discussion of finding and assessing Boardman et al.'s 10 steps in the SR-710 CBA. Be prepared to discuss the questions below. **Readings:** • Analysis of Costs and Benefits for the State Route 710 North Study Alternatives, Los Angeles Metropolitan Transportation Authority, June 19, 2015, https://media.metro.net/projects_studies/sr_710/images/attachmentb_sr710cbareport_2015-0619.pdf Discussion Questions (be prepared to discuss in class): 1. Discuss the issue of standing? 2. Discuss the appropriateness of the period of analysis? 3. What discount rate was used? Was the sensitivity of this assumption assessed? 4. What is the primary benefit? How was it monetized? 5. How were environmental impacts monetized? 6. What are the limitations? 7. Were distributional/equity issues considered?

Detailed Course Outline

Oct. 6	**Assignment #1: Applying Boardman et al.'s 10 Steps** **Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class.** Choose one of the following public policies from President Biden's American Families Plan and prepare an outline and brief discussion of the 10 steps described by Boardman et al. that you would take to conduct a cost-benefit analysis. Minimum of one page and maximum of three pages; 1-inch margins, 11-12 pt. font. • … the American Families Plan calls for … $109 billion for two years of free community college so that every student has the ability to obtain a degree or certificate. • Families will pay only a portion of their income based on a sliding scale. For the most hard-pressed working families, child care costs for their young children would be fully covered and families earning 1.5 times their state median income will pay no more than 7 percent of their income for all children under age five. • It will guarantee twelve weeks of paid parental, family, and personal illness/safe leave … The program will provide workers up to $4,000 a month, with a minimum of two-thirds of average weekly wages replaced, rising to 80 percent for the lowest wage workers.

Oct. 6	**Asynchronous Recording (To be Watched Before Class):**
	Review of Supply and Demand Analysis of Markets—Fundamental Tool of CBA
	Consumer, Producer and Government Surplus
	
	Readings:
	• Boardman et al. Chapter 3 and Chapter 3, Appendix A
	
	In-class Activity:
	Q&A on recorded lecture
	
	Student directed analyses (be prepared to discuss in class):
	
	1. Analyzing Taxes and Subsidies and identifying changes in market surplus
	2. Supply and demand analysis of the three policies of Assignment #1
	   • Free college tuition
	   • Subsidized child care
	   • Paid family leave

Oct. 13	**Assignment #2: Supply and Demand Analysis** **Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class.** Students will be randomly assigned to read one of the following articles. Conduct a supply and demand analysis of the issues discussed in the article (rent control or minimum wage). The objective is to have an analysis that can explain the conclusions of the article. So, read the article (don't get lost in the details) and identify two to three of the most important conclusions. Then use a supply and demand analysis to illustrate (graphs necessary) and discuss the reasoning underlying those conclusions. For all analyses, identify the change in market surplus due to the policy. The discussion in the text should be with respect to your graphs and analysis. Two page minimum and three page maximum; 1-inch margins, 11-12 pt. • Rent Control: Diamond et al., 2019. "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," American Economic Review, 109:3365-94 • Lordan, G., Neumark, D., 2018. People versus machines: The impact of minimum wages on automatable jobs. Labour Economics 52, 40–53.

Detailed Course Outline

Oct. 13	**Asynchronous Recording (To be Watched Before Class):** Hicks-Kaldor Criterion CBA Decision Rules Fundamental Theorems of Welfare Economics The Cost of Public Funds **Readings:** • World Bank, "Cost-Benefit Analysis: Evaluation Criteria (Or: "Stay away from the IRR")", Knowledge Brief, 2008. • Boardman et al. Chapters 2 and 19 • (Read Casually) Joseph Persky. 2001. Cost-benefit Analysis and the Classical Creed. *Journal of Economic Perspectives*, Volume 15, Number 4, Pages 199 –208 **In-class Activity:** Q&A on recorded lecture Student directed discussion of: • Boardman, A., Greenberg, D., Vining, A., & Weimer, D. (2020). Efficiency without Apology: Consideration of the Marginal Excess Tax Burden and Distributional Impacts in Benefit–Cost Analysis. Journal of Benefit-Cost Analysis, 11(3), 457-478. doi:10.1017/bca.2020.18 Discussion Questions (be prepared to discuss in class): Explain the following: "The METB may be ignored because analysts think that revenue extracted from taxpayers is essentially a transfer that does not affect efficiency. However, this approach ignores the actual social cost of raising tax revenue. Raising tax revenues requires the expenditure of real resources and typically distorts markets. The social cost of these expenditures and distortions, the METB, should be taken into account in a comprehensive BCA." "We agree with the perspective that BCA best contributes to good public policy by facilitating explicit consideration of the tradeoff between allocative efficiency and other social values, such as a more equal distribution of wealth. …. In view of all the uncertainties involved in BCA, good practice usually involves communicating the components of benefits and costs, as well as net benefits. If one were to monetize moral sentiments, it would be especially important to convey this component of benefits to help avoid over- or undercounting of distributional values…"
Oct. 20	**Asynchronous Recording (To be Watched Before Class)** Market Failures and Policies to Address Them Externalities, Internalities, Information Problems, Imperfect Competition, Public Goods Government Failure **Readings:** • Boardman et al. Chapter 5 • (Read Casually Chapters 1,2, and 6-8) Winston, Clifford. 2006. Government Failure Versus Market Failure. Brookings Institution Press and AEI.

Detailed Course Outline

Oct. 20	**In-class Activity** Q&A on recorded lecture Student directed discussion of: • Sunstein, C. (2020). Behavioral Welfare Economics. Journal of Benefit-Cost Analysis, 11(2), 196-220. doi:10.1017/bca.2020.14 Discussion Questions (be prepared to discuss in class): Discuss the following quotes. 1. "But as a general rule, the claim for the epistemic advantages of choosers is more than plausible. At the same time, it has taken a real battering from behavioral findings." 2. "We can link Bernheim's (2016) argument here with the suggestion that behavioral economics justifies "means paternalism" but not necessarily "ends paternalism" (Sunstein, 2014b)." 3. "The first is that for behavioral economics and behaviorally informed law and policy, indirect judgments, or judgments about means, really are the coin of the realm." 4. "The second is that with respect to direct judgments, behavioral welfare economics, like standard welfare economics, should proceed with humility."
Oct. 27	**Assignment #3: Willingness to Pay—When do we trust people?** **Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class.** Read the following article. First, discuss the rationale/justification for government intervention in the context described. Based on this rationale (assume it is correct), use a supply and demand analysis to show (include graphs) why the intervention may be effective—increase social welfare. Make sure your discussion is linked to your graphs. Identify changes in consumer, producer and government surplus. Also summarize the findings and conclusions of the article. Two page minimum and three page maximum; 1-inch margins, 11-12 pt. font. • Hunt Allcott & Benjamin B. Lockwood & Dmitry Taubinsky, 2019. "Should We Tax Sugar-Sweetened Beverages? An Overview of Theory and Evidence," Journal of Economic Perspectives, vol 33(3), pages 202-227
Oct. 27	**Asynchronous Recording (To be Watched Before Class)** Valuing Inputs and Outputs in Primary Market **Readings:** • Boardman et al. Chapters 4, 5 and 6 **In-class Activity** Q&A on recorded lecture Student directed discussion of: • Davis, Lucas, Estimating the Price Elasticity of Demand for Subways: Evidence from Mexico (December 2020). NBER Working Paper No. w28244, Available at SSRN: https://ssrn.com/abstract=3753153 Discussion Questions (be prepared to discuss in class): 1. What is the elasticity of demand that Davis estimated? 2. What approach (method) did he use to obtain the estimate? Discuss the internal validity of that method. 3. How did he use the elasticity in the cost-benefit analysis? 4. What was missing from cost-benefit analysis?

Detailed Course Outline

Nov. 3	**Assignment #4: Indirect Measurement of Primary Benefits** **Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class.** Read the following articles. For the article you are assigned, identify the primary market? Then use a supply and demand analysis to measure changes in market surplus in the primary market due to the policy. Include any market failures that may be present in your analyses. In the article, were the benefits and costs assessed using the primary market? Discuss why or why not. Two page minimum and three page maximum; 1-inch margins, 11-12 pt. font. • Bartik, T., Hershbein, B., & Lachowska, M. (2016). The Merits of Universal Scholarships: Benefit-Cost Evidence from the Kalamazoo Promise. Journal of Benefit-Cost Analysis, 7(3), 400-433. doi:10.1017/bca.2016.22

Nov. 3	**Asynchronous Recording (To be Watched Before Class)**
	Valuing Inputs and Outputs in Secondary Markets
	
	Readings:
	• Boardman et al. Chapter 7
	
	In-class Activity
	Q&A on recorded lecture
	
	Student directed discussion of:
	• (Read Casually) Bartik, Timothy J. "Including Jobs in Benefit-Cost Analysis" Annual Review of Resource Economics 4 (2012): 55-73.
	
	    Discussion Questions (be prepared to discuss in class):
	    1. Are jobs usually counted in a CBA? Why or why not?
	    2. If you were going to count jobs, then how would you monetize the benefit?
	
	• (Read Introduction and Sections 1.4 and 2; other sections can be skipped) Edward L. Glaeser and James M. Poterba . 2020. "Introduction to "Economic Analysis and Infrastructure Investment", in "Economic Analysis and Infrastructure Investment", University of Chicago Press, http://www.nber.org/chapters/c14351
	
	    Discussion Questions (be prepared to discuss in class):
	    1. Are macroeconomic externalities related to distributional and equity issues?
	    2. What does the evidence say about macroeconomic effects of public policies, such as infrastructure spending?

Nov. 10	**Asynchronous Recording (To be Watched Before Class)** Discounting **Readings:** • Boardman et al. Chapters 9 and 10 • Arrow, K., M. et al. Cropper, C. Gollier, B. Groom, G. Heal, R. Newell, W. Nordhaus, R. Pindyck, W. Pizer, P. Portnoy, T. Sterner, R.S.J. Tol, and M. Weitzman; "Determining Benefits and Costs for Future Generations," Science 26 July 2013; Vol. 34: 349-350 • (Read Sections 1-3) Drupp M, Freeman M C, Groom B and Nesje F (2018). 'Discounting Disentangled'. Forthcoming in the American Economic Journal: Economic Policy. Working paper version: Grantham Research Institute on Climate Change and the Environment Working Paper No. 172 • Council of Economic Advisers, "Discounting For Public Policy: Theory And Recent Evidence On The Merits Of Updating The Discount Rate," January 2017

Detailed Course Outline

Nov. 10	**In-class Activity**
	Q&A on recorded lecture
	
	Student directed discussion of:
	
	• (Read pages 1-17) Chapter 6**:** National Academies of Sciences, Engineering, and Medicine. 2017. Valuing Climate Damages: Updating Estimation of the Social Cost of Carbon Dioxide. Washington, DC: NAP
	
	   Discussion Questions (be prepared to discuss in class):
	   1. Describe/explain each component of the social discount rate (i.e., Ramsey formula) in Table 6.1.
	   2. Discuss whether there is "right" value of reach component.
	   3. Discuss the issue illustrated by Figures 6-3 and 6.4 and Table 6.2 and its practical importance to a CBA.

Nov. 17	**Assignment #5: Social Cost of Carbon** **Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class. Two page minimum and three page maximum; 1-inch margins, 11-12 pt. font.** Read: • Carleton, Tamma and Greenstone, Michael, Updating the United States Government's Social Cost of Carbon (January 14, 2021). University of Chicago, Becker Friedman Institute for Economics Working Paper No. 2021-04, Identify and discuss the importance of the three ingredients referred to in the following recommendation: *Recommendation: We recommend that the Biden administration replace all existing IAM damage functions with those that meet these three criteria.* Is the following recommendation based on the Ramsey model? Do you agree with it? Discuss. *Recommendation:* We recommend continuing to rely on existing asset markets to guide the choice of discount rates. Based on recent asset market trends, we recommend a discount rate of no higher than 2 percent. The following recommendation is to give the world (globe) standing in climate-related policies. Do you agree with this? Discuss. Is this standard followed for other policies/programs? Why or why not? *Our recommendation is to use global damages in calculating the SCC.*
Nov. 17	**Asynchronous Recording (To be Watched Before Class)** Measuring Program/Policy Impacts: Revealed Preference and Indirect Methods **Readings:** • Boardman et al. Chapters 14, 15, 17 • Cropper, Maureen and Hammitt, James K. and Robinson, Lisa A., Valuing Mortality Risk Reductions: Progress and Challenges (October 2011). Annual Review of Resource Economics, Vol. 3, Issue 1, pp. 313-336, 2011.

Detailed Course Outline

Nov. 17	**In-class Activity**

	In-class Activity
	Q&A on recorded lecture
	
	Student directed discussion of:
	• Sandra E. Black. Do Better Schools Matter? Parental Valuation of Elementary Education, The Quarterly Journal of Economics, Vol. 114, No. 2 (May, 1999), pp. 577-599
	
	    Discussion Questions (be prepared to discuss in class):
	     1. Describe the basic hedonic regression used and what question it was used to answer.
	     2. What is wrong with that basic approach and how analysis address this problem?
	     3. What was the main finding? Does it make economic sense? How would you decide?
	
	Student directed discussion of:
	• Manski, C. (2020). Forming COVID-19 Policy Under Uncertainty. Journal of Benefit-Cost Analysis, 11(3), 341-356. doi:10.1017/bca.2020.20
	
	    Discussion Questions (be prepared to discuss in class):
	    1. What was the primary objective for the Imperial College study and policy recommendation?
	    2. Why are reported rates of COVID-19 infections lower than actual rates and reported rates of severe illness higher than actual?
	    3. What is interesting about these numbers: "We obtain bounds that are wide but yield some information. For example, we find that the cumulative infection rates on April 24 are in the intervals [0.004,0.525], [0.017, 0.618], and [0.006, 0.471] respectively. The cumulative infection fatality rates are in the intervals [0, 0.033], [0.001, 0.049], and [0.001, 0.077]."
	    4. How does the following (admittedly jargon-filled) statement relate to CBA? "What are specific reasonable ways to make an undominated choice? Most familiar to economists is placement of a subjective probability distribution on the state space and maximization of subjective expected welfare."
	
	Student directed discussion of:
	• Doti, James L., A Model to Explain Statewide Differences in COVID-19 Death Rates (October 10, 2020). Available at SSRN: https://ssrn.com/abstract=3731803 or http://dx.doi.org/10.2139/ssrn.3731803
	
	    Discussion Questions (be prepared to discuss in class):
	    1. Describe the conceptual model used in the empirical analysis.
	    2. What methods of analysis were used?
	    3. What are the limitations of the empirical analysis?
	    4. What was the value of a statistical life used in the analysis? What are the advantages and disadvantages of this choice?

Detailed Course Outline

Dec. 1	**Assignment #6: Bail Reform Symposium**
	Assignment due by the start of class. Assignment should be uploaded to Canvas. Students should be prepared to present and discuss their analysis in class. Two page minimum and four page maximum; 1-inch margins, 11-12 pt. font.
	Read the following articles.
	• (For the purpose of this assignment read up to The Proposals) Proposals for Improving the U.S. Pretrial System, Will Dobbie and Crystal Yang, Policy proposal 2019-05 | march 2019, Brookings Institution-Hamilton Project
	• Dollars and sense in cook county, Examining the Impact of General Order 18.8A on Felony Bond Court Decisions, Pretrial Release, and Crime, Don Stemen and David Olson, Loyola University Chicago
	• Does bail reform increase crime? An empirical assessment of the public safety implications of bail reform in cook county, Illinois, Paul G. Cassell & Richard Fowles. Forthcoming in the *Wake Forest Law Review* (2020)
	Prepare a response to the following:
	1. Describe the disparate findings with respect to the distinct concepts of number of crimes and crime rates, in the two articles that address pretrial reform in Cook County (Stemen and Olson, Cassell and Fowles).
	2. In conducting a cost-benefit analysis of the Cook County reform, what is the appropriate outcome? Is it the crime rate or the number of crimes? Discuss.
	3. Why do Cassell and Fowles highlight homicides in their discussion of cost-benefit analysis? In general, what are the costs of crime (or benefits of crimes avoided) and how does this relate to the concept of willingness to pay (e.g., evidence from hedonic approach)?
	4. Dobbie and Yang, and others, report that pretrial detention leads to more convictions (found or pleaded guilty). Applying this to the Cook County context—less pretrial detention—would this be a cost or benefit of the Cook County reform? Discuss.
	5. Is the Dobbie and Yang evidence relevant to Cook County? For example, if you concluded that both of the studies of Cook County experience were worthless, would you use te evidence in Dobbie and Yang in your cost-benefit analysis?
	6. Discuss anything else you thought particularly interesting.
Dec. 1	**Asynchronous Recording (To be Watched Before Class)** Measuring Program/Policy Impacts: Stated Preference and Contingent Valuation
	Readings:
	• Boardman et al. Chapters 13, 16
	• Catherine L. Kling, Daniel J. Phaneuf and Jinhua Zhao. 2012. "From Exxon to BP: Has Some Number Become Better Than No Number?" *Journal of Economic Perspectives* Vol. 26, No. 4, pp. 3-26. http://www.aeaweb.org/articles.php?doi=10.1257/jep.26.4
	• Carson, Richard. 2012. "Contingent Valuation: A Practical Alternative When Prices Aren't Available" *Journal of Economic Perspectives* Vol. 26, No. 4, pp. 27-42. http://www.aeaweb.org/articles.php?doi=10.1257/jep.26.4
	• Hausman, Jerry. 2012. "Contingent Valuation: From Dubious to Hopeless" *Journal of Economic Perspectives* Vol. 26, No. 4, pp. 43-56. http://www.aeaweb.org/articles.php?doi=10.1257/jep.26.4
	• Tuncel, Tuba and James K Hammitt. "A new meta-analysis on the WTP/WTA disparity." Journal of Environmental Economics and Management, 175-187.

Detailed Course Outline

Dec. 1	**In-class Activity** Q&A on recorded lecture Student directed discussion of: • Ludwig, J., Cook, P.J. The Benefits of Reducing Gun Violence: Evidence from Contingent-Valuation Survey Data. *Journal of Risk and Uncertainty* **22,** 207–226 (2001). https://doi.org/10.1023/A:1011144500928 • Cohen, M. (2015). Willingness to Pay to Reduce White-Collar and Corporate Crime. Journal of Benefit-Cost Analysis, 6(2), 305-324 1. What method of elicitation of value was used in each article? Discuss the advantages and disadvantages. 2. Discuss whether the articles laid the groundwork appropriately for the elicitation of value. For example, what was the payment vehicle? Was the good well describe and a clearly identifiable good? 3. Does crime have direct use, passive use or other types of use value? 4. Comment on the adequacy of the samples. 5. What were the finings? Are they plausible?
Dec. 8	**Assignment # 7: Contingent Valuation of** **Assignment due by 11:59 December 7, 2021. Assignment should be uploaded to Canvas. Two page minimum and three page maximum; 1-inch margins, 11-12 pt. font.** Design a contingent valuation study of the value of greater racial harmony in the United States. Provide a thorough description of how you plan to conduct the study and discuss the motivation and justification of your choices.