

Predicting and monetizing impacts

- Assume ex ante analysis
- Pure CBA

8.1 Predicting impacts

Three major errors during application of a CBA:

- 1) omission errors
- 2) forecasting errors
- 3) valuation errors

8.1.1 Simplify by predicting incremental impacts relative to the status quo

↳ only measure changes

8.1.2 Predict using data from an ongoing policy

8.1.3 Predict based on single evaluation of a similar policy

Optimism bias

8.1.4 Predictions based on meta-analyses of similar policies

meta-analysis
effect size

8.1.5 Predict using generic elasticities

8.1.6 Guessimate

8.2 Monetizing impacts

8.2.1 Monetizing when impacts change quantities consumed in markets

Shadow prices