

Techniques of Project Evaluation
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The course has two parts: cost benefit analysis and economic development. Cost benefit analysis deals with the taxpayer as a consumer while economic development, which has become an important function of government, deals with the taxpayer as a worker in need of employment and with businesses as a source of tax revenues.

The text for the first part of the course is *Cost-Benefit Analysis: Concepts and Practice* by Anthony Boardman et al. That part covers methods for estimating the demands for goods that are not traded in the marketplace and for pricing natural risk and health hazards; the use of statistical analysis for the assessment of demonstration projects; the differences between public and private finance and techniques for choosing between projects that are mutually exclusive yet are not comparable. In addition, in the first part of the course we will use statistical packages to analyze demographic and economic data from the American Community Survey and the Current Population Survey. The second part of the course covers the techniques used in economic development. How does a local government choose where to invest? How successful are economic development policies? Statistical data will be used for shift-share, location-quotient and Input/Output analyses and a commercial economic impact software that is widely used by all levels of government will be introduced together with a discussion of its effectiveness.

The course grade will be based on assignments from the book (25%), additional assignments (25%), a midterm (20%), and a final (30%).

I. Introduction

Chapters 1-2

II-III. Consumers' and producers' surpluses

Chapters 3-4

WTP vs. WTA: Horowitz, J.K. and K.E. McConnell (2002). "A Review of WTA/WTP Studies". *Journal of Environmental Economics and Management* 44, 426-47.
(Courseworks).

Estimating Demand Curves
Chapter 12, 13

IV-V. Discounting

Chapters 6, 10

Consumer Price Index

Class discussion

VI. Uncertainty

Chapter 7, 165-171 3rd Edition, 156-162 2nd Edition.

Chapter 8.

VII. Existence Price: Chapter 9, 14

Pricing of non-traded goods:

Illness: Kip VISCUSI, WESLEY A. MAGAT AND JOEL HUBER, Pricing Environmental Health Risks: Survey Assessments of Risk- Risk and Risk- Dollar Trade-Offs for Chronic Bronchitis JOURNAL OF ENVIRONMENTAL ECONOMICS AND MANAGEMENT 21, 32-51 (1991)

VIII. Midterm

IX. Demonstration Projects: Chapter 11

How big a sample?

Lenth, R. V. (2006-9). Java Applets for Power and Sample Size [Computer software]. <http://www.stat.uiowa.edu/~rlenth/Power>.

Statistical Testing

Tennessee Student/Teacher ratio study: Alan B. Krueger, "Experimental Estimates of Education Production," The Quarterly Journal of Economics, May 1999, pp. 497-532

Chetty, R., Friedman, J. & Rockoff, J. (2011, December, revised 2012, January). "The Long-Term Impacts of Teachers: Teacher Value-Added and Student Outcomes in Adulthood." National Bureau of Economic Research. *Working Paper No. 17699*.

X. Economic Development I

Michael Greenstone and Enrico Moretti, "BIDDING FOR INDUSTRIAL PLANTS: DOES WINNING A 'MILLION DOLLAR PLANT' INCREASE WELFARE?" July 2003 <http://www.nber.org/papers/W9844>

Ryan S. King, Marc Mauer and Tracy Huling, "Big Prisons, Small Towns: Prison Economics in Rural America," February 2003, <http://www.sentencingproject.org/pdfs/9037.pdf>

Location Quotient and Shift Share Analysis

Mary McLean and Kenneth Voytek, Understanding Your Economy: Using Analysis to Guide Local Strategic Planning: On reserve

XI. Economic Development II

How NYC Can Compete More Effectively in Information Technology Office, of the Comptroller City of New York Alan G. Hevesi, Comptroller April 1999

<http://www.comptroller.nyc.gov/bureaus/bud/SOFT46a.pdf>

Battelle, "State Government Initiatives in Biotechnology 2001"

<http://www.bio.org/tax/battelle.pdf>

I/O and Economic Multipliers

I-O Accounts

<http://www.bea.gov/bea/an/io1992/maintext.htm>

Wayne Miller, "Economic Multipliers: How Communities Can Use them for Planning"

http://www.uaex.edu/Other_Areas/publications/PDF/FSCDD-6.pdf

Cletus Coughlin and Thomas Mandelbaum, A Consumer's Guide to Regional
Economic Multipliers

http://research.stlouisfed.org/publications/review/91/01/Consumer_Jan_Feb1991.pdf

How NYC Can Compete More Effectively in Information Technology Office of the
Comptroller City of New York Alan G. Hevesi, Comptroller April 1999

<http://www.comptroller.nyc.gov/bureaus/bud/SOFT46a.pdf>

Battelle, "State Government Initiatives in Biotechnology 2001"

<http://www.bio.org/tax/battelle.pdf>

XII. The Value of Everything

Chapter 15

Ackerman, Heinzerling: *Priceless*, chapters 4, 9 (on reserve)

XIII. Topics