MEMORIAL UNIVERSITY OF NEWFOUNDLAND
ECONOMICS
(Economics 4120 WINTER 2009-2010)

Course Name  Applied Welfare Econ & Cost Benefit Analysis
Instructor  Roberto Martínez-Espiñeira
E-mail  rmartinezesp@mun.ca
Office  AA 3087
Tel  737 3676
Website  http://www.ucsu.mun.ca/~rmartinezesp
Timetable  slot 20 (Tue & Thu 03:30 pm-04:45 pm)
Classroom  AA 3095
Office hours  TUE 2:00-3:30 and 5:00-6:00 THU 1:30-3:30 or by appointment

1 Textbooks
The main textbook you would want to consult is:


You should also use your favorite Microeconomics textbooks as references.

- Additionally, reference will be made to other books from time to time, such as Boadway and Bruce (1984); Hanley and Spash (1993); Layard and Glaister (1994); Townley (1998); and Weimer and Vining (2005).

- Further references will be added during the term through the course website

2 Objectives of the course

- To enhance students’ analytical and intellectual skills through the study of Cost Benefit Analysis

- To improve students’ knowledge about Welfare Economics

- To equip the students with the skills needed to interpret and advise on basic cost-benefit analysis

- To improve students’ capacity to critically assess instances of public policy
3 Expected learning results

At the end of this course, you should be able to:

- understand the principles that inspire Welfare Economics, in particular the normative roots of the notion of economic efficiency
- understand the principles behind the theory of market failure
- interpret basic empirical examples of cost-benefit analysis and communi-
cate the results of the to stakeholders
- critically assess the advantages and limitations of using cost-benefit analy-
is to inform public policy
- determine when a cost benefit analysis may be performed in a meaningful way and to perform basic project analyses
- identify limitations in modeling assumptions, data, or political concerns that may compromise the validity of a cost-benefit analysis study

4 Assessment

The final mark for the course comes from the coursework and the final exam (Table 1).

<table>
<thead>
<tr>
<th>Table 1: Assessment summary</th>
<th>date</th>
<th>weight</th>
<th>comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 quizzes</td>
<td>Week 5 and Week 10</td>
<td>25%</td>
<td>Your worst quiz will be 10% and the best quiz will be 15%</td>
</tr>
<tr>
<td>Home assignments</td>
<td>TBA</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td>in-class pop quizzes</td>
<td>Not TBA</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Essay</td>
<td>Week 11</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Final exam</td>
<td>TBA</td>
<td>45%</td>
<td></td>
</tr>
</tbody>
</table>

The coursework is designed for students to become familiar with concepts developed in the classes, to learn problem-solving skills, and to prepare for the exams and the essay. It will also provide additional pieces of grading before the exam. Quizzes will not be rescheduled. If you miss a quiz, the weight will be reallocated towards the final exam. Late submissions of assignments will be penalized at the rate of 10% per day up to the day when the solutions are posted.
5 Other policies

- Please e-mail me only from your MUN account
- Make sure you check your e-mail frequently (daily ideally)
- Make sure you check the website frequently (daily ideally). Many announcements pertinent to the course will only be on the website

6 Department of Economics Regulations:

- Students need to follow the MUN calendar for drop dates and deadlines
- It is not possible to drop a course once a student even sees a final exam or writes the final. Economics Department does NOT have Supplementary Exams.

6.1 Important Dates to Remember for Winter 2010 Semester:

- January 6, Wednesday
  
  Orientation for all new first semester students
  Last day for students to register for Winter Semester courses without incurring the late registration fee
- January 7, Thursday
  
  Lectures begin for Winter Semester courses
  Last day for students to pay fees for winter semester courses without incurring the LATE PAYMENT FEE
- January 15, Friday
  
  Deadline to apply to graduate at the Spring Convocation 2009. Applications received after this date will be processed as time and resources permit
- January 21, Thursday
  
  Last day to add Winter Semester courses
  Last day to drop Winter Semester courses and receive a 100% refund of tuition fees.
- January 28, Thursday
  
  Last day to drop Winter Semester courses and receive a 50% refund of tuition fees.
- February 4, Thursday
Last day to drop Winter Semester courses and receive a 25% refund of tuition fees. No tuition fees will be refunded for courses dropped after this date

- February 22, Monday

Winter Semester Break begins at St. John’s Campus and Sir Wilfred Grenfell College.

- February 25, Thursday

Lectures resume at St. John’s campus and Sir Wilfred Grenfell College

Last day for students to drop Winter Semester courses without academic prejudice

- April 2, Friday

Good Friday. No lectures or examinations

- April 7, Wednesday

Lectures end for Winter Semester

- April 12, Monday

Examinations begin for Winter Semester

- April 21, Wednesday

Examinations end for Winter Semester

- April 26, Monday

Final grades released via Memorial Self-Service beginning at 5 p.m.

7 Sick notes

A sick note for deferred exams must contain the following:

In the MUN Calendar under the General Academic University Regulations, Section 4 of the University Calendar 2008-2009 (page 53 - page 66) with attention to Information Required for Medical Certificates.

"The University requests that all medical notes be on letterhead from the doctor and be signed by the physician and include details on the following:

- Confirmation of the SPECIFIC DATES on which the student visited the physician

DOCTOR’S COMMENTS: ____________________________
• The degree to which the illness (or treatment, in the case of medication, for example) is likely to HAVE AFFECTED THE STUDENT’S ABILITY to study, attends classes, or sit examinations

DOCTOR’S COMMENTS: _____________________

• the LENGTH OF TIME over which the student’s abilities were likely hampered by the medical condition (e.g., recurring and severe back pain over a two-month period would likely have a more adverse effect on studies than a single episode of back pain requiring bed rest for a week).

DOCTOR’S COMMENTS: _____________________

• The FITNESS OF THE STUDENT TO RESUME studies (it is in the student’s best interest not to return to studies prematurely). "

DOCTOR’S COMMENTS: _____________________
8 Preliminary Course outline and suggested further reading

This document shows the general contents of the course, and the sequence of topics. These will be broken down into a series of lectures for each topic. For more detailed and up to date information on the lectures schedule and further reading for each section, consult the on-line Course Schedule.

NB: this list of topics is subject to alteration during the term.

1. Introduction to CBA and Welfare Economics. Chapter 1 (Arrow et al., 1996; Landsburg, 1993a, 1993b, 1993c; Vining and Weimer, 1992)


4. Valuation of benefits and costs in primary markets. Chapter 4 (Becker and Murphy, 1988; Sunstein, 2004; Tullock, 1967; Usher 1987; Caswell and Padberg, 1992; Cornes and Sandler, 1996; Arrow, 1997; Wessells, 2002; Weimer and Vining (2005, Ch. 8))

5. Valuation of benefits and costs in secondary markets. Chapter 5 (Harberger, 1971)


8. Direct Valuation. Chapter 12. ( )


12. Cost-Effectiveness Analysis + Chapters 17 & 19

References


