

2018-2019

Nom du cours / Name of the course:

Empirical methods for valuation in cost benefit analysis

Enseignant / Professor:

Daniel Herrera (U. Dauphine)

Contact de l'enseignant / Contact Information (Optional)

Daniel HERRERA daniel.herrera@dauphine.fr

Langue d'enseignement / Language :

English

Overview:

Cost benefit analysis is a tool widely used by public and private organizations to inform decision making. The objectives of the course are to provide the students with insights on the main concepts used cost benefit analysis, as well as their application in a case study. The main focus will be on the empirical methods used to assess the benefits of a policy with a lens on environmental valuation. In particular, the valuation of non-monetary impacts (for example, the effects of air pollution on mortality and morbidity) will be addressed.

Prérequis / Prerequisites (optional)

Knowledge on standard econometric methods and good knowledge of intermediate microeconomics.

Objectifs du cours / Course Objectives:

The objective of the course is to provide a comprehensive view of what a cost benefit analysis (CBA) is, where are the values used for the "B" in CBA derived from, what data is required to derive them, as well as the limits of CBA. The course will focus on empirical methods for

deriving environmental valuation.

After having attended the classes, the students will:

- have a decent understanding of the core concepts used in CBA
- have knowledge on preference elicitation techniques
- knowing the data requirements, advantages and limits of the different methods
- knowledge of the main steps to construct a CBA

Mode d'évaluation / Mode of Assessment

Participation and attendance (20%). Written analysis and comments on a relevant paper chosen from a reference a list provided in class (40%). Take-home exam consisting on data analysis and answers to questions (40%).

Planning / Course Schedule

1	I – Introduction to Cost Benefit Analysis (CBA) <ul style="list-style-type: none">- Basic economic concepts for CBA- Linking theory with empirical work- Relationship between private and environmental goods (EG)
2	II – Non-market valuation of EG using revealed preferences (RP) <ul style="list-style-type: none">- Valuation of EG using recreation behaviour- Valuation of EG using hedonic models of property values
3	III – Non-market valuation of EG using stated preferences (SP) <ul style="list-style-type: none">- Contingent valuation and discrete choice experiments- Validity and the role of incentives in SP
4	IV- The value per statistical (VSL) <ul style="list-style-type: none">- Theory- Eliciting VSL using RP and SP methods- Use of VSL in practice
5	V – Case study part I: Mercury and Air Toxics Standards <ul style="list-style-type: none">- Impact of mercury on wildlife- Impact of methylmercury on humans
6	VI – Case study part II: Mercury and Air Toxics Standards <ul style="list-style-type: none">- Health and welfare co-benefits- Valuing the impact on the climate

Bibliographie / Readings (optional):

The course will have background readings. The professor has developed a reading list that will be distributed during each lecture.

MyCourse

This course is on MyCourse : **Yes**

Grading

The numerical grade distribution will dictate the final grade, according to the faculty's recommended grade distribution.

Class participation: Active class participation – this is what makes classes lively and instructive. Come on time and prepared.

Exam policy: In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

Academic integrity

Soyez conscient des règles de l'Université Paris Dauphine sur le plagiat et la triche aux examens. Be aware of the rules in Université Paris dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contributed to the output produced by that group. When you use the web, please state your sources.