

## Economics 453(01) Cost-Benefit Analysis

Instructor:	Douglas McClintock	Lecture Location:	ES 054
Phone:	403-220-2837	Lecture Days/Time:	MWF 09:00 – 09:50
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Office:	SS348		
Office Hours:	MW: 12:00 – 13:00 TR: 15:00 – 16:00	Fall 2015	

### Textbook(s):

Required: Perkins, Frances C., Practical Cost Benefit Analysis: Basic Concepts and Applications. Melbourne: Macmillan Education Australia, First Edition 1994. [This book is now out of print. By special arrangement with the author, you can purchase a photocopy of the entire book for about \$20.00 from the “Bound and Copied” shop in Mac Hall (MSC – 105). Ask at the counter for the Econ 453 course pack. The bookstore will NOT be supplying these copies.]

### And

Pearce, David, Giles Atkinson and Susan Mourato, Cost Benefit Analysis and the Environment: Recent Developments, 2006. Paris: Organisation for Economic Cooperation and Development. This book can be downloaded free of charge from the link to this title in the U of C Library On-Line Catalogue [HC79.E5 INTERNET]. The bookstore will NOT be supplying these copies.

### Book(s) on Reserve:

A list of specific copies and required readings, including a list of Books on Reserve, will be provided throughout the term. I will also be supplying supplementary notes on D2L.

**Desire2Learn:** This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

**Course Outline:**

This course will focus on two aspects of cost benefit analysis. The first part of the course will look at the framework for constructing an investment cost benefit analysis. A review of basic finance and discounting will be examined. In particular, this part of the course focuses on how a firm selects a project based on mutually exclusive and independent alternatives. The second (and most comprehensive part of the course) examines the theoretical basis for social cost analysis and the appropriate appraisal techniques. This part of the course examines the benefit/costs from a social welfare perspective and evaluates different proposals by using a social discount rate.

**Grade Determination and Final Examination Details:**

In-class quizzes (select top 4 of 5 quizzes)	20%
Midterm Exam (date to be determined)	15%
2 Assignments	30%
Assign. #1: due Monday Oct. 19 <sup>th</sup>	
Assign. #2: due Monday Nov. 30 <sup>th</sup>	
Final Exam	<u>35%</u>
	100%

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

**(a) In-class quizzes:**

There will be five (5) in-class quizzes, the best of 4 of which will count toward your final mark. Most of these quizzes will use multiple choice and/or short calculation questions.

**(b) Assignments**

There will be two assignments, each of which is to be submitted at the beginning of class on the due date. In exceptional cases, they may be handed in before that date to the instructor personally. Answers to assignments will be discussed in class shortly after each assignment falls due. For this reason, late assignments will be given a score of zero, although you may still wish to have the work corrected and returned without a score being recorded. I will hand out the assignment approximately 7 to 10 days before the due date.

Students are encouraged to discuss the assignments with their classmates. But each must write up his or her own answers in his/her own words. Copying or misrepresenting someone else's work as your own is a serious offence that will not be tolerated. Your attention is to be directed to the 'Statement of Intellectual Honesty' in the 2015-16 Calendar.

**(c) Examinations:**

1. Examinations will consist of problem solving questions.
2. The midterm examination will be held during the lecture time. **The exam must be completed during the specified time. Extra time will not be given for any reason.**
3. The final examination will last for two hours and will be scheduled by the Registrar. **The exam must be completed during the specified time. Extra time will not be given for any reason.**
4. The use of a non- programmable calculator is permitted during the midterm test and the final examination. **The use of tablets, computers, cell phones, blackberry's and other electronic devices (unless approved by your instructor) is not permitted.**

Assignments, tests and final exams are marked on a numerical (percentage) basis. The marks are then added using the weights indicated above and converted into letter grades. The following letter grade equivalences will apply:

A+	97 – 100	B	75 - 79	C-	60 - 64
A	90 – 96	B-	71 - 74	D+	55 - 59
A-	85 – 89	C+	68 - 70	D	50 – 54
B+	80 - 84	C	65 - 67	F	0 – 49

**Notes:**

1. Students should be aware that no "make-up" midterms will be given. Any student who finds it necessary to miss the midterm must notify the instructor in advance (if possible) and produce a valid medical certificate in order to allocate the grade to the final exam. (documentation MUST be provided) This adjustment will result in the final exam counting for 50% of the final grade.
2. Examinations will not be given prior to the scheduled date.
3. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
4. Students seeking reappraisal of a piece of graded term work should discuss their work with the instructor *within fifteen days* of work being returned to class. However, the earliest that grades will be discussed will be two days after the return of an assignment or examination.
5. Please note that the following types of emails will receive no response: emails not addressed to anyone in particular; emails where the recipient's name is not spelled correctly; anonymous emails; emails which do not specify the course and section in which you are registered; and, emails involving questions that are specifically addressed on the course outline.

6. I check my emails twice per day, once in the morning and once in the afternoon. (Excluding weekends) Since I teach hundreds of students, please send me an email only if it is absolutely necessary and/or in the case of an emergency.
7. It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. **You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.**
8. The use of lap-top computers, notepads, iPads, and electronic tablets are permitted as long as the student uses these devices for note-taking only. Sending emails and/or surfing the internet during lectures is strictly prohibited. **The use of cell phones for any purposes in class is not allowed.**
9. Academic Dishonesty: Students shall not submit words, ideas, images or data of another person as their own in any academic writing, essay, thesis, research, project or assignment in a course or program of study. Formula sheets and/or formulae written on (in) a textbook and/or computer (calculator) case is not allowed. Plagiarism and cheating are serious academic offences and will be dealt with severely.

Students' Union Vice-President Academic:

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Society of Undergraduates in Economics (S.U.E.):

[www.ucalgary.ca/sue](http://www.ucalgary.ca/sue)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting [sue@ucalgary.ca](mailto:sue@ucalgary.ca).

*Faculty of Arts Program Advising and Student Information Resources*

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns.

- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at 403-220-5881 or visit them on the 3<sup>rd</sup> Floor of the Taylor Family Digital Library.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://ucalgary.ca/ssc/writing-support/online-writing-resources>

Safewalk/Campus Security: 403 220 5333

Emergency Assembly Point: ICT Food Court