

Economics 453(01) Cost-Benefit Analysis

Instructor: Douglas McClintock
Phone: 403-220-2837

Lecture Location: MS 217
Lecture Days/Time: TR 12:30 to 1:45

Email: dmcclint@ucalgary.ca

Office: SS348

Office Hours: Mon. /Wed./Fri: Noon to 1:00 p.m.

Tues.: 11:00 p.m. to 11:45 a.m.

(Fall 2018)

Course Description:

This course looks at project evaluation from both a private (financial) and economic (public) perspective. In this course, we investigate the similarities and differences in evaluating private and public projects. For private projects, net present value and internal rates of return are derived from revenues, direct costs, depreciation and taxes. For public projects, we investigate the welfare gains (or losses) when a public project is proposed.

Course Outcomes/Learning Objectives:

This course will focus on two aspects of cost benefit analysis. The first part of the course will look at the framework for constructing a financial 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 economic (social) cost benefit 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. The students will learn the necessary tools and knowledge to evaluate projects based on different methodologies, such as a person's willingness to pay when there is no market signal to determine benefits.

Textbook(s):

Required: There are no textbooks for this course. I will be providing the notes and any supplementary notes. Current topics and relevant research papers will be distributed throughout the term.

Book(s) on Reserve:

Shaffer, Martin, Multiple Account Benefit-Cost Analysis: A Practical Guide for the Systematic Evaluation of Project and Policy Alternatives, University of Toronto Press, Toronto, 2010.

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. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

Grade Determination and Final Examination Details:

| | |
|---|------------|
| Two Assignments (15% each) (due dates will be announced during the term) | 30% |
| Midterm Exam (Tues. Oct. 30, 2018) | 30% |
| Final Exam | <u>40%</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) 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 work on their assignments with other 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 2018-19 Calendar.

(b) Examinations:

1. Examinations will consist of problem solving questions. Tests and exams WILL NOT involve multiple choice 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.**

Tests, quizzes 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. As a guide to determining standing, these letter grade equivalences will generally apply:

| | | | | | |
|----|----------|----|---------|----|---------|
| A+ | 95 – 100 | B | 75 - 79 | C- | 60 - 62 |
| A | 90 – 94 | B- | 70 - 74 | D+ | 56 - 59 |
| A- | 85 – 89 | C+ | 67 - 69 | D | 50 – 55 |
| B+ | 80 - 84 | C | 63 - 66 | F | 0 – 49 |

The course grade is then calculated using the weights indicated above. The cut-off between letter grades will be at the midpoint between the numerical grades. Part marks of 0.5 or above will be rounded up; below 0.5 will be rounded down. For example, a grade of 79.5 will receive a B+ where a grade of 79.4 will receive a B.

Non-programmable calculators will be allowed during the writing of tests or final examinations.

Reappraisal of Grades

Reappraisal of Grades and Intellectual Honesty:

For reappraisal of graded term work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For reappraisal of final grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Dishonesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, , see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodation

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. For additional information on support services and accommodations for students with disabilities Visit www.ucalgary.ca/access/.

Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at www.ucalgry.ca/policies/files/policies/student-accommodation-policy_0.pdf

Absence from a Quiz/Test/Exam

THERE WILL BE NO MAKEUP OR DEFERRED MIDTERM EXAMS under any circumstances, nor can the midterm exams be written early. Students unable to write exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam at www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the department.

Important Dates

| Date | |
|---------------------------|--|
| Thurs. Sept. 6 | Lecture begins |
| Thurs. Sept. 13 | End of refund period |
| Mon. Oct. 8 | Thanksgiving – no classes |
| Tues. Oct. 30 | Midterm Test (during class time) |
| Mon. Nov. 12 | No classes due to Remembrance Day |
| Sun. – Sun. Nov. 11 - 17 | Term Break, no classes |
| Fri. Dec. 7 | Fall Term lectures end. Last day to withdraw (with permission) from Fall Term half courses. |
| Dec 10 – 20 th | Fall Term Exam Period |

For a full list of important dates, please check:

<http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Notes:

1. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
2. 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.
3. 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.
4. 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.**
5. Online writing resources are available at <http://ucalgary.ca/ssc/writing-support/online-writing-resources>

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca Web: www.fasaucalgary.ca

Society of Undergraduates in Economics

www.ucalgarysue.com

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.

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. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- 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://www.ucalgary.ca/ssc/resources/writing-support>

Evacuation Assembly Point

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The list of assembly points is found at

www.ucalgary.ca/emergencyplan/assemblypoints

Please check this website and note the nearest assembly point for this course

Safewalk

The Safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs. /day, 365 days a year. **Call 403-220-5333**

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. For more information, see

<http://www.ucalgary.ca/legalservices/foip/foip-hia>.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note-taking only.

Jw/dm

2018-08-16