AGRICULTURAL ECONOMICS 608
BENEFIT-COST ANALYSIS
Spring 2009
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AGEC 608 is an applied course in economic analysis of investment projects concentrating on agricultural projects in developing countries. However, the methods we will learn are applicable to projects in industry, education, health, and other sectors. The methods, appropriately modified, can also be used for project analysis in developed economies. Many of the tools also can be used for policy analysis, and we will spend some time on applications to environmental policy.

Our primary texts will be:


The first two books are on reserve in Krannert Library. Another excellent reference on reserve in Krannert is the following:


Gittinger’s book is still the classic in benefit-cost analysis on agricultural projects, but, unfortunately, is out-of-date on many topics. Also, some of the material to be introduced in class in not contained in any of the texts. In addition, we will use journal articles for certain topics and for case studies.

This set of readings is not intended to be a comprehensive list of materials on each topic. Rather, it is a selection of some of the more important books and articles in each subject area. A reference list is attached for students desiring supplemental sources. In addition, students desiring to pursue any particular subject in more detail should refer to the bibliographies of listed articles and books or consult the instructor for guidance on other sources. The Campbell and Brown text has a WWW site with sample spreadsheets. It is http://www.uq.edu.au/economics/bca. Use “other users login” with “user” for user name and password “abc2004.”
I. Introduction.

Campbell and Brown, pp. 1-34.


II. Measures of project worth and interest calculations.

Campbell and Brown, pp. 36-91.

Boardman, et al., pp. 131-164.

EPA, pp. 33-38 and 175-78.

III. Multiple objectives and multiple purposes.

Boardman, et al., pp. 488-503.

IV. Identifying and quantifying benefits and costs.

Boardman, et al., pp. 26-69. (Background material)

Campbell and Brown, pp. 92-121.

Boardman, et al., pp. 73-128, and pp. 441-459.

Campbell and Brown, pp. 177-193.

V. Risk, uncertainty, and sensitivity analysis.

Campbell and Brown, pp. 194-219.

Boardman, et al., pp. 165-184.

EPA, PP. 27-30.

VI. Estimating impacts from observed behavior and contingent evaluation.

Campbell and Brown, pp. 261-286.


Boardman, et al., pp. 403-432.
EPA, pp. 59-100.

EPA, pp. 113-136.


**VII. The social discount rate.**

Boardman, et al., pp. 236-269.

Campbell and Brown, pp. 221-236.

EPA, pp. 38-55.


**VIII. Other applications of consumer and producer surplus, contingent evaluation, and case studies.**

Campbell and Brown, pp. 332-339.


Each student will do a class project which will consist of a benefit-cost case study or a class presentation on one or more journal papers related to benefit-cost analysis. Both individual and group cases are available. Contact me to select your case study or journal paper(s). Journal papers that relate to but go beyond what we do in class are particularly welcome. If you have a possible original project related to your research area, that is ideal.

Grading will be approximately as follows:

- homework: 50%
- case study or literature presentation: 20%
- final exam: 30%

The final exam will have a take-home and in-class component.

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