

**MASTER OF PUBLIC ECONOMY
'PUBLIC POLICY EVALUATION'
2008-2009, Paris-Moscow**

I– INTRODUCTION

1. Introduction
2. Assessing public policies or projects?
3. Types of Evaluation
4. Arrows impossibility
4. Conclusion

II – THE CBA MODEL

1. Introduction
2. Costs and benefits
 1. Cost
 2. Benefit and Consumer's surplus
 3. Benefit and Producer's surplus
 4. Shadow price
3. Alternative measures of consumers surplus
 1. Marshallian versus Hick's
 2. Diagram
 3. Marginal utility of income
4. Externalities
 1. When externality exists?
 2. When an externality is potentially relevant?
5. Conclusion

III– SOCIAL DISCOUNT RATE

1. Introduction
2. How to discount
 1. NPV
 2. IRR
3. Social discount rate 's definitions
 1. The market of interest rate as SDR
 2. Alternative conception of the SDR
4. Social time preference
 1. Individualistic approach
 2. An authoritarian social time preference
5. Conclusion
6. Questions

IV – VALUING BENEFITS AND COSTS IN EFFICIENT SECONDARY MARKETS

1. Introduction
2. Efficient secondary markets without price change
 1. Lake
 2. Details
3. Efficient secondary markets with price change
 1. Back to the lake
 2. Japanese cars
4. Valuing benefits and costs in distorted secondary markets
 1. Again, back to the lake
 2. Poison and taxes
5. Conclusion

V – SHADOW PRICES AND SOCIAL VALUE

1. Introduction
2. Definition of a shadow price
 1. Lagrange's multiplier
 2. Ramsey's rule
 3. Producers prices as shadow prices
- 3 – Conclusion

VI – MEASUREMENT OF INTANGIBLES

1. Introduction
2. Revealed preferences
 1. Travel costs measurement
 2. Hedonic prices
3. Declared preference: Survey evaluation (i.e contingent valuation)
 1. Clean air in LA
 2. Clean air in LA: The survey method (WTP)
4. Survey evaluation versus Hedonic pricing (WTP/HP)
 1. Clean air in LA. Hedonic pricing of houses (HP)
 2. Comparison WTP versus HP
 3. Explanation
5. Valuing life
 1. human capital approaches
 2. Willingness to pay approach
6. Conclusion
7. Exercises

VII – MARGINAL COST OF PUBLIC FUND

1. Introduction
2. Alternative approaches to estimation of MCF
 1. Traditional approach
 2. Modern approach
3. Reconciling the approaches
4. Conclusion
5. Questions

VIII – RISK AND UNCERTAINTY

1. Introduction
2. Risk
 1. Expected value versus utility
 2. The certain equivalent and the cost of the risk
3. Dealing with risk
 1. How to assess a cost of risk
 2. The Arrow-Lind Theorem
4. Conclusion

IX – PRICE VERSUS USER FEES