The fourth edition of *Cost-Benefit Analysis* is an authoritative, market-leading textbook that provides a practical introduction to cost-benefit analysis through problem solving. The text uses a consistent application of a nine-step framework for interpreting a cost-benefit analysis. This edition has been fully revised, updated, and reorganized to provide the material more effectively. It presents application over abstract theory and clear discussion over mathematics to appeal to a larger, more diverse audience.

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To

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Cost-Benefit Analysis
Concepts and Practice
Fourth Edition

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Brief Contents

Preface xiii

PART I: OVERVIEW 1
Chapter 1 Introduction to Cost-Benefit Analysis 1
Chapter 2 Conceptual Foundations of Cost-Benefit Analysis 27

PART II: FUNDAMENTALS OF CBA 52
Chapter 3 Economics Foundations of Cost-Benefit Analysis 52
Chapter 4 Valuing Benefits and Costs in Primary Markets 78
Chapter 5 Valuing Benefits and Costs in Secondary Markets 115
Chapter 6 Discounting Benefits and Costs in Future Time Periods 133
Chapter 7 Dealing with Uncertainty: Expected Values, Sensitivity Analysis, and the Value of Information 167
Chapter 8 Option Price and Option Value 203
Chapter 9 Existence Value 225
Chapter 10 The Social Discount Rate 239
Chapter 11 Predicting and Monetizing Impacts 275

PART III: VALUATION OF IMPACTS 275
Chapter 12 Valuing Impacts From Observed Behavior: Experiments and Quasi-Experiments 289
Chapter 13 Valuing Impacts from Observed Behavior: Direct Estimation of Demand Curves 321
Chapter 14 Valuing Impacts from Observed Behavior: Indirect Market Methods 342
Chapter 15 Contingent Valuation: Using Surveys to Elicit Information About Costs and Benefits 373
Brief Contents

Chapter 16  Shadow Prices from Secondary Sources  406
Chapter 17  Shadow Prices: Applications to Developing Countries  443

PART IV: RELATED METHODS  464
Chapter 18  Cost-Effectiveness Analysis  464
Chapter 19  Distributionally Weighted Cost-Benefit Analysis  489
Chapter 20  How Accurate is CBA?  507
Name Index  521
Subject Index  527
# Contents

**Preface** xiii  

**PART I: OVERVIEW 1**  

**CHAPTER 1 Introduction to Cost-Benefit Analysis 1**  
- Individual Versus Social Costs and Benefits 1  
- Types of CBA Analyses and Their Purposes 2  
- The Basic Steps of CBA: Coquihalla Highway Example 5  
- Bureaucratic and Political “Lenses” 15  
- The Demand for CBA 20  
- The Cost of Doing CBA 22  
- Readers of this Book 22  

**CHAPTER 2 Conceptual Foundations of Cost-Benefit Analysis 27**  
- CBA as a Framework for Measuring Efficiency 27  
- Using CBA for Decision Making 31  
- Fundamental Issues Related to Willingness to Pay 34  
- Concerns about the Role of CBA in the Political Process 40  
- Limitations of CBA: Other Analytical Approaches 42  

**PART II: FUNDAMENTALS OF CBA 52**  

**CHAPTER 3 Microeconomic Foundations of Cost-Benefit Analysis 52**  
- Demand Curves 52  
- Supply Curves 57  
- Social Surplus and Allocative Efficiency 59  
- Government Surplus and Allocative Efficiency 62  
- Measuring Changes in Welfare 66
CHAPTER 4 Valuing Benefits and Costs in Primary Markets
   Practical Versus Conceptually Correct Measures of Benefits and Costs 79
   Valuing Outcomes: Willingness-to-Pay 81
   Valuing Inputs: Opportunity Costs 99

CHAPTER 5 Valuing Benefits and Costs in Secondary Markets
   Valuing Benefits and Costs in Efficient Secondary Markets 115
   Valuing Benefits and Costs in Distorted Secondary Markets 121
   Indirect Effects of Infrastructure Projects 124
   Secondary Market Effects from the Perspective of Local Communities 125

CHAPTER 6 Discounting Benefits and Costs in Future Time Periods
   The Basics of Discounting 133
   Compounding and Discounting Over Multiple Years 136
   Comparing Projects with Different Time Frames 143
   Inflation and Real Versus Nominal Dollars 144
   Relative Price Changes 151
   Long-Lived Projects and Horizon Values 152
   Time-Declining Discounting 156
   Sensitivity Analysis in Discounting 156

CHAPTER 7 Dealing with Uncertainty: Expected Values, Sensitivity Analysis, and the Value of Information
   Expected Value Analysis 167
   Sensitivity Analysis 177
   Information and Quasi-Option Value 187

CHAPTER 8 Option Price and Option Value
   Ex Ante Willingness-to-Pay: Option Price 204
   Determining the Bias in Expected Surplus: Signing Option Value 214
   Rationales For Expected Surplus As a Practical Benefit Measure 216

CHAPTER 9 Existence Value
   Active and Passive Use Value 225
   The Measurement of Existence Value 229
CHAPTER 10  The Social Discount Rate 239

Does the Choice of Discount Rate Matter? 241
The Theory Behind the Appropriate Social Discount Rate 242
Deriving the Social Discount Rate From Market Rates: Four Alternatives 250
The Shadow Price of Capital 256
Using the Optimal Growth Rate Approach to Discounting 260
Intergenerational Discounting 262
The Social Discount Rate in Actual Practice 264

CHAPTER 11  Predicting and Monetizing Impacts 275

Predicting Impacts 275
Monetizing Impacts 282
Illustration: Wsipp CBA of the Nurse-Family Partnership Program 284

PART III: VALUATION OF IMPACTS 289

CHAPTER 12  Valuing Impacts From Observed Behavior:
Experiments and Quasi-Experiments 289

Alternative Evaluation Designs 289
CBAs of Experiments and Quasi-Experiments 293
CBAs of Employment and Training Programs: an Introduction 294
The CBA Framework in The Education and Training Context 295
Conceptual Issues in Conducting CBAs of Education and Training Programs 298
Choosing Prediction Parameters 308
CBAs of Welfare-to-Work Experiments 311
Random Assignment Experiments in Health 315

CHAPTER 13  Valuing Impacts from Observed Behavior:
Direct Estimation of Demand Curves 321

Knowing The Slope or Price Elasticity 322
Extrapolating from A Few Observations 327
Econometric Estimation with Many Observations 329

CHAPTER 14  Valuing Impacts From Observed Behavior:
Indirect Market Methods 342

Market Analogy Method 343
The Trade-Off Method 345
Intermediate Good Method 350
Contents

CHAPTER 15 Contingent Valuation: Using Surveys to Elicit Information About Costs and Benefits

Overview of Contingent Valuation Methods
Payment Vehicle
Generic Survey Issues
Contingent Valuation Problems and Issues
How Accurate Is Contingent Valuation?
Heuristics For the Design and Use of CV Surveys

CHAPTER 16 Shadow Prices from Secondary Sources

The Value of a Statistical Life
The Value of a Life-Year
The Cost of Crashes and The Cost of Injuries
The Cost of Crime
The Value of Time
The Value of Recreation
The Value of Nature (Specific Species or Habitats)
The Value of Water and Water Quality
The Cost of Noise
The Cost of Air Pollution
The Social Costs of Automobiles
The Cost of Taxation: Marginal Excess Tax Burden
Transferring and Adjusting Plug-in Values

CHAPTER 17 Shadow Prices: Applications to Developing Countries

The LMST Methodology
Illustrations of The Lmst Method in Practice
Shadow Pricing When Goods are in Fixed Supply
The Shadow Price of Labor
Additional Topics
Is The LMST Method Actually Used for Project Evaluation?
PART IV: RELATED METHODS 464

CHAPTER 18 Cost-Effectiveness Analysis 464
Cost-Effectiveness Ratios and Policy Choice 465
Omitted Costs and Benefits 474
Cost-Utility Analysis 475
The Use of League Tables 483

CHAPTER 19 Distributionally Weighted Cost-Benefit Analysis 489
Distributional Justifications for Income Transfer Programs 491
The Case for Treating Low- and High-Income Groups Differently in CBA 493
Distributional Weights 495
Determining Distributional Weights 497
A Pragmatic Approach to Weighting 498

CHAPTER 20 How Accurate is CBA? 507
Sources of Error and Their Effects on CBA Studies at Different Times 508
Summary of Three CBAs of The Coquihalla Highway 510

Name Index 521
Subject Index 527
Preface

Collaborative academic projects often take longer than originally anticipated, not just because of the normal delays of coordinating the efforts of busy people, but also because initially modest goals can become more ambitious as participants delve into their subject. We confess to both these sins with respect to preparing the first edition of this text. Our original plans made in 1990 were very modest. We intended to use an expanded version of the chapter on benefit-cost analysis in the text *Policy Analysis: Concepts and Practice* by David Weimer and Aidan Vining as the conceptual foundation for a collection of cases. Our goal was to produce a book that would be conceptually sound, practically oriented, and easily accessible to both students and practitioners. Though our final product was far different in form and content than we initially planned, we believe that our first edition was such a book.

Our plans evolved for a number of reasons. Perhaps most importantly, through our teaching of undergraduate and graduate students as well as our experiences training government employees, we realized that many topics demanded extended treatment if the essential basics were to be conveyed effectively and if solid foundations were to be laid for further learning of advanced topics. We also decided that fully integrating illustrations and examples with concepts and methods is pedagogically superior to presenting independent cases. The result was a series of chapters that develop conceptual foundations, methods of application, and extensions of cost-benefit analysis through numerous practical examples and illustrations.

Our own use of the book in teaching, as well as comments from other teachers and students, helped us identify several areas for improvement in the second, third, and fourth editions. In addition to adding new material to each edition, we revised and reorganized a number of chapters to make the presentation clearer and more effective.

NEW TO THIS EDITION

Faculty and students will find improvements in presentation and updating of content throughout this new edition. Some of the significant improvements include:

- Chapter 3 has been completely rewritten. The revisions include a greater emphasis on welfare and the distributional consequences of changes in surplus, and a new discussion of the implications of indirect taxes.
- Chapter 10 has been updated considerably and simplified. It places more emphasis on cutting edge discounting methods, especially consumption-based approaches for intragenerational and intergenerational projects.
Chapter 11 is a new chapter on the important topic of impact prediction. It links the core concepts of cost-benefit analysis presented in the first ten chapters with the monetization methods elucidated in the subsequent chapters.

Chapter 12 has been simplified and includes new tables.

Chapter 16 provides an updated catalogue of shadow prices that can serve as a practical resource for using and applying previously estimated values (benefits transfer) in performing new cost-benefit analyses. It contains a new section on pricing global warming emissions.

Chapter 20 has been considerably simplified and includes new examples of ex ante-ex post cost-benefit analyses.

These improvements were made with our three intended audiences in mind. First, we intend this book for use in courses on public-sector decision making offered in graduate programs in public policy analysis, public sector management, urban planning, public administration, business, economics, public health, and environmental studies. Second, we envision it being used at the undergraduate level either as a primary text for a course on cost-benefit analysis or as a supplementary text for economics courses in public finance, public-sector economics, and policy analysis. Third, we intend it to be useful to policy analysts and public managers as a general introduction and practical guide to cost-benefit analysis, as well as a starting point for exploring advanced topics.

In order to be appropriate for these diverse audiences, the fourth edition continues to emphasize clear discussion over formal mathematics, and application over abstract theory. Nevertheless, we think that we cover important, if difficult, conceptual issues in adequate detail both as a framework for thoughtful application and as a basis for further study.

The process of preparing the new edition has been a rewarding one for us. As during preparation of the first three editions, we were forced to think more deeply about some topics that we thought we had already mastered and to develop others with which none of us was very familiar. We did this enjoyably together through numerous exchanges of drafts and during an intensive work session at the University of British Columbia.

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Our project was also made more productive and enjoyable by our many colleagues and students who gave us advice, comments, encouragement, or information. We thank here just a few people who were particularly helpful: Marcus Berliant, Edward Bird, James Brander, Eric Hanushek, Robert Haveman, Stanley Engerman, Doug Landin, Walter Oi, William G. Waters II, and Michael Wolkoff. We thank Roy I. Gobin, George T. Fuller, Ruth Shen, and Larry Karp, who wrote thoughtful reviews of the first edition for the publisher, and Ian Davis, John DeWald, Tim Gindling, and Laurie T. Johnson, who offered valuable comments during preparation of the second edition, Terri Sexton and Nachum Sicherman, who offered valuable comments during preparation of the third edition, and Thomas Hopkins and M. Leslie Shiell, who offered valuable comments during preparation of the fourth edition. Haynes Goddard kindly provided helpful suggestions for both the second and third editions. We especially thank Mark Moore, whose joint work with us helped us substantially improve our discussion of the social discount rate, Diane Forbes, who helped with the chapter on shadow prices from secondary sources, and Roger Noll, who made extremely valuable suggestions that prompted many other substantial revisions. Of course, they are not responsible for any errors that remain.

FEEDBACK

The authors and product team would appreciate hearing from you! Let us know what you think about this textbook by writing to economics@pearson.com. Please include “Feedback about Boardman 4e” in the subject line.

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