Should Chicago build a new airport, or India a new steel mill? Should higher education expand, or water supplies be improved? These are typical questions about which cost–benefit analysis has something to say. It is the main tool that economics provides for analysing problems of social choice. It also provides a useful vehicle for understanding the practical value of welfare economics.

This new book of readings covers all the main problems that arise in a typical cost–benefit exercise. It is entirely up-to-date, reflecting the most recent research in the area. Part I covers the main theoretical issues, including shadow pricing, discount rates, and problems of risk, uncertainty and income distribution. Part II considers the problem of how to ascribe a monetary value to things like safety and physical risk, time, and environmental damages. The third part covers six separate case studies. Actual examples drawn amongst others, from transport pricing, the allocation of health care, and water vending in developing countries are described.

The book begins with an extended elementary introduction written by the editors. It provides an introduction both to the subject and to the readings themselves, showing how cost–benefit analysis might be applied to a specific real-life problem.
Cost–benefit analysis
To Molly Meacher and Michael Boesley
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