Index

accounting costs 61‒2
Addiction Severity Index 67
additional capacity 115‒16
additionality 120‒22
adjustment mechanisms 314
administrative costs 232
advertising 521‒2
Africa 310, 337‒8
age-earnings profile 86, 88
agglomeration 304, 306, 308
transport 125, 126‒7, 129, 131‒2
air pollution 114
Amazon 315
analytical methods 331
anchoring effects 44
anti-money laundering and countering
the financing of terrorism
(AML–CFT) 230
‘a priori’ approach 19, 150, 155
Argentina: Trabajan workfare program
328, 330, 332, 347
Armenia 357, 358
Arrow–Pratt measure of absolute risk
aversion 277
Asia 307
see also East Asia
Asian financial crisis 503
‘Asian miracle’ 15
asset meltdown 435‒6
attitude towards object of investigation
45
attribution 98‒9
Auerbach–Kotlikoff model 432‒3, 439, 442
Australia
Bureau of Statistics 208
Communications and Media
Authority 201–2
Government Taskforce on Reducing
Regulatory Burdens on
Business 190
Old Parliament House and National
Museum 200
regulation 195–6, 206–213, 220
Austrian School of Economics 314
average costs 39‒40, 172, 177‒8
Azerbaijan 357, 358
Bangladesh 329, 357, 358, 403, 406
Food for Education (FFE) program
328, 333, 338–9
Grameen Bank 327, 340, 341, 342,
347, 348, 349
Bank of England 236
Barings bank 236
barriers to riches 367
Basel 2 process 242
Basel Committee agreements 227
baseline parameter values 366
‘before and after’ evaluation 65–6, 240
below poverty line cards 327
benefits 163, 172–3, 178
direct 229
intangible 199
irreversible investments 457–8
Job Corps evaluations 176–7
labour market programmes 165
net 374
private 85–6, 95
real 164–5
social 86, 87, 92, 95
transfer 164–5
transport: rail project appraisal in
United Kingdom 114–18
user 136
welfare effects of inflation 271–2
Benin 93
Bergson–Samuelson social welfare
function 275
best-case scenario 219
bias 44
ownership 45
question-order 44
selection 166
starting point 44
Bolivia 93, 397
Bancosol 341, 348
Emergency Social Fund 330

527
Borneo 315
borrowing abroad 385
borrowing by local jurisdictions 385
Botswana 329, 397
Brazil 93
Bolsa Escola 333, 337–8
PETI 333, 334
breakeven benefit 279
Burkina Faso 93
Burundi 357, 358
bus services 135, 136
Business International (BI) 402
Cambodia 357, 358
Cameroon 403
Canada 173
housing 5
inflation 260
capital asset pricing model (CAPM) 40
capital, user cost of 273
cash-in-advance constraint 260
causal incremental benefits 170–71
CCT schemes 345, 346, 349
CGEurope model 128
Chile 93, 97, 329, 420
China 240, 436–7
economic globalization 298–9, 303, 307, 310, 311, 316, 319
poverty alleviation 323, 325, 343–4
choice modelling 199–200
closed economies 383–4, 436
closed-ended techniques 44, 45
COBA computer program 111
collective choice 186
Colombia 93, 96, 97, 357, 358, 397
compensating variation approach 256, 267
compliance costs see indirect costs
computable general equilibrium models, spatial 127–8, 131
conditional cash transfers 328, 333–9
impact assessments 334–9
program features 333–4
constant elasticity of substitution (CES) utility function 432
constant relative risk aversion (CRRA) 277
consumer sovereignty 409
consumer surplus 252, 254, 265–6
cost–benefit analysis 261–2
cost–benefit criterion in absence of corruption 390–91
cost–benefit criterion applied to anti–corruption policies 393–5
cost–benefit criterion with corruption 391–3
empirical evidence 395–408
distribution and corruption 398–400
efficiency and corruption 400–402
Indonesia: anticorruption policies 405–8
new theft and corruption 403–4
theft and corruption 402–3
wages and corruption 396–8
cost-effectiveness analysis 4–5
corruption and public projects 408
drug abuse treatment 56, 60, 64, 69
education policy 85
financial regulation 229
health 31, 32, 33, 38, 50
labour market programmes 163
Philippines 105–7
poverty alleviation 323, 344–5, 346, 348
cost-of-illness studies 59, 64
cost savings 59
cost–transfer ratio (CTR) 345
cost-utility analysis:
drug abuse treatment 56, 69
health 31, 32, 33, 37, 38, 50
Costa Rica 397
Fundación Integral Campesina (FINCA) 341, 343
Index 529

costs 172–3, 178
  Job Corps evaluations 177–8
  labour market programmes 165, 171–2
  transport: rail project appraisal in United Kingdom 114
Côte d’Ivoire 338
counterfactuals 92–3
covariance matrix 493
creaming 166
credit for asset creation schemes 349
credit schemes 339–42
  impact assessments 341–3
  program features 339–41
  cross-checking 272–3
  cross-country data 239
what is the significance of cross-country data in the context of cost-benefit analysis?
cross-country inequality 367
cumulative costs 39
data-intensive method 330–31
DATAOS 67
deadweight loss 12
drug abuse treatment 58–9
  inflation 252–4, 256, 263, 266, 268, 270
  medical research benefits 521, 522
defined benefit (DB) pension programs 419, 422, 426, 427–9, 431, 447
defined contribution (DC) pension programs 419, 422, 426, 427–30, 431, 447
definition of cost–benefit analysis 3–10
  evaluation 4–6
  project 7–8
  project, alternative to 8–10
demand 197
deterministic models 434–42
demographic transition,
  intra-generational consequences and international context 434–7
  endogenous human capital and growth 439–42
  retirement choice modelling, advances in 437–9
developing countries 389
  see also education policy in developing countries
difference-in-difference estimators 8–9, 168–9, 171, 327, 332
diminishing social marginal utility of income 17–18, 20
direct costs 87
disability insurance beneficiaries 173–5
discount rate 174, 178, 382–3
  inflation 279
  transport 118
discounting 205
  health 40–41
  labour market programmes 171–2, 178–9
discrete-choice experiments 31, 42, 45–7, 50–51
discrimination 175
disinflation costs 280–82
distributional issues 15–21, 331
  corruption 398–400
  education policy in developing countries 95
  financial regulation 237
  labour market programmes 165
  poverty reduction 482–3
distributional weight 18–21
  health 50
  labour market programmes 175
  see also environmental projects and distributional weights
Dominican Republic 357, 358
do minimum situation 113
do-nothing situation 113
do-something alternatives 113–14
Drug Abuse Reporting Program (DARP) 64
drug abuse treatment 55–83
  benefits 59–61
  cost–benefit analysis studies 63–8, 74–83
  costs 61–2
  future directions 68–70
  mental health and drug abuse treatment interventions 57–9
Drug Abuse Treatment Cost Analysis Program (DATCAP) 67
Drug Abuse Treatment Outcome Study 65–6
dynamic measures 325
dynamic modeling approach 50
earnings function method (Mincerian method) 88
East Asia 303, 310, 311, 319
economic costs 61–2, 236
economic efficiency 15–21, 62
economic globalization 292–320
economic vulnerability 312–14
employment, income inequality and poverty 308–312
environmental issues and global warming 314–18
increased mobility of factors of production and changes in location of development and globalization 303–8
product variety and benefit of globalization 300–303
production and exchange of commodities and international extension of markets 293–9
economic growth 316
Ecuador: Beca Escolar 334
education 126, 499, 501
medical research benefits 523
returns 166–7
see also education policy; education subsidies
Education for All Global Monitoring Report 2002 90
education policy in developing countries 84–107
Ethiopia 101, 102–5, 106
limits 90–99
attribution 98–9
counterfactuals 92–3
distributional objectives 95
diverse educational outcomes, accounting for 96–7
externalities 93–5
market failures, correction for 95–6
Philippines 101, 105–7
practice 88–90
principles 85–8
education subsidies 355–72, 440–41
developmental facts 356–7
Lagrange function 371–2
model 357–63
economy with malnutrition 361–2
economy with no malnutrition 361
investment versus consumption subsidy 360
misguided policy 362–3
optimal subsidy 363
numerical application 365–7
output and welfare consequences of incorrect subsidy 363–5
relative 360, 365–6
efficiency and corruption 400–402
efficiency-only cost–benefit criterion 17, 19
Egypt 397
El Salvador 397
elicitation techniques 45, 49
emissions permits 154–8
emissions tax 155, 157
empirical evidence
growth and poverty 496–503
health 47–50
irreversible investments 472–4
partial equilibrium approach 268
poverty reduction 489, 492
transport: rail project appraisal in United Kingdom 134–6
welfare effects of inflation 258–9, 281–3
see also corruption: effects on public projects
employment 308–312
endogeneity of treatment 166
endogenous growth 361
endogenous retirement 425–6
environmental issues 314–18
environmental projects and distributional weights 143–59
deriving distribution weights from specification of social welfare function 150–51
emission permits 154–8
inequality aversion parameter 151–4
see also numeraire
Environmental Protection Agency 218
Equatorial Guinea 358
equity considerations 386
Eritrea 93
estimation methods 45, 49
Estonia 146
Ethiopia 95, 101, 102–5, 106, 338, 357, 358
chika schools 103–5
Ministry of Education 102
Europe
education policy 89
financial regulation 230
inflation 260
social security 435–6
transport 116
see also European Union
European Commission research
projects 128
European Union
economic globalization 294, 316
financial regulation 229
transport 118
‘Evaluating Recovery Services:
The California Drug and
Alcohol Treatment Assessment’
(CALDATA) 65–6
evaluation 4–6
drug abuse treatment 68, 69
dynamic 21–3, 24–5
econometric 162–3
ex ante 328, 337, 348
ex post 337, 348
impact 98, 325–9
net impact 326
randomized 336
experimental designs 167–8
exponential density function 518
extensions 267–8
externalities effects 164
economic policy in developing
countries 93–5
pecuniary 10–11
positive consumption 125
technological 10–11, 12
zero 110
factor price responses 431
factors of production, increased
mobility of 303–8
Feldstein report 250, 265, 268, 269,
272, 282, 283
financial crises 234, 503
financial flows 373–5
financial regulation 226–44
benefits of preventing/mitigating
banking crises 234–7
direct and compliance costs 230–33
effectiveness of regulatory policy
238–42
failure, reactions to 242–3
potential benefits, quantification of
233–4
financial viability 62
first-order viability 255, 361, 371
fiscal outlays 235–7
fiscal policy strategy 419
Fisher equation 252, 261
fixed costs 172
fixed effects 496
France 239, 418
Friedman rule 257, 258
full retirement age (FRA) 438–9
fully funded pension programs 419
funded pension programs 426, 433
future costs 172
G7 countries 274
Gabon 357, 358
Gambia 357, 358
general equilibrium approach
inflation 250, 256, 260–61, 267,
272–3, 277, 284
regulation 201–2
social security 423, 431, 438
spatial computable 127–8, 131
welfare effects of inflation 254–6,
262–4
generalized methods of moments
(GMM) estimator 493–4, 496
geometric Brownian motion 462, 465,
467, 468
Germany 239, 249
Bundesbank 282
inflation 261, 268–9, 270–72, 273,
282–3, 284
social security 418, 434, 437, 446
Ghana 96, 397
Gini coefficients 488–9, 490, 494, 495,
499, 502–3
Global Campaign for Education 90
globalization 22
see also economic globalization
global warming 114, 314–18
grandfathered permits 155, 157
greenhouse gases 315–18
gross domestic product
corruption and public projects 401–2
economic globalization 317
education subsidies 359
financial regulation 233–4, 235
inflation 254, 260, 269–70, 272, 273, 274, 276, 283, 284
poverty reduction 338, 488, 490, 492, 499
gross national product 14–15
group credit schemes 340–41
growth and poverty 482–510
empirical results 496–503
impact of policies on growth and inequality 489–92
and inequality 486–9
poverty impact of policies 503–7
Guatemala 397
Guyana 357, 358
Harberger triangle 253, 254, 256, 263, 264
health 31–51
alternatives to cost–benefit analysis 31–3
average versus marginal cost 39–40
cumulative costs 39
direct costs 38
discounting 40–41
empirical example 47–50
human capital approach 41
indirect costs 38
outlook 50–51
time horizon 38–9
vantage point of analysis 38
willingness to pay 33–7, 41–7
Honduras: PRAF–BID II 333, 335, 345
Hong Kong 397
Hotelling model 300–302
housing demand 269–70
Howitt’s rule 283
human capital approach 23
drug abuse treatment 64
education policy 84
education subsidies 359, 360, 362
endogenous 439–42
health 31, 41, 48
Hungary 333
hyperinflation 260
IASON 128
impact assessments
conditional cash transfers 334–9
credit schemes 340–42
poor area development programs 343–4
public works programs 330–33
regulatory 226, 228, 229
impact pathway method 114
imperfect competition 122, 123
imputational approach 150
incentive problem 341
income distribution 24
income inequality 308–312
income levels 496
independence of irrelevant alternatives 16
indexation formula 264
indexing in labour market programmes 171–2, 178–9
indexing the tax system 264
India 99
corruption and public projects 397, 406
economic globalization 298–9, 316
education policy 92, 95
Integrated Rural Development Program (IRDP) 340, 341
joint titling 5–6
Maharashtra Employment Guarantee Scheme (MEGS) 347
poverty alleviation 323, 327, 329, 499, 501
indifference curve 36, 47
indirect (compliance) costs 230–33
education policy 87
financial regulation 229
health 37, 38
individual choice 186
individual incentives 419
Indonesia 93, 358, 403, 410
anticorruption policies 405–8
Badan Kredit Kecamatan (BKK) 340
Bank Rakyat (BRI) 340
BIMAS program 340
BRI Unit Desa (village unit) system (BKD) 343, 348
Kupedes 340
inequality 486–9
aversion parameter 151–4, 406
inflation 260–61
variability 277
see also welfare effects of inflation
instrumental variable estimation (IVE) 327
intangible commodities 198
intangible costs 37, 38
intangibles 163–4
integration 253–4, 256, 258, 267
interest bearing bonds, taxed 263–4
interest bearing bonds, untaxed 263
interest bearing money 263
interest rate 252, 259
intergenerational altruism 365
intergenerational effects 420
intergenerational risk sharing 426–31, 447
factor price responses 431
income risk sharing 428–9
portfolio choice approach 429–31
interim perspective 427–8, 430
internal rate of return (IRR) 100–101, 107
International Country Risk Guide (ICRG) 396, 398, 400, 401, 402, 492
International Monetary Fund 389, 395, 409
international product cycle theory 297–9
interregional regulatory variation 240
inverse probability weighting 169–70, 171, 174
investment
good 36
versus consumption subsidy 360
see also irreversible investments
involuntary unemployment 122, 124–5
irreversible investments 455–81
applications 470–72, 480–81
concept of irreversibility 456–7
economic and policy implications 469–70
empirical evidence 472–4
extensions 467–9
general cost–benefit rules 457–8
see also uncertainty
Israel 97, 99
Italy 199–200, 401
Japan 418
economic globalization 299, 307
social security 434, 435–6
Job Corps evaluations 175–8
Jordan 93, 397
Kaldor–Hicks criterion see potential Pareto-improvement
Kenya 96, 97, 99, 358, 397
Keynesian model 250
Keynesian multiplier theory 12–13
knowledge depreciation 365
Korea 397
Kuznets curve 309, 499
Kyrgyz Republic 358
labour–leisure choice 259
labour market programmes 161–80
causal incremental benefits 170–71
costs and benefits 165
costs, indexing and discounting 171–2
distributional issues 165
education returns 166–7
experimental designs 167–8
external or spillover effects 164
illustrative presentation format 172–3
indexing and discounting 178–9
intangibles 163–4
Job Corps evaluations 175–8
matching and inverse probability weighting 169–70
multiplier effects 165–6
quasi-experimental methods 168–9
real versus transfer costs and benefits 164–5
selection correction procedures 170
typical outcome or benefit measures 163
vocational rehabilitation, effect of on disability insurance beneficiaries 173–5
labour markets 273
Lagrange function 371–2
Lao PDR 357, 358
Latin America 89, 333, 334, 344, 348, 349, 501, 503
Latvia, Republic of 145
league tables 33
Lesotho 357, 358
less-developed countries 309
life expectancy 440–42, 513–14, 516–20, 523–5
lifetime simulation model 67–8
liquidity constraints 442–6
loan finance: 20–year bond 377–8
log-log money demand 259
log-normal distribution 487–8
lump-sum recycling 157
lump sum redistribution authority (LSRA) 433, 445–6
M1 254, 261, 274
macroeconomic aspects 12–15, 24–5
corruption and public projects 395–6
education subsidies 355
social security 434, 437
maglev line 128
Malawi 357, 358
malnutrition 357–8, 359
by height 356, 365
by weight 356–7, 365
marginal costs 39–40, 172, 177–8, 403
of public funds (MCPF) 12, 111
marginal external costs 117
marginal rate of substitution (MRS) 34–5, 36–7, 46
marginal rate of transformation 36–7
marginal social cost 125
market failure
correction for in education policy 95–6
precondition 207
in product, services and labour markets 122–5
market wage rates 41
Marshallian trigger 466
matching 126, 169–70
medical research: Surgeon General’s Report (1964) 513–26
aftermath 514–15
limitations and scope for further research 520–25
smoking, value of understanding health consequences of 515–19
tobacco control, value of 519
menu costs 252
meta-analysis 63
Mexico 96, 323, 348, 397
Ministry of Education 335

Pahnal scheme 342
PROGRESA 333, 334, 335–7, 345–6
microcredit programs 328, 341–2
microeconomic aspects 12–15, 24
corruption and public projects 395–6
education policy 85, 91
education subsidies 355
health 41, 50
transport 125, 126–7, 129, 132
microfinance 341, 349
micro-simulation models 328
Middle East 89
monetary values estimation 196–201
money demand 251–2
money as only store of value 262–3
Mongolia 310, 357, 358
monitoring problem 341
monopoly-profit thesis 297, 298
Morocco 96, 397
multiple-region models 435
multiplier effects 165–6

Namibia 357, 358
National Institute on Drug Abuse (NIDA) 64
National Oceanic and Atmospheric Administration 199
natural barriers 310
neoclassical economics 304–7
Neo-Keynesian model 384
net benefit to society test 190
Netherlands 93, 128–9, 131
net impact evaluations 326
net income 331–2
net present value
education policy 85, 86, 100, 107
irreversible investments 455, 457–61, 463–4, 466, 468–9, 474
labour market programmes 178
regulation 202
transport 114
New Institutional Economics 313
New Keynesian model 280–81, 282
Nicaragua 99
Red de Protección (RPS) 333, 335, 345–6
noise nuisance 114
non-experimental data methods 332
non-financial defined contribution (NDC) schemes 424
non-transfer regulations 219
non-use values 132–8
North Africa 89
Northern Rock 235–6
Norway 437–8
numeraire 143, 144–50, 158–9
alternative cost–benefit frameworks 146–8
background 144–5
choice of for environmental projects 145–6
environmental units as pure public goods 148–50
numerical models 420
nutrition elasticity parameter 365

object of investigation, attitude towards 45
Office of Economic Analysis 240
old-age dependency ratios 418
on-the-job training 440–41
open-access resources 307
open economies 273, 384–5, 436
opportunity costs
comparative 378–82
education policy 95
financial regulation 232–3
private 62
project finance 374
social 62
option values 132–8, 139
ordinary least squares (OLS) 496
Organisation for Economic Co-operation and Development
Corruption and Public Projects 396
education policy 89
inflation 250
reference checklist for regulatory decision making 221–2
regulation 186, 220–22
social security 417–19
outcome indicators 332, 334
output
effects 393
increases 401–2
reductions 400–401
sacrifice ratio 280–81, 282
overlapping generations model 255
inflation 261–8, 272–3, 276–8
social security 431–2, 436, 440, 443, 447–8

Pacific islands 310
Pakistan 92
Panama 397
Pareto efficiency 187
Pareto-improvement 194, 202
economic globalization 293
social security 423–4
transport 134
see also potential
Pareto-improvement
Pareto optimality 187–9, 424
partial equilibrium approach 264–73
benefits, total 271–2
cross-checking 272–3
empirical evidence 268
extensions 267–8
housing demand 269–70
inflation 250, 256, 260–61, 272, 273, 284
intertemporal allocation of savings and consumption 268–9
labor markets 273
medical research benefits 521, 523
open economies 273
public debt service 270–71
social security 431, 438
transport 111
user cost of capital 273
welfare effects of inflation 252–4
welfare trapezoid 265–7
pay as you go system 268
paygo pension programs 419, 426, 427–30, 431, 433, 447
payment card format 44
PC formats 45
perfect competition 110, 111, 123
performance standards 157
Peru 93, 397
Action Comunitaria 340
Philippines 92, 99, 101, 105–7, 330
10-year Program for Comprehensive Elementary Education Development 106
Phillips curve 280, 282
Poland 333
Political Risk Services 396
poor area development programs 343–4
portfolio choice approach 429–31
potential Pareto-improvement
(Kaldor–Hicks criterion) 33, 293, 304
poverty 308–312
chronic 325, 333, 335
gap 324–5
transient 325
see also growth and poverty; poverty alleviation programmes and their impacts
poverty alleviation programmes and their impacts 323–50
conditional cash transfers 333–9
credit schemes 339–42
impact evaluation methods 325–9
moving from outcome impact evaluation to cost–benefit analysis 344–8
poor area development programs 343–4
poverty measurement 324–5
public works programs 329–33
practical perspective 69
pre-post measure 63
present value 201, 273–4
of benefits (PVB) 136–7
see also net present value
pressure points 228
prevalence levels 523
private benefits 85–6, 95
private costs 57, 86, 95
private opportunity cost 62
private returns 94
product variety 300–303
production and exchange of commodities and international extension of markets 293–9
production function 359
productivity gain 129
project 7–8
project, alternative to 8–10
project component: Ethiopia 101, 105–7
project finance 373–86
background fiscal structure, effects of 382–3
closed economy, alternative macro models of 383–4
comparative opportunity costs and trade-offs 378–82
equity considerations 386
financial flows 373–5
loan finance: 20–year bond 377–8
open economy, choice of finance in 384–5
rational expectations 383–4
tax finance: corporation income tax 376–7
tax finance: individual income tax 375–6
tax finance: sales tax and user fees 377
propensity score 171
matching (PSM) 174, 326–7, 332
proportional income tax 259
Proposition 13 diversion program to treatment 70
proxy means test methods 327
public debt service 270–71
public infrastructure 502
public service employment schemes 332–3
public spending on education 356–8
public works programs 329–33
impact assessments 330–33
program features 329–30
purchasing power parity 482
quality-adjusted life years 32–3
quantitative analysis 39, 252
quasi-experimental methods 168–9, 326, 333
questions, ordering of 44–5
RAEM model 128
rail project appraisal see transport: rail project appraisal in United Kingdom
RAND study 60
random experiments 326
random utility theory 46
rapid appraisal ‘quick and dirty’ method 330–31
rate of return (ROR) 85–8, 89–90, 94, 95, 96, 100, 107
Rawlsian ex ante perspective 427–8, 431
Rawlsian risk sharing 429–30
real costs and benefits 164–5  
real transfer costs 171  
Rebelo linear form 359  
Rebelo type endogenous growth 361  
recycling revenues 157  
redistributional effects 393, 398, 399  
redlining 241  
reference values 44  
regression discontinuity design (RDD) 168, 327, 332  
regression equations 66–7  
regulation 185–223  
regulation, assessment of desirability of 193–6  
Australian television content 206–213  
criticisms and limitations 203–6  
regulation, economic 189  
general equilibrium approach 201–2  
monetary values estimation 196–201  
options, comparison of 202–3  
Pareto optimality 187–9  
prospective issues 222–3  
regulatory bodies, appraisal of 190–92  
regulatory governance 219–22  
regulatory oversight 214–19  
social 189–90  
types 189–90  
see also financial regulation  
regulatory impact assessments 226, 228, 229  
resource costs 171  
retirement choice modeling, advances in 437–9  
retirement consumption 262–3, 265, 266, 268, 277–8  
retirement, early, escalation of 418  
revealed preference methods 42–3, 198  
risk 313  
aggregate 446–8  
assessment 196  
aversion 277  
-free interest 40  
idiosyncratic 442–6  
measurement 312–13  
rogue trader cases 236  
Romania 358  
Romer’s economic growth model 306  
Russian Federation 357, 358  
Rwanda 357, 358  
Sachs–Warner index 502  
sacrifice ratio 250  
sample-selection correction term (inverse Mill’s ratio) 170  
Samuelson–Stolper theorem 309  
Sargan test of overidentifying restrictions 493–4  
savings, distortion of 261–2  
savings, intertemporal allocation of 268–9  
Schumpeter’s theory of technological change and innovation 296–7, 319  
search-theoretic models 259–60  
second-order differential (Bellman) equation 462, 469  
second-order Taylor expansion 277  
sectoral expenditures as function of concessionary loans 404  
seigniorage maximization 257, 258  
selection correction procedures 170  
self-employment programs 328  
semi-log money demand 259  
Sen’s measure of poverty 324  
Senegal 93, 357, 358  
sensitivity analysis 9, 176, 178  
sensitivity to wording of questions 45  
sequential guaiac tests 40  
shadow pricing 7, 229, 361  
sharing 126  
shoe leather costs of inflation 251  
Sidrauski MIU model 255–6, 259, 272–3  
Sierra Leone 357, 358  
simulation models to assess social security policies 431–48  
basic set-up and implications of Auerbach–Kotlikoff model 432–3  
stochastic models 442–8  
see also deterministic models  
Singapore 397, 399, 407  
single-country model 434–5  
single good 357, 359  
Slutsky decomposition 269  
social attribute 87  
social benefits 86, 87, 92, 95
social costs 57, 58, 86, 92, 95
marginal 125
social indicators 401
social opportunity cost 62
social perspective 57–8
social prices 229
social returns 92–9
social security and future generations 417–50
endogenous retirement 425–6
funding program 421, 422–3
paygo program 421, 422–3
transition from paygo to fund 423–5
see also intergenerational risk
sharing; simulation models
social utility 147
social welfare function 186–7, 275
environmental projects and
distributional weights 150–51
social security 425
societal perspective 65, 67
Société Générale (France) 236
South Africa 93, 99
National Public Works program 331
South Korea 15
Spain 261
inflation 268–9, 271–2, 282–3
social security 440
spatial computable general equilibrium
models (SCGE) 127–8, 131
spillover effects 93, 164
Sri Lanka 397
stated preference methods 42, 135, 198
static measures 324
steady-state consumption 362, 364
steady-state output under alternative
policies 366, 367
steady-state welfare 364
Stern Report 317–18, 320
stochastic models 442–8
sub-Saharan Africa 89, 329, 404
Substance Abuse and Crime
Prevention Act (Proposition 36) 65
sunk costs 172, 455, 456, 467
Swaziland 357, 358
Sweden 235–6, 420, 429, 434
Switzerland: Alzheimer’s disease
programs 48–50
Tajikistan 357
tax
code indexing 249–50
corporation income tax 376–7
individual income tax 375–6
revenue 252–4, 266
sales tax and user fees 377
-transfer project 155–6
-transfer system 17
taxpayer perspective 58, 65
Taylor expansion 253
technology mandate 157
Thailand 93
theft and corruption 402–4
threshold consumption 365
tie-breaker experiment 168
time horizons 38–9, 41
time savings 115
timing 235
Tobin’s q 360, 361
Togo 93
trade-offs 378–82
transaction costs model 259
transactions–time approach 260
Trans-European Transport Network 128
transfer benefits 164–5
transfer costs 164–5, 171, 236
transformation curve 36
Transparency International (TI) 396,
398, 400
transport: rail project appraisal in
United Kingdom 110–40
additionality 120–22
benefits 114–18
costs 114
HSR proposals 118–20
market failure in product, services
and labour markets 122–5
measuring wider economic benefits
in practice 127–32
options to consider 113–14
option values and non–use values
132–8
transport/economy network effects
125–7
Treatment Outcome Prospective Study
(TOPS) 64
Trinidad and Tobago 357, 358
Tunisia 93, 357, 358
Turkey 397

Ministry of Health 334

Social Solidarity Fund 333
two stage least squares (2SLS) 496, 497
typical outcome measures 163

Uganda 94, 358

Ukraine 357, 358, 397
uncertainty 313, 458–67

typeriod case 461–4

summary of an application 464–7
two-period case 459–61

UNIDO 145

United Kingdom

Department for Transport 131

East Coast Mainline 130–31

financial regulation 229, 231–2, 239, 240

Financial Services Authority 230

inflation 261, 268–9, 271–2, 282–3

London Crossrail project 130–31

Midland Mainline 131

social security 418

Treasury 236

Treasury: Green Book 20–21

see also transport: rail project

appraisal in United Kingdom

United Nations: Millennium Development Goals 486

United States

Clean Water Act (1972) 464

Community Reinvestment Act 241–2

Congress 219
corruption and public projects 406

Department of Health and Human Services: Healthy People 2010 70

economic globalization 294, 296, 302–3, 313

education policy 93, 94

environmental projects 154–5, 159

Executive Order 12291 192

Executive Order 12866 214–17

Federal Communications Commission: Fairness Doctrine 514

financial regulation 227, 229, 240–41

Flood Control Act (1936) 192

Home Ownership and Equity Protection Act (1994) 240

hospital fees 38

inflation 249, 254, 259–61, 267–9, 271–3, 276–8, 282–4

irreversible investments 464–5

labour market programmes 175

medical research benefits 513, 517, 519, 523

Office of Management and Budget 217–19

Office of Management and Budget: Office of Information and Regulatory Affairs 214

private and voluntary organizations 18

Pro-Children Act (1992) 514

Public Health Service: Panel on Cost–Effectiveness in Health and Medicine 57

Public Health Service report 69

Public Law 100–202 514

regulation 186, 190, 195–6, 202, 220

rent supplements 5

social security 418, 426, 431, 434, 435–6, 438, 443–6, 448

sub-prime crisis 236–7

Synar Amendment 514

Truth-in-Lending regulations 242

Washington State Institute for Public Policy 56

Uruguay 397, 399, 407

user benefits 136

user cost of capital 273

user fees 377

usury ceilings 239

valuation techniques 198

vantage point of analysis 38

Venezuela 93

vocational rehabilitation, effect of on disability insurance beneficiaries 173–5

wages and corruption 396–8

wealth effects 383

welfare economics 4

welfare effects of inflation 249–87
costs of reducing inflation 278–83
general equilibrium approach 254–6, 262–4
inflation and growth 273–4
inflation uncertainty, cost of 276–8
money demand, distortion of 251–2
optimal rate 257–61
savings and consumption allocation 261–2
unanticipated inflation, cost of 275–6
see also partial equilibrium approach
welfare gain 129
due to timely intervention 366–7
welfare indicator 331
welfare loss 266–7
minimization 257–9
welfare trapezoid 265–7, 268, 270, 278
welfare triangle 252–4
willingness to accept 192, 517
willingness to pay
corruption and public projects 390, 391
drug abuse treatment 57, 68
economic globalization 302
environmental projects 157
health 33–7, 38, 41–7, 48–9, 50–51
labour market programmes 161
marginal 35–7
medical research benefits 513, 518, 522
regulation 192, 193, 198, 199, 200, 205, 208–9, 212
transport 111, 114–15, 133, 139
Win–Lose 6, 16
Win–Win school 5–6, 16
World Bank 14
corruption and public projects 389, 395, 404, 409
education policy 96, 98, 100
environmental projects 149
Ethiopia Education Sector Development Program 102–3
Executive Board 388
Human Development Network 91
Operational Policy 91
Philippines 106
Poverty Group 6
poverty reduction 492
Public Expenditure Reviews 90–91
regulation 186
World Development Indicator (WDI) 356, 365
worst-case scenario 219
wrap-around services 61
zero inflation 257, 258, 268, 283
Zimbabwe 397