



AI2139 Cost Benefit Analysis 7.5 credits

Cost Benefit Analysis

This is a translation of the Swedish, legally binding, course syllabus.

Establishment

Course syllabus for AI2139 valid from Autumn 2009

Grading scale

A, B, C, D, E, FX, F

Education cycle

Second cycle

Main field of study

Specific prerequisites

For eligibility the demand is knowledge in investment analysis and microeconomics, for instance by participating in the course AI1108, Investment Analysis and AI1107, Samhällsekonomi.

Language of instruction

The language of instruction is specified in the course offering information in the course catalogue.

Intended learning outcomes

The main goal is that the students should be able to:

- Perform Cost-Benefit analyses and describe the difference between a cost-benefit analysis and an investment analysis applied in a corporation.
- Analyze a real estate market and tell whether it is influenced by market failures (such as monopoly, disequilibrium, externalities, public goods etc), and thereby is inefficient.
- Describe how to quantify and value the inefficiency (welfare loss).
- Describe how to quantify and value environmental aspects in an investment.
- Give solutions (with taxes, regulations or fees) to the above inefficiencies.
- Improve writing and oral presentation.

Course contents

Cost-Benefit analysis, Efficiency-inefficiency, Externalities, Public goods, Market form

Disposition

The course contains of lectures, exercises and a project. The project, which is done in groups of three students, should be presented both orally and in writing.

Course literature

• Andersson, R. 1999. Attractive cities. Byggforskningsrådet. • Bohm (1992) Social Efficiency: A concise introduction to welfare economics. Required readings are sometimes changed, titles given above should be seen as examples for guidance in determining the level of the course.

Examination

- SEM1 - Seminar, 1.0 credits, grading scale: P, F
- ÖVN1 - Assignment, 2.0 credits, grading scale: P, F
- TEN1 - Examination, 4.5 credits, grading scale: A, B, C, D, E, FX, F

Based on recommendation from KTH's coordinator for disabilities, the examiner will decide how to adapt an examination for students with documented disability.

The examiner may apply another examination format when re-examining individual students.

If the course is discontinued, students may request to be examined during the following two academic years.

Other requirements for final grade

Written examination (TEN1; 4,5 cr) Project (Övn; 2cr) Seminar (SEM1; 1cr)

Ethical approach

- All members of a group are responsible for the group's work.
- In any assessment, every student shall honestly disclose any help received and sources used.
- In an oral assessment, every student shall be able to present and answer questions about the entire assignment and solution.