The course is designed to discuss the process of economic planning and project evaluation in both theoretical and empirical terms. Planning and project techniques at both micro level and macro level are investigated and thoroughly explained. Case studies are displayed.

I. Course Outlines

1. WHY ... economic planning?
   1.1 Market Mechanism and Economic Efficiency
   1.2 The assumptions on which market mechanism is based
   1.3 The relevance of market mechanism assumptions.

2. WHAT is economic planning?
   2.1 The concept of economic planning
   2.2 Types of economic planning
   2.3 Economic planning process.
   2.4 Top-down planning vs Botton-up planning.

3. HOW? ... Microeconomic Planning
   3.1 Choice of Techniques and Selection of Project.
   3.2 Investment Criteria
      A. Max. present output, consumption and employment
         * The minimum capital-output ratio criterion
         * The social Marginal product (SMP) criterion
      B. Max profit and Rate of growth
         * Max profit and Rate of growth
         * Max. Marginal per capita reinvestment interior
         * The Marginal growth contribution criterion
C. Present-Future equilibrium criterion  
   * The Time preference criterion  
   * The Social welfare function.

3.3 Financial Analysis  
A. Financial Evaluation  
   * The concept of financial evaluation  
   * Steps of financial evaluation  
   * Criteria for financial evaluation  
     - Simple methods  
     - Discounted cash flow methods  
   * Cash study: Financial Feasibility study of a private sector company.

B. Financial Valuation  
   * Methods of financial valuation  
   * Basis for financial valuation  
   * Case Study: Financial valuation of a public sector company.

3.4 Economic Analysis  
A. Economic Evaluation  
   * Price adjustment and shadow pricing  
   * Criteria for economic evaluation  
   * Value added effect  
   * Employment effect  
   * Foreign Exchange effect  
B. Economic valuation  
   * Basis for economic valuation of a public sector company.

4. HOW? .... Macroeconomic planning  
4.1 Feasibility test  
   A. National Accounts  
   B. The rationale of the Tests

4.2 Consistency Test  
   A. Overall Commodity Balance  
   B. Input-output analysis.
Exams and Grading System

* Class Room  BEC CP07
* Time:  UW  5:00 – 6:15
* Office Hours:  UW 2:00 – 3:30
* Office:  1035 BEC

EXAMS AND PAPERS

Exam (1) (15%)  October 13, 2010
Exam (2) (15%)  November 10, 2010
Final Exam (30%)  according to schedule
Attend.&Part. (10%)  
Paper (30%)  Due December 12, 2010

No Make up Exams

Grading System

A    90% and higher
A-   85%-89%
B+   80%-84%
B    75%-80%
B-   70%-74%
C+   65%-69%
C    62%-64%
C-   59%-61%
D+   55%-58%
D    50%-54%
F    Less than 50%
Reading List

Econ. 413

4. C.M.D. Little and J. A. Mirrless, “Project Appraisal and Plan For Developing Countries, Hurchinson, London, 1974, Chapters 1, 2, and 3.
7. A. P. Thirlwall, “Growth and Development with Special reference to Developing Countries” English Language Book Society, McMillan, Hong Kong, 1986 (3rd edition), Chapters 7, 8, 9 and 10.