

Cost-Benefit Analysis

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Cost–Benefit Analysis: Theory and Practice

(with A. K. Dasgupta)

Capital Investment Appraisal (with C. J. Hawkins)

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The Social Appraisal of Projects (with C. A. Nash)

Cost–Benefit Analysis

Second Edition

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For **Corin** and **Daniel**

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Preface and Acknowledgements

In 1971 I published a short text on cost–benefit analysis which, warts and all, has enjoyed some considerable commercial success. It was followed a year later by Ajit Dasgupta’s and my *Cost–Benefit Analysis: Theory and Practice* (Macmillan, 1972), which remains in print. In the late 1970s it was more than obvious that the small text, which was intended largely as a student revision book, needed substantial updating and correction. That project, like Topsy, grew and the end-result was my text with Chris Nash, *The Social Appraisal of Projects: A Text in Cost–Benefit Analysis* (Macmillan, 1981). Equally obvious, however, was the fact that we had gone well beyond the publisher’s instruction to write a successor to the small cost–benefit book. Since sales of the 1971 book continued to be reasonably buoyant, it was evident that there was still a market demand for a brief ‘guidebook’ to CBA. This ‘new edition’ of the 1971 text is that replacement, but it has been *completely* rewritten. What remains, however, is the central message of the 1971 text: that there is no unique way of carrying out cost–benefit studies, nor should there be, and on that I remain totally unrepentant, despite the strictures of my colleagues such as Professor Ed Mishan who have so eloquently argued the opposite but not, in my view, convincingly. Other features remain, I hope, unusual enough to attract the same audience that approved of the 1971 edition.

Preface and Acknowledgements

My debts to others are, literally, too numerous to mention. Many of my working partners will see sections that owe much to their influence. Other colleagues may note passages in which I have especially gone out of my way to explain and defend views which I know they disapproved of, and may still do so. However, while not implicated in the errors that may remain, I must record enormous gratitude to Chris Nash for many years of 'internal' debate on cost-benefit, and to my good friend Jean-Philippe Barde of the OECD, Paris, for insisting always that technique without relevance explains rather too much of the disrepute that academic economists bring on themselves. The text was written during my last year at Aberdeen University. But for Winnie Sinclair, an embodied technological revolution in herself, this and so much else would simply never have appeared. I am forever grateful.

Aberdeen and London
March 1983

D. W. PEARCE