

**Mishan E J.** *Cost-benefit analysis: an informal introduction.*

London: Allen & Unwin, 1971. 364 p.

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The aim of this book is to impart to economists, engineers, planners, and other professionals interested in the subject, a clear and thorough grasp of the basic concepts underlying the art of cost-benefit analysis. In the process all the chief areas of controversy are explicated and, indeed, resolved by reference to basic economic maxims and methodology. Although the exposition is informal, and the concepts and formulae illustrated by numerical instances, a high level of economic sophistication is maintained throughout. [The *Social Sciences Citation Index*® (SSCI)® indicates that this book has been cited in over 360 publications since 1971.]

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Although the foundations of cost-benefit analysis lie within the field of welfare economics in which I specialized at the time (1970), I had no plans or intentions to write a cost-benefit text until I was approached by Charles Furth of Allen & Unwin publishing company with a proposal that I prepare such a book for them. Apparently, he had been impressed with my recent review in *Economica*<sup>1</sup> of Harry Johnson's collected essays, *Money, Trade and Economic Growth*,<sup>2</sup> which they had just published, and later also by my *The Costs of Economic Growth*,<sup>3</sup> which had appeared in 1967.

The proposal was attractive, for there was no systematic treatment of the subject really suitable for students even though there were a number of monographs, manuals directed to project evaluation in Third World countries, and volumes of conference essays.

The resulting book, *Cost-Benefit Analysis: An Informal Introduction*, appeared in 1971, and is now in its third edition.<sup>4</sup> It was immediately successful, a fact that may be attributed to the circumstances at the time and to the method of exposition adopted.

Concerning the former, my two previous books, *The Costs of Economic Growth* and *21 Popular Economic Fallacies*,<sup>5</sup> had both been published by Penguin in paperback editions and had wide circulations. They had both been very favorably reviewed, so that in the estimation of that partly mythical but indispensable figment, the intelligent lay person, I was already *persona grata*. Also, the subject was coming into popularity in the West, particularly in government circles.

As for the exposition, first, I decided to divide the treatment up into a number of broad parts, each part subdivided into many small chapters to encourage the student to make perceptible progress by small exertions. Second, although the level of sophistication was high, I was determined to make the analysis clear and accessible to the patient student. Wherever possible, I used simple (often numerical) examples and avoided tiresome jargon and (apart from some simplifying notation) mathematical formulations. Third, the book addressed itself to practically all the controversial issues and—immodest though it sounds—came up with answers. For it was not my textbook style to assume scholarly detachment and write as if it were premature to give an opinion on controversial issues. You will not find self-effacing sentences such as "Some say this, and some say that, and yet others hold a different opinion. But look at what Mr. X says in his recent survey...." Rather, I have the gall to assert that particular opinions are in error and that "the correct" way to conceive a problem, one consistent with generally accepted principles, is as I outline it. Nonetheless, I give references to all dissenting opinions I know of and, where positionally convenient, give their arguments as well as my own.

I am agreeably surprised at the continuing popularity of the book even though there have been, in the last few years, quite a number of introductory textbooks on the subject. With rather disgusting complacency, I will confess to being regarded as one of the world authorities in this area, and to being invited to lecture on cost-benefit to government officials, consultants, and faculty in many countries. Sooner or later, I shall be eclipsed or exposed as an impostor—the fate of all popular writers. But I shall have nothing to complain about, since that book, more than any other I have written, has opened doors for me to institutions all over the world, rolled out red carpets, and provided me with the most excellent dinners in exotic surroundings.

1. Mishan E. Review of "Money, trade and economic growth" by Harry G. Johnson. *Economica* 30:417-20, 1963.

2. Johnson H G. *Money, trade and economic growth: survey lectures in economic theory.*

Cambridge, MA: Harvard University Press, 1962. 199 p.

3. Mishan E J. *The costs of economic growth.* London: Staples Press, 1967. 190 p.

4. .... *Cost-benefit analysis.* London: Allen & Unwin, 1982. 447 p.

5. .... *21 popular economic fallacies.* New York: Praeger, 1969. 244 p.