Using the Kaldor-Hicks Tableau Format for Cost-Benefit Analysis and Stakeholder Evaluation

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Kaldor-Hicks Tableau (KHT)

• A matrix display of a project’s economic and financial effects on stakeholders at an aggregation level the analyst chooses.

• Gives a fully-integrated and internally consistent picture of all project’s effects at chosen aggregation level

• Advantages of KHT Format
  – For Efficiency Analysis
    1) transparent evaluation/stakeholder education
    2) stakeholder impact analysis to assess political feasibility
    3) stakeholder impact analysis to assess project sustainability
    4) iterative simulation modeling of project design alternatives
  – For Beyond-Efficiency Analysis
    5) distributional effects assessment/multiple goals analysis
Current Role of KHTs in Project Appraisal

I. International Development


II. “Stakeholder Analysis” in Social Policy

Justification for Greater Application 1 of 2

→ Begs questions: do stakeholder effects subsumed in “traditional” CBA matter?

→ ”involuntary” impacts raise questions about political acceptability


→ ”voluntary” impacts raise questions about project sustainability


Justification for Greater Application 2 of 2

• Particular issue: Jurisdictional Stakeholders and Accounting Domains

• KHT format offers a conceptually consistent, integrated analysis of economic efficiency and all stakeholder effects.

• Informational Issues? Qualitatively Different than Others?

• Aggregation/Sensitivity Analysis can be used to address informational issues
Using the KHT Format for Broader Assessments than Economic Efficiency Analysis

• **Normative Assessment of Distributional Effects**


• **Warm Glow and Moral Sentiments**


• **Other Analysis Permutations Beyond Efficiency**

Conclusions

• More standard usage of the KHT format could improve efficiency analysis within CBA

• Having a KHT as the target output should force the degree of stakeholder analysis needed to assure the projects benefits and costs are accurately depicted, as well as offering a completely-integrated accounting of a project’s economic and financial effects.

• Particular Strengths
  – Format transparency
  – evaluation of jurisdictional impacts and different accounting stances
  – iterative project design analysis for political acceptability and project sustainability
  – adaptability to other kinds of analyses besides standard economic efficiency