REc:ED LIST

Hedonics and Non-Market Valuation
Equilibrium Sorting

Time: T 8:45-11:25
Location: 111 Social Sciences
Office Hours: 209 Social Sciences Building, By Appointment

Summary

This reading list summarizes a number of related modules. The descriptions are combined in this document to emphasize the areas of overlap between the modules.

The requirements for this module are (i) an extended empirical problem set that will require you to program in a language such as C++, Fortran, or Matlab and use data to answer empirical questions, (ii) presentation of a paper from the reading list (chosen in consultation with the instructor), and (iii) class participation. The problem set is intended to build familiarity with programming tools and numerical techniques that can be useful to you in your dissertation research.

Readings

Some good general texts for reference are:


Part I: Hedonics and Non-Market Valuation

This module will cover non-market valuation techniques typically used to determine the value of local public goods and (dis)amenities. Topics covered include hedonics (property value and wage hedonics), techniques based on weak complementarity (travel cost) and weak substitutability (defensive expenditures), and stated preference (contingent valuation).¹ Applications to public finance and environmental economics topics. Grades will be based on an extended empirical problem set and a short exam.

1. Sources of Value


Executive Order 12044 (Carter)
Executive Order 12291 (Reagan)
Executive Order 12866 (Clinton)

2. Hedonics


¹ For weak complementarity, weak substitutability, and stated preference, see Part III, “Other Related Topics”.

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3. First-Stage Hedonic Analyses


4. Wage-Hedonics


Part II: Sorting Models – Theory and Application

This module will cover the class of estimable Tiebout sorting models that has arisen over the last twenty years, both to deal with the numerous problems that arise in the hedonic non-market valuation of local public goods and (dis)amenities, and to model re-equilibration in residential location decisions in response to non-marginal policy changes. The intellectual foundations for this literature will be explored, along with a focus on recent advances and frontiers for future research. Applications to education, environmental, and urban/regional economics. Grades will be based on an extended empirical problem set and a short exam.

1. Background


2. Vertical Models: Applications


3. Horizontal Models: Applications


4. Dynamics


5. High Dimensional Sorting


6. Housing Supply


7. Model Validation

8. Alternative Approaches


Part III: Other Related Topics

1. Weak Substitutes (Travel Cost)


2. Weak Complements (Defensive Expenditures)


3. Contingent Valuation


4. Revealed Preference – Stated Preference


5. Application: Value of a Statistical Life


6. Application: Ricardian Analysis


7. Application: Benefit Transfer
