SYLLABUS
Non-Market Valuation

Time: MW 10:05-11:20

Location: Social Sciences 113

Office Hours: By Appointment

Summary

This course will cover non-market valuation techniques typically used to measure the value of local public goods and (dis)amenities. These techniques are used to determine the “benefits” side in a cost-benefit analysis and are central to the formulation of regulatory policy in the U.S.. In addition, they play an important role in local public finance, urban and environmental economic analysis.

Topics covered include hedonics (property value and wage hedonics), techniques based on weak complementarity (travel cost) and weak substitutability (defensive expenditures), stated preference (contingent valuation), and estimable equilibrium Tiebout sorting models. Papers will be both theoretical and applied. Applications will focus on questions in public finance, urban and environmental economics, with a strong focus on the latter.

Assessment

One may enroll in this course at either the Masters or Ph.D. level. Students enrolled at the Masters level will receive grades based on a midterm and (non-cumulative) final exam along with a referee report. Ph.D. students must complete the MA requirements along with a pair of extended empirical problem sets that will require programming in a language such as Matlab, Python, Julia, C++, or Fortran. Depending upon enrollment, all students may also be asked to present an applied paper from the reading list (chosen in consultation with the instructor). Finally, class participation is strongly encouraged – while it is not a formal part of the course grade, it may be used at the instructor’s discretion to make borderline grade decisions. 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:


Topics and Specific Readings

1. Sources of Value and Applied Welfare Analysis


Executive Orders on Regulation:

- Executive Order 12044 (Carter)
- Executive Order 12291 (Reagan)
- Executive Order 12866 (Clinton)
- Executive Order 13422 (Bush)
- Executive Order 13563 (Obama)
- Executive Order 13771 (Trump)
2. Hedonic (Theory)


3. Hedonics (Applied)


4. Wage-Hedonics


5. Sorting Models (Theory)


6. Vertical Sorting Models: Applications


7. Horizontal Models: Applications


8. Sorting Models: Dynamics, High Dimensional Sorting, Housing Supply & Model Validation


9. Weak Substitutes (Travel Cost)


10. Weak Complements (Defensive Expenditures)


11. Contingent Valuation


12. Horizontal Models – Extensions


13. Application: Value of a Statistical Life


14. Application: Ricardian Analysis


15. Application: Benefit Transfer
