BUSINESS ECONOMICS & PUBLIC POLICY (BEPP)

BEPP 201 Public Finance and Policy.
This course explores the economics and politics of public policy to provide an analytic framework for considering why, how, and with what success/failure government intervenes in a variety of policy areas. Particular attention will be paid to important policy issues relating to taxation, social security, low-income assistance, health insurance, education (both K-12 and higher ed), the environment, and government deficits. The costs and benefits of alternative policies will be explored along with the distribution of responsibilities between the federal, state and local governments. While the course will focus primarily on U.S. policies, the topics covered (e.g. tax reform, deficits versus austerity, etc.) are currently at the center of the policy debate in many other industrialized countries as well.
Taught by: Katja Seim.
One-term course offered either term
Also Offered As: BEPP 770
Prerequisites: BEPP 250.
Activity: Lecture
1 Course Unit

BEPP 203 Business in the Global Political Environment.
This course examines the non-market components of business and the broader political, regulatory, and civil context in which companies function. This course addresses how businesses interact with political and regulatory institutions, as well as the general public, with a focus on the global economy. The first portion examines the realities associated with political economy and the actual making of laws and regulations by imperfect politicians and regulators. The second portion analyzes the economic rationale for legislation and regulation in the presence of market failures. The course covers specific market failures and potential solutions including government regulation.
Taught by: Santosh Anagol/Shing-yi Wang
One-term course offered either term
Prerequisites: ECON 1 or equivalent.
Activity: Lecture
1 Course Unit

BEPP 208 Housing Markets
This course is designed for students interested in the economics and operations of housing markets. It is primarily a U.S. focused course, but does include a limited amount of international material for comparative purposes. The class is divided into four sections: (1) supply and demand for housing, including the operations of homebuilders and rental landlords; (2) house prices, including cycles and price dynamics; (3) international comparisons; and (4) public policy analysis applied to a current housing markets-related issue. This course presumes knowledge of intermediate economics, as we will apply that knowledge throughout the semester. For Wharton students, this means you must have passed BEPP 250 (undergrads) or MGEC 611 and MGEC 612 (MBAs). Non-Wharton students should have taken the equivalent course in the College.
Taught by: Joseph Gyourko
Course usually offered in spring term
Also Offered As: BEPP 708, REAL 208, REAL 708
Prerequisites: Managerial Economics (BEPP 250) or equivalent.
Activity: Lecture
1 Course Unit
Notes: Lecture with discussion required.

BEPP 210 Firms, Markets and Public Policy.
Many dimensions of firms’ strategies, including agreements with suppliers and competitors, mergers and acquisitions, pricing, and technology standards development, among others, are subject to the oversight of regulatory bodies and governmental agencies. This course studies how public policy impacts firms’ strategic choices in a host of economic environments. We will analyze pricing strategies including versioning and bundling; product standardization decisions; the management of complementarities between products; the role of network effects and platform competition; and how firms can take advantage of the regulatory environment they operate in when making such decisions. We will study, for example, why Sony won the Blu-Ray format war against the widely supported HD-DVD format; how the FCC plans to incentivize television broadcasters to return spectrum holdings for auction to wireless broadband providers; and how contracts with content providers affect firms’ strategic interactions in the e-reader market. To understand how firm strategy and public policy interact, the course will rely on a mix of simple but rigorous analytical models and case studies.
Taught by: Katja Seim.
One-term course offered either term
Also Offered As: BEPP 710
Prerequisites: BEPP 250.
Activity: Lecture
1 Course Unit

BEPP 212 Economic Analysis of Law.
The course provides an introduction to the economic analysis of law and legal institutions. Our goal is to develop intuitions about the ways law simultaneously shapes and responds to private behavioral incentives. In the first half of the course, we will survey the application of key economic concepts to basic features of the Anglo-American common law of property, contract, and tort. In the second half of the course, we will use the tools developed in our survey to focus in depth on antitrust policy in conventional as well as network industries.
Taught by: Vincent Buccola.
One-term course offered either term
Also Offered As: LGST 212
Prerequisites: ECON 1 or ECON 10.
Activity: Lecture
1 Course Unit
BEPP 214 Nonprofit Sector: Economic Challenges and Strategic Responses.
The nonprofit sector plays a key role in the provision of many goods and services which are fundamental in our society and which may be difficult to provide using market mechanisms alone. Education, health care, charitable services, and the arts are some primary examples of these. Nonprofit organizations operate in service of specific social missions rather than profit maximization, but in order to serve those missions effectively while ensuring their own survival, they must also make many of the decisions typically associated with private firms. That is, they must compete for funding, human resources, and consumers of their services, they must manage and invest their resources efficiently, and they must innovate new products and services over time. Importantly, the latter requirements may at times come in conflict with the organizations’ social values. As a result, nonprofit organizations as economic decision-makers confront a number of unique challenges to their success and growth. The goal of this course is to give students a broad overview of the economic, organizational, and strategic concerns facing the non-profit sector. Our objective is to characterize the unique economic environment, identify effective strategic governance, and management approaches, and explore how appropriate measurement techniques can inform the policy treatment of nonprofits. This course is organized around a number of lectures, readings and outside speakers, a midterm exam and a required project.
Taught by: Ashley Swanson.
Prerequisites: None.
Activity: Lecture
1 Course Unit

BEPP 220 Behavioral Economics, Markets, and Public Policy
Behavioral economics has revealed a variety of systematic ways in which people deviate from being perfectly selfish, rational, optimizing agents. These findings have important implications for government policy and firm behavior. This course will explore these implications by answering two main questions: (1) what does behavioral economics imply for when and how the government should intervene in markets? (2) What does behavioral economics imply for firms’ pricing and production decisions? The course will present the standard economic approaches to answering these questions and then explore how answers change when we consider that people act in behavioral ways. Towards the end of the course, we will investigate specific policy questions, allowing us to debate solutions while hearing from policy makers operating in a world of behavioral agents.
Taught by: Judd Kessler.
Activity: Lecture
1 Course Unit

BEPP 230 Urban Fiscal Policy
The purpose of this course is to examine the financing of governments in the urban economy. Topics to be covered include the causes and consequences of the urban fiscal crisis, the design of optimal tax and spending policies for local governments, funding of public infrastructures and the workings of the municipal bond market, privatization of government services, and public financial systems for emerging economies. Applications include analyses of recent fiscal crises, local services and taxes as important determinants of real estate prices, the infrastructure crisis, financing and the provision of public education, and fiscal constitutions for new democracies using South Africa as an example.
Taught by: Robert Inman
Course usually offered in fall term
Also Offered As: BEPP 899, FNCE 230, REAL 230
Prerequisites: ECON 1, FNCE 101.
Activity: Lecture
1 Course Unit

BEPP 233 Consumers, Firms and Markets in Developing Countries
Nearly four-fifths of the world’s population lives in low income or developing countries. Though currently far behind the U.S., the 15 fastest growing economies/markets in the world are all developing countries. And developing countries already account for 6 of the world’s 15 largest economies. This course will examine economic life, including consumers, firms and markets, in low income countries. We will apply both economic theory and empirical analysis for analyzing the roles of both business and government in consumption, production and market equilibria.
Taught by: Robert Jensen
One-term course offered either term
Activity: Lecture
1 Course Unit

BEPP 236 International Housing Comparisons
This course analyzes housing finance systems and housing market outcomes across the globe. In the US, the course focuses on development of securitization markets and addresses current challenges of housing finance reform, including the future of Fannie Mae and Freddie Mac. Internationally, the course covers issues of access to housing and housing informality in developing countries, financial crises arising out of the housing sector, and potential market-oriented and public policy solutions. The course features a wide array of speakers in finance, government and academia who contribute their perspectives to pressing issues of mortgage market design.
Taught by: Susan Wachter
Course usually offered in spring term
Also Offered As: BEPP 836, REAL 236, REAL 836
Prerequisites: Econ 1 and Econ 2 or Econ 10.
Activity: Lecture
1 Course Unit
BEPP 250 Managerial Economics
This course will introduce you to “managerial economics” which is the application of microeconomic theory to managerial decision-making. Microeconomic theory is a remarkably useful body of ideas for understanding and analyzing the behavior of individuals and firms in a variety of economic settings. The goal of the course is for you to understand this body of theory well enough so that you can effectively analyze managerial (and other) problems in an economic framework. While this is a “tools” course, we will cover many real-world applications, particularly business applications, so that you can witness the usefulness of these tools and acquire the skills to use them yourself. We will depart from the usual microeconomic theory course by giving more emphasis to prescription: What should a manager do in order to achieve some objective? That course deliverable is to compared with description: Why do firms and consumers act the way they do? The latter will still be quite prominent in this course because only by understanding how other firms and customers behave can a manager determine what is best for him or her to do. Strategic interaction is explored both in product markets and auctions. Finally, the challenges created by asymmetric information - both in the market and within the firm - are investigated.
One-term course offered either term
Also Offered As: BEPP 950
Prerequisites: ECON 1 or equivalent; MATH 103 or equivalent.
Activity: Lecture
1 Course Unit

BEPP 261 Risk Analysis and Environmental Management
This course is designed to introduce students to the complexities of making decisions about threats to human health and the environment when people’s perceptions of risks and their decision-making processes differ from expert views. Recognizing the limitations of individuals in processing information, the course explores the role of techniques such as decision analysis, cost-benefit analysis, risk assessment and risk perception in structuring risk-management decisions. We will also examine policy tools such as risk communication, incentive systems, third party inspection, insurance and regulation in different problem contexts. The problem contexts for studying the interactions between analysis, perceptions, and communication will include risk-induced stigmatization of products (e.g. alar, British beef), places (e.g. Love Canal), and technologies (e.g. nuclear power); the siting of noxious facilities, radon, managing catastrophic risks including those from terrorism. A course project will enable students to apply the concepts discussed in the course to a concrete problem.
Taught by: Howard Kunreuther
Course not offered every year
Also Offered As: BEPP 761, BEPP 961, OIDD 261, OIDD 761
Prerequisites: ECON 1 helpful.
Activity: Lecture
1 Course Unit

BEPP 263 Environmental & Energy Economics and Policy
This course examines environmental and energy issues from an economist’s perspective. Over the last several decades, energy markets have become some of the most dynamic markets of the world economy, as they experienced a shift from heavy regulation to market-driven incentives. First, we look at scarcity pricing and market power in electricity and gasoline markets. We then study oil and gas markets, with an emphasis on optimal extraction and pricing, and geopolitical risks that investors in hydrocarbon resources face. We then shift gears to the sources of environmental problems, and how policy makers can intervene to solve some of these problems. We talk about the economic rationale for a broad range of possible policies: environmental taxes, subsidies, performance standards and cap-and-trade. In doing so, we discuss fundamental concepts in environmental economics, such as externality valuation, the environment and the challenge of designing international agreements. At the end of the course, there will be special attention for the economics and finance of renewable energy and policies to foster its growth. Finally, we discuss the transportation sector, and analyze heavily debated policies such as fuel-economy standards and subsidies for green vehicles.
Taught by: Arthur van Benthem
Also Offered As: OIDD 263
Activity: Lecture
1 Course Unit

BEPP 280 Applied Data Analysis.
This course will examine how and when data can be used specifically to infer whether there is a causal relationship between two variables. We will emphasize (a) the critical role of an underlying economic theory of behavior in interpreting data and guiding analysis, as well as (b) a range of advanced techniques for inferring causality from data, such as randomized controlled trials, regression discontinuity, difference-in-difference, audit study (mystery shopping) approaches and stock-market event studies. The issue of causality, and the relevance of thinking about models and methods for inferring causality, is just as central and important for “Big Data” as it is when working with traditional data sets in business and public policy. The emphasis will not be on proofs and derivations but rather on understanding the underlying concepts, the practical use, implications and limitations of techniques. Students will work intensively with data, drawing from examples in business and public policy, to develop the skills to use data analysis to make better decisions.
All analysis will be conducted using R. The goals of the course are for students to become expert consumers able to interpret and evaluate empirical studies as well as expert producers of convincing empirical analysis themselves.
Taught by: Santosh Anagol.
One-term course offered either term
Also Offered As: BEPP 780
Prerequisites: Relevant introductory statistics course covering at least hypothesis testing and linear regression (STAT 102,112, 431 or equivalent) (i.e. ECON 104), or at the discretion of the instructor.
Activity: Lecture
1 Course Unit
BEPP 284 Game Theory for Business and Life
The objective of this course is to make you more skilled in the art and science of strategic reasoning. Strategic situations permeate our lives and we will examine many such situations through the lens of game theory. The course is composed of game-theoretic concepts, applications, and experiential learning. The bulk of the applications are to business situations including investment and entry, bargaining, managerial incentive contracts, network effects, product location, and two-sided markets. However, given the ubiquitous presence of strategic situations in human societies, applications will extend to politics, war, sports, history, crime, theology, and every day life, and cover the existence of God, steroid use in sports, racial discrimination, land conflict, trench warfare in World War I, and the Medieval Law Merchant. Students will regularly participate in experiments involving strategic reasoning, and form teams to compete in a simulated industry environment.
Taught by: Joseph Harrington
One-term course offered either term
Prerequisite: None
Activity: Lecture
1 Course Unit

BEPP 289 Nations, Politics, and Market
This course is intended to deepen understanding of the major contemporary issues in the world economy. The focus is on the "big picture" of global economic developments and the evolution of economic thought over the last one hundred years. The topics include: financial market booms and busts; business cycles; monetary and fiscal policies; inequality; the social welfare state; technological change and economic growth; and international trade and financial arrangements. The time period covers: the Roaring Twenties; the Great Depression, the post war Golden Age (1945-1973); the stagflation of the 1970s; the Washington Consensus era of the market liberalization (1980-2007); and the 2008 financial crisis and Great Recession of 2007-2010 and its aftermath. The course also explores different schools of thought. The course will chronicle and compare economic policy and performance of the United States, Europe, Japan and emerging markets (Asia, Latin America, Africa).
Taught by: Stephen Golub
Course usually offered in spring term
Also Offered As: BEPP 789
Prerequisites: Econ 2 or its equivalent.
Activity: Lecture
1 Course Unit

BEPP 299 Independent Study
One-term course offered either term
Activity: Independent Study
1 Course Unit

BEPP 305 Risk Management
The last financial crisis and subsequent recession provide ample evidence that failure to properly manage risk can result in disaster. Individuals and firms confront risk in nearly all decisions they make. People face uncertainty in their choice of careers, spending and saving decisions, family choices and many other facets of life. Similarly, the value that firms create by designing and marketing good products is at risk from a variety of sources. The bankruptcy of a key supplier, sharp rise in cost of financing, destruction of an important asset, impact of global warming, or a liability suit can quickly squander the value created by firms. In extreme cases, risky outcomes can bankrupt a firm, as has happened recently to manufacturers of automobile parts and a variety of financial service firms. The events since the Global Financial Crisis also offer stark reminders that risk can impose significant6 costs on individuals, firms, governments, and society as a whole. This course explores how individuals and firms assess and evaluate risk, examines the tolls available to successfully mange risk and discusses real-world phenomena that limit the desired amount of risk-sharing. Our focus is primarily on explaining the products and institutions that will serve you better when making decisions in your future careers and lives.
One-term course offered either term
Also Offered As: BEPP 805, LAW 741
Prerequisites: Students are assumed to have introductory knowledge of statistics, microeconomics, and finance at the level of the Wharton undergraduate classes STAT 101, BEPP 250, and FNCE 100.
Activity: Lecture
1 Course Unit

BEPP 322 Business Insurance and Estate Planning.
This course presents an analysis of overall private wealth management. This includes planning for disposition of closely-held business interests; the impact of income taxes and other transfer costs on business interests and other assets; integration of life insurance, disability insurance, medical benefits, and long-term care insurance in the financial plan; planning for concentrated asset (e.g. common stock) positions, diversification techniques, and asset allocation strategies; distribution of retirement assets; lifetime giving and estate planning; and analysis of current developments in the creation, conservation, and distribution of estates. Attention also is given to various executive compensation techniques (including restricted stock and stock options) and planning for various employee benefits. The course also covers sophisticated charitable giving techniques and methods for financing education expenses. Reading consist of textbooks, case studies, and bulk pack articles.
Taught by: Victor Hallman.
One-term course offered either term
Also Offered As: BEPP 823
Prerequisites: None.
Activity: Lecture
1 Course Unit

Taught by: Jean Lemaire.
Course usually offered in fall term
Also Offered As: BEPP 851, STAT 451, STAT 851
Prerequisites: None.
Activity: Lecture
1 Course Unit
BEPP 452 Fundamentals of Actuarial Science I.
This course is the usual entry point in the actuarial science program. It is required for students who plan to concentrate or minor in actuarial science. It can also be taken by others interested in the mathematics of personal finance and the use of mortality tables. For future actuaries, it provides the necessary knowledge of compound interest and its applications, and basic life contingencies definition to be used throughout their studies. Non-actuaries will be introduced to practical applications of finance mathematics, such as loan amortization and bond pricing, and premium calculation of typical life insurance contracts. Main topics include annuities, loans and bonds; basic principles of life contingencies and determination of annuity and insurance benefits and premiums.
Taught by: Jean Lemaire.
Course usually offered in spring term
Also Offered As: BEPP 852, STAT 452, STAT 852
Prerequisites: One semester of Calculus.
Activity: Lecture
1 Course Unit

BEPP 453 Actuarial Statistics.
Taught by: Jean Lemaire.
Course usually offered in fall term
Also Offered As: BEPP 853, STAT 453, STAT 853
Prerequisites: None.
Activity: Lecture
1 Course Unit

BEPP 454 Applied Statistical Methods for Actuaries.
One half of the course is devoted to the study of time series, including ARIMA modeling and forecasting. The other half studies modifications in random variables due to deductibles, co-payments, policy limits, and elements of simulation. This course is a possible entry point into the actuarial science program. No INSR course is a pre-requisite for INSR 854. The Society of Actuaries has approved INSR 854 for VEE credit on the topic of time series.
Taught by: Jean Lemaire.
Course usually offered in spring term
Also Offered As: BEPP 854, STAT 454, STAT 854
Prerequisites: None.
Activity: Lecture
1 Course Unit

BEPP 708 Housing Markets
This course is designed for students interested in the economics and operations of housing markets. It is primarily a U.S. focused course, but does include a limited amount of international material for comparative purposes. The class is divided into four sections: (1) supply and demand for housing, including the operations of homebuilders and rental landlords; (2) house prices, including cycles and price dynamics; (3) international comparisons; and (4) public policy analysis applied to a current housing markets-related issue. This course presumes knowledge of intermediate economics, as we will apply that knowledge throughout the semester. For Wharton students, this means you must have passed BEPP 250 (undergrads) or MGEC 611/MGEC 612 (MBAs). Non-Wharton students should have taken the equivalent course in the College.
Taught by: Joseph Gyourko
Course usually offered in spring term
Also Offered As: BEPP 208, REAL 208, REAL 708
Prerequisites: Microeconomics for Managers (MGEC 611) and Microeconomics for Managers (Advanced) (MGEC 612) or equivalent.
Activity: Lecture
1 Course Unit
Notes: Lecture with discussion required.

BEPP 710 Firms, Markets and Public Policy.
Many dimensions of firms’ strategies including agreements with suppliers and competitors, mergers and acquisitions, pricing and technology standards development, among others, are subject to the oversight of regulatory bodies and governmental agencies. This course studies how public policy impacts firms’ strategic choices in a host of economic environments. We will analyze pricing strategies including versioning and bundling; product standardization decisions; the management of complementarities between products; the role of network effects and platform competition; and how firms can take advantage of the regulatory environment they operate in when making such decisions. We will study, for example, why Sony won the Blu-Ray format war against the widely supported HD-DVD format; how the FCC plans to incentivize television broadcasters to return spectrum holdings for auction to wireless broadband providers; and how contracts with content providers affect firms’ strategic interactions in the e-reader market. To understand how firm strategy and public policy interact, the course will rely on a mix of simple but rigorous analytical models and case studies.
Taught by: Katja Seim.
Also Offered As: BEPP 210
Prerequisites: MGEC611, MGEC 612 or equivalent.
Activity: Lecture
1 Course Unit
BEPP 761 Risk Analysis and Environmental Management.
This course is designed to introduce students to the role of risk assessment, risk perception and risk management in dealing with uncertain health, safety and environmental risks including the threat of terrorism. It explores the role of decision analysis as well as the use of scenarios for dealing with these problems. The course will evaluate the role of policy tools such as risk communication, economic incentives, insurance, regulation and private-public technological partnership in developing strategies for managing these risks. A project will enable students to apply the concepts discussed in the course to a concrete problem. Cross-listed with OPIM 761.
Taught by: Howard Kunreuther.
Course not offered every year
Also Offered As: BEPP 261, BEPP 961, OIDD 261, OIDD 761
Prerequisites: None, but a basic understanding of microeconomics helpful.
Activity: Lecture
1 Course Unit

BEPP 763 Energy Markets & Policy
Over the last several decades, energy markets have become some of the most dynamic markets of the world economy. Traditional fossil fuel and electricity markets have been seen a partial shift from heavy regulation to market-driven incentives, while rising environmental concerns have led to a wide array of new regulations and "environmental markets". The growth of renewable energy could be another source of rapid change, but brings with it a whole new set of technological and policy challenges. This changing energy landscape requires quick adaptation from energy companies, but also offers opportunities to turn regulations into new business. The objective of this course is to provide students with the economist's perspective on a broad range of topics that professionals in the energy industry will encounter. Topics include the effect of competition, market power and scarcity on energy prices, the impact of deregulation on electricity and fossil fuel markets, extraction and pricing of oil and gas, geopolitical uncertainty and risk in hydrocarbon investments, the environmental impact and policies related to the energy sector, environmental cap-and-trade markets, energy efficiency, the economics and finance of renewable energy, and recent developments in the transportation sector.
Taught by: Arthur van Benthem
Also Offered As: OIDD 763
Activity: Lecture
1 Course Unit

BEPP 770 Introduction to Business Economics and Public Policy.
This course explores the economics and politics of public policy to provide an analytic framework for considering why, how, and with what success/failure government intervenes in a variety of policy areas. Particular attention will be paid to important policy issues relating to taxation, social security, low-income assistance, health insurance, education (both K-12 and higher ed), the environment, and government deficits. The costs and benefits of alternative policies will be explored along with the distribution of responsibilities between the federal, state, and local governments. While the course will focus primarily on U.S. policies, the topics covered (e.g. tax reform, deficits versus austerity, etc.) are currently at the center of the policy debate in many other industrialized countries as well.
Taught by: Katja Seim.
Two terms. student may enter either term.
Also Offered As: BEPP 201
Prerequisites: MGEC 611, MGEC 612 or equivalent.
Activity: Lecture
1 Course Unit

BEPP 773 Urban Fiscal Policy.
The purpose of this course is to examine the financing of governments in the urban economy. Topics to be covered include the causes and consequences of the urban fiscal crisis, the design of optimal tax and spending policies for local governments, funding of public infrastructures and the workings of the municipal bond market, privatization of government services, and public financial systems for emerging economies. Applications include analyses of recent fiscal crises, local services and taxes as important determinants of real estate prices, the infrastructure crisis, financing and the provision of public education, and fiscal constitutions for new democracies using South Africa as an example.
Taught by: Robert Inman.
Course usually offered in fall term
Also Offered As: FNCE 730, REAL 730
Prerequisites: Microeconomics, FNCE 601.
Activity: Lecture
1 Course Unit

BEPP 780 Applied Data Analysis
Also Offered As: BEPP 280
Activity: Lecture
1 Course Unit

BEPP 789 Nations, Politics, and Markets.
This course is intended to deepen understanding of the major contemporary issues in the world economy. The focus is on the "big picture" of global economic developments and the evolution of economic thought over the last one hundred years. The topics include: financial market booms and busts; business cycles; monetary and fiscal policies; inequality; the social welfare state; technological change and economic growth; and international trade and financial arrangements. The time period covers: the Roaring Twenties; the Great Depression; the post war Golden Age (1945-1973); the stagflation of the 1970s; the Washington Consensus era of the market liberalization (1980-2007); and the 2008 financial crisis and ensuing Great Recession; and the recent rise of populism. This course also explores different schools of thought. The course will chronicle and compare economic policy and performance of the United States, Europe, Japan and emerging markets (Asia, Latin America, Africa).
Taught by: Steve Golub.
One-term course offered either term
Also Offered As: BEPP 289
Prerequisites: Microeconomics.
Activity: Lecture
1 Course Unit
BEPP 805 Risk Management
The last financial crisis and subsequent recession provide ample evidence that failure to properly manage risk can result in disaster. Individuals and firms confront risk in nearly all decisions they make. People face uncertainty in their choice of careers, spending and saving decisions, family choices, and many other facets of life. Similarly, the value that firms create by designing and marketing good products is at risk from a variety of sources. The bankruptcy of a key supplier, sharp rise in cost of financing, destruction of an important asset, impact of global warming, or a liability suit can quickly squander the value created by firms. In extreme cases, risky outcomes can bankrupt a firm, as has happened recently to manufacturers of automobile parts and a variety of financial service firms. The events since the Global Financial Crisis also offer stark reminders that risk can impose significant costs on individuals, firms, governments, and society as a whole. This course explores how individuals and firms assess and evaluate risk, examines the tools available to successfully manage risk, and discusses real-world phenomena that limit the desired amount of risk-sharing. Our focus is primarily on explaining the products and institutions that will serve you better when making decisions in your future careers and lives.
One-term course offered either term
Also Offered As: BEPP 305, LAW 741
Prerequisite: None
Activity: Lecture
1 Course Unit

BEPP 811 Risk and Crisis Management.
The growing connectivity of global economies and financial markets has produced widespread risk contagion, resulting in increased volatility and an ever-increasing demand for risk capital. This course focuses on understanding the drivers of risk contagion and ways to restore confidence in worldwide markets for pure and financial risk. The class begins with an evaluation of recent financial and pure risk events: for example, the sovereign debt crisis, Japanese earthquake, and BP Deepwater Horizon. We explore how these events are being financed in innovative ways via the capital and insurance markets. Next we emphasize the role of risk management in the preservation and creation of value, helping firms identify, measure, monitor and manage/finance risk. Doing so results in risk-adjusted returns (or return on risk-adjusted capital) that exceed the cost of capital. We devote substantial focus on the practical implementation of effective risk management/financing, given evolving regulatory and governance standards. In addition, we explore opportunities for corporate growth as well as public/private partnerships. The course will conclude with a discussion of emerging markets and the role of risk management in developing a middle class needing new forms of risk transfer/financing.
One-term course offered either term
Prerequisites: None.
Activity: Lecture
0.5 Course Units

BEPP 812 Markets for Pure Risk.
The increased frequency and severity of pure risk events hinders corporations' abilities to execute strategy and deliver sustainable financial results to stakeholders. Prominent recent examples include disruptions from Hurricane Katrina, Japan's earthquake/nuclear disaster/supply chain breakdowns, Thai floods, U.S. wildfires, and global terrorist attacks. At the same time, both industrialized and emerging economies understand that the management and financing of pure risk is critical to the success of their economies. Consequently, the rising demand for risk capital has ushered in several capital market innovations and public/private partnerships necessary for managing and financing pure risk. This course investigates these issues, beginning with an introduction to pure risks, their centers of gravity and global consequences for corporations, consumers, and the macroeconomies. Next we move on to traditional sources of risk capital provided to corporations and governments via insurance and reinsurance mechanisms. The course concludes with a discussion of new sources of risk capital provided by capital markets including catastrophic risk bonds, securitization of mortality and liability risk, and other forms of insurance-linked securities. Our focus is on the supply of risk capital to corporations and economies, recognizing the unique position of emerging economies in this nexus. Throughout, the class emphasizes current real-world cases to illustrate the competitive differences in strategies taken by hedge funds, private equity pools, and insurers, as they address the increasing need for risk capital around the world. This course complements BEPP 811, Risk and Crisis Management, which focuses on how firms can use various types of hedging instruments to manage pure risks (that is BEPP 811's emphasis is primarily on the demand side of markets for pure risks whereas BEPP 812 examines the supply side of these markets).
However, BEPP 811 is not required as a prerequisite. Format: Lecture and discussion, midterm and final.
One-term course offered either term
Prerequisites: Basic microeconomics and finance.
Activity: Lecture
0.5 Course Units

BEPP 823 Business Insurance and Estate Planning.
This course presents an analysis of overall private wealth management. This includes planning for disposition of closely-held business interests; the impact of income taxes and other transfer costs on business interests and other assets; integration of life insurance, disability insurance, medical benefits, and long-term care insurance in the financial plan; planning for concentrated asset (e.g., common stock) positions, diversification techniques, and asset allocation strategies; distribution of retirement assets; lifetime giving and estate planning; and analysis of current developments in the creation, conservation, and distribution of estates. Attention also is given to various executive compensation techniques (including restricted stock and stock options) and planning for various employee benefits. The course also covers sophisticated charitable giving techniques and methods for financing education expenses. Readings consist of textbook, case studies, and bulk pack articles. This course should be attractive to most students to help them plan for their own or their families' financial affairs. It also should be particularly attractive to students specializing in entrepreneurship, wealth management finance, and law.
Taught by: Victor Hallman.
One-term course offered either term
Also Offered As: BEPP 322
Prerequisites: None.
Activity: Lecture
1 Course Unit
BEPP 836 International Housing Comparisons
This course analyzes housing finance systems and housing market outcomes across the globe. In the US, the course focuses in development of securitization markets and addresses current challenges of housing finance reform, including the future of Fannie Mae and Freddie Mac. Internationally, the course covers issues of access to housing and housing informality in developing countries, financial crises arising out of the housing sector, and potential market-oriented and public policy solutions. The course features a wide array of speakers in finance, government and academia who contribute their perspectives to pressing issues of mortgage market design.
Also Offered As: BEPP 236, REAL 236, REAL 836
Prerequisites: MGEC 611: Microeconomics for Managers.
Activity: Lecture
1 Course Unit

BEPP 851 Fund of Act Sci I (formerly INSR 851)
Course usually offered in fall term
Also Offered As: BEPP 451, STAT 451, STAT 851
Prerequisites: One semester of Calculus.
Activity: Lecture
1 Course Unit

BEPP 852 Fund of Actuarial Sci II (formerly INSR 852)
This specialized course is usually only taken by Wharton students who plan to concentrate in actuarial science and Penn students who plan to minor in actuarial science mathematics. It provides a comprehensive analysis of advanced life contingencies problems such as reserving, multiple life functions, multiple decrement theory with application to the valuation of pension plans.
Course usually offered in fall term
Also Offered As: BEPP 452, STAT 452, STAT 852
Prerequisites: STAT 851 OR BEPP 851.
Activity: Lecture
1 Course Unit

BEPP 853 Actuarial Statistics (formerly INSR 853)
This course covers models for insurer’s losses, and applications of Markov chains. Poisson processes, including extensions such as non-homogenous, compound, and mixed Poisson processes are studied in detail. The compound model is then used to establish the distribution of losses. An extensive section on Markov chains provides the theory to forecast future states of the process, as well as numerous applications of Markov chains to insurance, finance and genetics. The course is abundantly illustrated by examples from the insurance and finance literature. While most of the students taking the course are future actuaries, other students interested in applications of statistics may discover in class many fascinating applications of stochastic processes and Markov chains.
Taught by: Lemaire
Course usually offered in fall term
Also Offered As: BEPP 453, STAT 453, STAT 853
Prerequisites: Two semesters of Statistics.
Activity: Lecture
1 Course Unit

BEPP 854 Appl Stat Methd For Actu (formerly INSR 854)
One half of the course is devoted to the study of time series, including ARIMA modeling and forecasting. The other half studies modifications in random variables due to deductibles, co-payments, policy limits, and elements of simulation. This course is a possible entry point into the actuarial science program. No INSR course is a pre-requisite for INSR 854. The Society of Actuaries has approved INSR 854 for VEE credit on the topic of time series.
Course usually offered in spring term
Also Offered As: BEPP 454, STAT 454, STAT 854
Prerequisites: One semester of Probability.
Activity: Lecture
1 Course Unit

BEPP 895 Global Business Week: Cuba Before and After Normalization of US Relations
Also Offered As: HCMG 895
Activity: Lecture
0.5 Course Units

BEPP 900 Research Seminar.
Of the many ways that doctoral students typically learn how to do research, two that are important are watching others give seminar presentations (as in Applied Economics Seminars) and presenting one’s own research. The BEPP 900 course provides a venue for the latter. Wharton doctoral students enrolled in this course present applied economics research. Presentations both of papers assigned for other classes and of research leading toward a dissertation are appropriate in BEPP 900. This course aims to help students further develop a hands-on understanding of the research process. All doctoral students with applied microeconomic interests are encouraged to attend and present. Second and third year Applied Economic Ph.D. students are required to enroll in BEPP 900 and receive one-semester credit per year of participation.
Taught by: Shing-yi Wang and Corinne Low
Two terms. student may enter either term.
Prerequisites: None.
Activity: Seminar
0.5 Course Units
Notes: Permission of instructor required.

BEPP 904 Experimental Economics
This course will help prepare you to run your own economics laboratory and field experiments. Experimental methods have been widely adopted by economists to develop new insights, and some economic theories and hypotheses are uniquely well-suited for testing with experimental tools and data. Achieving high internal and external validity requires careful experimental design. Substantive areas of application in the course will include market equilibrium, asset bubbles, learning in games, public good provision, and labor market relationships. Additional topics may include biases in individual decision-making; field experiments in development economics; and happiness, neuroeconomics, and behavioral/experimental welfare economics. Economists’ typical interests in strategic and market-based interactions raise particular methodological challenges and opportunities.
Course not offered every year
Also Offered As: OIDD 904
Activity: Lecture
1 Course Unit
BEPP 911 Empirical Public Policy
This course examines econometric research on a variety of topics related to public policy, with the goal of preparing students to undertake academic-caliber research. The course is not an econometrics or statistics course per se; rather, it focuses on research designs with observational data and how econometric techniques are applied in practice. The course aims to train students to do applied economic research that involves measuring effects of theoretical or practical interest. It proceeds in two major parts. The first part examines endogeneity and inference about causal relationships, instrumental variables methods and critiques, and panel data methods. The second part of the course addresses "structural" econometric modeling. Topics covered in this part include sorting and selection, entry models, and counterfactual analyses of policy changes. The course proceeds by analyzing, in detail, approximately 24 well-known empirical research papers in applied economics or related fields. These include public economics and tax policy, labor economics, law and economics, health care policy, industrial organization and competition, transportation demand and policy, and others.
Taught by: Ulrich Doraszelski
Course usually offered in spring term
Prerequisites: A graduate-level statistics or econometrics course.
Activity: Lecture
1 Course Unit

BEPP 931 Numerical Methods in Economics
The objective of this course is to introduce graduate students to computational approaches for solving economic models. We will formulate economic problems in computationally tractable form and use techniques from numerical analysis to solve them. Examples of computational techniques in the current economics literature as well as discuss areas where these techniques may be useful in future research will be disclosed. We will pay particular attention to methods for solving dynamic optimization problems and computing equilibria of games. The substantive applications will cover a wide range of problems including industrial organization, game theory, macroeconomics, finance, and econometrics.
Taught by: Ulrich Doraszelski
One-term course offered either term
Prerequisites: None.
Activity: Lecture
1 Course Unit

BEPP 932 Contract Theory and Applications
The course provides an advanced introduction to the theory of contracts and its mixture of foundational theories and applications to fields such as labor, reuindustrial organization. Course usually offered in spring term
Prerequisite: None
Activity: Lecture
1 Course Unit

BEPP 933 Public Economics: Social Insurance and Government Expenditures
The first part of this course will examine the rationale for and economic impact (e.g. on saving, labor supply, etc.) of social insurance programs such as social security, unemployment insurance and disability insurance. The next major part of the course will explore these same issues for government interventions in health insurance markets. The course will then cover research on public goods, externalities, fiscal federalism, and economic stimulus (including the government's recent response to the "Great Recession") before proceeding to an exploration of the government's role in K-12 and higher education. Both theoretical and empirical evidence will be covered along with a mix of classic studies and more cutting-edge research. Throughout the course we will discuss the tradeoffs - for example between the protection and distortion of social insurance programs – that influence government's optional role. While the focus will be on evidence from the U.S., some research from other industrialized and developing countries will also be covered.
Prerequisites: None.
Activity: Lecture
1 Course Unit

BEPP 934 Economics of Risk and Time
This course deals with the economic theory of supply, demand, and equilibrium in savings and insurance markets, including social insurance. We will review decision models under conditions of risk and use these to address problems of optimal insurance, moral hazard and adverse selection, social security, and contract enforcement.
Course usually offered in fall term
Prerequisites: Economics (Basic).
Activity: Lecture
1 Course Unit

BEPP 941 Development Economics
This course will cover current microeconomic issues of developing countries including poverty, risk, savings, human capital, and institutions. We will also explore the causes and consequences of market failures that are common in many developing countries with a focus on credit, land, and labor markets. The course is designed to introduce recent research with focus on empirical methods and testing theories with data.
Taught by: Shing-yi Wang/Robert Jensen
One-term course offered either term
Activity: Lecture
1 Course Unit

BEPP 950 Managerial Economics
Public goods, externalities, uncertainty, and income redistribution as sources of market failures; private market and collective choice models as possible correcting mechanisms. Microeconomic theories of taxation and public sector expenditures. The administration and organization of the public sector.
Taught by: Postlewaithe
One-term course offered either term
Also Offered As: BEPP 250
Prerequisites: Microeconomics, Economics 701 and 703. Any deviation from that must be approved by the Instructor.
Activity: Lecture
1 Course Unit
BEPP 951 Political Economy
This course will introduce the students to the basic models of formal political economy and methods for empirically estimating those models from policy data, both for the developed and developing economies. Topics to be covered will include Downsian electoral competition and median voter politics, theories of legislative politics including minimum winning coalition and universalistic (pork-barrel) politics, models of lobbying and political corruption, models of executive influence in legislative settings. Particular attention is paid to the role of formal (constitutional) and informal (non-constitutional) institutions as they determine policy outcomes in democratic societies, including majoritarian (first-past-the-post) and proportional representation systems of elections, partisan (party) and non-partisan (special interest) legislatures, executive agenda-setting and veto powers, federal and unitary forms of governance, and finally, the role of judicial review. Policy applications will focus on fiscal policy (taxes, spending, and debt), though students should feel free to apply the analysis to other public policies of interest. Students should have a firm understanding of micro-economic theory and applied econometrics.
Course usually offered in fall term
Prerequisites: PHD course with advanced microeconomics.
Activity: Lecture
1 Course Unit

BEPP 952 Economics and Law
Activity: Lecture
1 Course Unit

BEPP 961 Risk Analysis and Environmental Management
This course is designed to introduce students to the role of risk assessment, risk perception and risk management in dealing with uncertain health, safety and environmental risks including the threat of terrorism. It explores the role of decision analysis as well as the use of scenarios for dealing with these problems. The course will evaluate the role of policy tools such as risk communication, economic incentives, insurance, regulation and private-public partnerships in developing strategies for managing these risks. A project will enable students to apply the concepts discussed in the course to a concrete problem.
Taught by: Howard Kunreuther
Course not offered every year
Also Offered As: BEPP 261, BEPP 761, OIDD 261, OIDD 761
Prerequisites: None, but microeconomics helpful.
Activity: Lecture
1 Course Unit

BEPP 962 Applied Economics Seminar
The goal of this course is to help doctoral students develop critical thinking skills through both seminar participation and writing of referee reports. To this end students will attend the Wharton Applied Economics each Wednesday at noon seminar when it meets; prepare two written referee reports on WAE papers per semester, due before the seminar is presented; after attending the seminar - and the ensuing discussion of the paper - students will prepare follow-up evaluations of their referee report reports, due one week after the seminar.
Taught by: Fernando Ferreira
Two terms. student may enter either term.
Also Offered As: REAL 962
Prerequisites: None.
Activity: Seminar
0.5 Course Units

BEPP 971 Market Design
The course covers Market Design, the analysis and engineering of market rules and institutions. In the last 60 years practitioners and academics have deliberately engineered the rules of an increasing number of markets, with classic examples including medical resident matching (e.g., NRMP), spectrum auctions (e.g., FCC auctions), and organ donation exchanges. In the last few years, very large markets have been created from scratch, such as eBay, Adwords, and smaller markets like odesk.com and sittercity.com. These designs use a broad set of tools, including economic theory, empirical analysis and experiments (and a fair dose of trial-and-error). With this experience, useful principles have emerged, on what market failures typically have to be addressed, and on which rules work and which do not.
Taught by: Eduardo Azevedo
Activity: Lecture
1 Course Unit

BEPP 987 Industrial Organization and Competition Policy
This course focuses on empirical methods and applications of research topics in Industrial Organization. Although not exclusively, the course will focus mostly on the application of econometric techniques used to study specific markets and antitrust policies. The topics that will be covered include the evaluation of market power and mergers, product differentiation, investment and innovation, collusion, price discrimination, vertical relations, entry and product positioning, and the dynamics of industries. The course will also discuss research methodologies related to microeconomic theory, computational methods, and econometric analysis. The applicability of the techniques goes beyond the field of Industrial Organization, and include the Labor, Health, Trade and Public economics.
One-term course offered either term
Prerequisites: Doctoral level economics (e.g. ECON 701, 703 or ECON 680, 682).
Activity: Lecture
1 Course Unit