

BUSINESS AND PUBLIC POLICY (WH) {BPUB}

201. (BPUB770) Political Economy of Social Policy. (C) May be counted as a General Requirement Course in Society. Class of 2009 & prior only. Staff. Prerequisite(s): ECON 1 or equivalent.

This course uses microeconomics to evaluate public policy. The course has two aims. The first aim is to provide a microeconomic toolkit that we will use to identify failures of the competitive market; the circumstances in which government intervention can improve economic efficiency; and alternatives to government intervention. The second aim of the course is to apply this toolkit to current policy issues, including environmental regulation, tax policy, health care reform and the problem of the uninsured; education policy; social security reform and the costs and benefits of private accounts; antitrust policy, and policy to promote research and development.

202. (BPUB664, TRAN201) Principles of Transportation. (B) Allen. Prerequisite(s): None, but microeconomics helpful. Some elementary economics will be utilized and will be developed in class.

This course is an introductory course designed to familiarize the student with the subject matter of transportation. Expenditure in the transportation industry totals 16% of the US Gross Domestic Product and transportation and other supply chain expenditures in many firms are second only to labor costs. While the industry has been substantially deregulated in the last 25 years, the transition to deregulation is not complete and the legacy of 100 years of regulation still exists. In addition, the industry is unique in the sense that a major portion of the major factor of production (its infrastructure) is publicly financed. These factors make the industry different from others and suggest different management policies. Topics covered include: location analysis, mass transport, costs and pricing analysis, regulation and deregulation, and economic development.

203. Business in the Global Political Environment. (C) Bailey. Prerequisite(s): ECON 001 or equivalent.

This course focuses on business issues that are mediated through the public sector. Specific governmental policies towards markets will be examined, including antitrust policy, economic regulation and deregulation, social regulation, and market infrastructure (intellectual property, fraud and securities regulation.) The course includes discussion of corporate responsibility and ethical issues in international business. Lectures and case studies focus on currently pending actions worldwide, including Internet related issues. The course applies theoretical principles of strategic thinking, industrial organization, and political science to studying the interactions between multinational firms and political institutions.

204. (BPUB777, BPUB960) Cost Benefit Analysis. (B) Pack, J. Prerequisite(s): Microeconomics.

Cost benefit analysis -- the principal tool for project and policy evaluation in the public sector. For government whose "products" are rarely sold, the valuation of costs and benefits by means alternative to market prices is necessary. It is the counterpart to cost accounting in private firms and provides guidance for avoiding wasteful projects and undertaking those that are worthwhile. Given government regulations, cost benefit evaluations are critical for many private sector activities. Real estate developers, manufacturing firms, employers of all types are required to provide evaluations of environmental impacts and of urban impacts for their proposed projects. They too must engage in cost benefit analysis, in the valuation social benefits and costs.

Government analysts, consultants, and private firms regularly carry out cost benefit analyses for major investments -- bridges, roads, transit systems, convention centers, sports stadia, dams -- as well as for regulatory activities -- OSHA workplace safety regulations and the Clean Air Act are two important examples.

206. (BPUB772, REAL206, REAL772, REAL972) Urban Public Policy and Private Economic Development. (C) Pack, J. Prerequisite(s): Microeconomics.

This course considers the pervasive interactions between real estate developers and government. Governments influence real estate development in many ways: through zoning laws, taxes, public expenditures, impact fees, infrastructure, building codes, environmental regulations, to name just a few. Private real estate developers are the prime movers in determining urban development patterns. Thus, we will consider how private development is influenced by, and influences, government regulation, the government policies listed above and how governments influence and respond to private activity.

As a "case study" of this interaction between government and real estate developers and markets, we will consider one of the major policy interventions currently being advocated, adopted, and considered by governments throughout the country - growth controls or smart growth to deal with the alleged problem of urban sprawl. To this end, we will consider what is meant by urban sprawl, why it is considered a problem - by whom - why growth controls are considered a solution to the problem, the possible effects of growth controls on various groups, the views of developers about both urban sprawl and growth controls. Several guest lecturers from the private, not-for-profit, and public sectors are scheduled to make presentations.

212. (LGST212, PPE 212) Economic Analysis of Law. (C) Asher. Prerequisite(s): ECON 1.

The course is designed to teach students how to think as an economist about legal rules; to evaluate alternative legal rules against standards of economic efficiency and distributive justice; and to understand the nature of the legal process and several specific areas of the law. With the use of alternative texts, both deductive and inductive reasoning will be employed to study the formation and interpretation of legal rules.

230. (ECON237, FNCE230, REAL230) Urban Fiscal Policy. (A) Inman. Prerequisite(s): Introductory Economics, FNCE 101.

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.

236. (FNCE236, REAL236) International Housing Comparisons. (B) Wachter. Prerequisite(s): None.

This course focuses on international comparisons of housing finance systems and housing market outcomes. This includes comparative analyses of the financial and economic factors that underlay housing market differences and similarities. Changing housing market institutions and policies in developed and emerging economies are examined. The course also addresses the implications of the integration of global financial markets for national housing markets. International speakers present their views on institutional innovations and the policy setting process in their respective markets. Various approaches to understanding these issues will be used, including readings, written assignments, and group projects.

L/R 250. Managerial Economics. (C) Seim. Prerequisite(s): ECON 001, AP credit or the equivalent; MATH 103, AP credit or the equivalent.

This course introduces students to "managerial economics," the application of microeconomic theory to management problems. Microeconomic theory is a remarkably useful body of ideas for understanding and analyzing human behavior in a variety of contexts. Our goal in this course is to get you to internalize this body of theory well enough so that you can analyze management problems. While this is a "tools course", we will be mindful of applied business problems throughout the course. After presenting the competitive model we will dwell on other market structures more like those encountered by typical firms (monopoly, oligopoly, monopolistic competition). We will spend some time on microeconomic lessons on the development and use of market power, as well as strategic interaction among firms. Finally, we will spend some time on the theory of market failure.

261. (BPUB761, BPUB961, ESE 567, OPIM261, OPIM761) Risk Analysis and Environmental Management. (M) Kunreuther. Prerequisite(s): None, but microeconomics helpful.

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.

288. International Industrial Development Strategies. (C) Pack, H. Prerequisite(s): Wharton Managerial Economics or an undergraduate intermediate microeconomics course.

The course analyzes the problems of emerging markets. The course considers the industrialization strategies they have chosen and the recent financial and macroeconomic problems they have encountered. Particular emphasis will be given to the recent problems of Latin American and Asian countries that experienced rapid growth for considerable periods only to encounter major reversals in the last half of the 1990s. The implications of this experience for the private and public sectors will be considered in detail. The role of foreign aid, the World Bank and the International Monetary Fund in dealing with crises in developing countries will be explored in detail.

289. Nations, Politics, and Markets. (C) Pack, H. Prerequisite(s): Econ 2 or its equivalent, Finance 102.

This course is designed for students who are interested in pursuing an international career and for those who plan to work for industrial and financial corporations that operate in emerging markets. The course will deal with the economic and political problems of macroeconomic adjustment, corruption, the transition economies, and international

financial transactions. All of these topics will be illustrated with in-depth studies of economies in Africa, Asia, Latin America, the Middle East, Eastern Europe, and China.

298. (BPUB798, MGMT798, PPMT998) Privatization: An International Perspective. (C) Choksi.

Prerequisite(s): None.

Privatization is sweeping the globe. The redefinition of boundaries between the public and private sectors creates new and exciting opportunities for businesses and policy makers. This course will review the international experience with privatization -- the Thatcher privatizations of the 1980s, the current sale of utilities, airlines, and telecommunication companies in emerging and developed economies. We will analyze the ongoing transformation of post Communist countries. Students will learn how to value state-owned assets using real option value techniques. We will discuss bidding strategies in privatization auctions. The last part of the course offers an introduction to project finance as a new form of cooperation between the public and private sectors.

664. (BPUB202, TRAN201) Economics of Transportation. (B) Allen. Prerequisite(s): None, but microeconomics helpful.

This course is an introductory course designed to familiarize the student with the subject matter of transportation. Expenditure in the transportation industry totals 16% of the US Gross Domestic Product and transportation and other supply chain expenditures in many firms are second only to labor costs. While the industry has been substantially deregulated in the last 25 years, the transition to deregulation is not complete and the legacy of the 100 years of regulation still exists. In addition, the industry is unique in the sense that a major portion of the major factor of production (its infrastructure) is publicly financed. These factors make the industry different from others and suggest different management policies. Topics covered include: location analysis, mass transport, costs and pricing analysis, regulation and deregulation, and economic development.

720. Behavioral Economics and Prediction and Betting Markets. (B) Wolfers. Prerequisite(s): None.

This class considers an intriguing and growing set of non-traditional markets, including trading (or gambling) on the outcome of sporting events, elections, political risks, corporate outcomes, public policy and economic statistics. We will explore these markets, drawing on insights from economics and psychology, and highlighting the parallels between these markets and other existing markets. We will examine the potential uses of these markets in the business and public policy domains. Importantly, the success of these markets depends on whether these markets yield efficient forecasts, which in turn depends on factors such as market design, and the biases exhibited by individual traders. We then turn to discussing recent advances in behavioral economics and attempt to apply psychologically-grounded theories of information processing to a particular set of prediction markets: sports betting. Assessing potentially profitable trading strategies with a critical eye, we will discuss not only investment opportunities, but what these findings reveal about both human psychology and the operation of markets.

761. (BPUB261, BPUB961, ESE 567, OPIM261, OPIM761) Risk Analysis and Environmental Management. (M) Kunreuther. Prerequisite(s): None, but microeconomics helpful.

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.

770. (BPUB201) The Political Economy of the Public Sector. (C) Staff. Prerequisite(s): A basic understanding of microeconomics.

This course explores the role of government in the economy. We will first consider the economic rationale for government intervention in the economy - in which situations is government intervention in private markets warranted? We will then analyze the successes, failures, and compromises inherent in government interventions in a variety of areas, such as: the environment, legalizing marijuana, research and development, piracy and intellectual property, merger policy, financial disclosure, banking, airlines, media, social security, terrorism, bankruptcy, education, health care, labor unions, employment regulation, and tax policy.

772. (BPUB206, REAL206, REAL772, REAL972) Urban Public Policy and Private Economic Development. (B) Pack, J. Prerequisite(s): Microeconomics.

This course considers the pervasive interactions between real estate developers and government. Governments influence real estate development in many ways: through zoning laws, taxes, public expenditures, impact fees, infrastructure, building codes, environmental regulations, to name just a few. Much of the time in the course is spent understanding the effect on residential and commercial real estate development of these government interventions.

As a "case study" of this interaction between government and real estate developers and markets, we will consider one of the major policy interventions currently being advocated, adopted, and considered by governments throughout the country - growth controls or smart growth to deal with the alleged problem of urban sprawl. To this end, we will consider what is meant by urban sprawl, why it is considered a problem - by whom - why growth controls are considered a solution to the problem, the possible effects of growth controls on various groups, the views of developers about both urban sprawl and growth controls. Several guest lecturers from the private, not-for-profit, and public sectors are scheduled to make presentations.

773. (FNCE730, REAL730) Urban Fiscal Policy. (A) Inman. Prerequisite(s): MGEC 621, FNCE 601.

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.

777. (BPUB204, BPUB960) Cost Benefit Analysis. (B) Pack, J. Prerequisite(s): Microeconomics.

Cost benefit analysis -- the principal tool for project and policy evaluation in the public sector. For government, whose "products" are rarely sold, the valuation of costs and benefits by means alternative to market prices is necessary. It is the counterpart to cost accounting in private firms and provides guidance for avoiding wasteful projects and undertaking those that are worthwhile. Given government regulations, cost benefit evaluations are critical for many private sector activities. Real estate developers, manufacturing firms, employers of all types are required to provide evaluations of environmental impacts and of urban impacts for their proposed projects. They too must engage in cost benefit analysis, in the valuation of social benefits and costs.

Government analysts, consultants, and private firms regularly carry out cost benefit analyses for major investments -- bridges, roads, transit systems, convention centers, sports stadia, dams -- as well as regulatory activities - - OSHA workplace safety regulations and the Clean Air Act are two important examples.

784. (MGMT784) Managerial Economics and Game Theory. (C) Thomas. Prerequisite(s): Intermediate microeconomics. It is expected that the student has been introduced to some basic game theory. There will be a quick review of the basics and some recommended supplemental readings for those who have little or no background in game theory.

The purpose of this minicourse is to develop students' abilities to apply game theory to decision making. Development of the tools of game theory and the application of those tools is emphasized. Game theory has become an important tool for managers and consultants in analyzing and implementing tactical as well as strategic actions. This course will primarily focus on examples useful for developing competitive strategy in the private sector (pricing and product strategy, capacity choices, contracting and negotiating, signaling and bluffing, takeover strategy, etc.). Game theory can also be used to address problems relevant to a firm's organizational strategy (e.g. internal incentives and information flow within a firm) and to a firm's nonmarket environment (e.g., strategic trade policies, litigation and regulation strategy).

788. (BPUB288, BPUB988) International Industrial Development Strategies. (C) Pack, H. Prerequisite(s): Wharton Managerial Economics or an undergraduate intermediate microeconomics course.

The course analyzes the problems of emerging markets. The course considers the industrialization strategies they have chosen and the recent financial and macroeconomic problems they have encountered. Particular emphasis will be given to the recent problems of Latin American and Asian countries that experienced rapid growth for considerable periods only to encounter major reversals in the last half of the 1990s. The implications of this experience for the private and public sectors will be considered in detail. The role of foreign aid, the World Bank and the International Monetary Fund in dealing with crises in developing countries will be explored in detail.

789. Nations, Politics, and Markets. (C) Pack, H. Prerequisite(s): FNCE 602.

This course is designed for students who are interested in pursuing an international career and for those who plan to work for industrial and financial corporations that operate in emerging markets. The course will deal with the economic and political problems of macroeconomic adjustment, corruption, the transition economies, and international financial transactions. All of these topics will be illustrated with in-depth studies of economies in Africa, Asia, Latin America, the Middle East, Eastern Europe, and China.

798. (BPUB298, MGMT798) Privatization: An International Perspective. (C) Choksi. Prerequisite(s): None.

Privatization is sweeping the globe. The redefinition of boundaries between the public and private sectors creates new and exciting opportunities for businesses and policy makers. This course will review the international experience with privatization -- the Thatcher privatizations of the 1980s, the current sale of electric utilities, airlines, and

telecommunication companies in emerging and developed economies. We will also analyze the ongoing transformation of post Communist countries. Students will learn how to value state-owned assets using real option value techniques. We will discuss bidding strategies in privatization auctions. The last part of the course offers an introduction to project finance as a new form of cooperation between the public and private sectors.

SM 900. Research Seminar. (F) Waldfoegel. Prerequisite(s): None. Permission of instructor required.

After doctoral students complete their coursework they typically learn how to do research in two ways, by watching others present research (see BPUB 962, which gives course credit for participating in the Wharton Applied Economics Seminar), and by preparing and presenting their own research. This course is meant to provide a venue where Wharton doctoral students whose work has an applied economic flavor can present their research as it progresses. We will meet weekly, on Thursdays at noon for student research presentations. The course provides a venue for moving research forward, including both papers assigned for other classes and research leading toward a dissertation. This course aims to bring students a hands-on understanding of the research process itself, and the course is appropriate for all doctoral students with applied microeconomic interests who have completed at least one year of their doctoral program. This one-credit course meets Thursdays 12-1:20. Our first (organizational) meeting is the first Thursday of the semester. We will determine our meeting frequency based on enrollment and the timing of student presentations. Our expectations of students' research presentations vary with students' progress in their respective programs.

911. Empirical Public Policy. (B) White. Prerequisite(s): A graduate-level statistics or econometrics course.

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.

The course is participatory in nature. Students are required to prepare research proposals and to complete an empirical research paper that can develop into (part of) a dissertation.

951. Political Economy. (A) Inman. Prerequisite(s): PHD course with advanced microeconomics.

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.

960. (BPUB204, BPUB777) Cost Benefit Analysis. (B) Pack, J. Prerequisite(s): Microeconomics.

The principal tool for project and policy evaluation in the public sector. For government, whose "products" are rarely sold, the valuation of costs and benefits by means alternative to market prices is necessary. It is the counterpart to cost accounting in private firms and provides guidance for avoiding wasteful projects and undertaking those that are worthwhile. In addition, given government regulations, cost benefit evaluations are critical for many private sector activities. Real estate developers, manufacturing firms, employers of all types are required to provide evaluations of environmental impacts and of urban impacts for their proposed projects. They too must engage in cost benefit analysis, in the valuation of social benefits and costs. PhD students will write a paper on a theoretical or applied issue in cost-benefit analysis in lieu of the final examination.

Government analysts, consultants, and private firms regularly carry out cost cost benefit analyses for major investments -- bridges, roads, transit systems, convention centers, sports stadia, dams -- as well as regulatory activities - OSHA workplace safety regulations and the Clean Air Act are two important examples.

961. (BPUB261, BPUB761, OPIM261, OPIM761) Risk Analysis and Environmental Management. (M) Kunreuther. Prerequisite(s): None, but microeconomics helpful.

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.

SM 962. Applied Economics Seminar. (F) Waldfoegel. Prerequisite(s): None.

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.

987. Regulatory Policy. (C) Seim/Waldfoegel. Prerequisite(s): Doctoral level economics (e.g. ECON 701, 703 or ECON 680, 682). Corequisite(s): This course acquaints students with topics in applied industrial economics that are most relevant to business school doctoral students. The course aims to provide both methodological training in some of the approaches of contemporary empirical work, as well as topical depth in a variety of areas. Topics covered include, but are not limited to, entry modeling, product selection, concentration and product targeting, distributional effects of market allocation, endogenous sunk costs and market structure, information and competition, the challenges of selling information goods, historical lock-in, and innovation.

988. International Industrial Development Strategies. (C) Pack, H. Prerequisite(s): MGEC 621.

The course analyzes the problems of emerging markets. The course considers the industrialization strategies they have chosen and the recent financial and macroeconomic problems they have encountered. Particular emphasis will be given to the recent problems of Latin American and Asian countries that experienced rapid growth for considerable periods only to encounter major reversals in the last half of the 1990s. The implications of this experience for the private and public sectors will be considered in detail. The role of foreign aid, the World Bank and the International Monetary Fund in dealing with crises in developing countries will be explored in detail.

899. THE ECONOMIC & FIN. CRISI. This class analyzes the causes and consequences of the current economic and financial crisis, and provides a forum for the discussion and analysis of the policy options available. The class consists of a well-structured series of interactive lectures by Wharton or Penn faculty specializing in the economic, financial, policy, and political aspects of the crisis, both in the United States and around the world. Topics will include the macroeconomic aspects of the crisis, financial innovation, global contagion, the role of central banks and multilateral agencies, and the impact of the crisis on banks, stock markets, insurance, and private equity. Material from the United States, Europe, Japan, China, Russia, Latin America, and the Middle East will be discussed. Format: Lecture, five 5-page reaction papers. Prerequisites: None.

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TRANSPORTATION (TRAN)

201. (BPUB202, BPUB664) Principles of Transportation. (C) Allen.

This course studies the use of transportation as an instrument of social policy and the role of government (via regulation) in the industry. Topics covered include: location analysis, mass transport, costs and pricing analysis, regulation and deregulation, and economic development.