

# Deeksha Gupta

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## Education

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Ph.D in Finance, Wharton School, University of Pennsylvania. Expected Graduation: 2017

Honors, Grants and Awards: Recipient of Miller, Anderson and Sherrerd Fellowship for highest score on the PhD preliminary examination, Dean's Fellowship for Distinguished Merit.

MSc in Financial Economics, Saïd Business School, Oxford University. Class of 2012

Honors, Grants and Awards: Dean's List, Distinction.

A.B. Applied Mathematics-Economics, Brown University. Class of 2010

Honors, Grants and Awards: Magna Cum Laude, Harrison Family Presidential Scholar, Shoman Scholar, Davis Scholar, Full Scholarship at Brown University.

## Research Interests

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Corporate Finance, Housing Markets and Financial Stability, Financial Fragility and Crises, Political Economy, Banking.

## Working Papers

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"Sustainable Housing Policy" (with Itay Goldstein), *Working Paper*

Investment in housing is often thought of as an important tool for household wealth accumulation and for stimulating economic activity. As such, many policies aim to promote investment in housing and support housing prices. However, empirical research on the effect of such policies on wealth accumulation and investment in the economy is mixed. In this paper, we develop a comprehensive framework for studying the effect of housing investment on household wealth accumulation, the value of policies subsidizing investment in housing and the form that such policies should take. We find that when households are financially constrained, the price of housing generates externalities on investment in the economy and subsequently on household wealth accumulation. At times, it can be optimal to decrease the price of housing rather than to support high housing prices. Contrary to standard economic theory, we find that subsidizing the demand-side of the housing market and the supply-side of the market have different effects on welfare. When the return from real estate investment is high, a combination of subsidies for construction companies and taxes on purchases of houses can be optimal.

"The Politics of Banking and Income Redistribution", *Working Paper*

Presented at Trans-Atlantic Doctor Conference, 2015

This paper examines how growing income inequality in the United States along with political incentives for holding office contributed to excessive homeownership and a subsequent reduction in credit - two factors that characterized the recent financial crisis. I find that in the presence of positive social externalities from homeownership, governments can use securitization of bank mortgages by government-backed agencies as a policy tool to direct mortgage loans optimally to certain borrowers. However, if the proportion of borrowers who require subsidies to become homeowners is large enough and the government has a preference for holding office, government policies feature an inefficient expansion of easy mortgage credit. This creates excessive homeownership and a reduction in future credit in the economy. Furthermore, I find that any preference for holding office, no matter how small, can overturn welfare implications of government policy aimed at providing housing access. Thus far, political incentives faced by the government when making policies are largely absent from the plethora of economic theories that have been proposed to explain the crisis. This paper provides a novel reason for the financial crisis motivated by the political origins of affordable housing policy.

## Work in Progress

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"Wealth Inequality, Asset Price Drops and The Risk of Recessions"

"Rethinking Financial Stability and Risk Taking: The Case for Credit Unions" (with Anna Cororaton)

## Work Experience

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Research Associate, Antitrust and Intellectual Property, NERA Economic Consulting. (July 2010 – June 2011)

Actuarial Intern, Reinsurance Department, New York Life Insurance. (May 2009 – August 2009)

## **Teaching Assistant Experience**

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Corporate Finance and Financial Institutions, PhD class, 2016

Finance in Europe, MBA/Executive MBA, 2016, 2015

Corporate Valuation, MBA/Executive MBA/Undergraduate, 2015, 2014, 2013

Fixed Income, MBA/ Undergraduate, 2015, 2015

Behavioral Finance, MBA/ Undergraduate, 2015

Private Wealth Management, 2015, 2014

Principles of Economics, 2010, 2009

Multivariable Calculus, 2008

## **Programming Languages**

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Matlab, C++, Stata, SAS, and other common statistics packages.

## **Languages**

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English, Hindi, Punjabi, French (Intermediate), Italian (Beginner).

Last Updated: February, 2016