Readings for Class

Readings will be taken primarily from articles in The Journal of Economic Perspectives, which is available for free on line. Other academic articles will be accessible either directly or through the Google scholar link from the UT library website. Readings will be posted in advance on the course calendar, also accessible under the syllabus tab in Blackboard. Most of these readings will be from The Journal of Economic Perspectives, which is available for free. Other articles will include links that will take you to the paper if you are on campus and hopefully even if you are not. Otherwise, you should be able to search for the articles via the Google scholar page on the University of Texas library website.

We will use the following book in the later part of the class. You should obtain a copy:

All students should have access to the Wall Street Journal. I will email links to articles that we will discuss before class. A link to the discounted student subscription is available on Blackboard. If you choose not to subscribe, it is your responsibility to obtain access to the articles in a timely fashion.

Optional Textbook
Custom textbook based on: Foundations of Financial Markets and Institutions by Frederic S. Mishkin and Stanley G. Eakins

I use this text in my undergraduate financial markets class. You should be able to get by without it from the notes I provide, but it may prove a useful supplement.

Format of the Class

The class will combine lectures addressing the role of financial markets from a theoretical and institutional perspective with extensive discussion of articles relating to this subject. All students should come prepared to discuss the material assigned on a given day. We will also regularly discuss current events, with a focus on applying the theory we cover to developments in financial markets.
Games
Several class periods will be dedicated to games based on papers in the experimental economics literature. Games will be played with experimental currency, and I will keep track of each player’s earnings. Final earnings in each class period are completely separate, and negative balances will be ignored. That is, if you perform very badly in one game, it will not ruin your chances of coming out ahead in another game and will certainly not hurt your score on an exam or anything. At the end of the class, I will convert experimental currency balances into class participation points at an exchange rate that I will determine. It is highly unlikely that anyone’s grade will change as a result of performance in the games, but you will learn more and possibly have more fun if you pretend like it matters. I will NOT use any data collected for any purpose other than teaching this class, improving the experiments for future years, or, possibly, presenting the data in future classes. The data will not be used as part of any research project.

Grading
Exam I (September 25): 15%
Exam II (October 23): 15%
Exam III (November 13): 15%
Case reports and problem sets (total): 15%
Final Paper/Presentation: 30%
Class participation: 10%

The class will be “curved” in the sense that there is no direct mapping between raw scores on exams and final grade assignments. Given the small size of the class, the curve will be fairly discretionary and I will not enforce a pre-determined grade distribution.

Class Participation and Attendance
Class participation is a significant portion of your grade. The two main ways to earn a good score on class participation are to actively participate in the discussions of current events that will generally take place at the beginning of class and to actively participate in the discussions of the external papers. Attendance is not directly counted toward your grade, but poor attendance is likely to drop your class participation grade.

Final Paper
The largest single part of your grade will be your final paper and the presentation of this paper. This is a major endeavor that you will start working on no later than the end of September. Fortunately, you will have a technical writing tutor to help you through the stages of completing this paper. You will be expected to turn in a final paper of around 20 pages, and to give a 15 minute presentation to the class. The paper should be on a topic not specifically covered in the class, but related to financial markets. You will need to apply the concepts we cover, particularly in the early part of the class, to analyze some market or aspect of a market.

Cases
I anticipate assigning two cases, which will be completed in teams. You will be required to turn in a brief case report and be prepared to discuss the case in class. Active, prepared discussion of these cases will be an important part of your class participation grade.
Problem Sets
There will be occasional problem sets. These will be collected and graded on an acceptable/unacceptable basis. The problem sets will serve primarily as a means to prepare for the quantitative portion of the exam.

Makeups
Students missing an exam for good reason, including and more or less limited to (documented) illness or death (or extremely serious illness) in the immediate family, will be given the opportunity to make up the exam.

Students with Disabilities
The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.

Academic Integrity
Official University Statement: The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business: By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course an/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

Class website
Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging e-mail, engaging in class discussions and chats, and exchanging files. In addition, class e-mail rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information see: http://www.utexas.edu/student/registrar/catalogs/gs02-03/app/appc09.html.