Imagine a large pile of money. The virtue of the most basic forms of money is that it is fungible—meaning, you can buy anything with it and one dollar is as good as any other. But now place that pile of money into a bucket, and write something on that bucket: perhaps “hedge fund,” or “central bank,” or “payday lender.” The bucket is everything: even if the money on the inside is the same, the bucket will change the way insiders and outsiders alike treat that money.

This course surveys a large number of these “buckets”—“financial institutions,” we’ll call them, though we use this term very broadly. These institutions are those that undergraduate and graduate students will encounter throughout their careers, whatever those careers might be. They include, among others:

1. Investment banks
2. Community banks
3. Central banks
4. University endowments
5. Hedge funds
6. Insurance companies
7. State funded enterprises
8. Payday lenders
9. Public pension funds
10. Mutual funds
11. Fintech

During this survey, we will ask a series of questions. Where does this institution come from? How has it changed over time? What is the political context? What is the regulatory context? In other words, we’ll look at the institution’s law, history, and politics, touching only briefly (and with no expectation of prior familiarity) on the
economics and finance undergirding each one.

The course will be highly interactive as we learn these sometimes technical topics. While a background or interest in finance may be helpful, I encourage students with no background to enroll and will assume as much in each lecture.

**Grading:**

Your grade is divided into four equal parts: 25% class participation, 25% for the first in-class exam, 25% for the second in-class exam, and 25% for the final projects. (More on the final projects, below.)

Class participation is mandatory. I will alternate between soliciting volunteer comments on the reading material/class discussion and “cold calling” students. Inadequate preparation will be noted and held against your participation grade. Because class discussion is so essential, I will work hard to create a comfortable atmosphere where theories can be ventured without embarrassment.

The in-class exams will be a mix of multiple choice, short answer, and brief essay questions. You will be expected to complete the exam during the 80-minute course session.

The final project will be to choose a specific financial institution and provide a legal, political, and historical assessment. Examples might be a specific country’s central bank, a specific hedge fund, or something similar. The assessment should be 2,000 words multiplied by the number of students participating (no more than three students per group; solo projects are perfectly appropriate). You may divide the group work however you like, but each student must clearly identify individual contributions so that they can be graded accordingly.

**Note:** I will be running each report through anti-plagiarism software. Plagiarized work will result in severe consequences for the student(s), consistent with the University of Pennsylvania’s and Wharton’s rules and policies.

**Required Texts:**

All required texts will be available through the course bulk pack available at STUDY.NET. I will also supplement that reading throughout the semester.

**Class Format and Policies:**

This course will involve some lecture and some group discussion, and requires
students to be present and engaged. To that end, I will take strict attendance: tardiness and absences will cut against the all-important participation grade. At the beginning of the course, we will also take a class vote about whether we should strictly forbid the use of laptops, tablets, or any other internet-enabled device.

Readings:
An updated syllabus with specific reading assignments will be posted to the course's Canvas website at least two weeks ahead of the relevant class period.

Course Thumbnail (tentative and subject to revision):

1. Introduction: Other People’s Money [20 pages]

Part I: The Institutions

2. The Modern Corporation: Limited Liability and Joint Stock Ownership Through the Centuries [52 pages]
   a. Stephen Bown, Merchant Kings: When Companies Ruled the World, 1600-1900, Introduction and Chapters 1 (Dutch East India) (45 pages)
   b. Ida Tarbell, “The History of the Standard Oil Company,” McClure’s, November 1902 (17 pages)

3. The Modern Corporation: The Rise, Fall, and Meaning of Public Ownership [75 pages]
   a. Berle & Means, The Modern Corporation and Private Property, introduction and chapter 1 (18 pages)
   b. Hansmann & Kraakman, “The End of History of Corporate Law,” Parts I & II (15 pages)
   c. Davis, The Vanishing Corporation, introduction, chapter 2, chapter 8. (45 pages)
   d. Citizens United v. FEC (excerpts) (2 pages)

4. Community Banking: Financing Main Street [75 pages]
   a. Newspaper articles on Wells Fargo:


5. Investment Banking #1: The Fall and Rise of the Financial Supermarket [60 pages]
   a. Brandeis, Louis. 1914. Other People’s Money and How the Banker’s Use It, Preface and Chapter One

6. Investment Banking #2: God’s Work, or the Vampire Squid? [30 pages]
   b. Testimony of Lloyd Blankfein, CEO of Goldman Sachs, Financial Crisis Inquiry Commission, January 13, 2010

7. Central Banking: History [40 pages]
   a. Bagehot, Lombard Street, introduction and chapters 1-2

8. Central Banking: Present and Future [65 pages]
   a. Conti-Brown, The Power and Independence of the Federal Reserve (introduction, Chapter 11, conclusion)

9. Payday Lending and Other Consumer Lending [43 pages]
   a. Louis Hyman, Debtor Nation: The History of America in Red Ink, introduction and chapter 3
   b. Pew Trust, Payday Lending in America
   c. Thaya Brook Knight, “Payday Lending is not Harmful to Low Income
Borrowers,” The Hill, May 6, 2016

10. Credit Unions [45 pages]

11. More Money than God: Hedge Funds in the Modern Economy [60 pages]

12. More Money than God: Hedge Funds, Liquidity, and Information [60 pages]
   b. Sheelah Kolhatkar, John Paulson’s Very Bad Year, Bloomberg Business, June 28, 2012

13. In class exam

   c. Michael Lewis on AIG
   d. Amicus Brief in MetLife v. Financial Stability Oversight Council

15. State Finance #1: The Case of Sovereign Wealth Funds
16. State Finance #2: State Capitalism

17. Private Equity

18. University Endowments

19. The Promise and Perils of Public Pension Funds

20. Mutual Funds: Managing Private Retirement

21. Mutual Funds: Activism, Policies, and Politics
   a. David Webber, “The Use and Abuse of Labor’s Capital,” 89 NYU Law
22. Fintech: Blockchain and Crowdfunding
   


Part II: Themes

23. Consumer Protection
   


24. Financial Inclusion
   

   b. Peter Wallison, Minority Report, Financial Crisis Inquiry Commission

25. Financial Stability
   
a. Carmen Reinhart & Kenneth Rogoff, *This Time is Different: Eight Centuries of Financial Folly* 2010 (excerpts)


26. Economic Growth
   

27. What will you do with your life?

28. In class exam