

***Faculty***

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***Overview***

A 21<sup>st</sup> century, market-based economy, such as that in the United States, does not function solely by market forces operating through independent business decisions of private sector market participants. Instead, the federal government is a major player in financial markets, and in some respects, the Federal Reserve may be considered the largest financial institution in the world. Moreover, government policies and regulations affect economic performance at the macro level, and the allocation and cost of capital for corporate and household investment at the micro level. Some of these policies are designed to promote economic growth and stability. Others are designed to make the financial system less volatile, or to finance long-term government investment or short-term government spending. Still other policies are designed to protect consumers or investors, affect capital allocation, or promote or discourage certain outcomes identified by lawmakers.

Since the 1970s we have witnessed dramatic evolution of financial technology and regulatory change that has lessened competitive barriers, greater financial market complexity, and repeated financial market crises. For instance, the tiering of financial claims, where one class of financial assets serve as collateral for other financial claims, increases complexity, reduces transparency, and makes financial markets and financial firms more interconnected. New laws and regulations governing the operation of financial markets and the conduct of monetary or fiscal policy follow each crisis. The Dodd Frank Act in 2010 was lawmakers' response to the financial crisis of 2008-09. Its implementation continues to reverberate throughout the financial system and the aftermath of the crisis continues to weigh heavily on the conduct of monetary and fiscal policy.

The purpose of this seminar is to explore current financial market policy issues involving monetary policy, fiscal policy, and financial market regulation. To understand the operation of U.S. financial markets today requires an understanding of the goals, constraints, rules, and performance of the government's monetary, fiscal, and regulatory authorities and their policies and regulations.

This seminar course continues a tradition begun by Prof. Dewey Daane in the mid-1970s at the Owen School. After a distinguished public service career highlighted by serving as Deputy Under Secretary of the Treasury for Monetary Affairs and as a member of the Board of Governors of the Federal Reserve System, Prof. Daane joined the faculty of the Owen School where he began, and continues to be active in, this seminar class.

Prof. Parsley became the E. Bronson Ingram Professor of Economics and Finance at the Owen School in 2007. He has held advisory positions at the San Francisco Federal Reserve Bank, the Bank of France, The Bank of Japan, The South African Reserve Bank, the Hong Kong Institute of Monetary Research, and the International Monetary Fund, as well as short-term visiting positions at several universities on five continents. Other courses he teaches at Owen include "Business in the World Economy", and "Managing the Global Enterprise".

## Guest Speakers

In this seminar, classes will be led by guest speakers, each of whom is a nationally recognized expert in his or her area. Most serve or have served at the top levels of government, or as a leading authority at private research or financial organizations. Speakers will provide in-depth reviews of one or more current topics within their area of expertise. For the seminar, they have been asked to share their experience and views on one or more current issues and to invite questions and discussion. They are giving of their time to share that knowledge and experience with this class. Basic biographic information and suggested background reading on each speaker will be posted on Blackboard (and can also be found via google).

## Course Requirements:

The course has four requirements. All written assignments should be done using Cambria or Garamond 11 point font, with 1-inch margins, and paragraphs should be single spaced; submissions are made via Blackboard, and should never include a cover page. Written submissions (ungraded) will be posted on Blackboard and made available to others. There will be no final examination.

- (1) Your in-class participation should reflect an awareness of the impression you leave on our guests (e.g., electronic devices should be off, and food should not be consumed during class). Your attire should also be a bit more formal than the norm for Owen. And your questions/comments should demonstrate knowledge of the speaker's background and his/her topic. As usual, the *quality* of questions/comments is more important than quantity. In general, my (life) advice is: prepare two questions for each meeting you attend. You may not get to ask your questions, but it helps focus your thoughts and preparation ahead of time. (15% of course grade).
- (2) Briefing document(s) for your boss (one per mod). The briefing should be a 1-page summary of the key take-away messages from one of our speakers. You should choose ones that you find particularly compelling. The style and tone should be persuasive, cogent, and written for someone who was not in the class. Briefings are individual work – but getting outside advice on your writing, e.g., from the writing lab, is acceptable. (The lab is open on Thursdays between 11 am - 3 pm. Make a meeting request in Outlook to: Communication Lab – Writing). Papers can be submitted at any time before (midnight) March 4<sup>th</sup>, and May 6<sup>th</sup>. (25% of course grade for each).
- (3) Book summary (3-pages max) of “the” salient point or points made by one of the books on the class “*Readings List*”. The style should be similar to that for briefing documents. You may work in 2-person groups, and the due date is (midnight) April 24<sup>th</sup>. (35% of course grade). We will have an in-class discussion of these on April 27<sup>th</sup>.

## Organizing Class – Tuesday, January 12<sup>th</sup>

An organizing meeting of the class will take place on Tuesday, January 12<sup>th</sup> from 1:00pm to 1:50pm in room 218. Pizza will be provided. The purpose of this preliminary meeting is to review the syllabus and course expectations prior to the first guest speaker on Wednesday, January 13<sup>th</sup>. Detailed information regarding the course assignments will also be provided at that time.

## Office Hours

Office hours are Wednesday from 10:00 to 11:00 am or by appointment.