

# UNIVERSITY OF GUELPH

## Course Outline

### Applied Ethics: Philosophy of Finance

2014

Course Meets: Monday 7-10

---

Instructor: Jon Aikman,  
Office: Adjunct Faculty Office  
E-Mail: [jaikman@uoguelph.ca](mailto:jaikman@uoguelph.ca)  
Homepage: [www.jsaikman.com](http://www.jsaikman.com)  
Phone (Fax): 416.712-9391  
Office Hours: Monday 6pm

## Course Goals

- To apply philosophical critical thinking to problems in finance and its models
- To develop skills for understanding the philosophical underpinnings of finance and to critically assess these.
- To examine the epistemological foundations of finance and ask what can be known in finance.
- To examine finance from an ontological perspective, such as what is a hedge fund? Derivatives? What is money? What are interest rates and what is risk?
- Ethical challenges presented by finance and financial services actors and entities.
- To develop skills in indentifying finance and practical applications of those strategies.
- To evaluate the challenges and problems of finance, risk management and due diligence in finance.
- To identify the risks to investors, financial entities and the financial industry with particular reference to the Global Financial Crisis.

## Course Scope and Mission

Introduction to philosophy of finance and its principles, what they are, what they do and what risks are associated with them. This course is about the interrelationship between finance and philosophy, with specific reference to investment managers, banks, exchanges, brokers, funds and their investors. Lectures will include multimedia presentations (videos, recordings). Readings are a useful starting point for discussion, and are expected to be completed before each class. Respectful discussion and different, novel ideas and views are encouraged.

## Required Readings

- When Genius Failed: The Rise and Fall of Long-Term Capital Management, Roger Lowenstein, Fourth Estate, 2001
- The Alchemy of Finance, George Soros

- Flash Boys, Michaels Lewis, 2014
- The Intelligent Investor, Benjamin Graham, Revised Version, 1950

## Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

Participation	20%	Daily
Group Presentation	40%	Due: Final Class
Final Paper	40%	Due: December 15, 2014 at noon

## Email communication

As per university regulations, all students are required to check their uoguelph.ca email account regularly: email is the official route of communication between the University and its students.

## Group Assignment

The Group Presentation will be a verbal and visual presentation (normally PowerPoint) of approximately 15 minutes for a small group of students (normally 2 or 3 per group) to present on a topic to be assigned or agreed upon with the instructor's approval. Groups will be formed on the second class if not agreed previously to allow for all students to participate. A student may be removed from or added to a group depending upon instructor's discretion and final class size.

## Individual Assignment

The final individual assignment is a final paper, which is an exclusively individual work. The paper and will be minimum 10 pages and maximum of 20 pages (double spaced, 12 point font) on any acceptable topic in the philosophy of finance. Certain topics and events will be suggested from the readings for additional individual research, but additional topics are acceptable pending approval from the instructor. Your individual topic will be final on the 9<sup>th</sup> class and you will be asked to confirm your topic choice in writing. The final paper is due on December 17, 2014 at 12:00pm. Academics penalties will apply to late submissions.

## When You Cannot Meet a Course Requirement

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor (or designated person, such as a teaching assistant) in writing, with your name, id#, and email contact. See the

Undergraduate Calendar's [information on regulations and procedures for Academic Consideration](#).

## Drop Date

The last date to drop one-semester courses, without academic penalty, is Friday, October 31, 2014. See the Undergraduate Calendar's [regulations and procedures for Dropping Courses](#).

## Copies of out-of-class assignments

Keep paper and/or other reliable backup copies of all out-of-class assignments: you may be asked to resubmit work at any time.

## Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible. For more information, contact CSD at 519-824-4120 ext. 56208 or email [csd@uoguelph.ca](mailto:csd@uoguelph.ca) or go to [their website](#).

## Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community—faculty, staff, and students—to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring. University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection.

Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is [detailed in the Undergraduate Calendar](#).

## Recording of Materials

Presentations which are made in relation to course work—including lectures—cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate or guest lecturer. Material recorded with permission is restricted to use for that course unless further permission is granted.

## Resources

The Academic Calendars are the source of information about the University of Guelph's procedures, policies and regulations which apply to undergraduate, graduate and diploma programs: <http://www.uoguelph.ca/registrar/calendars>

## Weekly Schedule

Session	Issue	Topic	Readings	Further reading
1	What is the Philosophy of Finance?	Introduction to Philosophy of Finance: Course work, Groups, Review		
2	What are the ethical issues in finance?	Ethics: Agency Problems: Fraud Bernie Madoff	OFFICE OF INSPECTOR GENERAL Case No. OIG-509 22 pages	<a href="http://dealbook.nytimes.com/2014/07/10/despite-exposure-of-madoff-fraud-new-ponzi-schemes-emerge/?_php=true&amp;_type=blogs&amp;_r=0">http://dealbook.nytimes.com/2014/07/10/despite-exposure-of-madoff-fraud-new-ponzi-schemes-emerge/?_php=true&amp;_type=blogs&amp;_r=0</a>
3	Ethical issues in finance? The appearance of Systemic Risk.	Models of the financial world and their limits	Long Term Capital Management, When Genius Failed, All Chapters	
4	What are the ontological entities of finance? Are certain entities bad?  <b><u>Groups formed or assigned</u></b>	What is money? What are interest rates? What are financial firms, brokers, and hedge funds?	<a href="http://www.federalreserve.gov/faqs/money_12845.htm">http://www.federalreserve.gov/faqs/money_12845.htm</a>  <a href="http://www.forbes.com/sites/johntamny/2014/03/09/the-fed-is-not-printing-money-its-doing-something-much-worse/">http://www.forbes.com/sites/johntamny/2014/03/09/the-fed-is-not-printing-money-its-doing-something-much-worse/</a>	
5	Epistemology and ethics? What do we know about finance and morality.	Theoretical Models of Finance: Perfect Knowledge and Price Discovery	The Alchemy of Finance, George Soros, All Chapters	Karl Popper, The Logic of Scientific Discovery

6	Is there moral investing? What is investing vs. speculation?	Epistemology of Finance: Strategies: Theory and application	The Intelligent Investor, Benjamin Graham, All Chapters	
7	Ethical issues: Market Abuse	Risks of Finance: The London Whale	JPMORGAN CHASE WHALE TRADES: A CASE HISTORY OF DERIVATIVES RISKS AND ABUSES, All pages	
8	Ethical Issues		JPMORGAN CHASE WHALE continued	
9	What happened when firms fail? What is Systemic Risk?  <b><u>Paper topics confirmed</u></b>	Failure of a major Bank: Lehman, Bear Stearns and Sovereign Risk	Lehman Brothers: The Valukas Report, Volume 1	
10	New developments in Finance? Hedge Funds, Banks and Exchanges	The Future of Finance: After the finance crisis	Flash Boys, All Chapters	
11	New Ethical Issues in Finance	Sovereign Debt Crisis: Past and Future	Readings: TBA	
12	Group Presentations	Group Presentations:	TBD	
	Final Paper Due	Paper submission: December 17, 2014 at noon.		

**Please note:** Final readings and topics covered on specific classes are subject to change and modification depending upon interest and time available.