Teaching Finance at Liberal Arts Colleges

This conference is generously sponsored by the Association to Advance Liberal Arts Colleges (AALAC), and is hosted by Wesleyan University. Organizing committee: Abigail Hornstein (Wesleyan), Liang Ding (Macalester), and Michelle Zemel (Pomona).

Schedule

All daytime sessions will be held in 41 Wyllys Avenue Room 110, with breakout groups using Room 114 or going outside. Breakfast and coffee breaks will be in the hall of 41 Wyllys, just outside Room 110.

Cocktails, dinner and keynote talks will all be in Allbritton 311.

If you are walking from the Inn at Middletown, both 41 Wyllys and Allbritton are 0.6 mile walks each way. If you prefer to drive to campus, 41 Wyllys is directly across Wyllys Avenue from the parking lot next to Admissions (Parking Lot E). Note: the Inn at Middletown has a 3pm check-in time and 12 noon check-out.

Tuesday, July 21st

3:30pm Coffee break

4 Welcome – chair: Abigail Hornstein

4:30 Introductions – chair: Abigail Hornstein

Each person discusses their research and teaching agendas.

6 Cocktails and Dinner

7:30 Keynote speaker: Anne Martin, Chief Investment Officer of Wesleyan University. Anne will speak about her liberal arts background, how the liberal arts background affected her career path, and how she thinks finance should be taught, if at all, at a liberal arts college.

In 2010, Anne Martin became Wesleyan University’s Chief Investment Officer. She previously was a Director at the Yale Investments Office where she worked primarily on the Natural Resources and Private Equity portfolios. Prior to joining Yale, Anne worked as a general partner of private equity firm Rosewood Capital in San Francisco, California where she focused on Internet, software, and business service investments. Prior to that, Martin was a managing director at Alex. Brown (a/k/a BT Alex Brown) in its technology practice, where she worked on corporate finance and merger and acquisitions in the information technology sector. She is a graduate of Smith College, cum laude, Phi Beta Kappa, and holds an M.B.A. from Stanford Business School.

Anne was a co-founder, board member and Board Chair of the Packard Center for ALS Research at Johns Hopkins, an innovative non-profit organization dedicated to finding therapies for
amyotrophic lateral sclerosis (alscenter.org). She was part of the national rowing team from 1985-1988 and has also served as a director and co-Chair of the National Rowing Foundation, a non-profit organization devoted to preparing the next generation of U.S. rowers for the highest levels of international competition (natrowing.org). Anne also serves on the investment committee for Smith College.

9  Open bar at Middletown Inn

Wednesday, July 22nd

8:30am Breakfast

9  Session 1 – Liberal Arts context – chair: John Caskey

The liberal arts have their historical roots in the medieval concept of the Liberal Arts whose core was formed by grammar, rhetoric, and logic and whose goal was to provide skills necessary for active functioning in civic life. Modern variants of the Liberal Educational Ideal thus emphasize transferrable skills such as critical thinking, written communication, quantitative and information literacy and teamwork, while at the same time eschewing professional, vocational, or technical education. Is the teaching of Financial Economics incompatible with the goals of a liberal education, and if not, how might we articulate from the perspective of Liberal Educational Ideals, the value of courses in financial economics?

10:30  Coffee break

10:45  Session 2 – Data resources – chair: Caleb Stroup

What financial data do we expect our students to be able to use fluently upon completion of our courses? Is this the same as the datasets we have available for student usage? Given that financial databases cost more than the databases used in other economics courses, what data resources are our institutions acquiring for our research and teaching purposes? How have we adapted our teaching to reflect data availability? (Note: there will be a pre-conference survey to help shape the parameters of this discussion.)

12pm Lunch

1  Session 3 – Teaching our research – chair: Liang Ding

As many of us are the only faculty members teaching financial economics courses at our institutions there is a need for us to be generalists on all aspects of ‘finance’, and yet research demands often push us towards becoming specialists. How can we merge the two angles by integrating our research into our teaching? We will ask several faculty members to outline courses they have offered in recent years to illustrate the room for creativity in course design and scope when teaching finance in a liberal arts setting.

2:30  Session 4 – Extra-curricular teaching and advising – chair: GianDomenico Sarolli

How has the rise of career center programs such as Wall Street Prep shifted the curricular expectations and demands from students for financial economics at liberal arts colleges? It is
increasingly common for undergraduates to form clubs to discuss investment topics and applications (e.g., divestment or shareholder activism). Some of these groups will request a faculty mentor by choice and other times out of necessity (e.g., as requirement to enter a competition). Given that we often take on additional de facto extracurricular teaching commitments to our institutions, how do we draw the lines to decide what is appropriate or not, and how to differentiate between our teaching and other responsibilities.

3:30 Coffee break

3:45 Session 5 – Project based teaching – chair: Michelle Zemel

We are interested in hearing ideas about what’s working, and also where this mode of pedagogy has significant challenges. There is a considerable amount of research that shows students learn more from a class when they translate what they are learning into things they make, problems they solve, or activities they plan. We are eager to hear from faculty in various sub-fields about their experience with this kind of teaching. We will split into sub-groups to focus on investment finance projects and corporate finance projects.

5 Session 6 - What’s in a course title? – chair: Abigail Hornstein

Do we have an obligation to cover certain topics in a course just because we teach the only finance course offered by our institution? Is there consensus on what “should” be taught in a broadly-titled finance course (e.g., “Principles of finance”) or a course that carries a commonly-used name (e.g., “Corporate Finance” or “Investment Finance”)? We will discuss how the course title may imply certain material will be covered, and yet leave room for a liberal arts institution offering of such a course to differ materially from a course with the same title offered by a business school.

6 Cocktails and Dinner

7:30 Keynote speaker: David A. Chapman, Professor of Finance, University of Virginia. David’s talk will include a discussion of some topics he finds interesting in finance; teaching finance at liberal arts colleges vs. at a business school; the role of finance within the economics curriculum; and, the liberal arts college context.

David graduated from Swarthmore with honors in economics and political science before earning his M.S. in applied economics and Ph.D. in business administration from the University of Rochester. He was a professor of finance and economics at the Red McCombs School of Business at the University of Texas at Austin (1992-2003), at the Carroll School of Management at Boston College (2003-2014), and is now at the University of Virginia’s McIntire School of Commerce.

David’s research interests are in asset pricing models and their connection to the macroeconomy. He has also done some research into estimation issues of simple models of the term structure of interest rates and on portfolio choice theory. Since 2000, David has also served as an associate editor of the Journal of Finance.

9 Open bar at Inn for 1 hour
Thursday, July 23rd

8:30am Breakfast

9  Session 7 – Research presentations 1: Corporate Finance – chair: Ben Keefer
   • Caleb Stroup, “Entry and Competition in Takeover Auctions,” joint with Matthew Gentry
     Discussant: Bill Gentry
   • Seth Neumuller, “Financial Sophistication and Portfolio Choice over the Life Cycle”, joint
     with Casey Rothschild
     Discussant: Abigail Hornstein
   • Greg Phelan, “Debt Collateralization and Maximal Leverage,” joint with Feixue Gong
     Discussant: Michael Kelly

10:30 Coffee break

10:45 Session 8 – Research presentations 2: Asset Pricing and Banking – chair: Ben Keefer
   • Liang Ding, “Dynamic Relationship between Stock Prices and Exchange Rates”,
     Discussant: GianDomenico Sarolli
   • Matt Botsch, “Relationship Lending: Do Banks Learn?”, joint with Victoria Vanasco
     Discussant: Karl Boulware
   • Michelle Zemel, “Bank Lending and Firm Outcomes: Relationships Matter Even for Large
     Firms”, joint with Manisha Goel
     Discussant: Tom Bernardin

12:15 Lunch

1:30 Session 9 – Wrap up – chairs: Abigail Hornstein, Liang Ding, and Michelle Zemel

Where to from here? Can we form groups to create community that persists? Do we want to set
up a LAC Finance conference annually akin to the LAC Macro and LAC Development or do we
want to piggy-back?