Class Meetings: Wednesday, Friday 10:05-11:20
Classroom: 126 Sociology-Psychology
Professor: Lisa A. Keister
Office hours: Wednesday 11:30-12:30 or by appointment
Email: lkeister@soc.duke.edu

TA: Brian Aronson
Email: brian.aronson@duke.edu
Office hours:
Office:

COURSE OBJECTIVES
This course is about financial markets and how they affect personal wealth and well-being. The focus is the intersection of people and markets. We will start by looking at some details about what wealth is and how it is concentrated. We will then explore how financial markets function, including markets for housing, stocks and bonds, credit, and related instruments to understand who ends up at the top of the wealth distribution and why.

We will draw on ideas from sociology, economics, and other social sciences, with a focus on understanding how these ideas can be synthesized to improve appreciation of market outcomes. The course will improve understanding of social and economic stratification, personal and household well-being, business cycles, economic booms and crises, and public policy related to each of these processes. The specific objectives for this course are:

1. to learn facts about how markets work and how they affect wealth and inequality;
2. to learn about how people navigate markets to manage personal financial resources and to reach financial goals;
3. to improve understanding of the use of various financial tools including real estate, financial assets, insurance, and credit.

I AM AVAILABLE!
I check email frequently and respond as quickly as possible! I am always happy to help with any of your work. If you would like feedback on your assignments, at any stage of the work, please just email me! I am happy to read drafts, partial drafts, sentences, etc. Even if you just want to run a half-baked idea past me, that is wonderful. If you want to talk, please come to class early or stay late. I am always there early and will not leave until you are done asking me questions. Of course, I also have office hours, and would be happy to see you then. If you cannot make it during my scheduled office hours, please let me know and we can schedule an appointment.
**READINGS**

Articles and book chapters are available on Sakai. Please buy a copy of:


  *Buy a used copy! It will be cheaper. I will use the eleventh edition, but you can get away with an older one.*


  *This is a short book that includes tons of information. It is a little dated, but it is an excellent summary of the lives of the Forbes 400. We will update the details in class.*

**REQUIREMENTS**

1. **Participate in class!** Much of what you will learn from this class takes place during the class meetings. Be sure to attend class and participate. *Besides, you will not be able to write the essays without attending class!*

2. **Write FOUR essays.**
   - The essays are due *October 3, October 31, November 14, & December 5*. Please give me a hard copy in class at the start of class.
   - Each essay should be 1,500-2,000 words, MUST draw on 1) material learned in readings, 2) class information, 3) something from a speaker, and 4) outside readings.
   - Use any citation format you prefer, but be consistent throughout each essay.
   - The exact nature of the essay will vary with the topic you choose, but keep in mind that each essay is 20% of your grade. Make them good!
   - You can select from the list of topics at the end of the syllabus or propose your own topic! If you want to propose your own idea, just okay it with me at least two weeks prior to the due date (just send an email or touch base with me before/after class).
   - Work ahead!! These are much harder than they look!!
   - You can only select each topic once (i.e., you cannot do two biographies or book reviews).

**GRADES**

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READING SCHEDULE

1. August 27  Introduction and welcome!

2. August 29  Financial Markets and Personal Finance


   Bernstein and Swan. All the Money in the World. Introduction and chapter 1 (education).


4. September 5  The One Percent


5. September 10  Film Untold Wealth: The Rise of the Super Rich

   Bernstein and Swan. All the Money in the World. Chapters 2-3 (risk, luck).

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2007 was the first year that making Forbes magazine's list of 400 richest Americans required more than $1 billion. (The cutoff was $1.3 billion.)
There are roughly 150,000 households in the United States with a net worth of at least $20 million.
In 2004, the last time the Fed provided data, there were 649,000 American households worth $10 million or more, a nearly 300 percent jump since 1992.
The earners in the top 1 percent in income distribution bracket make 20% of the money.
6. September 12  
**Is the Top Permeable?**

Bernstein and Swan. *All the Money in the World*. Chapter 4 (Winning is everything).

Lisa Keister and Hang Young Lee. 2014. *Is the One Percent Permeable?*

7. September 17  
**Varieties of Billionaires**

Bernstein and Swan. *All the Money in the World*. Chapters 5-8 (blue-collar billionaires, west coast money, entertainment, beyond wall street).


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**September 19**  
Class cancelled!  
Work on essay #1

8. September 24  
**Budgeting and Cash Accounts**

Garman and Forgue. *Personal Finance*. Chapter 3 (Budgets) and Chapter 5 (Checking and Savings Accounts).

9. September 26  
**The Home: Renting vs. Owning (watch House Hunters!)**


Qian, Zhenchao. 2013. "During the Great Recession, More Young Adults Lived with Parents." Census Bureau, Washington, DC.

10. October 1  
**Guest Speaker: Sharon Clark**

Sharon Clark is a real estate agent with Coldwell Banker with expertise in all aspects of the home and real estate buying process. Ms. Clark currently lives in Chapel Hill where she assists both new and seasoned homeowners relocate to the area or to a new home in the area. Prior to living in Chapel Hill, Ms. Clark spent 13 years teaching French cooking in southwestern France. In addition to her successful career in the culinary world, she bought and completely renovated an historic inn that was once an inn on the route to Santiago De Compostella dating to the mid-17th century. [http://sharonclarkerealestate.com/](http://sharonclarkerealestate.com/)
16. October 3  
Financial Assets: Stocks, Bonds, Alternatives

Garman and Forgue. *Personal Finance*. Chapter 13 (Investment Fundamentals) and Chapter 14 (Stocks and Bonds).


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17. October 8  
Guest Speaker: David Topper

David Topper is Operating Partner at General Atlantic (GA), a global growth investment firm located in New York. In this position, Mr. Topper provides strategic counsel to GA and its portfolio companies. Mr. Topper was previously with J. P. Morgan where he was initially Co-Head of Equity Capital Markets and ultimately became Chairman of ECM, Vice Chairman of Investment Banking, and Chairman of the Commitments Committee.

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18. October 10  
No class - Fall Break!

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18. October 15  
Financial Assets: Active or Passive Investing?


David Wright. 2013. *Investing for the Rest of Us: How to Invest in Stocks Using Index Funds*. Chapters 1, 2, 3, and 8 (these are really short, too!)

Matthew Brandenburg. 2013. *Financial Planning for Your First Job*. Chapters 3, 4, 5 (these are really short!)

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19. October 17  
Real Estate & Speculative Investments

Garman and Forgue. *Personal Finance*. Chapter 16 (Real Estate and High-Risk Investments).
20. October 22  
**Speaker: David Lamond, Lamond Capital Partners**

David Lamond is Chief Executive Officer and Chief Investment Officer at Lamond Capital Partners in San Francisco. Lamond Capital Partners is an employee-owned hedge fund sponsor that primarily provides its services to pooled investment vehicles. Mr. Lamond was formerly with tech-focused hedge fund Artis Capital, notable for its investments in visible companies like YouTube — acquired by Google GOOG for $1.7 billion in 2006.

21. October 24  
**Consumption, Major Purchases, Luxury Fever**

Bernstein and Swan. *All the Money in the World*. Chapter 9 (Consumption).


22. October 29  
**Credit: Common Debt & Do the Rich have Debt?**

Garman and Forgue. *Personal Finance*. Chapter 6 (Building and Maintaining Good Credit) and Chapter 7 (Credit Cards and Consumer Loans).

Matthew Bradeburg. 2013. *Financial Planning for Your First Job*. Chapters 15, 16, 17 on debt, including student loans, and how to pay it off (these are really short!)

23. November 5  
**Speaker: Christopher Gergen**

Christopher Gergen is CEO of Forward Impact that strives to unleash the potential of next generation entrepreneurial leaders. This includes launching community-based efforts to develop and scale high-impact entrepreneurs including Bull City Forward in Durham and similar efforts in Charlotte, Moore County, and Raleigh. Forward Impact also helps schools, universities, and communities develop transformational entrepreneurial leadership experiences. Christopher is involved with Duke University’s Innovation & Entrepreneurship initiative; he is co-author of the book *Life Entrepreneurs: Ordinary People Creating Extraordinary Lives*; and he co-authors a column on social innovation for the Raleigh News & Observer and the Charlotte Observer titled “Doing Better at Doing Good.”

October 31

Class cancelled!

Essay #2 due in 268 Soc-Psych Building
24. November 7  
Business Startup: Does it Pay Off?


25. November 12  
Jobs, Taxes, Insurance

Bernstein and Swan. *All the Money in the World.* Chapters 10-11 (Heirs and Family Feuds).

Garman and Forgue. *Personal Finance.* Chapter 4 (Income Taxes) and Chapter 17 (Retirement Planning).

26. November 14  
Philanthropy


Bernstein and Swan. *All the Money in the World.* Chapters 12-13 (Giving it Away & Politics).

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**November 14**  
**Essay #3 due!**

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27. November 19  
Speaker: Bob Shepard, Director of Development

Bob Shepard is vice president of alumni affairs and development at Duke. He oversees strategic planning and operations for the offices of Alumni Affairs and University Development and currently heads the $3.25 billion Duke Forward campaign. Prior to coming to Duke in 1995 as executive director for development, Dr. Shepard was vice dean for external affairs, School of the Arts & Sciences, and associate campaign director at the University of Pennsylvania, and vice president for development at Roosevelt University. He holds a Ph.D. from the University of Chicago, an MA from the University of Iowa, and a BA from Trinity College.
28. November 21  
**Film: Arbitrage**

A troubled hedge fund magnate desperate to complete the sale of his trading empire makes an error that forces him to turn to an unlikely person for help. 2012.

OR: another film to be decided by the class!

Goals:
1. to decide which portions of the movie are real;
2. to apply our theoretical ideas to understand the real parts;
3. to have some fun (bring snacks!)

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29. December 3  
**How Much is Enough?**

John Bogle. *Enough!* New York: Wiley and Sons. Selections (chapter 1 and end)


Bernstein and Swan. *All the Money in the World*. Afterward (Money and Happiness).

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30. December 5  
**No class – just turn in your essay!**

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**December 5**  
**Essay #4 due!**
Essay topics

1. What does it mean to be wealthy? Relate your ideas to prior thinking on wealth.

2. Why is wealth ownership unequal? Draw on empirical and theoretical research from the social sciences to defend your arguments. One way to do that is to focus on something from that class, learn more about it, and elaborate in your essay.

3. Profile a wealthy person or family. You can either use secondary sources to understand a public figure or interview someone you did not know before. Be sure to draw conclusions about how this person or family became wealthy. Relate your conclusions to prior research on wealth accumulation.

4. Create a financial plan for a family. Select demographic traits for the family (or individual if you prefer) and draw on ideas from personal wealth management to develop a detailed financial plan.

5. Provide a critical review of a book related to class. The emphasis here is on the critique/evaluation of the book. Spend less than 400 words describing the book and the rest of the essay evaluating it.

6. Read Chrystia Freeland’s Plutocrats and compare it to *All the Money in the World* (the Bernstein and Swan book we are reading for class). Critically evaluate both books. Do they portray wealth inequality differently? Which is right? Use evidence from class to support your arguments.


7. How are wealth and happiness related? Draw on empirical and theoretical research to defend your arguments.

8. Investigate homes (and condos) in a place you want to live. Imagine a budget that resembles what you are likely to have after leaving Duke. What houses are available in your price range? Which area would you want to live? would you select if you could buy it today? Defend your answer by demonstrating that you have developed a thorough understanding of housing options and related issues (e.g., crime, schools, zoning, etc).

9. Interview two realtors, one who tends to deal with high wealth families and one who tends to deal with middle or working class families. How do they approach housing differently? How does this affect the wealth ownership of their clients? Draw on research to understand what you learn.

10. Interview two financial advisors: one who tends to deal with high wealth families and one who tends to deal with middle or working class families. How do they approach finances differently? How does this affect the wealth ownership of their clients? Draw on research to
understand what you learn.

11. Is it necessary to start a business to become wealthy? Is it easier to become wealthy by being an entrepreneur? Use empirical and theoretical research to support your arguments.

12. Develop a personal financial plan for becoming wealthy within a decade. Be sure to explain what you mean by wealthy, provide a very detailed strategy for getting there, and anticipate (and have alternatives for) roadblocks.

13. Attend an auction or sale for art, thoroughbred horses, collector’s vehicles, or other item typically bought and sold by the wealthy. Briefly describe the event. Spend the bulk of the essay explaining how the things you learned relate to research on consumption.

14. Design a study to understand who gets rich and why. How does your work build on prior thinking on this issue?