Cryptocurrencies, DeFi and the Blockchain:
Markets, Regulation, and Policy (PPHA 42550)
Spring 2023 (Tu: 5:00-7:50 PM)

Instructor
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Office Hours: T/Th 3:00-4:50 or by appointment
Conference Room 3003

Course Outline

PART ONE: FOUNDATIONS

Week 1 – Introduction (3/21)

Class Agenda:

Presentation 1: The Origin Story: Bitcoin and the Promise of Democratized Finance
Discussion: What’s So Radical About DeFi?

Presentation 2: A Road Well-Traveled: The Early Internet, Cryptocurrency, and the Anti-Establishment Creed

Reading:
Harvey (Ch. 1)
Magnuson (Ch. 1)
**Week 2 – Money through the Ages (3/28)**

**Class Agenda:**
- Presentation 1: Money: A Primer
- Discussion: Can There be Money Without Trust?
- Presentation 2: Tokens: A Step Forward? Two Steps Back?


**Reading:**
- Harvey (Ch. 2)

**Week 3 – Blockchain (4/4)**

**Class Agenda:**
- Presentation 1: How it Works: Cryptography, Hashes, Mining, and the Blockchain
- Discussion: Smart Contract Use Cases: An Exploration
- Presentation 2: Exchange without Intermediaries: DeFi, Smart Contracts and the Future of Payments

Harvey (Ch. 3-6)
- Magnuson (Ch. 2)

**Week 4 – The New Ecosystem (4/11)**

**Class Agenda:**
- Presentation 1: The Volatility Problem: Stablecoins, CBDC’s and the Challenge of Exchange
- Discussion: Group Presentations
- Presentation 2: A Supporting Cast of Thousands: Wallets, Exchanges, Lenders, ETF’s, Derivatives and Local Governments


**Reading:**

Magnuson (Ch. 3,5)

PART TWO: POLICY IMPLICATIONS

Week 5 – Crime (4/18)

Class Agenda: Presentation 1: A Currency for Crime: The Dark Web, Ransomware, and the Quest for Traceability

Discussion: Does Cryptocurrency Encourage Crime?

Presentation 2: Policing the Anonymous: Anti-Money Laundering (AML) protocols, Know Your Customer (KYC) requirements and Criminal Enforcement in the Digital Age


Magnuson (Ch. 4)


Week 6 – Investor Protection and Market Stability (4/25)

Class Agenda: Presentation 1: What Exactly Are We Talking About? Securities, Commodities, the Howey Test, and the Problem of Definitions

Discussion: Does Regulation Stifle Financial Innovation? Is that a Good Thing?

Presentation 2: Systemic Risk: “Banks,” Stablecoins and Prudential Regulation

Harvey (Ch. 7, 8)

Magnuson (Ch. 6,7)


**Week 7 – Monetary Policy (5/2)**

**Class Agenda:**
- Presentation 1: Legal Tender: Money, Economic Policy, and Stateless Currency
- Discussion: Will CDBC’s coopt the crypto promise?
- Presentation 2: The Digital Dollar: Inclusive Finance, Hegemonic Play, or Both?


**Reading:**

**Week 8 – Power and Statecraft (5/9)**

**Class Agenda:**
- Presentation 1: Blockades without Ships: Sanctions, Statecraft, and the Cryptocurrency
- Discussion: Group Presentations
- Presentation 2: On the Enforcement Frontier: Recent Advances in Sanctions Compliance for Cryptocurrencies


**Reading:**
- SWIFT. Connecting digital islands. “Swift CBDC sandbox project,” March 2023

**Class Agenda:**
- Presentation 1: The Network Effect: Technology Markets, the Monopolistic Tendency, and the Future of Decentralized Finance
Discussion: Winners and Losers in a DeFi World


Magnuson (Ch. 8, Conclusion)

United States Senate, “Letter to Binance and Binance US,” March 1, 2023

Week 9 – The Next Big Tech? (5/16)