

Incorporating the Paul Elder Model into Class Structure

My Fall 2008 International Finance (Fin 370) incorporates the critical thinking model on three levels: The syllabus and course overview, Instruction, and Assignments.

1) Syllabus and Course Overview:

In addition to the following two paragraphs and the list of basic skills that I incorporated into my syllabus, we had a class discussion on the importance and benefits of critical thinking as a tool for life-long learning.

CRITICAL THINKING:

The instructor in this course, rather than playing the role of “sage on the stage,” will be “the guide on the side.” Instead of a teaching-based focus, we will add a learning-based one. What I’ll be teaching you is very important, but what you will actually *learn and retain* is far more important. What I teach, and I hope I do teach well, is a reflection of *my* skill, but what you learn is the true measure of success because it will speak to *your* skill, and that’s why we are here in this course. For this, we will take the path of critical thinking which involves thinking about or reflecting on what we are thinking and learning not only how to think but *how to think well*. Therefore, helping students critically understand, evaluate, and assess the course material, as opposed to “parroting” or memorizing information will be at the core of how this course is conducted. Students shall always keep in mind the basic elements of reasoning: what is the **purpose** of doing what we are doing? What kind of **information** do we have and need in order to think an issue or a problem through? What is the main **question** or **issue** at play in a specific situation? What **assumptions** are made or need to be made in order to evaluate the issue or the problem? Does the problem allow for a **point of view** to be discussed/defended or is the problem pretty much objective with standard answers? What **conclusions** may be drawn from the evaluation of the problem? Is the evaluation of the problem **context**-dependant and allows for different **interpretations** under different contexts? Are their other **alternatives** (theories or paradigms) within which the **problem** could also be evaluated? Finally, what are the **implications** of the results of the problem evaluation, and are these implications practical or theoretical in nature? In order to achieve this we will follow the standards of critical thinking. They are **sufficiency**, importance [**relevance**], **clarity**, and **accuracy**. These standards motivate us, before making decisions about an **issue** or a **problem**, to ask ourselves: have we thought through the **issue sufficiently**? Have we considered what the **important** aspects of the **problem** are? Can we see the **implications** of the problem more **clearly** than before? And, is our conclusion more **accurate** than the other possible conclusions?

The purpose of this critical thinking methodology is that by the end of the semester, not only you would have attained a very good understanding of the **concepts** and the material in this course, but you would have also developed a framework for assessing and evaluating all types of problems that face you on a daily basis in other courses or venues of learning, in your lives, and in your careers. Critical thinking is gift that keeps on giving even if you forget specific details associated with this or that subject matter.

Text in Red

Indicates the infusion of the **Elements of Reasoning**

Text in Blue

Indicates the infusion of the **Intellectual Standards**

Text in Green

Indicates the infusion of the **Intellectual Traits**

[Bracketed Text]

Indicates the indirect use of critical thinking [**Elements**], [**Standards**], or [**Traits**]

[View more about the Paul-Elder Framework of Critical Thinking](#)

ASSESSMENT:

Students in this course are expected to learn, understand, critically evaluate and stand ready to demonstrate their understanding of a minimum set of notions principles, the lack of knowledge of which will deprive the student from earning proper credit in this course. This set of basics is listed at the end of this syllabus. Students should make absolutely sure before, during, or by the end of the semester that they really comprehend it and are able to answer questions about it even without prior preparation. It should become part of the basic skill set that the student has and is able to demonstrate outside the classroom without last-minute preparation.

BASIC SKILL LIST

1. Mastering the skills required to solve time value of money problems.
2. Discounting/compounding given different discounting/compounding periods in a year.
3. Calculating geometric averages, IRRs, MIRR.
4. Calculating HPRs
5. Calculating rate of change of any parameter over time.
6. Calculating and knowing how to use decision criteria for NPV, IRR, MIRR, and PI.
7. Understanding when to use bid and when to ask prices for currency transactions.
8. Knowing how to calculate rate of change of currencies over time under various quotation forms.
9. Knowing how to translate foreign currency cash flows into domestic currency cash flows.
10. Knowing how to calculate WACC.
11. Knowing how to calculate the debt component of WACC, namely cost of debt as the YTM of a company's bond.
12. Knowing how to calculate the equity component of WACC, namely cost of equity using both the constant-growth dividend discount model and the CAPM.
13. Defining and understanding the CAPM, the concept of Beta and what it means.
14. Defining and understanding the concept of opportunity cost.
15. Defining and understanding the concept of arbitrage and why it's more properly called the no-arbitrage.

If I am successful in part 1 above, the students' performance in exams will show structural improvement from previous semesters reflected in the grades they receive on exams.

2) Instruction:

Encourage in-class reflection on and/or discussion of material just covered. For example, after introducing the concept of Bid/Ask pricing by foreign exchange dealers, students are urged to think through the activity of buying and selling currencies by multinational corporations. This is done on two levels:

- a) Use the wrong ask relative to bid prices and wait to see if it raises questions, objections, facial expressions implying disbelief, etc (addresses accuracy and critical evaluation of a specific situation).
- b) Correct the bid/ask quotes then go through several scenarios where a multinational corporations is buying or selling one or the other currency from a dealer bank given the bank's bid/ask prices. This process allows students to

discuss among themselves the answers they come up while the instructor watches and captures how they are thinking in order to address the weak links in the thinking process.

If I am successful in part 2 above, the students' in-class performance will show substantial improvement from previous semesters reflected in students becoming quick on their feet pointing out **inaccuracies, inconsistencies, **illogical** statements, vague statements [**clarity**], lack of **precision**, wrong **points of view**, or lack of **relevant information** given to them. They would also show an improved ability to reflect, reason, and make **fair** decisions.**

3) Assignments:

I have chosen a specific set of assignments to be given to the class at various points in the semester into which I have incorporated elements of thought, universal intellectual standards, or essential intellectual traits (See three of my assignments in my answers to FLC steps 4, 5 and 6).

If I am successful in part 3 above, the students will show significant improvement from previous semesters as reflected in the way they critically evaluate their assignment output with respect to **concepts, **purpose**, completeness [**sufficiency**], **breadth** and **depth**, **clarity**, reflection, specifying or acknowledging the **assumptions**, **interpretation**, and reflecting on **implications**.**