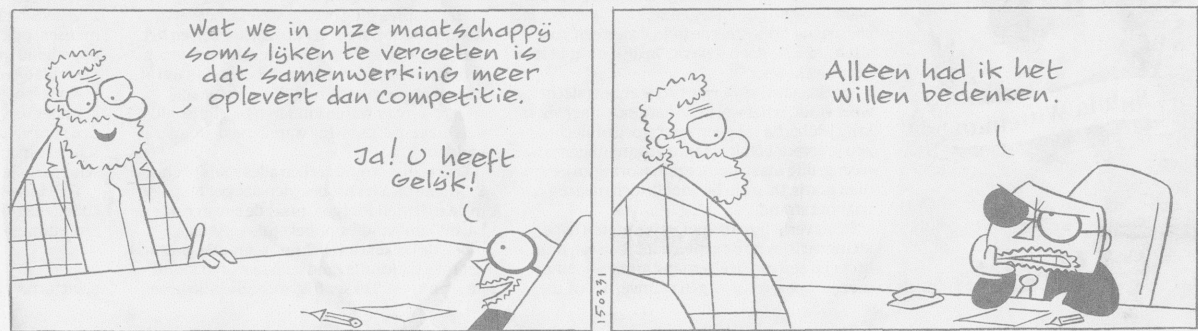


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## **On the (mis)behaviour in the financial sector: To what extent is society justified in blaming the individual banker?**

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## ***Abstract***

*The financial crash of 2008 and the continuing misdoings in the financial sector are a source of trouble for society. And if there is trouble, we want to have someone or something to blame. In the context of the financial troubles, bankers are, understandably, common objects of blame. In this paper I tried to find out whether this blame is justified by looking into several possible justifications/excuses that could mitigate their blame. I have argued that the combination of two of these excuses in particular – the excuse of simply complying with society's ideal of endless growth and the excuse of having a strong, individualistic ambition that is stimulated by society – can minimize the blameworthiness of the individual banker that showed (and shows) risky, amoral behaviour. The implications of this analysis of blame go further than the simple (partial) excuse of the banker. Most importantly, it implies that the view that the causes of the problems in the financial world can be traced back to the financial sector and the individuals working in this sector is too limited. Consequently, addressing the problems in the financial world requires taking into account the additional causal mechanisms that lie in the particular arrangements of current Western societies.*



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## Introduction

When something goes terribly wrong, we want to have someone to blame. Either because the world would be scary if things go wrong and there is no one to blame, or because we want to exempt ourselves from blame by blaming someone else. In 2008 something went terribly wrong; the financial world crashed. This particular financial crisis has had a massive impact on the world economic system and thereby, on the global society. There were negative consequences on financial, economic, social, as well as political level. Almost no one was completely spared.

There is no doubt that the financial sector has played a dominant role in causing this crisis. Not surprisingly, the public found its scapegoat in the form of the banker. Bankers are the source of all the evil; they are greedy, amoral bastards that caused our money to go up in smoke. They should be held responsible and punished for their misbehaviour (e.g. Dubbink, 2015). It is true that in the end it are the people working in the financial sector that are the ones that performed the actual behaviour that contributed to the genesis of the financial crisis in 2008. On the other hand, it is also recognized that it seems like the organisational and institutional structures in the financial sector inevitably lead to certain kinds of doubtful behaviour (e.g. Luyendijk, 2015; Van Liederkerke & Dubbink, 2009). Maybe bankers – or more general, people working in the financial sector – that act(ed) wrong, or at least doubtfully, should not be blamed too much because they operate within a world that seriously influences them (in this case negatively).

In this paper I will explore the issue of whether it is justified to blame an individual banker (regardless of the question of whether I think it is good to look for a scapegoat if something goes wrong; let us assume it is). When I talk about ‘the banker’ that possibly does something wrong, I do not mean to generalize. There are different kinds of people working in banks and in the entire financial sector and not everyone in this sector contributes to financial instability. Therefore, when I talk about ‘the banker’ I mean the banker (or other person working in the financial sector) that has a serious role in the doubtful behaviour and instability in the financial world. Having said that, I will try to find an answer to the following question:

*To what extent can society blame the individual banker that contributes to financial instability?*

I think exploring this question is important for two main reasons. The first is quite straightforward; if you are going to blame someone, you have to be sure that the person in question is truly blameworthy, blaming an innocent person is wrong. The fact that people are susceptible to social and environmental influences, in combination with the idea that the financial system seems to steer people towards performing doubtful behaviour, gives us a hint in the direction of the (partial) innocence of the banker.

Second, by exploring several factors that might form a justified excuse for the individual (mis)behaviour, the issue of individual blame might enable us to identify deeper, underlying causes of the problems in the financial world; causes that need to be addressed. Currently, politics tends to focus on eliminating the ‘perverse incentives’ of the financial world and on disciplining the individual – in the Netherlands for example, people working in the financial sector now have to take the oath and promise that, in their function, they will act carefully and with integrity and will always respect the client’s interest (Nederlandse Vereniging van Banken, 2014). I think these kinds of measures could be useful, but they are missing out on a more fundamental problem in Western societies.

In search of an answer to my question regarding the blameworthiness of bankers I will sketch the financial world, what went wrong in 2008, how the financial system works, what might be wrong in this system and how the individuals operate within it. Then, I will systematically discuss several motivations of different bankers that might form possible justifications and/or excuses for the individual bankers’ behaviour. These result in the following justifications/excuses: the justification and/or excuse of simply complying with society’s ideal of endless growth, the excuse of simply conforming to the inescapable system of the financial world, the excuse of the psychological defect, the excuse of the fear of leaving work because you will have to part from your current lifestyle, and the excuse of having a strong, individualistic ambition that is stimulated by society. The first step to take, however, is to discuss the concepts of responsibility and blame. When can we hold someone responsible for his or her deeds and when can we blame him or her?

## **I. On individual responsibility and blameworthiness**

### **I.1. On responsibility**

For forming a definition of responsibility it is important to make the distinction between causality and (moral) responsibility. Someone that has caused something to happen is not



necessarily (morally) responsible for what happened (Wright, 1987, p. 1012-1014). For example, imagine the situation in which I stand in front of a traffic light with my car, and another car bumps into the back of my car, which makes me bump into the car in front of me. I *caused* the damage done to the car in front of me by bumping into the car, but I was not (morally) *responsible* for it because, due to the fact that another car bumped into me, it was inevitable for me not to bump into the car in front of me. Me bumping into the car in front of me was an inescapable act that I did not want to perform and would have prevented if I could.

Before causality turns into (moral) responsibility there is a condition to be met: the condition of “being the incontestable author of an event or of an object” (Sartre, 1993, p. 64). If you are the incontestable author of an event or of an object, you are responsible for what you bring about. Humans can be responsible in this sense because we (at least we in Western liberal societies) generally see ourselves as a being that can be free and a free being can freely bring about certain events without being forced in a certain direction. This freedom can make us incontestable authors. Thus, because humans are free and thereby capable of being the authors of an event or object, they should be held responsible for what they create or bring about (Sartre, 1993, p. 64).

However, the idea that we are really free is highly contested in recent times. Anderson (2013) sketches a view on the human being that is quite dominant these days. Behavioural and cognitive sciences have brought to light a picture of the human being that is not that free at all. First, our behaviour, our thoughts and our identity are fundamentally determined by our social context. We want to meet expectations from our environment and we adjust ourselves to our environment. You could thus say that we are not that authentic, we just imitate each other’s behaviour. On top of that there is an image of the human being as an ‘automatic being’. Kahneman (2011), for example, argues that humans have a fast thinking system (system 1), which consist of automatic thought processes and a slow thinking system (system 2), which consists of controlled thought processes (rationality). It seems like we mainly use our system 1 in our daily lives, which somewhat challenges the idea that we are beings that act rationally.

These two ideas taken together, the human as an imitator and the human as an automatic being, give quite a deterministic view on the human being and it is understandable that a lot of people are sceptical about the existence of a real power or entity that is at the core of the human being, that deliberately chooses to act in certain ways. It also seems plausible, then, to argue that something like ‘the free human being’ does not exist. But doing so would

be too simplistic. To explain why, it is necessary to distinguish between two different conceptions of freedom that are relevant in the context of responsibility (Anderson, 2013).

First there is freedom in the sense of ‘having options’. In this sense, having more options means being more free. It is good when no options are cut off for you, since being limited in the amount of options you have would impair your freedom. If we look at the deterministic viewpoint sketched above, it might be that we are not completely free in the ‘having options’ sense. Namely, if we are strongly steered towards performing a certain action by our environment and desires, we might not have a reasonable option to perform some other action. Because of determinism, our options are somewhat limited. But, Anderson (2013) argues, this kind of freedom is not the (most) relevant kind of freedom. Even if we are limited in the amount of actions that we can actually choose to perform, we can still determine our own life, we can still be autonomous beings.

Autonomy is the second kind of freedom, it is about being able to determine one’s own life. We cannot leave out Kant when talking about autonomy. He thinks autonomy is a kind of freedom that shows itself when we make choices and we make these choices on the basis of reasons, or more precisely, on the basis of adequate reasons. According to Kantians we can recognize the (choice) situations in which we can step back and look at the things that are influencing us. We can distance ourselves from our tendencies and desires. We can reflect. What is wrong is not having the desires themselves. What is truly wrong is when you are aware of these desires (of wrong nature) and being aware of them deliberately decide to act in accordance with them (Anderson, 2013; Kant, 2013).

Harry Frankfurt (2006) makes a similar argument. He says that we humans want to take ourselves seriously. If we want to take ourselves seriously we cannot accept a deterministic view and thereby simply “accept ourselves just as we come. We want our thoughts, our feelings, our choices, and our behavior to make sense. [...] We need to direct ourselves – or at any rate to believe that we are directing ourselves” (Frankfurt, 2006, p. 2). Humans are capable of doing this because we have a sort of divided self. In line with Kant, Frankfurt argues that we have the capacity “to be engaged in whatever is going on in our conscious minds [*and*] to detach ourselves from it, and to observe it – as it were – from a distance” (Frankfurt, 2006, p. 4). The capacity to “objectify” ourselves seems to be a uniquely human capacity. It makes us capable of not only wanting things, but also “to care about them” and “regard them as important to ourselves”. What we care about is determined by reason and, more importantly, by love, which Frankfurt defines as

a particular mode of caring. It is an involuntary, nonutilitarian, rigidly focused, and—as is any mode of caring—self-affirming concern for the existence and the good of what is loved. The object of love can be almost anything—a life, a quality of experience, a person, a group, a moral ideal, a nonmoral ideal, a tradition, whatever (Frankfurt, 2006, p. 40).

Our capacity to step back and see what we truly care about gives us freedom, a freedom to exercise our will. We are acting in accordance with our free will, when we do the things that we want and the things that we want are not only some first-order desires, they are things that we truly care about (second-order desires). We are free when our first-order desires melt together with our second-order desires, when we do what we want, and what we want is what we really want to want (Frankfurt, 2006, p. 14-15). Frankfurt calls this acting ‘wholeheartedly’.

Now we have an account of freedom that is more difficult to refute for determinists. Even if you do not accept that we are free when we do what we want, it is hard to deny that we can be free in that we can act upon things that we *truly* care about. As a result, in general, humans can rightfully be held responsible for (a significant part of) their actions. But the next question is: does responsibility directly imply blameworthiness (or praiseworthiness)?

## **I.2. On responsibility and blameworthiness**

A lot of people would equal ‘being responsible’ (for a wrong outcome) to ‘being blameworthy’. This is a fundamental mistake though. There are (at least) two ways in which we can (partly) exempt someone that is responsible for a certain act that we think is wrong from blame: justifications and excuses (Shaver, 2012, p. 163). “A justification for a morally reprehensible action is a claim that contrary to the perceiver’s opinion, the action taken was a *positive* one” (Shaver, 2012, p. 163). A justification can take several forms. First, there could be a disagreement in view of what a moral action is. Exploring and comparing the differences in perception of the situation, and the differences in accounts of morality, should determine whether this justification is truly justified. Second, there is the justification that claims that this single act might be wrong, but that there was a larger positive social purpose served by the action (Shaver, 2012, p. 163). Whether this justification is justified should be determined by evaluating the importance of the ‘larger positive social purpose’, and subsequently, evaluating whether this could override the wrongness of the single act.

If there is no *justification* possible, the individual could still have a good *excuse* for his wrong actions, which might mitigate the blame (Shaver, 2012, p. 163). Excuses, too, come in several forms. Someone could for example say that he actually did not do what you accused him of. Or he or she could “deny or minimize his or her causal role in bringing about the event [and] claim that he or she was only an innocent bystander [o]r that he or she was an insignificant part of many causal elements” (Shaver, 2012, p. 164). Furthermore, he could claim that he did not mean to do bring about the act or event. These are basic kinds of excuses, but there are many more kinds of excuses possible, which I will not all discuss here.

To decide whether particular individuals in the financial sector could be (partly) exempted from blame for their actions, we will have to see if there are any justifications or excuses that could apply for them. But before we run through these, it is necessary to sketch how things work in the financial world.

## **II. An introduction to the financial world and its inhabitants**

For the introduction to the financial world I will turn to the book “Dit kan niet waar zijn” (“This cannot be true”) by Joris Luyendijk (2015). Luyendijk is an anthropologist and journalist. He spent two years in the financial center of Great-Britain (The City and Canary Wharf in London), which is one of the biggest and most influential financial centers of the world. He interviewed two hundred people who work or have worked there. I think his book gives sufficient knowledge about the financial world for being able to answer our question of blame. However, he does focus a lot on how things work in ‘the City’ in London. In the Netherlands, for example, the system is not completely similar. Therefore, this section will also include a paragraph that discusses the generalizability of the description of the City to other financial centers.

### **II.1. The financial world**

First, Luyendijk sketches the landscape of the financial world (Luyendijk, 2015, p. 36-38). There are three main areas in the financial world. The first is *asset management*, which consists of firms that invest money on behalf of rich individuals, pension funds, oil countries, and the insurance industry. The second is the *banking sector*, which consists of consumer banks and investment banks. Consumer banks mainly make their money with monetary transactions, savings, mortgages and loans. Investment banks help companies and

governments make money by buying and selling stocks and obligations. In the investment banks you find traders, dealmakers and inventors/builders of financial products. Some banks only focus on consumers, some only on investment and some do both (so-called 'mega banks'). The third area is the *insurance industry*, which, as the terms reveals, is involved in everything that can be insured.

Then there are all kinds of other 'smaller' areas in the financial world: accountants, credit rating agencies, consultants, corporate lawyers, recruiters, IT companies and other service providers.

Finally, there are the central bank (or reserve bank) and the regulatory agency that try to keep the financial world in check.

Now let us turn to the financial crash in 2008, what went wrong?

## **II.2. The financial crash in 2008**

Luyendijk (2015, p. 39-40) explains that in the years before the crash, consumer banks and mortgage lenders provided big loans, mainly mortgage loans, to average consumers. The fact that people could lend so much money made the price of houses go through the roof. Since consumer banks and mortgage lenders could resell the mortgages to investment banks, which in turn cut them up in little pieces and repackaged them as new, complex financial products, they had no need to worry about the risks of defaults in payment. Pension funds and other investors bought the complex financial products from the investment banks because these products gave good returns. These investors also trusted the insurance company American International Group (AIG), who was responsible for a large part of the insurance of a lot of these products. AIG had no worries either, because credit rating agencies gave the complex products a triple A status (which means the products are not risky at all). The products became more and more complex over time, banks kept part of the products in their own possession, without having proper financial buffers. Furthermore, the accountants, regulatory agencies and the central bank were not aware of the dangerous constructions.

Millions of people who bought a house could not pay their debts. The new, complex financial products started to lose value or 'exploded' and became worthless. Investors had to take their losses. As mentioned, banks had part of the complex products in their own possession and had to write them off. But due to their complexity it was unclear how much the products were worth and how much money needed to be written off. Now the question was if the financial buffers of the banks were big enough to do this. Lehman Brothers, a huge

bank in America, did not have enough buffers and went bankrupt. Nobody in the financial world wanted to lend money to another party any longer, because the possibility that the other party would go bankrupt the next day was very real, and then all your lent money would be lost. There was a serious threat that the financial system as a whole would collapse as a consequence of a domino effect.

Conclusion: (1) Almost every area of the financial world was involved in and partly responsible for the financial crisis and at the same time (2) most people in the financial world had nothing to do with it, as they were not involved in the mortgages and complex financial products mentioned above (Luyendijk, 2015, p. 40).

Governments pumped an awful lot of money in the financial sector, as did Central Banks (indirectly) by lowering interest and creating immense amounts of money. A total collapse was averted.

The crash is often explained (at least by people working in the financial sector) as an unforeseen, one-time, unfortunate turn of events. But is this really true? Luyendijk thinks it is not. He says it is quite alarming that almost no one had any idea what dangers were lurking in the complex financial products. Furthermore, investment banks, which were main players in causing the crash, had had similar, though be it less big, scandals before (Luyendijk, 2015, p. 41-42). It seems like there is something fundamentally problematic in the financial sector. Luyendijk tried to find out what that something is by diving into the world of the (investment) banks.

### **II.3. The underlying problems that lie in the architectural system of the financial world**

A main point Luyendijk makes is that it are not the individual people working in the financial sector that are wrong per se, it is the system that is wrong and the system makes good people behave in bad ways. I do not completely agree with Luyendijk's conclusion here, on which I will elaborate later on, but the main issues he brings forward in his book can be assumed to be true, as they are in line with other research (e.g. Ashby, Palermo & Power, 2012; Jones & Felps, 2013; Lo, 2012; The Financial Crisis Inquiry Commission, 2011; Van Liedekerke & Dubbink, 2009). So, what is wrong with the system?

### II.3.1. Having to make profit

A first trouble causer is the fact that the sector as a whole is mainly focused on making as much profit as possible (Luyendijk, 2015, p. 63). The clients' interests? Less important. Help building good projects for society? Less important. Other long-term goals? Less important.

### II.3.2. Too big to fail and playing with other people's money

Since the mid-eighties, investment banks went to the stock markets en masse. These now listed companies acquired other banks and firms over the whole world and ended up as so-called 'too big to fail banks'. Too big to fail, because the bankruptcy of these firms would be so disastrous for so many people that governments simply cannot let it happen.

Before the mid-eighties the main owners of the banks were the ones who managed the bank, which means the financial risks were for the managers of the bank. Now, outside shareholders own the bank and carry the risks and, because of the 'too big to fail' aspect, even taxpayers carry part of the risks that banks take. At the same time, part of bankers' pay comes in the form of stocks and options. The higher the exchange rate of these stocks the more they are worth. The best way to let the exchange rate go up is by making more profit, and making more profit can, inter alia, be realized by taking more risks (Luyendijk, 2015, p. 69).

And the problem of this all is? Banks are not playing with their own money, they are playing with other people's money. A problem lies in the ownership of the risks. The ones who are taking the risks are no longer the ones who are carrying these risks (Luyendijk, 2015, p. 70). When you carry the risks of your behaviour, you are more inclined to make sure you do not take excessive risks. When you do not carry the risks of your behaviour, why not take big risks and have a chance at making huge profits?

### II.3.3. The impotence of the Risk and Compliance department

This brings us to the next problem, a problem regarding the status of the Risk and Compliance (R&C) departments of banks. Every bank needs to have an R&C department. R&C has to make sure that the employees of the bank (1) work within the boundaries of the rules and (2) do not take too much risk. Compliance is responsible for the first aspect, risk for the second. Risk looks, inter alia, at (a) whether the parties that you are doing business with have a high possibility of going bankrupt, (b) what happens with provided loans or deals when the stock

markets would drastically go down, (c) how a jam or misuse of the bank's infrastructure can be prevented (operational risk), (d) what the chances are that a country with which the bank does business will become unstable (sovereign risk) (Luyendijk, 2015, p. 62). Before the mid-eighties, R&C was there for the partners of the bank. Naturally, partners absolutely did not wish their people to take huge risks that could possibly lead to disastrous losses. This gave R&C power. But nowadays, they are there to soothe external parties – the shareholders, the regulatory agency and the taxpayers – since those parties are the ones that now carry the risks (Luyendijk, 2015, p. 70). Consequently the R&C department has lost its status within the bank's hierarchy.

According to some of the people Luyendijk interviewed, the subordinate position of R&C is simply in the DNA of investment banks. In the first place because it is difficult to show the loss that you averted for the bank in actual figures, whereas an investment banker can show an exact figure of the profit that he makes for the bank when he makes a certain deal. More importantly, the investment bankers make the money where the salary of R&C employees is paid from. Logically R&C's status is lower (Luyendijk, 2015, p. 68-69). Because of this low status, it becomes really difficult for the R&C department to keep the higher ranked investment bankers in check.

#### II.3.4. The City: zero job security and individuality

Yet another factor that increases the chance that people take more risks is 'zero job security'. This is an aspect that does not apply to the whole financial sector. In the Netherlands, for example, there is good job security for bankers, you cannot just fire someone here. In the City it is different. You can be fired any moment, mostly without prior notice. You have some minutes to pack your stuff (sometimes you do not even get that time) and then you are off. Some banks fire the worst performing couple percent of their staff, every year. So, not made enough profit for the bank? You are out, even when the bank as a whole made record profits that year. If, at any time, you can be fired within the next five minutes, your horizon does not go beyond that five minutes (Luyendijk, 2015, p. 72-84). People will not work on long term projects, they are not stimulated to be loyal and will only be focused on short-term profits. As long as they keep making big amounts of profit, they might be able to keep their jobs. And how do you make big profits? Well, for example by taking big risks. And why would you care about the possibility of big losses if you can be fired any moment and the money you are taking the risks with is not yours or your bosses anyway?



Another result of this system of zero job security is fear. It is not pleasant to work while knowing that you can lose your job any moment. The climate of fear makes that the banks are shattered into pieces. Investment banks consist of individuals that have different levels of dominance. In order to keep standing, everyone focuses on his or her own world within the bank. That's one of the reasons why 'waves of firing' are so important. By removing people from your world, you create new space for people that owe you something, and this strengthens your own position (Luyendijk, 2015, p. 84).

### II.3.5. Amorality

This 'fight for yourself' morality is also visible on a different level. In the world of investment banking the principle of 'caveat emptor' applies, which means 'know what you buy'. Applying this principle in the world of investment banking basically means that you are allowed to fool everyone, because the others have to know what they buy, it is not your responsibility. Ethics is a term that is not really used in investment banking. Amorality rules. The investment bankers do not talk in terms of good or bad, they talk in terms of possible reputation loss.

It is important to distinguish amoral from moral and immoral here. When you act amorally, you act without even thinking about whether your action is morally right or wrong, morality is not important for you. This amoral attitude can result in immoral behaviour, which is behaviour that is morally reprehensible. But the amoral attitude does not necessarily have to result in immoral behaviour, it is just quite likely that it will.

Amorality in the financial sector prescribes: profit is the only criterion that really counts, it does not matter how you make it, as long as it is within the limits of the law (Luyendijk, 2015, p. 88-91). Some of the people Luyendijk interviewed also noted that amorality is not a question of free choice. Shareholders demand good returns or else they will go to another bank; amorality is required (Luyendijk, 2015, p. 92). I think these interviewees are right (up to a certain point).

### II.3.6. Complexity

The financial institutions are so big and they have so many extremely complex products which only a few people can (kind of) understand, that it is actually impossible to oversee

everything. The large banks seem to be too big and too complex to manage (Luyendijk, 2015, p. 97-114).

### II.3.7. Comparison of the City with other financial centers

Not all of the aspects of the financial architectural system just discussed are present in all other financial centers in the world. In the Netherlands and Belgium for example, there is proper job security. But what seems to be inherent in almost every (Western) financial center (though be it less exorbitant than in the City) is the need for making profit, the too big to fail aspect, the relative impotence of risk and compliance, the complexity of the products and the amoral culture within the banks. Thus, most of the factors that are present in the City, also play a role in most other financial centers (Luyendijk, 2015, p. 197-198). Moreover, if something goes terribly wrong in the City, it is likely that most other financial centers will also be struck hard. Thus, even if things would only be wrong in the City, it is still necessary to change something *there*.

In sum, the description of the way things work in the City are not fully generalizable because in the City you find the most extreme variant of a risk-stimulating, amoral culture. But also in the less extreme financial centers, the employees cannot fully escape the ‘perverse incentives’ of the financial world.

### II.3.8. The resulting behaviour

All the structural and cultural influences described above make it more likely that an individual banker takes more excessive risks, takes an amoral attitude towards others and shows this amoral attitude in his behaviour. Now the next thing that is interesting to look at is why people would want to work in an investment bank and why people conform to its amoral culture.

## II.4. Common drives of people working in the financial sector

In his book, Luyendijk (2015) distinguishes between some dominant types of people working in the financial sector. What is interesting to see, is that the idea that people working in the financial sector are greedy (where a lot of outsiders accuse them of) might well be misplaced (Luyendijk, 2015, p. 139). Of course there are people that simply do it for the money. But the

most dominant reasons for working in the financial sector (besides the standard reason that the work is useful) seem to be things like status, being the best, and deriving self-worth from this. As one of the interviewees said: ‘A large bonus does something with your head. You start thinking: Wow, this is what I’m worth’ (Luyendijk, 2015, p. 145). Worth is important and these people can derive that worth from having the feeling that they are standing strong in society, not getting behind on others, getting the maximum out of life. In other words, having the status of a person that is succeeding in life.

In a Dutch documentary that discusses the financial sector (Meerman, 2015), Luyendijk says (jokingly) that the best solution for the problems in the banking sector might be that beautiful women simply stop wanting bankers. The money, the cars and the excitement still seems to attract these women. Making banking less sexy, would lower the status of bankers, and this lowering of status might discourage the dangerous guys. This might not be such a bad idea.

Status, being the best, and deriving self-worth from that seem to be key motives for people to work in the financial sector. The motive that seems to sum up these strivings/motives is ambition, the “strong desire to do or achieve something” (Oxford Dictionaries, n.d.). But ambition is definitely not the only internal motive that drives people in the financial sector. There are, for example, people that only do it for the money, or that fear leaving their work because they will have to part from their current (luxurious) lifestyles (Luyendijk, 2015, p. 164), or that think it is just lovely to work in the sector because you work with people that are all smart and the work is challenging, exciting and full of adrenaline (Luyendijk, 2015, p. 142).

Now, having set out some basic workings in the financial system and some common motives of the people working there, it is time to see whether bankers are indeed a reasonable object of blame or that, perhaps, they can be excused for their behaviour. The first step to take, then, is discussing possible reasons society could have to blame an individual that works in a bank for performing risky, amoral behaviour.

### **III. Possible reasons for society to blame the individual bankers that show risky, amoral behaviour**

I see two main reasons to blame individual risk-taking, amoral bankers. The first (obvious) reason for blame would be the following: by acting in a risky, amoral way, bankers and other

people working in the financial sector contributed to the crash in 2008 and, if we may believe Luyendijk, they still contribute to the instability of the financial world and possible new financial troubles that may affect large parts of society. Because of their partial responsibility for previous and future financial troubles, which harmed and may harm a lot of other people, we are justified in blaming them.

But not only were they part of the causal mechanisms that caused the crisis and could cause new crises, the fact that they behaved amoral by merely focusing on ways to make maximum profit, regardless of any losses for or harms to others, means they disrespected other people. Namely, you could argue that, by deliberately selling complex and/or instable financial products to unknowing parties, they used these parties as mere means to make profit. Thereby they seem to violate Kant's categorical imperative which, in its second formulation, dictates that you "[s]o act that you use humanity, whether in your own person or in the person of any other, always at the same time as an end, never merely as a means" (Kant, 2013, p. 496).

Thus, the combination of his partial responsibility for previous and future financial troubles (harm) in combination with his failure to truly respect other people makes it plausible (at first sight) to blame a particular banker. Now our task is to find out whether there are justifications or excuses that would reject the blameworthiness of the banker.

#### **IV. Possible justifications and excuses for the banker that behaves risky and amorally**

In this section, I will go through several possible justifications and excuses that stem from factors (motivations) that influence different bankers, to see if one or more of them could form a proper reason to reject these bankers' blameworthiness. First up is a justification that has to do with the capitalistic society and the role of the bank's clients and shareholders.

##### **IV.1. The justification and/or excuse of simply complying with society's ideal of endless growth**

One main characteristic of our capitalistic society is that it aims at endless growth (Taylor, 1985b, p. 249). Now, capitalism and the striving for growth greatly contributed to the quite comfortable lives we (the majority of people living in the Western world) now have, but it is

also often (rightly) criticized. One of the critiques goes that, because there is this need for endless expansion, we find ourselves doing things that seem plain stupid for a rational mind.

[W]e sacrifice such goals as the humanization of work, or an undamaged environment, or communities rich in tradition, or genuine leisure, for the sake of continued growth in the number and variety of consumer goods and services, and continued increase in the level of technological sophistication. It is absurd, for instance, to endanger the ozone layer around the atmosphere, and the ear-drums of countless people, for the sake of shaving a couple of hours off the time it takes to fly from London to New York (Taylor, 1985b, p. 251).

The ideal of endless growth makes us irrationally give up other important goals.

In 2007, some days before he became Prime Minister of the United Kingdom, Gordon Brown praised the people working in the City for their effort, ingenuity, and creativity that made the City grow and become a new world leader in finance (Brown, 2007). The banks were doing what society wanted them to do: making profit and grow, so society could grow with it. But not only were they doing what society at large wanted them to do, shareholders and private individuals were also quite happy with what the banks were doing. A large part of the shareholders *wants* their bank to maximize profit and will even switch banks if there is another bank which makes more profit (in line with the norm of shareholder wealth maximization; e.g. Jones & Felps, 2013). And a lot of private individuals happily accept disproportionately high mortgages when that enables them to buy a bigger house, or choose to put their savings on a bank that gives them one percent more interest, without being concerned about where that higher interest rate comes from. To put it in a fairly generalized way, individuals are fine with bankers not actually caring about them as long as they profit from it (endlessly grow) themselves. But when the same (sometimes risky) mechanisms that led to profit turn out negatively, as happened with the 2008 crash, all of a sudden the bankers are wrong. Should the shareholders and clients of the banks not be slightly more critical towards themselves? It is quite unfair if you want to profit from the risks bankers take, but judge the banks and their employees when these same risks backfire. As shareholder or client of the bank you cannot simply play the innocent sheep. You have your own responsibility when you give your money to the bank to play with, or accept high mortgages that you might not be able to pay back in the future. No one forces you to do it. You have some responsibility to know what you are buying.

The fact that, by the mechanisms of maximizing profit, banks fit into the picture of the ideal of endless growth, and the fact that shareholders and (a lot of) private individuals happily accept risky and amoral behaviour when things go right, seems to give bankers quite a compelling excuse for their behaviour. They might be right when claiming that they were just an insignificant causal factor among many. They did not perform the risky and amoral behaviour in a vacuum, not only the financial architectural system, but society too, explicitly and/or implicitly approved of it and thereby contributed their part. You could even go as far as to say that there is a justification for the bankers: their actions served a larger positive social purpose, namely, endless growth. However, I think that endless growth is not a positive social purpose – mainly for reasons given in Taylor’s quote above – and therefore I think this justification cannot count.

Thus, the present ideal of endless growth gives a partial excuse for the bankers that contributed to the crash. They acted in accordance with ‘the bigger system’. It is only a *partial* excuse for two reasons. First, being only one of the many factors that contributes to financial instability, does not all of a sudden exempt you from *all* responsibility. Assuming that you are a free agent – at least in the sense of having autonomy – you can choose to cooperate with this system or you can choose not to. Choosing to cooperate is taking responsibility. Second, it is only an excuse for their responsibility in causing harm to society, not an excuse for disrespecting other people. The fact that other people like to profit from your profit does not justify your treating them as mere means. If you sell risky products to (unknowing) parties for your own profit only, you use these parties only as a means for your own ends. This is even so if, in the end, these parties might still profit from your products. The fact that your goal did not include letting them benefit and that you only used them as a means to get your own benefit (see: paragraph II.3.5, ‘Amorality’), is enough reason to judge you for not respecting other people.

In sum, the particular ideal of endless growth gives bankers the opportunity to take great risks, but does not take away their partial responsibility for (financial) harm done to people in society, nor does it form an excuse for disrespecting other people. A more direct source of influence on the banker is the financial architectural system and, as we have seen, people are susceptible for influences from their social environment. Will working in the financial sector inescapably lead to risky, amoral behaviour and could this therefore be used as an excuse for this behaviour?

## **IV.2. The excuse of simply conforming to the inescapable system of the financial world**

Luyendijk (2015) makes it appear as if the true problem of the risky, amoral behaviour in the financial sector indeed lies in the financial architectural system. If we change the system, everything will be fine. People working in the financial sector are actually quite a sad kind of people; they have to work abnormally hard and simply conform to a culture. They are not bad people, quite innocent actually. Therefore, we should not blame them too much.

Although I am not sure about the truth-value of this assumption, for the arguments sake, let us assume that, when you work in the financial sector it is quite hard, if not impossible, not to take some risks and not to behave amorally. Even if this is the case, a similar reply as with regard to the excuse of the endless growth ideal applies: humans can take responsibility because they can objectify themselves and decide to act according to the demands of reason and love. Therefore we can both hold them responsible when they (wholeheartedly) choose to do something, and when they fail to take the outside perspective and as a result act wrongly. Accordingly, looking for an excuse by blaming the system cannot count as a good excuse because people still have a choice; they can choose to work in the system and forget about morality, or they can choose to step out – if that is what is required when you do not conform to the system. It might be difficult to resist certain incentives or desires, but just because it is difficult does not mean you are not responsible. You are responsible because you can step back, look at your behaviour, and say ‘no, this is not how I want to behave’. Consequently, these external factors cannot be brought to the foreground as excuses.

It could however be that there are specific stimulating factors that can be found *within* the person that might be truly inescapable and which might therefore form an excuse for the risky, amoral behaviour. To find out, we need to take a closer look at some internal characteristics or drives that could make a banker conform to an amoral system. I would like to start with the internal characteristic that seems to be most inescapable: having some sort of psychological defect.

## **IV.3. The excuse of the psychological defect**

There is a whole body of psychological research on what types of people choose what kinds of jobs and take up what roles in organizations. In the context of the specific amoral

behaviour that shows in the financial sector, the most important thing to look at seems to be research on psychopathy.

#### IV.3.1. Psychopaths

Some psychological research is done on the relationship between psychopathy and people working in corporations and the financial sector (e.g. Board & Fritzon, 2005; Boddy, 2006; Howe et al., 2014). This research has shown that it seems likely that people with psychopathic traits are “drawn to careers in finance and are capable of excelling in corporate organizations” (Howe et al., 2014, p. 338).

Psychopathy is seen as a psychological disorder. A person with psychopathy can show characteristics like “charm, grandiosity, dominance, and lack of anxiety and fear [and also] impulsivity, need for stimulation, poor behavioural controls and reckless defiance of social norms” (Howe et al., 2014, p. 337). It seems that there is a significant professional advantage to having psychopathic traits.

This professional advantage may be particularly evident in business, as several of the personality characteristics indicative of psychopathy are also beneficial in finance, including aggressiveness, dominance, self-confidence, charm, low anxiety, willingness to take risks, and the ability to influence others (Howe et al., 2014, p. 338).

Looking at this description of psychopathy and its relation between people working in the financial sector, it does not come as a surprise that Boddy (2011) presents ‘the Corporate Psychopaths Theory of the Global Financial Crisis’, a theory that “argues that psychopaths working in corporations and in financial corporations, in particular, have had a major part in causing the crisis” (Boddy, 2011, p. 255). Boddy thinks it is these psychopaths that need to be identified and disarmed when we really want to improve the (financial) world.

Now, the idea that corporate psychopaths have had a major part in causing the crisis seems very plausible and I will not deny it here. The question is whether psychopaths can really be held responsible for their (mis)behaviour.



### IV.3.2. Can we blame the psychopath?

Blaming psychopaths might be more complicated because they seem to lack certain ‘normal’ human capacities. Most importantly; they seem to lack the capacity of empathy (e.g. Glannon, 1997, p. 266). The lack of empathy might form a justified excuse for wrong behaviour. When you lack empathy, in other words, when you lack the capacity to care about other people’s needs, rights and suffering, can you still have a deep moral knowledge that enables you to act morally? Well, probably not in the full sense. However, what is important in the case of psychopathy is that psychopaths still have the capacity for practical reasoning, a feature that distinguishes psychopathy from psychotic depression or schizophrenia (two conditions which can often take away people’s accountability in court) (Glannon, 1997, p. 263). Thus, although they cannot *feel* what behaviour is moral and what immoral, they can *reason* about the rightness or wrongness of their acts. For the psychopath it can be quite difficult to determine what would be morally right, but not impossible. Therefore, the psychopath must be held responsible for his deeds, as he can step back and think of what would be right, just like normal people can. His blame is somewhat mitigated though, as it is more difficult for him to determine what is immoral due to his lack of empathy.

I do not believe, however, that every (mis)behaving banker is a psychopath. Therefore, we should look at some more common drives that might form an excuse for the behaviour of bankers. In paragraph II.4, some of the main drives of people working in the financial sector were presented. People might bring two of these common drives forward as an excuse, because they are understandable drives that could be quite difficult to ignore: the drive of fear of leaving work because you will have to part from your lifestyle and the drive of ambition.

### **IV.4. The excuse of the fear of leaving work because you will have to part from your current lifestyle**

There is a particular formulation of the excuse of fear of leaving work because you will have to part from your current lifestyle that is interesting: some people that work in the financial sector see that things are ‘wrong’ in this sector, but losing their job would mean no money to pay their children’s education and no money to be able to live in the same house any longer (mainly an England-based problem). Therefore they keep working in this sector (Luyendijk, 2015, p. 141-142). It is quite understandable that you keep working in the financial sector for these reasons. However, that it is understandable does not mean that it gives you a good

excuse. It would be quite implausible to accept that ‘saving one’s own skin’ is a proper excuse for just any misbehaviour. To speak in Kantian terms (Kant, 2013, p. 493), we could not will the maxim ‘if it is necessary for saving my own skin, I can disrespect other people’ to become a universal law. In combination with the fact that, although difficult, you could step back from this desire and try to make money in a different way, this implies that this individualistic goal does not justify or excuse treating others disrespectfully, let alone harming them.

#### **IV.5. The excuse of having a strong, individualistic ambition that is stimulated by society**

Now, you could say that ambition is, just like the previous drive, an individualistic drive and individualistic drives cannot form a proper excuse for behaving amorally. There is, however, something peculiar going on in the case of ambition, a peculiarity that might make ambition a reasonable excuse for risky, amoral behaviour. In order to understand how the excuse of ambition works, it is first necessary to understand what kind of characteristic it is and in what way it is capable of contributing to doubtful behaviour.

##### IV.5.1. On ambition

Ambition can plausibly be said to be the result of something called thymos: human being’s natural desire for recognition. Plato introduced this idea of thymos as being the third part of the soul, which lies in between our lower desires and our higher faculties of reason. Thymos is the part of the soul that is in need of recognition and pride, gives us the ambition to strive for honour, to be a unique individual, to be irreplaceable, to be ... a hero. It makes us fierce, proud, spirited, bold, and it gives us the willingness to push our limits when the circumstances ask for it (Sheikh, 2008, p. 30; Venmans, 2011, p. 16).

Nietzsche stressed the positive side of thymos. Fukuyama (1992, p. 188-189) argues that Nietzsche thought thymos – so not desire or reason – was the very essence of man. Humans are creators, and the want for recognition makes us create. “The essence of man [is] the act of valuing itself, of giving oneself worth and demanding recognition for it” (Fukuyama, 1992, p. 189). Thymos makes us capable of bringing about great things. However, the desire for recognition is inherently individualistic. This makes it likely that what you create is primarily important for yourself. If society is lucky, the individual goals of

the thymotic man are in line with the goals and values of society, if not however, thymotic men could harm society.

Furthermore, the fact that recognition or status comes with being *relatively* better than others makes that the desire for recognition is a source of competition and possible conflict (for more on the thymotic mechanisms that lead to conflict see texts on Hegel and Hobbes: Fukuyama, 1992, p. xvii; Kojève, 1980, p. 3-20; Piirimäe, 2006, p. 3-8; Venmans, 2011, p. 115-116). Philosophers like Machiavelli, Locke, Rousseau and Hobbes stressed the same possible harmfulness in *ambition* (and/or similar strivings). They saw ambition as one of the biggest threats to political and societal stability. Ambition was a main cause of conflict, war, corruption and rebellion. (Berger, 2015; King, 2013; Piirimäe, 2006, p. 3-8).

Since thymos and the resulting ambition can result in both good as well as bad outcomes, ambition cannot simply be regarded as a virtue or a vice. Would an Aristotelian conception of virtue qualify? Could we see ambition as the golden mean between the vices ‘excess of ambition’ and ‘lack of ambition’? If we would see it that way we have to assume that an excess of ambition is equal to ambition that is focused on the wrong ends, which I think would be an unfitting formulation for the Aristotelian virtue. I believe it is more plausible to regard ambition as a neutral characteristic. King properly sums up how we should see ambition by stating that ambition seems to be “a relative rather than an absolute trait, and whether it is deemed positive or negative depends on the ends, the means, and the individual who is expressing ambition” (King, 2013, p. 7). Ambition is not good or bad in itself. Its goodness depends on the goals it is aimed at. It is not a virtue, it is not a vice, it is just a neutral inherent drive, which can be stimulated or opposed, used for good or for bad ends.

Since the goodness of ambition is dependent on the goals that it is aimed at, there is a need for society to canalize the ambitious. In his essay “of ambition”, Francis Bacon (1718) discusses this need for canalizing ambition. He says that, if it is not limited, ambition makes a man ‘active, earnest, full of alacrity, and stirring’. If you give ambitious men and women the room to live up to their ambition, they will just be harmless, busy people. But if you want to limit them, they become dangerous and will look on society with an evil eye and try to draw society down with them. You should try to use ambitious men for the benefit of society, use them to protect the country (in the army), or to develop the country by letting them do good business. If this canalizing of the ambitious fails, you will have to disarm them. You can only disarm vicious ambitious men by using other ambitious men. For example, ambitious people that fight against climate change can be useful to fight against people who unnecessarily pollute the atmosphere. Bacon’s point is: if you want to benefit from ambitious people instead

of being harmed by them, you should give them the room to be ambitious and try to direct their ambition towards useful ends. But we seem to have forgotten this need for canalizing the ambitious since we are wildly stimulating it.

If we relate ambition to the financial world, it seems that the goal of the ambition of the risk-taking, amoral banker is simply reaching individualistic success and status. Focusing too much on their own success can result in an attitude of indifference towards other people, which makes them see other people only as competitors who they have to beat. This in turn makes them capable of adjusting to the amoral culture in the financial sector, where the step towards immoral behaviour becomes quite a small one to make. In the next paragraph, I will argue that the goal of individualistic success and status and the resulting amorality is partly the result of the fact that society implicitly and explicitly stimulates this specific kind of ambition. This particular aspect of ambition makes that having an individualistic, success and status oriented ambition could be a possible excuse for certain misbehaviour.

#### IV.5.2. Being shaped by Western society

Just like people's behaviour, people's identity or their 'self' is not formed in a vacuum. People's self-concept (identity), is strongly influenced by family and community and it is proven that culture plays a major part in this development of the self and a self-concept (e.g. Berk, 2009). Now, as recognized by several authors, Western society seems to become more and more individualistic and achievement-focused (e.g. Berger, 2015; Deresiewicz, 2014; Han, 2012; Gude, 2014; Van Baar, 2014). Below, I will explain how this development perfectly fits in with Western society's liberalistic ideals.

##### *IV.5.2.1. The liberal, individualistic, achievement-focused society*

The core idea of the liberal society is to guarantee equal individual freedom for everyone. Liberalism is very appealing because it combines two important normative intuitions:

On the one hand, the idea of equal individual liberties for all satisfies the *moral* standard of egalitarian universalism, which demands equal respect for and consideration of everyone. On the other hand, it meets the *ethical* standard of individualism, according to which each person must have the right to conduct her life according to her own preferences and convictions (Habermas, 2005, p. 1).

The equal individual freedom is guaranteed by means of laws. Laws, Taylor (1985a, p. 188) would say, that assert ‘the primacy of rights’. Primacy-of-rights theories ascribe certain rights to individuals – in a liberal society these are rights that protect and promote people’s freedom, freedom in the sense of being able to pursue their own way of life (Habermas, 2005, p. 1; Taylor, 1985a, p. 204) – and “deny the same status to a principle of belonging or obligation, that is a principle which states our obligation as men to belong to or sustain society, or a society of a certain type, or to obey authority or an authority of a certain type” (Taylor, 1985a, p. 188). This way, ethical individualism defines the substance of law in liberalistic societies (Habermas, 2005, p. 1).

According to Taylor this focus on individualism is the logical result of “a new conception of what it is to be a human subject” (Taylor, 1985b, p. 255). The pre-modern person saw himself as an element in a larger order. “The order in which [he is] placed is an external horizon which is essential to answering the question, who am I?” (Taylor, 1985b, p. 258). The modern person thinks he does not need an external horizon to determine his identity. He is not characterized by his place in the larger order; he is characterized “by a set of inner drives, or goals, or desires and aspirations” (Taylor, 1985b, p. 258). Knowing what you are comes with knowing these inner forces. The modern person is looking for fulfilment, and you can only find out what fulfils you by finding out what you are, finding out what your inner forces are. And for that, you need to focus on yourself.

So from childhood onward, we get all the room to find out what we are. We get to choose freely what we want to accomplish and because of the lack of limits (at least for highly educated people that grew up in a good environment), we can accomplish anything, as long as we really try (Van Baar, 2014, p. 13). This feeling of freedom makes us fully responsible for our own success, which brings pressure to make the most of it. Other people raise this pressure even higher: although we can choose ‘whatever we want’, others (parents) expect things of us. In childhood, puberty and young adulthood, a lot of children are already pushed by their parents to choose the highest possible education, even if it is extremely difficult for the child to make it at that highest level (Van Baar, 2014, p. 19-20; similarly described by Deresiewicz, 2014, p. 42-48). It seems like we can do what we want, as long as we choose to do the things that represent excellence.

Being excellent means being ‘outstanding’ or ‘extremely good’ and being outstanding almost inevitably means being better than the rest. Thus, to show our excellence, we are in constant competition with each other. Competition is everywhere: in school there is competition for having the highest grades (on the best schools), after university it is about

having the ‘best’, highest paid, job, and we also see it on television where we can see competitions in everything (even for kids); Junior Masterchef, Junior Dance, etcetera. There is an endless list of competitions (Van Baar, 2014).

Closely related to this is what Gude (2014) calls the ‘sportification’ of society. The language used in sports finds its way to ordinary life, the quality of businesses, social initiatives and political institutions shows in statistics. Rankings in a citation-list determine the faith of a scientist. The worth of a job can be measured with the salary that it pays. In other words, results only really count when they are measurable. It can plausibly be argued – like Deresiewicz (2014), Gude (2014) and Van Baar (2014) do – that we start to lose decent ideas of what a good life consists of in this world in which we focus on competition and where the winner is determined by visibility and statistics. Where measurable, visible, individual success is becoming the dominant criterion for a good life.

Hobbes, Hegel, Rousseau, Machiavelli, Locke and Bacon warned us for the dangers of ambition (see: paragraph IV.5.1). Bacon (1718) said we should carefully canalize the ambitious. But instead of canalizing them, the arrangements just mentioned make that the current Western societies wildly *stimulate* an ambition that is self-asserting and individualistic. The idea behind this is quite understandable: by stimulating individual success you can both respect the ideal of liberalistic individualism and the capitalistic ideal of (endless) growth (see: paragraph IV.1). People have the feeling that they are free, and the feeling that they are free makes people responsible for their own success, which consequently makes them work harder (Berger, 2015). And if everyone works really hard, society can grow. However, there is a fundamental flaw in this kind of reasoning. This flaw originates from the implicit assumption that people can be free, autonomous beings outside society, which is discussed by Taylor (1985a).

#### *IV.5.2.2. The flaw of being able to be an autonomous being outside society*

In line with what was said earlier, Taylor thinks autonomy in the sense of being able to pursue one's own way of life cannot be developed in a close family circle only but develops within an entire civilization.

Think of the developments of art, philosophy, theology, science, of the evolving practices of politics and social organization, which have contributed to the historic birth of this aspiration to freedom, to making this ideal of autonomy a

comprehensible goal men can aim at – something which is in their universe of potential aspiration (and it is not yet so for all men, and may never be) (Taylor, 1985a, p. 204).

When you stimulate individualistic, self-asserting ambition you implicitly assume that, after civilization has formed a person, this person has the capacity to be an autonomous person. Now that he does not need society anymore for the development of this capacity, he has no obligations to sustain this civilization. This thought is seriously flawed. Not only is civilization essential for the genesis of freedom, it is also necessary for maintaining this freedom. As mentioned above, people are not born with an identity, a self-concept, their identity is formed by parents, community and culture. A self-concept of being a being that knows “what it is to be an autonomous agent, to have one’s own way of feeling, of acting, of expression [cannot simply be] derived from authoritative models” (Taylor, 1985a, p. 205). It can only truly be acquired if the idea of freedom is also implicitly present in society. It has to be

implicit in at least some of [the] common practices, in the ways that [we] recognize and treat each other in [our] common life (for instance, in the acknowledgement of certain rights), or in the manner in which they deliberate with or address each other, or engage in economic exchange, or in some mode of public recognition of individuality and the worth of autonomy (Taylor, 1985a, p. 205).

It is only in a certain kind of culture, with the kinds of implicit characteristics just mentioned present and recognized in politics and political discourse, and in the legal culture, that an individual can achieve *and* maintain the identity of the free individual, the autonomous agent.

However, all these facets do not come to existence out of nowhere. They are only there because they are “carried on in institutions and associations which require stability and continuity” (Taylor, 1985a, p. 205).

These bearers of our culture include museums, symphony orchestras, universities, laboratories, political parties, law courts, representative assemblies, newspapers, publishing houses, television stations, and so on [but also] mundane elements of infrastructure without which we could not carry on these higher activities: buildings, railroads, sewage plants, power grid, and so on (Taylor, 1985a, p. 205).

These institutions and associations need the support from society as a whole. It is necessary that people in society recognize their importance, for both moral as well as financial support.

In sum, the free individual in a Western liberal society can only be this free individual because society, with all its uses and characteristics, has ‘taught’ him how to be this individual *and* maintains all its institutions and associations to keep nourishing his free identity. Families can only form a person to the capacity of freedom because they are set in this society/civilization. This “creates a significant obligation to belong [to society] for whoever would affirm the value of this freedom; this includes all those who want to assert rights either to this freedom or for its sake” (Taylor, 1985a, p. 206).

If we assume that the free individual can only maintain his identity in a certain society with a certain culture, which I think would be very plausible, we also have to assume that this individual needs “to be concerned about the shape of this society/culture as a whole” (Taylor, 1985a, p. 207). He cannot only care about his individual choices and the associations that result from these choices, and neglect the combination of facets in society that determine the richness of them. “It is important to him that certain activities and institutions flourish [and it is important to him what the moral tone of society is,] because freedom and individual diversity can only flourish in a society where there is a general recognition of their worth” (Taylor, 1985a, p. 207). Thus, the individual that values his identity of freedom should not only care about himself and his own flourishing (individualistic values), but also about the flourishing of the society that makes this identity possible. In other words it is important that he has individualistic as well as communitarian values.

But due to the fact that society keeps stimulating individualistic, self-asserting ambition, individuals that truly connect with the individualistic ideal of society alienate from society at the same time. By becoming very individualistic their communitarian values become of lesser importance. The individual’s communitarian values slowly fade away, society does not mean much to a person any longer; it is just the environment that brought him up but that he, now that he is an ‘autonomous’ being, does not need anymore (which, as we have seen is a wrong thought). His inherent ambition is wildly stimulated in an individualistic direction instead of carefully canalized for ‘the greater good’. It is not surprising, I would say, that the risk-taking, amoral bankers we talked about result from this. It becomes easy to adjust to a culture that is as amoral as the culture of the financial world, when society has implicitly taught you not to care too much about your community.

However, you could ask: how do you explain that not everyone in such a society is becoming very egoistically ambitious? Well, although people grow up in the same society,



there are still numeral differences in the exact environment we grow up in – parents, social class, number and gender of siblings, peer associations, etcetera – which makes that our ambition is stimulated somewhat differently (e.g. Judge & Kammeyer-Mueller, 2012; Spenner & Featherman, 1978). Furthermore, inherited individual differences like conscientiousness, extraversion and general mental ability highly determine how ambitious a person will become (Judge & Kammeyer-Mueller, 2012). Simply put, just like every ‘trend’ in society, not everyone will be totally caught up in it, because there are numerous differences between people. But the essential point is that the strongly ambitious persons (including the psychopaths mentioned in paragraph IV.3) are not restricted at all, even stimulated, and this causes trouble. The ambitious go looking for jobs in which they can display their ambition and the financial sector offers them the stage.

The only means left to keep wildly, blindly ambitious men and women in check would be rules and the law. However, the substance of the law is defined by ethical individualism. You may do as you like as long as you do not impair other people’s freedom. And if other people give you the money and you play with that money within the boundaries of the framework of rules, who can blame you for being somewhat too risky? Who can blame you for not caring too much about other people when you keep ‘respecting’ their freedom? Can we really blame the individual misbehavior?

#### IV.5.3. Can having a strong, individualistic ambition that is shaped and stimulated by society be a justified excuse for the banker’s behaviour?

The identity of the modern individual is shaped by society. Current society is capitalistic and liberalistic with a focus on individualism and achievement. Success and worth are determined by measurable factors. The high salary bankers get paid seems to say to them: ‘the job you are doing is quite valuable’. Moreover, the fact that the ideal of endless growth is present in society makes it seem like a banker that aims at maximizing profit for his company (albeit that he does it for selfish purposes) does a good job. Thus, what we end up with is an individual that has learned, by being brought up in our particular society, to be an individualistic, achievement-focused person that can see the worth of his achievements in terms of measurable factors, and that can see that he is doing a good job because he gets paid a lot and this value is confirmed by the ideal of endless growth. This particular individual that works in the financial sector can therefore be said to do *exactly* what society taught him to do. This complicates the question of blame tremendously. As argued in paragraph I.1, the

individual is responsible for his actions (at least) because he can step back and think about whether he *really* wants to do what he wants to do. The combination of all your real wants for what you want to do, or want to be, can be said to constitute your identity. The identity of the particular individual I just mentioned is formed by an individualistic, achievement-oriented society. Therefore, chances are that, when the person steps back from his desires and thinks about what he truly wants, he decides that what he truly wants is individual success, because success constitutes his identity. How, then, can society possibly blame this individual?

I think we have identified a reasonable excuse here. The blame is strongly mitigated because the individual behaviour is more or less the result of the society he lives in. If your identity is influenced by an individualistic, achievement-oriented society, and you are susceptible for this due to your specific inherent psychological characteristics, it is quite hard to step out of the herd and refuse to be blindly ambitious, while a bunch of people around you just keeps going up.

## **V. Conclusion: To what extent are we justified in blaming the individual banker?**

So, to what extent are we justified in blaming the individual banker? To answer that question I started off with the question of when people in general are blameworthy. Whether someone is a justified object of blame primarily depends on the responsibility we can ascribe to him. As I have argued, in general, we can ascribe responsibility to every 'normal' human being for what he brings about, because the human can act freely and can choose freely what to do. The deterministic view on the human being raises doubts on the idea that we can really act freely. However, as I have argued, referring to Kant and Frankfurt, because the human being has the capability to objectify him or herself, the capability to step back from his desires and decide (by reason or love) whether what he wants to do is what he truly wants to do, he can act freely; freely in the sense that he can act autonomously.

When a person is responsible for his deeds, it does not always follow naturally that he is blameworthy. There might be justifications that could exempt him from blame, or excuses that could mitigate his blame.

I formulated two plausible reason for society to blame (at least) some bankers. These are that (1) these bankers are partially responsible for previous and future financial troubles that harmed and may harm a lot of other people and that (2) by acting risky and amorally for

the sole purpose of making profit for themselves (and their bank), these bankers use(d) their clients as mere means and thereby fail(ed) to respect other people.

I looked into five possible justifications/excuses for the behaviour of the individual banker; the justification and/or excuse of simply complying with society's ideal of endless growth, the excuse of simply conforming to the inescapable system of the financial world, the excuse of the psychological defect, the excuse of the fear of leaving work because you will have to part from your current lifestyle and the excuse of having a strong, individualistic ambition that is stimulated by society.

I argued that society's ideal of endless growth gives a partial excuse for the bankers' contribution to the crash. Bankers acted in accordance with 'the bigger system'. They were not the only ones responsible for the financial crash and the misdoings in the financial sector. A lot of, if not most, other individuals in society want(ed) banks to make massive profits and they were fine with the risky, amoral behaviour as long as they profited from that behaviour themselves. Thereby society kind of stimulated the doubtful behaviour of the bankers. This, I believe, could count as a reasonable excuse for the bankers. But it is only a *partial* excuse because (1) being only one of the many factors that contributes to financial instability, does not all of a sudden exempt you from *all* responsibility, and (2) it is not an excuse for disrespecting other people, because the fact that your goal did not include letting them benefit and that you only used them as a means to get your own benefit is enough reason to judge you (for not respecting other people).

The influence of the financial architectural system cannot count as a good excuse because, in line with the account of freedom and responsibility I stated, one could choose to stop working in the financial sector, stop working in an amoral fashion, and the influences would be gone. So these external factors cannot be brought to the foreground as excuses.

Somewhat more difficult was the question whether we can blame the corporate psychopath who seems to have an excuse in the form of a lack of empathy, which means a lack of an essential capacity for having deep moral knowledge. Since the psychopath does have the capacity for practical reasoning, whereby he can determine what is good and what is bad, it is certain that not all his blameworthiness is mitigated. However, due to the fact that the lack of empathy makes it a lot more difficult for him to abstain from certain immoral behaviour, his blame is somewhat mitigated. I am not sure if the psychopath would be happy with this though, the fact that he lacks empathy forms a good reason to limit his responsibilities in the organisation (when psychopathy is diagnosed).

Because I do not believe every (mis)behaving banker is a psychopath, I also looked into the excuse of more common motivations that drive people in the financial sector. I argued that the excuse of fear of having to part from your current lifestyle, even in the formulation that losing your job would mean no money to pay your children's education and maintain the same house you now live in, cannot form a good excuse. Although it is an understandable motive, we could not will the maxim 'if it is necessary for saving my own skin, I can disrespect other people' to become a universal law that is applicable in this case. Ideally, you should thus have the courage to step back from this motivation in case it makes you harm or disrespect other people.

The motive of ambition should be approached somewhat differently. Although initially it seems plausible to think that a strong individualistic ambition is just another individualistic drive that you should step back from and ignore in case it makes you harm and disrespect others, when looking closer it lies somewhat more complicated. I argued that the influences of society can *strongly* mitigate the individual's blameworthiness in this particular case. It is proven that society heavily influences the identity of the people living in it. Our liberal capitalistic society is one that is, inter alia, focused on endless growth, achievement (that is, measurable achievement) and individualism. Because of this particular arrangement it is inevitable that individuals result that are *too* individualistic and achievement-focused. These individuals see the worth of their achievements in terms of measurable factors, the fact that bankers get paid a lot says to them that they are doing a good job. This idea of value is strengthened by the presence of the ideal of endless growth, to which they obviously contribute by making profits. These individuals that start working in the financial sector and make huge profits by taking risks can therefore be said to do what society taught them to do. And if they step back and reflect on their behaviour it becomes plausible that they still think they are doing a good job, their identity is formed by society, thus their reason and love is too. It is this last step that is essential in relation to the question of blame. How can you blame a person for having the wrong thought pattern, when you implicitly stimulated that thought pattern? It is difficult.

Where does this leave us with regard to the question of blame? I believe the blameworthiness of the risk-taking, amoral bankers is quite minimal. Especially the combination of the excuse of society's ideal of endless growth and the excuse of having a strong, individualistic ambition that is stimulated by society – two excuses that probably apply to most of these bankers – seriously mitigates their blameworthiness. However, this does not mean that the bankers to which these excuses apply are not blameworthy *at all*.

There *are* people that *do* resist the ideal of endless growth, there are people that *do* use their ambition to attain honest ends, there are people that *do* fight for (or at least respect) the community and communitarian values, there are people that *do not* solely focus on their individual success. It takes courage to do so, but you should try. In line with that, I believe people who have power within the bank have a responsibility to try to change the financial culture for the better.

## **VI. Further implications**

The fact that we should only minimally blame bankers in the context of financial misdoings has some interesting further implications. I believe the most important implication that follows is that the view that the causes of the problems in the financial world can solely be traced back to the financial sector and the individuals working in this sector is too limited. Yes, the financial sector and a considerable part of its employees might be focused on profit in an amoral, risky way, but this is not *surprising* when you look at how society is arranged. I think the individualistic achievement focus where our society is (more and more) drenched with stimulates this kind of malpractices.

We are slowly losing track of communitarian values, while these values are essential for the maintenance of our freedom (as argued in paragraph IV.5.2.2). But not only are we losing communitarian values, we start to lose decent ideas of what a good life consists of. With measurable, visible, individual success becoming the dominant criterion for a good life, we are fooling ourselves. Not only will it stimulate malpractices like the ones in the financial sector, as a result of the decline of the importance of community for people, I think it would also be quite plausible to ascribe some causality to it in the context of climate problems and psychological problems like depressions and burn-outs.

I am not judging individualism in itself. Although it might be difficult, it is also very pleasant to be able to design your own life the way you like it to be and I would not want to have it any other way. Furthermore, there is (some) truth-value in the idea that society does profit from individualistically ambitious people to some extent. However, we should not forget what makes this individual liberty possible: the community. If we let the community wither, we will sooner or later wither ourselves (or future generations). We owe it to society, to each other, to future individuals and even to ourselves that we care for the institutions and

associations that make our freedom possible. We are obligated not to lose ourselves in egoistic thought.

But can we expect that a society all of sudden shakes of its extreme individualism? Of course not. Although the countermovement against the individualistic achievement focus and the awareness of the troubles this focus can cause is slowly rising, even if extreme individualism is somewhat pushed back, we would still be left with a considerable amount of people that have a strong natural ambition that cannot simply be stopped. And even the thought that all humans are, in the end, driven by egoistic motives does not seem odd to me. What society should do is make sure this individualistic ambition is properly canalized and used to *benefit* society.

For that, it is not enough to design and install numerous new rules, like we tend to do when we have to limit certain (mis)behaviour. A crucial step in the canalization should include 'teaching' individuals (including bankers) ethical values, teaching them the importance of community, of respect for each other, and of other valuable goods, from childhood onwards. Where this method falls short, we have to find other ways to canalize the (harmfully) ambitious people. These ways do not only include using rules to limit them. As Bacon (1718) said, if you try to limit the ambitious, they will look upon society with an evil eye and try to drag society down with them. Therefore, we should not simply try to limit them, we should try to find ways in which they get all the room to rise up and prove themselves, and at the same time do not harm society, or, in the most positive picture, greatly benefit society. I am aware that it is not an easy task.

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