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978-1-107-02891-3 - Ethics and the Global Financial Crisis: Why
Incompetence is Worse than Greed
Boudewijn De Bruin
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Ethics and the Global Financial Crisis

In this topical book, Boudewijn de Bruin examines the ethical ‘blind spots’ that lay at the heart of the global financial crisis. He argues that the most important moral problem in finance is not the ‘greed is good’ culture, but rather the epistemic shortcomings of bankers, clients, rating agencies and regulators. Drawing on insights from economics, psychology and philosophy, De Bruin develops a novel theory of epistemic virtue and applies it to racist and sexist lending practices, subprime mortgages, CEO hubris, the Madoff scandal, professionalism in accountancy and regulatory outsourcing of epistemic responsibility. With its multidisciplinary reach, *Ethics and the Global Financial Crisis* will appeal to scholars working in philosophy, business ethics, economics, psychology and the sociology of finance. The many concrete examples and case studies mean that this book will also prove useful to policymakers and regulators.

BOUDEWIJN DE BRUIN is Professor of Financial Ethics at the University of Groningen, The Netherlands. He is a consultant with the financial services industry, has taught in various executive MBA programmes across the world and is a regular contributor to the media. He runs a large project on Trusting Banks, with Alex Oliver (University of Cambridge) and financed by the Dutch Research Council (NWO), which draws together philosophers, social scientists, policymakers and finance professionals.

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University of Groningen



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jezelf een vraag stellen

daarmee begint verzet

Remco Campert, 'Verzet begint niet met grote woorden'

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Professor De Bruin has written an important book. For all of the thousands of pages written on the recent global financial crisis, there is very little solid ethical analysis of the underlying causes and concepts. He makes a critical distinction between the motivation of financial actors and their competence, then argues that most of the analysis of the crisis has been about motivation. In particular, many have called into question the very idea of capitalism as seeking to maximize profits for shareholders. While De Bruin admits that motivation is an important idea, he traces much of the difficulty to incompetence on the part of multiple stakeholders, who have no real motivation to learn about how the basic ideas in finance actually work.

This book breaks important theoretical and practical ground. On the theory front, De Bruin argues that the traditional separation of ethics and epistemology needs to come to an end. His ideas of ‘epistemic virtue and vice’ are an important addition to our way of thinking about business and ethics. He draws on some cutting-edge philosophers who are working out the view that ‘knowledge is virtuously formed true belief’. He goes on to show that this theory can give us a novel interpretation of phenomena like the global financial crisis and the recent work in behavioural economics.

De Bruin speaks to multiple audiences in this book. First of all scholars in the fields of business and society and business ethics will easily begin to see how the rich conceptual apparatus of epistemic virtues has application to a broad range of issues. Scholars in management theory and finance will also be interested in the analysis of how theory can work better. In addition they will gain insight into the basic relationships in finance understood in terms of epistemic virtues and values. But De Bruin also speaks to policymakers. If the main cause of the Great Recession was incompetence, the implications for policy are profound.

This book represents an important step in the project of rewriting the story of business so that we come to see business and value creation as

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firmly enmeshed in society. By taking on one of the most powerful ways of thinking about business, finance theory and institutions, De Bruin advances the cause that is behind this series, *Business, Value Creation, and Society*. The very purpose of the series is to stimulate new thinking about value creation and trade, and their role in the world of the twenty-first century. We need new scholarship that builds on what we know, yet offers the alternative of a world of hope, freedom and human flourishing. Boudewijn de Bruin has given us such a book.

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