

Christian Cappelluti

**Ethical issues which Michael Lewis (author of "Liar's Poker")
encountered during his rather brief career
at Solomon Brothers in New York and London.**

Answer the following questions:

**1) Describe the ethical issues which Michael Lewis (author of "Liar's Poker")
encountered during his rather brief career at Salomon Brothers in New York and
London.**

I think that there are three major ethical issues.

The first one is the nature of the motivating force behind people who want to enter the financial business: to make a lot of money. Even though money is certainly a very important means for improving people's quality of life, and the quality of life of their families, an argument can be made that, from an ethical standpoint, money should not be the single most important motivating element in people's lives. For most people on Wall Street, money is the *only* motivating factor for doing their jobs. If we consider money our ultimate end, a series of other ethical problems will be raised, the most evident of which is the fact that we will probably tend to consider other people as means to achieve our end (\$\$), and this would justify lying, cheating, stealing, etc. Using people as means for our personal purposes is generally considered very unethical, on the grounds of Kant's deontological categorical imperative. The general ethical view is that people should pursue a career in any field because they intrinsically like their job, and they enjoy doing what they are doing. Considering the value that one's job adds to society is certainly a more ethical criterium than considering how much it pays.

The second ethical issue has to do with the work environment at Salomon, which most people would find abusive, at the very least. Salomon Brothers has a structure that is highly hierarchical, and that is not unethical per se. What makes the workplace unethical is the institutionalized disrespect that members of groups that are ranked higher in importance have towards their inferiors. The new trainees occupy at Salomon a position that, within the working environment, is not too dissimilar from those of true slaves.

The third ethical issue is the relationship with customers. Taking advantage of superior market information that is not available to everybody, and using it to consciously rip-off customers who come to look for your help can very easily be classified as unethical.

2) Do you think that he handled the issues properly? Give examples of where you think he acted appropriately. Inappropriately?

I think that, generally speaking, Michael Lewis acted rather appropriately. At least I do not think that he was any worse than his colleagues. Maybe he was a little better instead. In regard to the first issue, I do not believe that Michael was excessively greedy (not, at least, by Wall Street standards). The facts in the book, such as his college education, the way he got the job, and the way he quit, tend to show that he was sort of "out of place" at Salomon, and

that he did not feel terribly comfortable within its environment. As far as the second ethical issue is concerned, there is no evidence, throughout the book, that he was abusing any subordinate. This certainly goes to his merit.

The only instance where Michael Lewis obviously departed from ethical behavior is when he took advantage of customers, in order to avoid losses or to make a profit for Salomon. The typical example that comes to mind is the one of the German client and the AT&T bonds. However, it must be recognized that, even in that instance, Lewis was not really aware of what was going on. Those were his first customers and he was relatively in good faith. The fact that he usually did not try to take advantage of others (except, maybe, when he took revenge on "the opportunist"), and the fact that he more than once had a feeling of remorse when he thought about clients being ripped off, definitely make his behavior less unethical.

3) Do you see Salomon Brothers as an ethical environment for a young college graduate to work in?

I believe that, if an ethical environment is what I am being taught in school, then Salomon Brothers, as described in the book, is probably as unethical as a firm can get.

4) Is Salomon Brothers during the 1980s a firm which you would have enjoyed working for?

The book makes working for Salomon Brothers seem an extremely challenging experience. I would probably have liked to give it a try, at least for a relatively short while, just like Lewis did.

5) What would be the relative advantages and disadvantages of employment with Salomon Brothers?

The advantages would be a challenging job with a high reputation and the opportunity to make a lot of money in the short-term, the opportunity to work with some of the best minds on the financial world, the enjoyment of a relative freedom of action (i.e. you did not have to be politically correct all the time), and the opportunity to travel and make a lot of contacts.

Some of the disadvantages would be the abusive nature of the working environment (this, to some people, would become less and less a problem, and more and more an advantage, as they climb the pyramid), the relative lack of meritocracy in regards to bonus payments (i.e. you get too little for yourself compared to what you have made for the company), and the short-term nature of all the benefits gained, which can hurt if you want to plan your future over the long-term.

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