

## Bringing morality to Wall Street

Groups push not only for stronger regulation of Wall Street banks, but a greater emphasis on ethical business practices.



Protestors march in Washington on Monday, May 17 during a rally against Wall Street and corporate and anti-immigrant lobbyists. Faith, labor and community groups across the country are pressuring big banks to "stop acting unethically."

Manuel Balce Ceneta/AP

[+ Enlarge](#)



[Like](#) [Be the first of your friends to like this.](#)

By [David R. Francis](#) / May 18, 2010

At the heart of the financial crisis lay a moral failing. Too many financial-industry officials, and often their customers, lacked the ethical training and guts to refuse to sell or buy "liar's loans" and other toxic mortgages. Too many were willing to operate a massive casino that traded financial derivatives of little constructive value.

Further, the ethical weakness on Wall Street led to "ripping the heart" out of the economic security of millions of middle-class Americans, says Elizabeth Warren, Harvard law professor and chair of the Congressional Oversight Panel, created to review the Troubled Asset Relief Program. With the financial crisis, the great recession, and the fall in house values, millions of homeowners have lost their houses, usually their largest asset and their "No. 1 retirement plan" when combined with Social Security pensions, she adds. "I am stunned there has been so little discussion [in the media] of Wall Street's moral failing."

That may be changing. The financial issues indicate "a crisis in ethical and moral leadership," says Adam Kruggel, who heads Contra Costa Interfaith Supporting Community Organization, a federation of 25 church congregations.

CCISCO is part of a coalition of faith, labor, and community groups staging protests across the country against Wall Street's behavior. It has been pressuring big banks such as Well Fargo and Bank of America to "stop acting unethically," Mr. Kruggel says. "Stop foreclosing on families eligible for loan modifications from the federal government."

Large demonstrations have been held in San Francisco and Charlotte, N.C., at shareholder meetings, and also at New York banks. The coalition is also urging customers of these banks to

shift their deposits to smaller banks that the organization considers more ethical and responsible.

"We need to rethink how to put the economy at the service of humans," says Christopher Wasserman, a Swiss executive organizing and helping finance a June 3-5 conference in Zermatt aimed at urging the next generation of business leaders to operate under a more ethical mandate. Roman Catholic Cardinal Peter Turkson, head of the Pontifical Council for Justice and Peace at the Vatican, and other church leaders are expected to attend this conference along with some CEOs and educators.

Does Wall Street need stronger regulation?

"Absolutely," says Professor Warren, a strong advocate of a bureau of consumer financial protection proposed in the financial reform bills still before Congress at this writing. "We tried the experiment of letting Wall Street write the rules." But Wall Street's business model is flawed, she adds, because it is based on financial people "trying to deceive each other ... and anybody who walks in the door."

Though recognizing a need for better regulation, Mr. Wasserman sees a bigger requirement for business to go beyond just seeking pure profit and to revisit the corporate "raison d'être," integrate leadership training and ethics, and make corporate statesmanship a reality. He would like business schools to "reintegrate ethics in the old-fashioned way" in the training of their students.

Wasserman cheers the formation a few years ago of the United Nations-connected Globally Responsible Leadership Initiative in Belgium to promote and support the development of a next generation of responsible and ethical business leaders. It now involves some 300,000 business students on five continents. "Companies should put ethics at the core of their strategy," he says.



Like Be the first of your friends to like this.

---

**Subscribe to the new weekly Monitor and save 71%!**