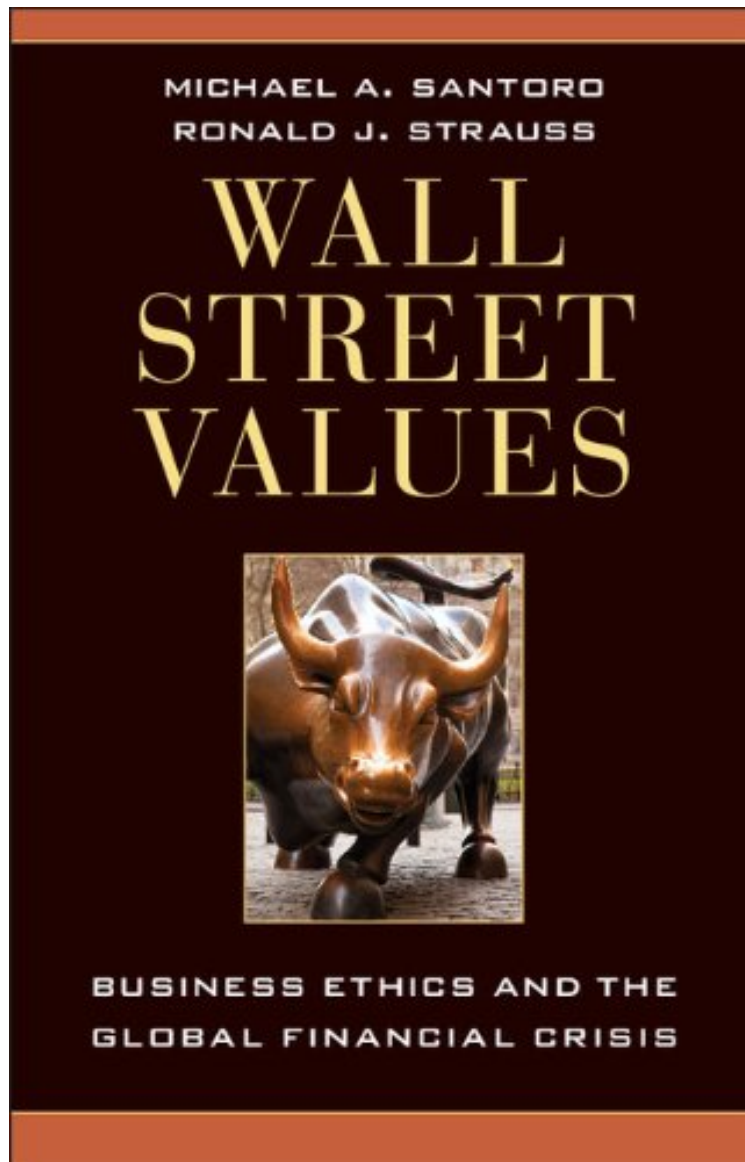


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## Wall Street Values

*Michael A. Santoro, Ronald J. Strauss*  
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**Michael A. Santoro, Ronald J. Strauss : Wall Street Values** before purchasing it in order to gage whether or not it would be worth my time, and all praised Wall Street Values:

1 of 1 people found the following review helpful. ... class at Rutgers University and it is simply just great. The book itself was delivered on timeBy Henrik SetterdahlI take his class at Rutgers University and it is simply just great. The book itself was delivered on time. The content of the book is very good as it gives a new perspective on the financial crisis.7 of 9 people found the following review helpful. Ethics and the Financial CrisisBy Wayne EastmanWall Street Values is centrally premised on the idea that ethics matters. Specifically, Santoro and Strauss contend that the financial

crisis that broke in September 2008 with the failure of Lehman Brothers and that has led to massive economic and social welfare losses in the U.S. and internationally arose from a breakdown of an older Wall Street value system that prioritized loyalty to clients in favor of an amoral, high-risk system that took advantage of clients in order to maximize trading profits. In its endorsement of Dodd-Frank and enhanced government regulation, Wall Street Values makes a case that parallels that made by certain other writers on the crisis, such as Alan Blinder. Where the book makes a distinctive, and I believe highly valuable, contribution lies in its argument that the cures to the ills of Wall Street must lie in large part in an internal movement to lift up ethical standards. Though I imagine they wouldn't agree with it, this is a book that Jamie Dimon and Lloyd Blankfein should read. It takes them and other Wall Street executives seriously as moral actors, and invites them to take responsibility for developing new and better standards of ethical practice in their business. In making their appeal for self-examination and self-improvement by Wall Streeters, Santoro and Strauss apply the famous and controversial Milton Friedman principle that the social responsibility of business is to increase its profits, as long as doing so is consistent with the law and ethical norms. Their adoption of a standard that accords with the free-market ethos prevailing on Wall Street is well-judged, given their core aim of inducing reflection and change from within rather than a defensive rejection by the industry and its leaders. In their review of an early failed example of the proprietary trading model at Salomon Brothers, the general rise on Wall Street of the proprietary trading model over the older model of client service in the early 2000s, and the specifics of Goldman's shorting of the subprime market and the interests of some of its clients in late 2006 and early 2007, the authors flesh out their case that the new model was fundamentally flawed even under the lenient Friedman standard. Their case, in a nutshell, is that the proprietary trading model took advantage of clients, and in doing so violated basic ethical norms. As usual in the field of applied ethics, one could draw ethical lines in different places. The moderate recommendations in the final chapter on dealing with conflicts of interest associated with different types of firm clients and aligning compensation with return to clients rather than to the firm might be criticized either as unduly relaxed--why shouldn't firm executives simply resolve not to use information gained in market-making to make money on proprietary trades?--or as unduly rigorous--why shouldn't firm executives simply maximize return to the firm, at least as long as they have a good faith, reasonably informed belief that the practice they are engaging in helps society overall, even if it harms some clients? The fact that a reasoned ethical case could be made for different conclusions on Wall Street ethics than the ones the authors have drawn is not a negation, though, of the authors' approach. They are not claiming that their suggestions constitute a final word on the ethics that a successful and sustainable 21st century Wall Street should have. What Wall Street Values claims is that Wall Street professionals no less than the rest of us can be motivated by ethics, and that those on the inside who have the greatest knowledge of how the industry works need to reflect on their ethical standards and work to improve them. That claim strikes me as correct, important, and well-supported by the authors' readable, lively narrative of Wall Street history over the past several decades. The "ethics matters" position of Wall Street Values is very different from a standard "people respond to incentives" position that informs much of the analysis of the financial crisis. It is not opposed to the "incentives matter" position, though. There are multiple truths to absorb about a phenomenon as complex as the financial crisis. By focusing on one of the truths--the importance of ethics in finance--Wall Street Values makes an important contribution. Ethics is a subject that pushes people's buttons, and some readers will be resistant to the message of Wall Street Values. But even for readers in that category, the book is worth reading. If one is committed to a position that greed is a force like gravity that can be affected only by economic rewards and penalties, one is likely to be skeptical of the book's argument. But such a person can nonetheless benefit from grappling with Wall Street Values and the case it makes for self-reformation by financial professionals. After all, ethics is indeed important. The authors' claim about the significance of ethics applies as well to other vocations and avocations, including professors and reviewers. With that in mind, I note that I know and respect the authors of Wall Street Values as people as well as fellow business ethics academics. Is that a conflict of interest, and is it appropriately resolved by the disclosure I've just made? You be the judge--but whichever way you come out, I would suggest that the example of my review suggests that the "ethics matters" position that underlies Wall Street Values is worth taking seriously and reflecting on. Reading the book is a very good way to engage in that reflection.

3 of 5 people found the following review helpful. Why the financial crisis happened By mchavez We had to read this book for a class. But I found it worthwhile and a good summary of events leading up to the financial crisis, the aftermath to the US economy, and the steps the government has taken since then to prevent another crisis. An easy read and at the end you will be 'in the know.'

This timely book answers complex and perplexing questions raised by Wall Street's role in the financial crisis. What are the economic and moral connections between Wall Street and the overall economy? How did we arrive at this point in history where our most powerful financial institutions thwart rather than promote free markets, prosperity and even social cohesion? Can the fractured relationship between Wall Street and Main Street be repaired? Wall Street Values chronicles the transformation of Wall Street's business model from serving clients to proprietary trading and explains how this shift undermined the ethical foundations of the modern financial industry. Michael A. Santoro and Ronald J. Strauss argue that post-millennial Wall Street is not only 'too big to fail' but also a threat to the economy

even when it succeeds.

'The financial crisis has been examined from every angle except this one: the ethical lapses that led up to it. Time spent reading this highly original book is time well spent. It will make you think.' Alan Blinder, Princeton University  
'There are many fine accounts of what happened during the financial crisis, but Santoro and Strauss stand[s] out because it brings to bear a refined ethical sense to the questions raised by the crisis. This is an excellent book to foster deep thinking about what happened.' Timothy Fort, George Washington University  
'Wall Street Values probes a crucial yet neglected topic: the role of ethics in the run-up to the financial meltdown of 2008. A must-read for all who care about the health of our financial system and America's future prosperity.' Lynne Paine, Harvard University

**Author** Michael A. Santoro is a Professor of Management and Global Business at Rutgers Business School in New Jersey, where he has taught since 1996. Professor Santoro's books include *China 2020: How Western Business Can - and Should - Influence Social and Political Change in the Coming Decade* (2010), *Ethics and the Pharmaceutical Industry* (Cambridge University Press, 2005, co-edited with Thomas M. Gorrie) and *Profits and Principles: Global Capitalism and Human Rights in China* (2000). A frequent commentator in the mainstream media on business ethics, he holds a JD from New York University School of Law and a PhD in public policy from Harvard University.

Ronald J. Strauss is an Assistant Professor at the School of Business, Montclair State University. His research and teaching focuses on business and accounting ethics in light of the global financial crisis. Prior to joining academia, Dr Strauss worked in the financial services industry for more than twenty-five years and is a CPA in New York State. He holds a PhD in Management from Rutgers University.