THE HUMBLING OF THE SCOTTISH BANKING INDUSTRY DURING THE FINANCIAL CRISIS: HYBRIS, FINANCIALIZATION AND SOME ARISTOTELIAN RESPONSES.

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OUTLINE

• Summarize facts of the cases
• The climate of financialization
• *Hybris* and hubris – differing conceptions
• Aristotle
• Conclusions
BANK OF SCOTLAND (HBOS)

- Formed from Halifax Building Society and Bank of Scotland – a 'mutual' lost to the economy
- Sales culture
- Financial markets and trading dominate
- Excessive pay (like whole sector)
- Bad banking practice
- Bailout cost £30 billion and a degree of nationalisation
- Taken over by Lloyds – Bank of Scotland exists as subsidiary
- Investigation damning but no prosecutions
ROYAL BANK OF SCOTLAND (RBS)

- Aggressive expansion in UK, taking over other banks
- Rapid international growth
- "An international bank that happens to be based in Scotland"
- Biggest bank in the world!
- Bad banking practice
- Bailout cost £46 billion and a form of nationalisation
- No prosecutions
- Legal cases and public ownership continue

Influencing the world since 1583
FINANCIALIZATION

• "...the substitution of trading and transactions for relationships...the restructuring of finance businesses.....broader economic effects on stability and inequality......[linked to] market fundamentalism....the exaltation of the role of the trader" (Kay, 2015)
• Relationships: Gemeinschaft to Gesellschaft
• Restructuring – move away from mutuals and partnerships
• Risk becomes financialized and 'managed'
• Exchange value dominates
Fisher's 'misinterpretation' used in business literature and reporting (Wray, 2016)
HYBRIS IN THIS CONTEXT

- Popular usage in financial commentary and within the industry - 'deal fever'
- Ambition – when does it become hubristic?
- Dishonouring the competition?
ARISTOTLE

- *Hybris* as a disposition - wealth and power (if not youth)
- *Hybris* as a form of injustice – entailed in its other-regarding nature
- *Hybris* as delusion? (Lord Stevenson and the HBOS Board)

- Financialisation
  - exchange value's complete triumph over use value;
  - subordination of human relationships;
  - exaltation of the role of the trader;
  - absence of Aristotelian particularism
ARISTOTLE AT THE BOARD TABLE

• Justice
• 'Man is a political animal'
• Exchange as a zero-sum game – the opposite of Aristotelian exchange
• A practical approach to ethics
DISCUSSION AND BIBLIOGRAPHY

Bibliography:


Ian Fraser. "Shredded: Inside RBS, the Bank that Broke Britain". Birlinn Ltd. 2015.


