SPRINGER LINK

Log in

Menu Search Cart

Financial derivative instruments and social ethics

Published: March 1994

Volume 13, pages 197–204, (1994) Cite this article

Journal of Business Ethics

Aims and scope →

Submit manuscript →

J. Patrick Raines[1,2] & Charles G. Leathers[1,2]

482 Accesses 10 Citations Explore all metrics →

Abstract

Recent finance literature attributes the development of derivative instruments (interest rate futures, stock index futures) to (1) technological advances, and (2) improved mathematical models for predicting option prices. This paper explores the role of social ethics in the acceptance of financial derivatives. The relationship between utilitarian ethical principles and the demise of turn-of-the-century bucket shops is contrasted with modern tolerance of financial derivatives based upon libertarian ethical precepts. Our conclusion is that a change in social ethics also facilitated the growth in trading in modern financial derivatives.

This is a preview of subscription content, log in via an institution to check access.

Access this article

Log in via an institution →

Buy article PDF 39,95 €

Price includes VAT (Poland)

Instant access to the full article PDF.

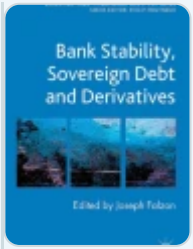
Rent this article via DeepDyve

Institutional subscriptions →

Similar content being viewed by others

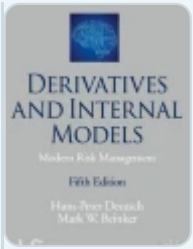
The Role of Derivatives in Risk Management After the Financial Crisis of 2008

Chapter | © 2023



Accounting for the Level of Success of Firms in Achieving Their Objectives for Using Derivatives

Chapter | © 2013



Introduction

Chapter | © 2019

References

Benson, G. C. S.: 1982,*Business Ethics in America* (Lexington Books, Lexington, MA).

Google Scholar

Bernstein, P. L.: 1990, 'Of Crap, Black Jack, and Theories of Finance',*Journal of Portfolio Management* Fall, 1.

Borna, S. and J. Lowry: 1987 Apr, 'Gambling and Speculation',*Journal of Business Ethics*, 225–231.

Conant, C. A.: 1904,*Wall Street and the Country* (Greenword Press, New York).

Google Scholar

Cowing, C. B.: 1965,*Populists, Plunqers and Progressives* (Princeton University Press, Princeton).

Google Scholar

Crawford, R. D. and W. W. Sihler: 1991,*The Troubled Money Business* (Harper Business).

Fabian, A.: 1990,*Card Sharps Dream Books and Bucket Shops* (Cornell University Press).

Fabozzi, F. J. and F. Modigliani: 1992,*Capital Markets* (Prentice Hall, Englewood Cliffs).

Google Scholar

Gilman, S. P.: 1923,*Stock Exchange Law* (The Ronald Press Company, New York).

Google Scholar

Hieronymus, T. A.: 1971,*Economics of Futures Trading* (Commodity Research Bureau, Inc., New York).

Google Scholar

Horrigan, J. O.: 1987 Feb, 'The Ethics of the New Finance',*Journal of Business*

Ethics, 97–110.

Kindleberger, C. P.: 1978,*Manias, Panics, and Crashes* (Basic Books, New York).

Google Scholar

Konishi, A. and R. E. Dattatreya: 1991,*The Handbook of Derivative Instruments* (Probus Publishing Company, Chicago).

Google Scholar

Lipin, S. and W. Power: 1992 Mar 24, ‘‘Derivatives’ Draw Warnings From Speculators’,*Wall Street Journal*, C1.

Malkiel, B. C.: 1990,*A Random Walk Down Wall Street* (New York).

Mayer, M.: 1988,*Markets* (W. W. Norton, New York).

Google Scholar

Merrick, J. J. Merrick: 1990, ‘Fact and Fantasy About Stock Index Futures Program Trading’, in D. R. Fraser and P. S. Rose (eds.),*Readings on Financial Institutions and Markets* (Irwin, Homewood), pp. 365–377.

Google Scholar

Roll, R. W.: 1989, ‘The International Crash of 1987’,*Black Monday and the Future of Financial Markets* (Irwin, Homewood).

Google Scholar

Shriver, D. W.: 1989, ‘Ethical Discipline and Religious Hope in the Investment Industry’, in O. Williams*et al.* (eds.),*Ethics and the Investment Industry* (Rowman & Littlefield Publishers, Inc. Savage, MD), pp. 233–250.

Google Scholar

The Economist: 1992 May 23, ‘Taming the Derivatives Beast’, 81–82.

Thomas, D. L.: 1989,*The Plunquers and the Peacocks* (Morrow, New York).

Google Scholar

Torris, C.: 1991 Oct 18, ‘Mathematicians Race to Develop New Kinds of Trading Instruments’,*Wall Street Journal*, C1.

U.S. Securities and Exchange Commission, Division of Market Regulation: 1988,*The October 1987 Break* (Commerce Clearing House, Inc., Chicago).

Google Scholar

Wurman, R. S., A. Siegel, and K. M. Morris: 1990,*The Wall Street Journal Guide to Understanding Money and Markets* (Prentice Hall Press, New York).

Google Scholar

Author information

Authors and Affiliations

E. C. Robins School of Business, University of Richmond, 23173, Richmond, VA, U.S.A.

J. Patrick Raines & Charles G. Leathers

Department of Economics and Finance, University of Alabama, 35486, Tuscaloosa, AL, U.S.A.

J. Patrick Raines & Charles G. Leathers

Additional information

J. Patrick Raines is an Associate Professor of Economics and holds the F. Carlyle Tiller Chair in Business at the University of Richmond in Richmond, Virginia.

Charles G. Leathers is a Professor of Economics in the Department of Economics, Finance and Business Law at the University of Alabama in Tuscaloosa, Alabama.

Rights and permissions

Reprints and permissions

About this article

Cite this article

Patrick Raines, J., Leathers, C.G. Financial derivative instruments and social ethics. *J Bus Ethics* **13**, 197–204 (1994). https://doi.org/10.1007/BF02074819

Issue Date
March 1994

DOI
https://doi.org/10.1007/BF02074819

Keywords

Mathematical Model | Economic Growth | Interest Rate | Technological Advance | Option Price

Search

Search by keyword or author

Navigation

Find a journal

Publish with us

Track your research