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‘Margin Call’: Using Film to Explore Behavioural Aspects of the Financial Crisis

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Abstract

The aim of this article is to show how the critically acclaimed and award winning film *Margin Call* may be used in business ethics teaching. Set in a fictional investment bank at the dawn of the financial crisis, the film zooms in on the motivations and decision-making of people who had much to lose from the crash of the hitherto very profitable mortgage-backed securities market. The film offers rich material for analysis of behaviours that contributed to the crisis. The article will set out topics for classroom discussion, including the impact of incentives and power structures, contextual factors that distance people from the consequences of their actions, and considerations of how the banking industry may be transformed.



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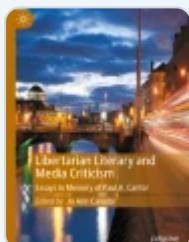
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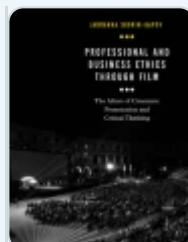
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Notes

1. A slightly different view regarding the film's merits is provided by MacDonald ([2010b](#)) and Shaw ([2012](#)), who argue that Gordon Gekko's 'greed is good' speech at an AGM is a useful focus for discussions around effective corporate governance (MacDonald [2010b](#)) and the shareholder versus the stakeholder view of the corporation (Shaw [2012](#)).
2. A script of the film (<http://www.ropeofsilicon.com/Images/web/template/awards/2012/scripts/margincall.pdf> (Chandor [2010](#))) is available on the internet. Even though in the actual film parts of the dialogue are worded slightly differently and some of the scenes have been deleted or are shown in a slightly different order, the script may be helpful for students to study the film more in-depth.
3. The following techniques of neutralisations are used by the characters in the film (adapted from Heath [2008](#)):
 - o Denial of responsibility—the perpetrator thinks that what happened was outside their control, that they had no choice and so on
 - o Denial of injury—the perpetrator denies that any harm was done by their actions
 - o Denial of the victim—the perpetrator considers those harmed by their actions to be unworthy of concern

- Appeal to higher loyalty—the perpetrator claims that their act was done out of a sense of moral obligation
- Everyone else is doing it—the perpetrator assumes that it is unreasonable to expect legal/ethical behaviour because others are engaging in this practice, too
- Claim to entitlement—referring to a moral obligation or a misdeed perpetrated by the victim that entitles the perpetrator to act in a particular way

4. In July 2007, Chuck Prince, the then Citigroup Chief Executive, famously said 'As long as the music is playing, you've got to get up and dance', referring to the continuing availability of cheap credit that enabled his bank to pursue profitable opportunities in the leveraged finance market (Nakamoto and Wighton [2007](#)).
5. Students might note that Sam Rogers, in his final speech to the traders (01:10:22-01:12:40), makes reference to the traders having contributed to a 'greater good'. However, in view of the ensuing financial crisis, his assertions sound somewhat hollow and might be a rather desperate attempt to convince the traders and himself that the fire sale is legitimate.
6. I owe this insight to a scene in Inside Job (2010).
7. For the purposes of classroom discussion, the following definition of 'social contract' taken from an article by Hasnas ([1998](#)) may be used: 'Social contract theory asserts that all businesses are ethically obligated to enhance the welfare of society by satisfying consumer and employee interests without violating any of the general canons of justice... Social contract theory posits an implicit contract between the members of society and businesses in which the members of society grant businesses the right to exist in return for certain specified benefits.'

8. The following article on the public purpose of banking, issued by the Roosevelt Institute, could be used as a teaching resource here:
<http://www.rooseveltinstitute.org/new-roosevelt/attention-lloyd-blankfein-public-purpose-banking>.

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