

'Natural Law' column number one, by Michael Price (uncorrected proof)
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Why People Hate Bankers

Why have bankers become, in the wake of the financial crisis, the target of so much deep hostility from the public? The light of Darwinism can help us see which claims against them are unmerited, and which are substantive and justified.

The beleaguered banker, in order to defend himself against the constant attacks, has an interest in making his attackers seem shallow and unfair. So he'll want to believe that his critics "just hate Capitalism" or that "they're just scapegoating us".

While much criticism of bankers is indeed thoughtless and impulsive (for example, accusing Goldman Sachs of having foresight as perfect as everyone else's hindsight), some of the anger is highly rational in evolutionary terms. In fact, although most banker-haters don't know it, their impulses are generated by sophisticated cognitive mechanisms that evolved to help their ancestors avoid social exploitation.

Humans are a massively *reciprocal* species. If you scratch my back, you expect me to scratch yours. This principle is not just a cultural norm, it's a genetic imperative, for reasons spelled out nearly four decades ago in biologist Robert Trivers' theory of reciprocal altruism. As Trivers noted, if I do something altruistic for you that you can't do for yourself, your genes benefit. And if you repay me the favour, then my genes benefit too. So evolution favours individuals who engage in reciprocity, as long as the costs of being nice are less than the value of the return benefit. But what if you *don't* repay the favour? Even better for your genes – which still take the benefit but now don't pay the cost – but terrible for my genes. Ancestral suckers who continually behaved altruistically with no return benefits were eventually exploited to extinction. Consequently we're adapted not just to believe in reciprocity, but to enforce it by punishing 'cheaters' and 'free riders' who violate its rules.

Which brings us back to why people hate bankers. During the crisis, bankers have been perceived to violate reciprocity in two major ways.

First, they have taken reward for failure. People believe that if you're receiving incredibly large rewards in your job, then you should be producing something incredibly valuable. Most people don't hate Bill Gates or Lionel Messi, because they see these men's fortunes as proportional to their contributions. While the value of financial services may not be as tangible to some as the value of software or football goals, most people appreciate the vital role bankers play in our economic and societal survival. When the economy was humming along, bankers were not generally hated; they generated massive wealth, they were rewarded in kind, and that was seen as more or less fair. What's changed, of course, is that bankers are now perceived as receiving massive wealth in exchange for devastatingly negative contributions – a grotesque parody of the reciprocity rule.

Second, taxpayers have naturally been inclined to perceive the bailout as a reciprocal transaction – "we'll save you in exchange for the vital services you provide" – but the banks

have seemed to do all in their power to wreck this perception. The banks offered too few public displays of gratitude, and seemed to exploit the taxpayers' trust and altruism: instead of using the bailout money to restore the flow of credit, they were perceived as using it to reward themselves with new rounds of fat bonuses.

The relationship between taxpayers and banks is clearly a dysfunctional one: while the public wants a relationship based on reciprocity, the banks want one based on dominance. The banks' post-bailout behaviour, for example, sent an extremely obnoxious message to taxpayers: "You're utterly dependent on us, so you had no option but to hand over that money and you have no control over how we use it. Our power relieves us of any obligation to you, so we'll go on behaving just as we did before the crisis, because that's what good for us and you're too weak to stop us". That's why people hate bankers.

Not long ago, people felt that bankers played a vital role in society, and accepted that they should be compensated proportionately. If banks want to recapture that goodwill, they need to start treating their relationship with society as a genuinely reciprocal one.