Confessions of a Regulatory Headhunter: How we led ourselves into financial crisis

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1. Welcome to Gotham City

We live in a time of peril, but with a dynamic duo on whom we rely for rescue. This duo - my subject this evening - are always part of the solution, never part of the problem. I want to suggest that our confidence is misplaced.

Welcome to Gotham City. I mean the Batman of leadership, and the Robin of systems thinking. The older one - leadership - has been with us always; systems thinking for less than a century [1]. But now they are often inseparable.

Thanks to the global financial crisis, Gotham City truly is in peril. Far from being over, the crisis is a trillion dollar crash for which we have scarcely begun to pay. I will justify that figure in a minute, but we all know that the scale is shocking.

Faced with this, to whom shall we turn for help? James Dean, dean of Kenan-Flagler business school, ranked sixth in America by the Wall Street Journal [2], is in no doubt: 'If the financial crisis has taught us nothing else, it is that people in the financial industry need leadership.' [3]

When Batman is called, can Robin be far away? Jessica Einhorn, dean of the School for Advanced International Studies at Johns Hopkins, put it like this: 'If there is one thing we should have learnt in the past year, it is that we need to hold our public officials accountable for thinking through systemic issues.' [4]

So there we have our two subjects. In my eighteen years as a headhunter, the duo usually arrived together in the universal client demand for 'leaders with strategic vision'. Someone who sees the bigger picture and then delivers change with the kap-pow! factor.

But in this crisis these characters have escaped proper scrutiny. I will suggest that both helped create this one and are already busy preparing the next. More than this, by the close of this lecture, I want to have connected this discussion back to each of us in this room - because the 'we' in my title is you and I, whether we work in financial services or not.

We will first look more closely at Batman, and then at Robin. I will argue that leadership is the ghost at the trillion dollar crash. Imagine a huge crash scene - the police tape, the investigators, the injured and the spectators. I will suggest that leadership played a critical role in causing the crash but has vanished from the scene like a ghost, unnoticed and unquestioned.

I will draw on the two reports produced last year by Sir David Walker. Walker was charged by the Prime Minister with drawing lessons from what went wrong with the top-level decision-making inside banks. He produced his consultative report last July and his final report in November (2009a) (2009b). I will be neither pro- nor anti-Walker, but using him, the clarity of his view, rooted in deep experience of corporate leadership and informed by wide consultation, to make visible to us some facets of the way we think and expect to be led.

And finally I will bring the subject back to this room.

2. Leadership: The ghost at the trillion dollar crash

Lavishly paid bank executives turn out to have driven their complex juggernauts hellishly fast into ice and fog. If the risks they faced were so complex and unclear, what on earth were they doing driving at that speed and in such close formation?

A word on the size of the crash, since it matters. In terms of the cost to UK taxpayers of bank bail-outs, last month the Chancellor of the Exchequer reduced his estimate of the bill from between £20-50 billion to £10 billion (H M Treasury, 2009, p. 199). £10 billion used to be a large sum but (thanks to the crisis) is now loose change.

But first, this crisis has not only or mainly hit taxpayers, whether in the UK or elsewhere. In October the IMF estimated the total worldwide losses from bad loans and securities at $3.4 trillion, of which they reckoned that banks had so far woken up to slightly less than half (International Monetary Fund, 2009).

Second, while the UK taxpayer could even make a profit on the bail-out, that is only the cost narrowly interpreted, not the total risk. If some youngsters 'borrow' a Lamborghini for a weekend, the cost to the owner might turn out to be only a tankful of petrol. They might even make a profit if one of the joyriders drops his wallet. But that hardly measures the risk or the outrage. Last July Walker estimated the total support provided to the banks by the UK taxpayer at £1.3 trillion, or some 90 per cent of GDP (2009a, p. 90) - in other words the magnitude of all of us working free for the banks for nearly eleven months. To speak of a trillion dollar crash is quite conservative [5].

The wreckage is vast. So what were the drivers - the boards of these banks, not least their top executive leaders - doing? By a large majority these were - I vigorously assert - highly intelligent and relevantly experienced individuals. Did they not see dangers developing? Or were they lining their own pockets at the expense of their shareholders because, as economists put it, their interests were misaligned? Both of these explanations fail entirely to grasp the nature of what has happened.

For example, in evidence to Parliament, Andy Hornby, former chief executive of HBOS, described stopping share buybacks to conserve capital and pulling the bank's market share of net mortgage lending down to 8% by 2008 from a historic level of 25%. Moreover:

... we recognised the fact that the wholesale markets [from which HBOS drew much of its funding] were getting an awful lot more difficult. We had already considerably extended the longevity of our wholesale funding. (United Kingdom Parliament, 2009a) (Q862)

Foolish judgements were still made, such as the £40bn of HBOS' corporate loan book accounted for by construction and property companies - but not thanks to the board being asleep on the job. HBOS chair Dennis Stevenson affirmed:

Clearly, given the deterioration in markets and the deterioration in asset values, we lent too much and [the corporate] division lent too much. That the board was hugely engaged in it, I can assure you. (Ibid., Q953)

Or, in the case of RBS's acquisition of parts of ABN Amro for £10bn, which then-chairman Tom McKillop later acknowledged as 'a bad mistake' (ibid., Q795), McKillop said:

The [RBS] Board had 18 meetings ... ABN Amro was considered at every one of those. ... At every stage the whole Board considered this and was unanimous in the steps we took. (Ibid., Q789)

So at an institutional level we are talking about very active leadership up to and into the crisis. The lights in the boardroom were on.

The interests of key players were also in large measure aligned with those of shareholders. Adair Turner, chairman of the FSA, pointed out that 'the head of Lehman Brothers owned a hell of a lot of the stock of Lehman's' (United Kingdom Parliament, 2009b) (Q2233); while in Hornby's case:

... last year, in common with every single year for the previous eight years, I invested my entire cash bonus in shares. ... My interests have been entirely aligned with shareholders and I never received one single penny of cash bonuses. ... in the two years that I have been chief executive I have lost considerably more money in my shares than I have been paid. (United Kingdom Parliament, 2009a)(Q 775-6)

What flows from acceptance of these core propositions in the post mortemliterature - I exclude tabloid point-scoring - is a switch of focus. The firms' leaders were good people, skilled people, trying hard to make their shareholders richer. If anything can avert future crises of this magnitude, so this analysis goes, it is not better or different executive leadership. No, we have to look outside the firms - at the market or the system as a whole.

The Financial Times had no doubts on this score. The drivers of financial juggernauts hurtling into ice and fog were not fundamentally to blame. Rather this, from an editorial last May:

As a shell-shocked world tries to fathom how its economic collapse happened, commentators are busily outbidding each other with claims about the exceptional nature of this crisis. But the most astounding fact is how familiar its physiognomy and physiology look compared to past financial crashes.

No-one can read the chronicles of those earlier crashes without sensing - with a chill - that history is repeating itself.

... This was not a failure of markets; it was a failure to create proper markets. What is to blame is a certain mindset, embodied not least by Mr Greenspan. It ignored a capitalist economy's inherent instabilities - and therefore relieved policymakers who could manage those instabilities of their responsibility to do so. This is not the bankruptcy of a social system, but the intellectual and moral failure of those who were in charge of it: a failure for which there is no excuse. (Financial Times, 2009, p. 39)

Well, that's it, then. Or is it? If we're thinking about booms and busts, what about the boom in leadership during my working lifetime? Does thatboom have anything to do with this bust?

I started working in 1979. In the 1970s, writing about leadership was in the doldrums. But in America in 1978 Burns wrote 'Leadership' (1978), which linked political and organisational leadership and suggested that leadership could be transformational; and in 1979 we acquired a Prime Minister subsequently regarded as transformational. Since then we have seen an explosion of recommended ways of being a leader, including situational leadership, leaders as creators or guardians of values or innovation, or organisational learning, or fun: in each case positing that excellent leadership is a critical ingredient for organisational success.

Although hero-stories proliferated, whether of the autocratic ('Neutron' Jack Welch) or empowering (Ricardo Semler) kinds, we also encountered Collins' humble 'level 5 leaders' (Collins, 2001) as well as suggestions that everyone should be a leader (Kotter, 1988). Entering the new millennium chaos and complexity gained strength as themes: for example Wheatley and Vaill (Wheatley, 1999) (Vaill, 1989).

As any recruiter can attest, the leadership boom did not only spawn books. Organisations spent large numbers of millions to buy and to make exceptional leaders: fees to search firms to find these individuals, and fees to business schools to run courses to make them. Now if leadership is so critical to organisational success, how can it hardly figure in a discussion of massive, multiple organisational failure? This ghostly vanishing act is even odder since many consider leadership to play a critical role in deep learning (Senge, 1990) (Argyris, 1990) (Nonaka & Takeuchi, 1995). Is leadership itself a bubble whose cover is now blown?

3. The Corruption of Leadership

Some questioning strands have emerged within business schools within the last 5 years. At London Business School Sumantra Ghoshal condemned the way business education was draining management of its ethical dilemmas and turning it into a pseudo-science (2005). Rakesh Khurana at Harvard criticised the search for hero-leaders and showed in detail how American business schools had taken Ghoshal's path. Step by step during the twentieth century, the idea of business as a complex, ethically significant activity turned into the scientific maximisation of shareholder value (2002) (2007). In 2009 more than half of Harvard's graduating MBA class rebelled. They signed a pledge affirming that management is an ethical activity to be conducted with regard not only to the interests of shareholders but society at large[6].

Meanwhile, on this side of the Atlantic researchers at Manchester performed a remarkable financial and narrative deconstruction. They took what the leaders of three iconic firms - GlaxoSmithKline, Ford and General Electric - had said about value creation over 20 years and, by contrast, what their firms had done (Froud, Johal, Leaver, & Williams, 2006). They assembled a picture of what I shall call the corruption of leadership, even in the most rigorous and blue-chip of business environments. According to them it became whatever would plausibly promise the results which investors were believed to want to hear. In their more precise words:

... we can learn more about the character of present-day capitalism by working on a problem such as giant-firm strategy under pressure from the capital market. We argue that the changes around strategy are part of a broader process that we understand as financialization ... the changes induced by the rhetoric of shareholder value ... [which set] firms and households utopian objectives such as value creation by

management intervention for giant firms or security through stock-market saving for households. On the evidence we cite, this corporate objective is almost certainly unrealizable in most firms most of the time, yet the world may be changed by management's attempt to achieve that objective. (Ibid., p. 4)

This suggestion resonated with my own practice as a search professional. The spread of targetry, as well as the emulation of many other things private, rapidly penetrated the UK public sector (Barber, 2008). In either sector, desired leaders were individuals who plausibly promised transformational or 'step' changes so organisations could break with decline or incrementalism. I played my part in enacting a leadership algebra, in which leadership becomes 'whatever it takes' to move an organisation from its present state (A) to some exogenously specified future state (B) in 3 years (or in difficult cases, 5):

$X = (B - A)/3$.

To act in this way makes choosing leaders something like bid-and-deliver, as with rail or other privatised franchises: who promises, (for the moment) wins. Who wins, appoints others who 'bring solutions, not problems'. And whoever wins, both preaches a transformational rhetoric and inhales it, because we also demand that we can touch our leaders and judge them sincere. We want to believe that they believe. Over-reaching ambition - a vital ingredient of boom-and-bust - seems built into this leadership model.

I remember 5 or 6 years ago leading with only mediocre results a search for a chief executive of a delivery-focussed government organisation. To learn from this experience I asked my client (a permanent secretary much admired for dynamism) who he most admired among comparable chief executives. A couple of years later the individual he named resigned because of seriously mis-stated results within his organisation. The NHS has seen similar stories many times.

Bid-and-deliver leadership takes anything as possible: the equation is hospitable to setting 'B' as whatever you like. It contains the seeds of totalitarianism. The political scientist Hannah Arendt studied totalitarianism not as the behaviour of extraordinarily evil people but as a phenomenon which only became possible in modernity. For her, its characteristic features were an ideology of apparently compelling necessity, the belief that 'everything is possible', and becoming mesmerised by change, not experienced reality: an 'emancipation of thought from experience' (Canovan, 1992, pp. 75, 90). For Arendt totalitarianism is not possible while people remain simply greedy (Arendt, 2003a) (2003b): it needs a transforming vision and a hubristic science. Modern management demands one and claims to be the other.

But these questions about leadership are not much asked. Henry Mintzberg is in a minority when he insists: 'This is not a financial crisis, it is a management crisis.'[7] So, for a few minutes, let us let leadership slink away, ghost-like, from the crash. Let us turn our attention outside firms - to the place where the Financial Times finds inexcusable failure - the world of policy, regulation and systems thinking.

4. Regulation and Systems Thinking

If leadership slunk away from the scene noticed, by contrast you cannot move for popping flashlights and challenging questions directed at systems issues - particularly at how the regulation of banking needs to change. I will suggest that these questions are necessary - but are distracting us from unnoticed elements.

The idea of systems thinking is disarmingly obvious: a system is something which cannot be understood at the level of parts, but must be grasped as an interacting whole. As Michael Jackson explains:

Simply defined, a system is a complex whole the functioning of which depends on its parts and the interactions between those parts. Stated like this, it is clear that we can identify systems of very different types:

- physical, such as river systems;
- biological, such as living organisms;
- designed, such as automobiles;
- abstract, such as philosophical systems;
- social, such as families;
- human activity, such as systems to ensure the quality of products.

(Jackson, 2003, p. 3)

We think in this way when we talk about seeing 'the big picture'. Seeing the big picture is what you need to do with systems.

Recall the view of the Financial Times: the lorry drivers were not driving too fast, it was the failure of those 'in charge' of the system which was inexcusable. On this view it was the job of policy-makers and regulators to see the bigger picture - the market or the economy - and to stop the system going astray.

Without doubt, the crisis has raised a host of urgent and difficult systemic questions, such as how do we get out of the 'too big to fail' trap. Let's look at just two.

Then deputy Bank governor John Gieve pointed out one large flaw in the individual firm perspective:

... the ideal risk management system for a single bank is one which lets it dance until the music stops but then gets to the exits before its competitors ... the investment banks which did best in 2007 were not those which had stepped back from the new markets well in advance but those which reacted most quickly and cohesively when the trouble started in the summer of 07.

Of course banks need to ... improve their own information and control systems. But in a competition someone always has to come last and what matters for the authorities is how much the weakest will be damaged and how far that damage will spread through the system. (2009, p. 6)

And some important systemic judgements proved mistaken: credit securitisation, for example, or re-packaging loans into goods which you can buy and sell. As formulated by the IMF, the systemic perspective of practitioners, academics and policy-makers in 2006 was benign:

... the dispersion of credit risk by banks to a broader and more diverse set of investors, rather than warehousing such risk on their balance sheets, [made] the banking and overall financial system more resilient. (Financial Services Authority, 2009, p. 42)

But in reality, concluded Adair Turner:

... the majority of the holdings of the securitised credit, and the vast majority of the losses which arose, did not lie in the books of end investors intending to hold the assets to maturity, but on the books of highly leveraged banks and bank-like institutions. (2009, p. 4)

Or, as Martin Wolf proposes:

The proposition that sophisticated finance was able to transfer risk to those best able to manage it has failed. The paradigm is, instead, that risk has been transferred to those least able to understand it. (2009, p. 8)

Systemic questions are very important. It is hardly surprising that the first section of the FSA's conclusions on 'What to do?' is entitled 'The need for a systemic approach' (2009, p. 52)(emphasis added).What's not to like about systems thinking? We seem to be talking about motherhood and apple pie - something as innocent and inoffensive as Robin himself.

And if, like Google for search or Xerox for photocopier, we let 'systems thinking' mean any attempt to think more adequately about large and complex interaction, then it is unchallengeable. But in fact it is one particular way of attempting that thought - the big picture way - which has consequences we normally miss [8].

Firstly, we picture that we are talking about an objective reality, like a physical object. This is akin to the pseudo-scientific perspective about which Ghoshal (and others) sounded the alarm. We think of the big picture, not the big pictures.

'The systems view' makes special the single, coherent view of a supposed detached observer[9]. It becomes a 'best view' which every participant should want to make the foundation of their own decision-making. So, if this view can be constructed, and especially if it becomes (as, on the face of things, it should) the bedrock for system-wide regulatory policies, it has a homogenising effect, weakening the diversity of thought and action and the liquidity of markets, in which our collective capacity to respond to shocks might truly lie[10]. Thus Michael Mainelli has pointed out that smart systems models, greater disclosure and mark-to-market accounting (each of which can be viewed in isolation as 'motherhood and apple pie'), have increased market homogenisation and damaged liquidity and resilience (Mainelli & Giffords, 2009, pp. 44-50, 56).

Secondly, what is always missing from the big picture is the one who sees and constructs it - us. The picture understates the complexity of what it portrays. We have to paint ourselves back in. In the case of financial markets, Soros has particularly grappled with this (2008). As self-aware, reflexive beings, in the very act of understanding systems of which we are a part, we change unpredictably what we understand.

And if the one who sees and presents a big picture is powerful, then the fact that the picture makes them disappear matters even more. Leadership with systems thinking rocks. For headhunters the dynamic duo arrive as the ubiquitous demand for 'leaders with strategic vision', 'who see the big picture'. Like the seventy-two inch plasma screen in the January sale it sounds unchallengeable - who wants a leader who sees less? What is obscured is that watching television is not the only way of seeing in the world.

The combination of a compelling vision (Batman) with a hubristic science (Robin) should, if we remember Arendt, alert us to the potentiality for creeping totalitarianism. As analysed by Douglas Griffin (2002), it tends towards the kind of ethically denuded world described by Ghoshal and Khurana. The deformation of human moral stature arises (in the case of those who are led) by expecting of them little more than the execution of predetermined purposes, like rats salivating over cheese, or (in the case of leaders) by treating them as chimeras, on some days rats chasing cheese but on special days capable of sophisticated moral thought (ibid., pp. 48-54).

Crucially we are describing a world which desires conflict and challenge to disappear or to be managed in special, hygienic conditions by an elite (ibid., pp. 196-7). Let's watch how this happens as we study the Walker reports, whose central judgement is the 'seriously inadequate' degree of challenge in banks? boardrooms to the proposals of powerful executives (Walker, 2009b, pp. 52, 52-

5. Leadership in the City

There is something already Batmanesque about the commissioning of Walker himself: the Prime Minister calling on a single individual to peer inside UK bank boardrooms. No matter: he is asking about the driving of the lorries. 'How banks are run,' Walker says, 'is a matter for their boards' (2009b, p. 6). Recall we are not judging his recommendations but using them as a tool of inquiry. Rooted in deep experience of corporate leadership as well as regulation, and informed by wide consultation, what picture of how we expect to be led emerges from his work?

This is Walker's starting point:

The most important factor in ensuring long-term corporate success ... is a highly effective executive team that is not dominated by a single voice; where open challenge and debate occurs; and yet the executive team is cohesive and collectively strong. (2009b, p. 35)

He then acknowledges some risks, for example that:

... the style and entrenchment of the CEO blocks the possibility of constructive challenge from within the executive team ... the greater the entrenchment of the CEO, perhaps partly on the basis of excellent past performance and longevity in the role, the greater is likely to be the risk of CEO hubris or arrogance ... (Ibid., pp. 42, 53)

Moreover this risk is not idiosyncratic but connected to a prevalent leadership model:

... [the CEO] is unlikely to be in the role without having displayed qualities of competence and toughness which are not dependably tolerant of challenge. (Ibid., p. 53)

Now these executives need rigorous challenge by the non-executives, yet a certain deference is present in Walker himself when he defines 'good' challenge to the executive as that which:

... leaves the executive team with a sense of having drawn benefit from it. (Ibid., p. 54)

This is interesting. In a marriage could we say, only argue with your partner when with hindsight your partner will be pleased that you did?

Moreover this is a challenge of unequals. Executives command a vastly greater information and analytical base than non-executives. Since the consequences of inadequate challenge have run into trillions of dollars, one might imagine that non-executives would need high quality, independent information. But Walker becomes intensely wary here - and what he is wary of is creating conflict:

Some suggestion has been made that NEDs should not only (as now) have access to but should be expected to make regular use of advice from sources outside the company. But such external involvement would be unlikely to provide more dependable support than that provided by the company secretariat (or some other dedicated internal capability) and could risk generating needless friction with the executive. (Ibid., p. 47)

So he rules this out, with the important exception of the governance of risk - in financial institutions managing risk is particularly critical. Here in November he diluted what he proposed in July. He still proposes a dedicated board risk committee and a chief risk officer protected against removal or interference in her pay by the CEO (ibid., pp. 94, 98). But whereas in July he proposed that the committee should

'in the normal course expect to draw on external input to its work' (2009a, p. 87)

and report publicly whether it had done so (ibid., p. 89), in November he noted that the relations between board and staff, particularly the new CRO,

'could be undermined if internal advice is regularly subjected to second-guessing from outside' (2009b, p. 101).

Thus his final conclusion is simply that the board risk committee 'should be attentive to the potential added value from seeking external input' (ibid., p. 102).

Thus, for fear of 'needless' friction with their own highly paid and (by admission) strong-willed staff, apparently it is too much to say that those responsible for the driving of lorries should normally cross-check internal information with external.

This suggests something quite brittle about the everyday leadership of firms - something distant from the plurality-with-cohesion with which Walker started. The boardroom starts to emerge as a special, hygienic place for conflict and challenge conducted by the highly skilled.

This then expresses itself in the need (ibid., pp. 56-57) for chairs who are unusually adept at steering and managing conflict. Walker thought these issues sufficiently important that he added to his final report an appendix on 'Psychological and behavioural elements in board performance'. It callsinter alia for board members to have 'highly-tuned facilitation and listening skills' (ibid., p.142). But at the same time Walker acknowledges that bank boards need to become smaller (ibid., p. 41) and be drawn even more closely from the pool of proven senior executives, especially those with experience in financial services (ibid., pp. 43-44). So the increased challenge needed to avert the next crisis has to be created within boardrooms even more dominated than today by executives 'not dependably tolerant' of challenge, and so unpractised at it.

This implausible transformation of skills when executives are swept up into the boardroom is accompanied by a surprising change of motivation. Having devoted 20 pages to re-structuring bank executives' lavish lucre, with requirements for disclosure and precise limits on the extent to which incentives can kick in after 1, 3 and 5 years (ibid., pp. 106-126) - a re-positioning of pieces of cheese at various distances in front of rats - Walker re-affirms that chairs should be paid a flat fee (ibid., p. 121). In July he had commented:

For a chairman who proves not to be up to [the long-term focus of] this role, the best course is likely to be for shareholders and the board to press for change rather than to seek to fine-tune the chairman's remuneration. (2009a, p. 101)

Of course chairmen should 'preferably' have had 'an earlier senior executive role in banking' (2009b, p. 58). Thus the long-term sage and the cheese-seeking rat turn out to be the same person. On this reasoning the elevation of executives to non-executive roles becomes faintly reminiscent of bodily assumption into heaven.

The crux of the matter is this. The global crisis has produced a torrent of lesson-learning: unsurprising, since this crisis defines our times and still threatens our futures. Here's the surprise: if we think of banks like onions, with executive leadership at the core, we are drowning in proposals for reform which start as far out as managing global economic imbalances or banning utility banks from undertaking casino activities. The proposals still come thick and fast as we draw closer through taxation, more intrusive regulation and finally internal governance: the role of non-executives. But excepting the question of remuneration, our thinking is deafeningly silent about fundamental questions such as how executive leadership is carried out, and its brittleness in the face of challenge.

6. Our Stars and Ourselves

So let us put ourselves back into the picture. Our real selves - you and I in this room this evening.

A few commentators have suggested that we are all implicated in the crisis. Larry Fink of BlackRock said:

I wouldn't blame it just on financial institutions, I would blame society. (Freeland, Fink, Phelps, Stiglitz, & Wolf, 2009, p. 28)

For Martin Sorrell of WPP:

We - business, governments, consumers - submitted to excess; we got too greedy. (2009, p. 42)

This is a little Marie Antoinette-ish for my taste: 'it was the people's fault, they insisted on cake'. Timothy Garton Ash offers a more searching version of the point: more than 30 years ago, Daniel Bell's 'Cultural Contradictions of Capitalism' expounded the paradox that capitalism depends on individuals living by different values as producers and consumers - on the one side hard-working, punctual and able to defer gratification, on the other impatient and self-indulgent[11].

But our involvement in the crisis goes beyond being consumers or employees or managers. The dirty secret of leadership is that leaders emerge to meet the needs of all of us. How so?

One of the most difficult things I had to do as a headhunter was to persuade clients to look in careful detail at a candidate associated with some well-known failure. Usually I failed. Hardly anyone wanted to explore how responsible the candidate was for the failure, let alone whether she might have learned something important from it.

This visceral resistance is due to all of us. No autocrat or system compels it. Suppose you are choosing a head for your children's school, and Google says one candidate left her previous school in difficult circumstances: almost always, we pass on. Insisting on being led by people uncontaminated by large mistakes, some large mistakes we may be doomed to repeat. Dividing our leaders into the blameless and the scapegoated expresses a profoundly anti-learning stance created by no-one except ourselves.

'Madam,' the letter of 22 July 2009 begins, referring to The Queen, 'you quite rightly asked: why had nobody noticed that the credit crunch was on its way?' (Besley & Hennessy, 2009). Organised by the British Academy, thirty-three of this country's most brilliant intellectual and financial stars came to the aid of the imperilled city. They concluded as follows:

So in summary, Your Majesty, the failure to foresee the timing, extent and severity of the crisis and to head it off, while it had many causes, was principally a failure of the collective imagination of many bright people, both in this country and internationally, to understand the risks to the system as a whole. (Ibid., p. 3)

So the financial crisis had nothing to do with us: it was the illuminati wot done it (truly a battalion of Batmans); and gratifying to see Robin given a starring role.

Or we could read the situation differently, and grant no monopoly over our fate to figures who

... bestride the narrow world

Like a Colossus, and we petty men

Walk under his huge legs and peep about

To find ourselves dishonourable graves.

Men at some time are masters of their fates:

The fault, dear Brutus, is not in our stars,

But in ourselves, that we are underlings [12].

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[1] Since about the time of the Second World War suggests Jackson(2003, p. xix).

[2] Based on their MBA - http://www.kenan-flagler.unc.edu/Programs/MBA/scorecard/index.cfm (on 16 December 2009).

[3] Financial Times, London, 6 July 2009.

[4] Financial Times, London, 20 March 2009.

[5] On a cost basis but including the impact of the crisis on economic growth, Martin Wolf has extrapolated the Treasury's assumptions to show a cumulative loss to the UK economy at 160% of GDP (£2.2 trillion). For another measure, the Office for National Statistics estimate the impact of the financial crisis interventions on UK public sector net debt at about £1.5 trillion (Kellaway, 2009, p. 137).

[6] http://mbaoath.org A complementary top-down initiative was the development in 2007 of Principles for Responsible Management Education (PMRE) by leaders of sixty academic institutions and the UN Global Compact: http://www.unprme.org

[7]http://www.director.co.uk/magazine/2009/10%20November/view_from_here_63_03.html

[8] For a full treatment see Stacey (2010).

[9] There are attempts to create 'postmodern systems thinking' (Jackson, 2003, pp. 255-274) but these

typically revert to modernism with added information and communication tools: we need 'more reason - to overcome the difficulties on which the postmodernists focus - rather than less.' (Ibid., pp. 273-4)

[10] Cf monocropping in agriculture. However in making biological analogies, it is worth distinguishing variety from inter-connectedness: Robert May has pointed out that the idea of richly inter-connected ecosystems as the most stable is incorrect (Financial Times, 27 November 2009).

[11] The Guardian, London, 7 May 2009.

[12] Julius Caesar, act 1 scene 2 line 134 ff.