
The Mad Men of Wall Street

By Edward Jay Epstein *Sun, May 20, 2012*

Our guest columnist saw a news report that said 10% of the 3.9 million people who work on Wall Street are "clinical psychopaths." He set out to discover the provenance of that report.

The New York Times published an article on May 14, 2012 concerning the question of whether the rich, from a moral standpoint, are good or bad. The story reported that "A recent study found that 10% of people who work on Wall Street are 'clinical psychopaths' and that they exhibit an 'unparalleled capacity for lying, fabrication, and manipulation.'"

The vivid term "clinical psychopath" brings to mind the berserk buzz-saw wielding investment banker played by Christian Bale in the film "American Psycho."

Since some 3.9 million people work in the financial services industry, a clinically-diagnosed horde of lunatics numbering almost 400,000 people would certainly be a matter of public concern, though it might only confirm some journalists' views of American capitalism.

It is fair to ask what is the provenance of this "study." The New York Times cites its source as a March 12, 2011 [story](#) in THIS WEEK, which attributes the psychopath data to an estimate made by freelance writer Sherree DeCovny in CFA Magazine, in an [article](#) entitled "The Financial Psychopath Next Door."

She wrote that "studies conducted by Canadian forensic psychologist Robert Hare indicate that about one percent of the general population can be categorized as psychopathic, but the prevalence rate in the financial services industry is 10%."

The problem here is that Hare never conducted a clinical study of the financial service industry, and never did research showing that 10% of its members were psychopaths.

John Grohol, the editor of World of Psychology, after the publication of DeCovny's article, asked Hare about the putative study. Hare told him, "I don't know who threw out the 10% but it certainly did not come from me or my colleagues."

The closest he came to such a claim was in a research paper he co-authored that analyzed the responses submitted by 203 corporate professionals from seven companies, none of which were on Wall Street. Nor were these 203 people randomly selected. He found that the answers of only eight people—approximately 4% of the sample—indicated psychopathic tendencies on a scale he had devised.

Even though this was not a clinical study, the responses of these eight people, who may not even have worked in financial services, were transformed via the blogosphere into a supposedly scientific finding, cited in one of our most respected newspapers, that one-tenth of those working on Wall Street are psychopaths.

As Ryan Holiday, author of “Trust Me, I’m Lying: Confessions of a Media Manipulator,” explained to me, “Headline-grabbing trend manufacturing such as this now dominates the pseudo-news cycle on the Web.”

Welcome to the Internet, which is not known for its source-checking. Unfortunately it is then only a short leap to the so-called newspaper of record, which is happy to serve up to the public this non-existing study, which demonizes financiers. As a result, we now have mad men of Wall Street running amok in the public imagination.

Edward Jay Epstein is author of “[Myths of the Media](#)” and many other books.