Introduction

I elected to complete option one and watch the movie *Wall Street* ("the movie"), a film directed by Oliver Stone in 1987 that depicts the world of big business and Wall Street in the 1980s. Charlie Sheen plays the role of ‘Bud Fox’ ("Bud"), an ambitious young stockbroker who aspires to be wealthy. I believe that Bud was at stage two of Kohlberg’s Stage Scores. Michael Douglas plays the role of ‘Gordon Gekko’ ("Gekko"), the ruthless, veteran investment banking/real estate/high finance mogul who seems to own Wall Street and will do anything to continue making millions of dollars, including breaking the law. Like Bud, Gekko was at stage two of Kohlberg’s Stage Scores. Martin Sheen plays the role of ‘Carl Fox’ ("Carl"), Bud’s father who provides consistent reminders that acting ethically and morally is the only way to achieve success and happiness in life. My assessment of Carl is that he was at stage six of Kohlberg’s Stage Scores, and he seemed to have a Meritarian view of the world.

Portrayal of Business World

The business world, in particular those companies in the brokerage business, was portrayed in a very negative light in the movie. The characters in the movie were stereotyped as greedy and arrogant individuals who will commit any act to make money. Their behavior was rewarded not with charitable giving, the sharing of wealth with those less fortunate, or innovation to benefit mankind, but the ability to spend excessively on luxurious homes, private jets, drugs and prostitutes. The movie is littered with examples of such negative views, a few of which are described below.

After finally being introduced to Gekko, Bud illegally shared with him inside information about an airline ("Blue Star Airlines") that would eventually net Gekko millions of dollars in illicit profits by trading in the firm’s stock. Gekko sent a prostitute to Fox’s apartment as a sign of gratitude for the illegal stock tip to reward Bud and unofficially engage him in future business
endeavors. Bud accepted the overture, and even shared cocaine and champagne with the prostitute while on his way to an expensive restaurant.

Upon learning that Bud could make a fortune, while at the same time earn the respect of his mentor, Gekko, he committed several acts of corporate espionage. It was clear that Gekko held referent power over Bud, as Bud wanted to emulate Gekko in order to achieve a certain level of success. In one scene, Bud pretended to be a member of a corporate cleaning crew late one night while searching for evidence of an impending corporate takeover in the confidential files of a corporate officer. In another scene, one of Bud’s fellow stockbroker colleagues, when talking about doing what is in the best interests of the firm’s customers states, “we are not fund managers here, churn ‘em and burn ‘em” (a reference to effectuating several trades in client accounts in order to generate commissions for the broker).

**Business Ethics Issues**

In general, there were very few signs of what I would consider to be ethical business practices. The overall business ethics issue presented in the movie centered on Bud’s desire to become wealthy, which often conflicted with his morals. At one point in the movie, Bud, after having made millions of dollars illegally, stood on his balcony overlooking New York City and asked, “Who am I?” Gekko uses Bud and others throughout the movie to obtain inside information regarding corporate activities. He then uses this information to enrich himself, and Bud is happy to participate since Gekko is rewarding Bud with more money than he could ever have dreamed of earning. Gekko’s longtime rival and business adversary, Sir Larry Wildman (“Wildman”), is originally portrayed as the white-knight, good-guy alternative to Gekko’s greedy personality. In the end, however, Wildman resorts to lying, scheming, and illegal activity to sabotage a planned corporate bankruptcy proceeding in order to exact revenge on Gekko.
Throughout the movie, both Gekko and Bud lie to colleagues, friends, family members, and each other in order to secure large sums of money, all the while making no secret of the fact that each desires more power and control.

One uplifting character in the movie is a seasoned brokerage veteran named Lou Manheim (“Manheim”), who serves as the distinguished elder in the brokerage trading room. Manheim routinely provides guidance to Bud throughout the movie, and his suspicions that Bud is engaged in illegal activity are reinforced through his statements to Bud: “Remember, Bud, you can’t get a little bit pregnant” and, in response to Bud’s sharing of a stock tip with Manheim, “I don’t know where you get your information, but I don’t like it.”

**Business Ethical Dilemmas**

Although many ethical dilemmas were presented throughout, three particular events seemed to provide a microcosm of the entire movie. First, the relationship between Bud and Gekko commences only after Bud is willing to share inside information regarding Blue Star Airlines, a company for which Carl is a union representative and supervisor. Until this point in the movie, Bud is just another hard-working, ambitious stock broker who plays by the rules. When Fox realizes that his only opportunity to conduct future business with Gekko, and thus, earn the money he has always dreamed of earning, is quickly fading, he shares the inside information with Gekko and his associates. At this moment, you can almost see Bud’s disgust and anguish over having to break the law in order to enrich himself. Gekko, playing the greedy villain, reacts with a sly grin upon hearing the news. Bud must decide between committing an illegal act and potentially making millions of dollars or retaining his moral beliefs and walking away from the deal. Unfortunately, this issue was resolved illegally, with Gekko placing trades in Blue Star Airlines stock that resulted in millions of dollars in profits. This was the beginning
of a business association and friendship between Gekko and Bud that would force an otherwise ethical person (Bud) into committing unethical and immoral acts. The initial encounter with Gekko should have been resolved by Bud realizing that he would not be able to legally conduct business with Gekko at the time of the initial meeting (which he did) and electing to walk away. This would have allowed Bud to preserve his morals and, ultimately, avoid prison time.

Second, Bud convinces Carl to persuade union representatives at the financially distressed Blue Star Airlines to embrace an equity investment from Gekko, which provides him with a significant stake in the company. At the initial meeting between Gekko, Bud, Carl, and the union representatives, Carl immediately realizes that Gekko is a greedy man who is only interested in making a quick profit by liquidating the company. Carl abruptly leaves the meeting and proceeds to inform Bud that Gekko is using Bud’s greed and naivety to capitalize on an opportunity to liquidate the airline, thus eliminating hundreds of blue-collar jobs. A heated argument ensues, and Bud chooses to side with Gekko. The issue was resolved by allowing Gekko to assume an ownership stake in Blue Star Airlines and, as Carl predicted, proceed to attempt a liquidation of the firm. When Bud realizes that his father was correct, he finally accepts the fact that Gekko is only acting in his own best interest, with little regard for the interests of Bud. Had Bud resolved the initial Gekko/union representative impasse by agreeing with his father’s assessment and recognizing that Gekko’s intentions were driven entirely by greed, he would not have allowed his own greed to affect his judgment.

Finally, one of Bud’s friends who is an attorney and member of the Bar Association, was torn between sharing information with Bud regarding pending mergers and acquisitions in order to make profitable stock trades. The attorney initially resisted Bud’s implicit requests to provide the information on the grounds that it would result in him being disbarred; however Bud’s
statements of “everyone’s doing it” and “it’s a piece of cake” proved to be too enticing for the young attorney. Despite already having a financially rewarding career, the attorney compromised his principals and participated in the illegal stock trades. The issue should have been resolved with the attorney providing his friend, Bud, with a verbal warning of the consequences of acting illegally and a refusal to participate in the trades. Instead, the attorney fell victim to the greed that plagued other characters in the movie.

Lessons Learned from the Exercise

Wall Street chronicles what is believed to be a very accurate depiction of the state of affairs on Wall Street in the mid-1980s. Competition among firms and brokers was fierce, and there was seemingly no limit to what these firms and individuals would do to secure profits. In watching this movie and completing this exercise, I learned (or perhaps I should say, “my suspicions were confirmed”) that all of the money in the world cannot satisfy the debt created by compromising your morals and ethical beliefs. In the end, all the money and power could not relieve the guilt that Bud felt when he realized that his greed contributed to the destruction of a company and the loss of jobs. There is a price to pay if you commit crimes to achieve financial success. In this movie, Bud was sentenced to prison and it was inferred that Gekko and others faced the same fate. More importantly, Bud compromised his principals and destroyed many relationships throughout the movie, all for the sake of money. The most important lesson that I learned is that sacrificing your morals may lead to short-term satisfaction; however the long-term effects will eventually turn negative.