

David Sigurthorsson
Linköping University

A Recipe for Disaster: Moral Responsibility and the Icelandic Banking Crisis

Among the consequences of the 'Icelandic banking crisis' is that the country's 320.000 citizens have to bear losses in excess of 300% of GDP. Legal and political concerns aside, the obvious question – and the one most frequently asked in current public and political (and now increasingly academic) debates about the Icelandic banking crisis – is: who is morally responsible for this catastrophe? Prior to answering the above question, however, and in light of the inherent complexity and evasiveness of the concept of responsibility, we must come to an understanding of what notions of responsibility are relevant for the case in question, as well as how, if at all, they can be ascribed to different agents, individuals or collectives. One way to approach these questions – and, arguably, the one most important from a practical point of view – is from the concept of corporate social responsibility (CSR). The concept of CSR is itself a source of much confusion, disagreement and debate within academia as well as outside it. According to many interpretations of CSR it may be argued that to the extent that the banking crisis can be attributed to 'bad banking' it seems that the behaviour of the banks (or the bankers) can be explained by either their lack of regard for their social responsibility, or their misconception of that notion, or both. The main questions for this project are therefore: 1) how might an ethical account of corporate social responsibility for banks (and other financial institutions) shed a light on and clarify the Icelandic banking crisis? and 2) What lessons for social responsibility of corporations in general, and for financial institutions in particular, can we derive from the Icelandic experience?