

The Wall Street Ten Percenters

Over the past few months many newspapers, blogs, and other internet postings have passed on some variation of an incorrect statement by Sherree DeCovny in *CFA Magazine*:

“Studies conducted by Canadian forensic psychologist Robert Hare indicate that about 1 percent of the general population can be categorized as psychopathic, but the prevalence rate in the financial services industry is 10 percent.”

DeCovny’s statement was picked up by Alexander Eichler, who wrote an article in the May 19, 2012 edition of *The Huffington Post* titled,

“One Out Of Every Ten Wall Street Employees Is A Psychopath, Say Researchers.”

Neither DeCovny nor Eichler contacted me or my colleagues to determine if this information was correct. The first to do so was Dr. John Grohol, who wrote,

"I've searched PsycINFO for a study that backs this claim, and came across your 2010 study on "corporate psychopathy," where, if one adds up the numbers, you can get to 8.9% in the studied population, if you include the category of "potential" or "probable" psychopathy as well. But this study was not on the financial services industry specifically."

Grohol posted my response, along with his views on reporters who do not bother to check their “facts” (psychcentral.com/blog/archives/2012/03/06).

Not everyone read Grohol’s web page or my comments. In an article for the May 13, 2012 edition of *The New York Times*, William Deresiewicz wrote the following under the caption of

Capitalists and Other Psychopaths:

“There is an ongoing debate in this country about the rich: who they are, what their social role may be, whether they are good or bad. Well, consider the following. A recent study found that 10% of people who work on Wall Street are ‘clinical psychopaths,’ exhibiting a lack of interest in and empathy for others and an ‘unparalleled capacity for lying, fabrication and manipulation.’ (The proportion at large is 1%.).”

On May 15, 2012, the Deputy Editor of the Op-Ed page for *The New York Times* wrote to me:

“I’m afraid that an essay by William Deresiewicz this past Sunday, about ethics and capitalism, incorrectly described your research. We are trying to get it right now.... Although we fact-check every opinion essay, this slipped past us. We really want to set the record straight.”

We exchanged emails and the Deputy Editor arranged for *The New York Times* to issue a correction, which was as follows:

“This article [[Capitalists and Other Psychopaths](#)] has been revised to reflect the following correction:

Correction: May 20, 2012

An opinion essay on May 13 about ethics and capitalism misstated the findings of a 2010 study on psychopathy in corporations. The study found that 4 percent of a sample of 203 corporate professionals met a clinical threshold for being described as psychopaths, not that 10 percent of people who work on Wall Street are clinical psychopaths. In addition, the [study](#), in the journal *Behavioral Sciences and the Law*, was not based on a representative sample; the authors of the study say that the 4 percent figure cannot be generalized to the larger population of corporate managers and executives.”

A Comment on Prevalence

As things stand, we do not know the prevalence of psychopathy among those who work on Wall Street. It may be even *higher* than 10%, on the assumption that psychopathic entrepreneurs and risk-takers tend to gravitate toward financial watering-holes, particularly those that are enormously lucrative and poorly regulated. But, until the research has been conducted, we are left with anecdotal evidence and widespread speculation.

Further, in evaluating estimates about the prevalence of psychopathy it is important to note that they typically are based on the Psychopathy Checklist-Revised (PCL-R) or one of its derivatives. PCL-R scores can vary from 0 to 40 and reflect the degree to which the individual matches our conception of the prototypical psychopath. This is in line with recent evidence that (at least at the measurement level) psychopathy is dimensional (i.e., more or less), not categorical (i.e., either or). Dimensionality may pose a problem for diagnosing or categorizing someone as a “psychopath,” a problem shared by other clinical and medical conditions (e.g., anxiety, depression, hypertension, obesity) that often are described and

treated as categorical but in fact may be dimensional. But, dimensionality does not preclude the use of “diagnostic” thresholds for making clinical decisions. With respect to psychopathy, a PCL-R threshold of 30 (out of 40) has proven useful for describing persons as psychopathic for research and applied purposes. Those with a “heavy dose” of psychopathic features may pose serious personal, psychological, and financial difficulties for others. However, even those with a somewhat lower dose may present significant problems for those around them, just as those with blood pressure readings below an accepted threshold for hypertension may be at medical risk.

Finally, I note that while the study by Babiak, Neumann, & Hare (*Behavioral Sciences and the Law*, 2010, 28, 174-193) found that close to 4% of the corporate professionals in the study had a PCL-R score of 30 or higher, some 80% had scores from 0 to 3, similar to the pattern of scores found in the general population. The most interesting part of the study was the finding that high scores were positively associated with in-house ratings of *charisma/presentation style* (creativity, good strategic thinking and communication skills) but negatively associated with ratings of *responsibility/performance* (being a team player, management skills, and overall accomplishments).

Robert D. Hare

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