

URL: <https://ecorner.stanford.edu/clips/accepting-consequences-for-risk/>

Dante Disparte, chief strategy officer and head of global policy at Circle, argues that business schools should revisit the idea of emphasizing individual liability. He says risk-taking itself can be a good thing, but entrepreneurs who don't bear the consequences of their risk-taking are a problem.



## Transcript

- Considering this, I presume, is a slightly 00:00:06,180 newer generation of leaders who are listening in.. We may not all remember that after the 2008 financial crisis, many of the world's leading business schools for about, I don't know, 30 minutes, were flirting with the idea that to go to a great business school or to be a great business leader and entrepreneur would also be endowed with this concept of a professional liability.. For about 30 seconds, the management science was tinkering with the idea of perhaps business leaders need a Hippocratic Oath.. Ironically, if you get an MBA from a leading business school, you have no professional liability.. The worst that can happen to you in this case, these giant white collar frauds and white collar crimes is a slap in the wrist and you will fail forward.. Many in the industry, the crypto industry, are really, really upset that we continue to lionize and create a platform for Sam Bankman-Fried as opposed to putting a seal, a scarlet letter of, you know, what you have done is to effectively take good technology and co-opt it with bad behavior.. And all of us in the industry will now pay a price.. But one of the post 2008 financial crisis discussions was very short lived, but I think it should be revisited, this idea of baking into management science, an individual liability that supersedes your corporation it's called Skin in the Game, in Nassim Taleb's thinking, Black Swan, Antifragile.. For the thousand days before Thanksgiving every turkey is happy and then it's Thursday.. And so I do think this idea of it's known as a moral hazard, the technical terminology is risk taking without bearing the consequences of your risks and native in the environment of a platform like FTX..

Very much like we saw with Theranos and very much like we saw with these other so-called unicorns hiding and you know, masquerading as technology platforms or novel companies with durable business models with some degree of risks of opportunity, but also an enormous degree of moral hazard in which the business leaders and the billionaires and the entrepreneurs and others were taking risks, but ultimately not necessarily bearing the consequences of those risks.. Now, we don't wanna indict risk taking what we wanna indict and I think what matters from an ethical business leadership vantage point is for people to have a sense of the consequence of the decisions that they make on others, on markets, on consumers.. And candidly, I do think the public policy environment has also fallen short, observing risks and doing nothing about it.. Observing novel industries, emerging nearshore or offshore from the United States and not allowing them to become regulated in the normal perimeter of finance, I think is equally a public indictment as well...