

“The Big Short” Movie Analysis

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Introduction

The film “The Big Short”¹ incorporates a true story that was released to the public in 2015. It is a comedy cum drama piece of art based on the book “The Big Short: Inside the Doomsday Machine (2010) written by Michael Lewis. The author seems to be a believer in the bubble bursting that bred the great depression, which benefited a few with immense profit. In addition, the book revealed mainly the causes of the great depression and its aftershocks worldwide (Hicks, 2010). Meanwhile, the great depression concerning global economic downfall is demonstrated in the movie “The Big Short”. This movie is a fabulous attempt to precisely depict the leading players behind the great financial depression. Multiple key players, like investors, bankers, financial corporations, and rating agencies, were directly responsible for this havoc episode. Additionally, the great depression was an accumulative outcome of various actions by these players at their collective capacity. This is why the movie leads three different stories simultaneously that are interconnected. This analysis paper will explore various depicted ethical issues in the movie, such as marketing manipulation, illegal trading, fraudulent and truth-avoiding propagation, the greed of a few persons, and a passive role of the government during the crisis.

Historical Inclination of the Movie:

Multiple crises have hit human generations throughout known history, and the economic crises have proved long-lasting in this regard. Economic crisis and depression played havoc on humans. Such a depression started in the USA in 2007, and it spread throughout the national economies worldwide till 2009. Such a severe financial crisis may have had massive reasons with unconventional techniques that shattered the global economy. This historical reality has reached the cinema screens through “The Big Short”. Additionally, this movie leads to three different stories of two investors, the bank environment, and false propaganda by the rating agency. These exemplary stories demonstrate that the huge collective effect of such unethical events and issues resulted in the great depression in society.

Ethical Elements and Issues Highlighted in the Movie

Watching and keenly analyzing the movie revealed that several ethical issues are highlighted in the movie. In addition, these ethical scarcities paved the way for the great depression. Hence, the

national as well as global economy was depressed due to various ethical issues:

Market Manipulation – Impractical Expectation:

According to the movie, the foremost unethical approach is false expectations by the real estate agents. The central truth behind this aspect was low-interest-rate loans by the banks for a short time interval. In the beginning, the loans were easy to pay back, but they became a hard nut to crack for debtors over time. From an economic viewpoint, this situation damaged all sectors, especially the housing sector. However, the general public was unaware of this damage, but the real estate agents were fully aware of the upcoming chaos. While looking for relief in that particular condition, it only rests with the codes of virtue ethics. The [ethical framework](#) guides in this concern to act reasonably according to moral capacity till the findings of the problem. But moral values were not followed, and eventually, this market manipulation bred blockbusting, i.e., selling houses without considering market values.

Illegal Trading Trends:

Similarly, the rating agencies issued false ratings to satisfy their customers and significantly misled them regarding bonds. Rating agencies satisfy the customers according to their needs without considering the factual conditions of the market. For example, the fund manager Bark Baum was motivated to buy swaps because he needed them ultimately. However, the respective deal was not based on reality. Similarly, according to movie scenes, after a detailed investigation, the Front Point team discovered brokers selling deals with Wall Street banks falsely. However, looking into our course learning outcomes, it was the social responsibility on the part of the respective cheaters who mishandled the situation.

On the other hand, the CFA code of ethics proposed a solution to such a problem with high professionalism. In this connection, the main features of professionalism may include the independence of customers, knowledge of the market, and fair dealings. Likewise, the standardized moral values and duties must be followed in whole spirit (Brockman & Brooks, 1998).

Speculative Boom Adorned with Fraud:

Furthermore, the element of fraud that cuts the roots of moral values is highly peaked in the movie. For example, when the mortgage industry was near to disaster, and the great depression was approaching, the responsible personnel, various officials, and staff, along with a few investors, were trying to perpetrate high fraud. Likewise, in the movie Michael Burry, one character was the fund manager who predicted the upcoming great depression, but nobody believed him. In addition, the level of fraudulent mentality can be estimated by the fact that the investors were encouraged and persuaded to bet on the crisis to earn more profit instead of saving the nation and the global

community. However, CFA ethics can lead towards diligence, logical recommendations in investment concerns, and proper communication based on truth for the sake of a solution.

Avoiding Truth and Playing False Games:

Moreover, the said movie also reveals the bitter reality that the characters avoid the truth and play false games with others. Undoubtedly, such misleading and false statements significantly impact the investors' decision-making. For example, Ben Rickert, a character in the movie, tries to convince the two investors, Charlie and Jamie, by stressing them about the ongoing situation. So, he elaborated his example to provide a considerable cost of their investment in the form of a bet. The movie scene revealed that both young investors got worried. In addition, the level of certainty with which Ben Rickert reported his final prediction was alarming but not confirmed at that specific moment. So, investors got confused about whether to formulate a framework for investment or not. It is worth noting that Ben Rickert spoke "bet" instead of investment, which depicts a high level of falsehood and avoids truth in its real essence.

Similarly, Baum's managers falsely predicted and persuaded the public by making false statements about the housing sector. At last, two managers visited the same person who had lost his house, and they had no answer to justify their previous statements. As far as the suggestions are concerned, CFA ethics dictate several duties towards clients. In this connection, the respective person, authority, or institute should be loyal, caring, and prudent towards the clients and customers. Additionally, the dealings should be fair, transparent, and suitable according to prevailing laws and regulations. Hence, the movie also presents such ethical drawbacks, which the applications of CFA ethics can easily overcome.

Greed and Lust for Power:

Further, if we say that the entity of greed and lust for power dissolved the housing sector and caused the great depression, it will be a "universal truth". According to the movie, a few persons, some organizations in the real estate sector, various agencies, a few banks, and respective officials gathered massive amounts by giving false and incorrect information to all the stakeholders. Finally, the combination of such problems made the mortgage industry gamble. So, a few people made a profit during the [housing market](#) collapse in 2007. For solution purposes, the ethical framework provides an approach of right-based ethics; the value is moral if it is under everyone's rights (Van, 2008). Similarly, CFA ethics can dictate the circumstances by declaring a conflict of interest.

Unethical Passive Role of Government Institutions:

According to the movie, the government and respective institutions failed to play an active role in preventing such a great recession. The agencies and respective authorities who are obliged to control

the money matters in the country, failed to control the situation in time. For example, it is stated in one movie scene by Mark Baum, “the chairman of the central bank, Ben Bernanke, along with many other executive personnel knew the fact very well that the market was going to crash at some time”. But nobody took action in this regard. However, the utilitarian approach persuades the respective authorities to maintain the correct moral values at a high level for a larger number of people. In other words, the authorities’ first and foremost duty is to prosecute the responsible black sheep for setting an example. Unfortunately, the government failed to apply its policies to avoid such a great depression. For improvement, the CFA code of conduct provides action lines like the ethical integrity of the respective authorities and dutifulness. Honestly, the movie is not expressive enough to highlight the role of the overall government. However, it is elaborated that the monetary officials of respective government institutions failed severely to handle the circumstances.

Conclusion

By compiling the above-said discussion, we can infer that the movie is terrific to relate and state a true story regarding the great depression of 2007. Ethical values and moral aptitudes were lacking during this era. In contrast, few persons, agencies, and authorities filled their bags with profit. According to the movie, fraud, falsehood, greed, illegality, false expectations, and the passive role of government were the main unethical issues. However, the CFA code of ethics and ethical frameworks can provide multiple approaches and bases to assure moral and ethical grounds in this concern. The need of the hour is to adopt moral and ethical values to restrict such situations in the future.

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