

John Fund | March 18, 2009

Whodunit

An Oxford-style debate held last night at New York's Rockefeller University featured an argument over whether Washington or Wall Street "was more to blame for the financial crisis." Before the program began, the 700 audience members voted to pin Washington with more of the onus by 42% to 30%, with 28% undecided. After spirited exchanges between six debaters, the post-debate vote was a knockout against the Beltway -- 60% fingered the nation's capital with more of the blame, with only 31% choosing Wall Street.

Last night's debate was joined early when historian Niall Ferguson listed four entities he said played a major role in the financial collapse -- the Federal Reserve, the SEC, Congress and the White House. "You will note all of them have addresses that end with Washington, D.C.," he concluded. The opposing team was led by Nell Minow of the Corporate Library, a research firm that rates boards of directors on corporate governance issues. She tripped up in the eyes of many by claiming that campaign contributions from Wall Street to naive Washington politicians meant that the nation's capital was "a victim" in the financial meltdown.



Niall Ferguson

At a post-debate dinner, Byron Wien, a former managing director at Morgan Stanley who is now with Pequot Capital Management, expressed dissatisfaction with the outcome of the audience vote. "I think Wall Street deserves by far the largest share of the blame, and I think this is a home-town crowd that's unwilling to see that," he told me. But he acknowledged that "there's a lot of anti-Washington sentiment out there right now" so the result might have been much the same in the nation's heartland.

Nouriel Roubini, the famous "Dr. Doom" who predicted parts of the economic collapse, was also philosophical in not reading too much into the vote. "I could have argued the other side of the proposition," he told me. "There are grays here and not just black and white. Enough blame to go around."

The debate was part of the Intelligence Squared series, which began in Britain in 2002 and came to the U.S. in 2006 courtesy of the Rosenkranz Foundation. Since its inception, 26 debates have been held battling around such topics as "George W. Bush is the worst president of the last 50 years" to "the art market is less ethical than the stock market."