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Wall Street Exodus: Fear, Panic and Anger

By [SARAH KERSHAW](#)

THE mind wraps itself around losing a job, one of life's great traumas, in jagged and swerving fits. When the call comes in, when rumor turns to reality, when it's not the broker in the next cubicle but you who is presented with a stack of severance papers, the psyche takes over.

It goes numb. It goes into survival mode. Fear quickly turns into anger. For some, there may be relief in saying goodbye to what therapists call the "psychological terror" that has haunted the corridors of troubled financial institutions since last summer. But what follows — the unknown — may be no less frightening.

Since August, banks worldwide have announced plans to eliminate as many as 65,000 jobs. Many losing their jobs now have lived through other crises on Wall Street — the 1987 market crash, the widespread layoffs of the early 1990s and the financial upheaval of 1998. But investment bankers, recruiters and [psychologists](#) say the current economic downturn, the cascade of layoffs and the steady beat of grim financial news have exacted an especially daunting psychic price.

"These are people's lives," said an investment banker in his 30s who was laid off in November from his job at a [Bank of America](#) office in New York. "It's not head count. We're not cattle."

Like other employees interviewed for this article, the Bank of American employee spoke on the condition of anonymity. He and several others who were laid off said that under the terms of their severance packages, they are not permitted to sue the company or to speak out negatively about it.

In an e-mail message, Bank of America said: "Job reductions are sometimes a necessary course of business, but they are never easy, whether you are receiving the message or delivering it. We always try to be as respectful as possible."

Even for some of those who survive a job cut, the emotional landscape can change. "It's like I woke up and I'm in a different country," said a person who has worked for [Merrill Lynch](#) for more than two decades and has weathered a recent round of layoffs there.

He described widespread anger, mistrust and angst at Merrill, both among those leaving and those staying. "People are reeling," he said. "The culture has turned. It is a nasty culture."

Merrill Lynch laid off 20,000 people in the wake of the Sept. 11 terrorist attacks, and while many Wall Street workers say the deaths of co-workers were a shattering experience, they draw a distinction between banks' actions then and now. Merrill has laid off 4,000 employees this year. In this round, "these were self-inflicted wounds," the Merrill employee said.

The Merrill banker spoke on the condition of anonymity, saying the company does not permit employees to speak to reporters without permission, and he said he feared retribution if he sought that permission or identified himself.

Officials at Merrill Lynch declined to comment.

MARLIN S. POTASH, a Manhattan psychologist who specializes in financial issues and whose practice has been overwhelmed with new clients from Wall Street in recent months, describes the emotional reaction as “the [depression](#) of the depression,” even as she acknowledges that the economy hasn’t ground into a recession, let alone a depression.

“This time versus other times, it feels like there are more moving parts moving faster, and more unpredictability,” she said. “The lack of predictability seems to be taking a huge psychological toll.” After the crash of 1987, for example, the markets stabilized quickly.

And even with the financial markets gaining some ground recently, analysts say that there is underlying panic, a sense that more bloodshed lurks, that upturns are only fleeting.

“The financial market volatility leads to a kind of emotional volatility,” Dr. Potash said. “There are seismic shifts, up and down and up and down: ‘I’m optimistic — the market’s looking good, the mortgage crisis is over. Oh, my God, they canceled an order. I can’t concentrate.’ ”

Among the patients who have seen Alden M. Cass, a psychologist who treats Wall Street traders and executives, are several who were laid off from [Bear Stearns](#) after the bank collapsed.

“They felt as if they were led with blindfolds on into a firing squad,” Dr. Cass said.

Officials at [JPMorgan Chase & Company](#), which is acquiring Bear Stearns, declined to comment.

Dr. Cass and other psychologists and researchers who have worked with Wall Street employees say that these workers — often drawn to the intensity and volatility of their profession — are more prone to [anxiety](#), depression, [substance abuse](#) and other mental stresses than the general population. They drive themselves hard. Working 10, 12, 14 hours a day is not only expected; it is also a badge of honor.

In some ways, these experts say, Wall Street types are perhaps better prepared to handle the shock of sudden change than those in more stable professions. But because they are typically measured by the size of their paycheck — bonuses, in particular — their self-worth is deeply threatened when the money evaporates.

“We’re talking about individuals who base their identities and egos on what they do for a living and how much they make,” Dr. Cass said.

Yet Wall Street is also a macho, “don’t let them see you sweat” world where showing self-doubt and weakness, whether to clients or co-workers, is about as welcome as a stock whose value is taking a nosedive.

Still, psychologists say, for those being laid off, whether or not they are comfortable expressing it, there is boiling anger, a sense of betrayal and loss that is bound to rise to the surface.

That appears to be true for the former investment banker at Bank of America who talked about being treated like cattle. He said he went numb when he was brought into a conference room with his manager and told he was being let go. He would get no bonus for 2007, either, typically 40 percent of his \$120,000-a year salary, he said, and he was offered eight weeks of severance pay, which he accepted.

"I had no emotional response," he said. Yet he is clearly angry now.

"Someone who shows up to work every day, that should engender some sense of loyalty," he said. He was at [Morgan Stanley](#) in 1998, when it and other Wall Street banks were laying off thousands of workers. He had joined the bank in 1997, and before the layoffs, he said, "There was a sense of loyalty, they got my back, that sense of pride."

"But that loyalty idea is gone for most of these banks," he said.

He had been with Bank of America for three and a half years when the layoff rumors, swirling in his department for weeks, reached a high pitch. Since October, the bank has cut 1,150 jobs.

He looked for work for six months, ran through his savings and recently found consulting work. He is single, rents an apartment in Manhattan and is still paying off loans from business school, as well as several thousand dollars of credit card debt.

He says he decided to stick to consulting because he no longer believes he can rely on bonuses or the guarantee of a long-term full-time job. With the layoffs, he said, the banks are "destroying their greatest assets. It's an us-against-them mentality now."

KATHLEEN GURNEY, a financial psychologist, a researcher and the author of "Your Money Personality: What It Is and How You Can Profit From It," has developed several personality profiles of workers on Wall Street. Each, she says, will respond differently to layoffs.

The "High Roller" lives on the edge financially and becomes addicted to the thrill of earning large sums of money. But when things go bad, "they feel the greatest frustration both financially and psychologically," she said in an e-mail message. The most common profile is what she calls the "Entrepreneur," thriving on ambition but not taking as many risks as the High Roller.

"But they can be their own worst enemy in setting up ever-larger challenges and more rewarding challenges," she said, and in the face of losing a job, the Entrepreneur may deny the emotional impact.

"Denial is a wonderful defense mechanism as it eases the pain," she said, "but it also delays the day of reckoning."

A third type is what she calls the "Money Master." People who fit this profile typically earn less than and take far fewer risks than the other two types and are better prepared to handle market swings and even layoffs, she said.

"They can come out of it feeling even more confident than before if they use their flexibility and figure out a new game plan," she said.

A 50-year-old Merrill financial adviser had already survived the 1987 stock market crash and crushing waves of layoffs before the Bank of America employee had even graduated from business school. For him, the layoffs at Merrill were not surprising, and the opportunity he took this month for a buyout felt like a gift.

He said that because Merrill would not authorize an interview, he did not want to be identified and risk jeopardizing the package, which provided him with 67 weeks of pay on a \$101,000 salary, and the ability to stay on the company health plan, paying out of pocket about \$400 more per month than he did when he was with the company.

He said he was sometimes irked by news media coverage that described the layoffs as shocking and devastating.

“If you went to school and you studied this industry and you studied economic cycles, why are you now surprised that this is happening?” he said. “It’s like going into politics and saying, ‘I didn’t know I could be voted out of office.’ ”

He described himself as very cautious in his own financial affairs and said he began planning for retirement early in life. “I’m in financial planning,” he said. “Isn’t it a sin not to do so for yourself?”

For others, though, especially those not close to retirement, the trauma of losing a job and the uncertainty in its wake can be devastating. That is particularly true for Wall Street workers, psychologists say, because their colleagues, family members and neighbors typically consider them to be financially secure.

“Since they are expected to be experts, job loss and financial strain can trigger shame and embarrassment,” said Bradley Klontz, a psychologist who specializes in financial matters. “The shame can be similar to a cop who gets mugged.”

FOR a 40-year-old midlevel employee at Bank of America in New York, being laid off was akin to losing her identity.

She had been in the industry for more than 15 years, and at Bank of America for five. But she was quick to say that no one should have a “pity party” for her when people earning far less were losing their jobs. In good years, with a good bonus, she earned as much as \$400,000.

Still, it was the money that made her feel worth something, she said. “There’s not a sense that you’re helping the world,” she said. “I’m not curing [cancer](#). If the money goes away, then what?”

She was offered 10 weeks of severance pay. “When I got laid off, I felt a sense of panic — what am I going to do next?” she said. But after that initial shock, she grew calm. “I don’t have to get up anymore and go and pretend things are fine when they’re not.”

She spoke on condition of anonymity because she said she feared retribution. She has been looking for jobs, but, as many recruiters say, it is an employers’ market.

She has had trouble sleeping; she has lost weight. She started therapy but wonders whether it is helping. Not having a schedule is disorienting. She was accustomed to leaving the house even before her child woke up

and getting home after dark.

“The first thing people ask you is what you do,” she said. “If you don’t do anything anymore, then how do you feel about your- self?”

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