

Media and the Economic Crisis

Finance and Pornography at the SEC: A Media Studies Approach

Mark Hayward

This short piece examines investigations into the use of workplace computers to access pornographic material at the Securities and Exchange Commission (SEC) of the United States. Rather than focus on the individual or institutional morality of these activities, it examines what thinking about the role played by media in these violations of SEC policy tell us about the changing nature of institutional power and labour in the contemporary moment. Looking at practices of media use and the legal frameworks that structured the porn scandal at the SEC, it concludes by suggesting that media-oriented approach to the economy raises many possibilities for critique and engagement.

In April 2010, the Inspector General of the SEC responded to an inquiry from Iowa's Republican Senator Charles E. Grassley regarding an ongoing investigation into "SEC employees and contractors misusing government computer resources to view pornographic images during the past five years" (Kotz 2010; Grassley 2010). Along with details of some of the cases, the SEC's response also described how the individuals under investigation had often made use of a variety of tricks and subterfuges to circumvent the controls put in place in order to block sites that were deemed obscene or to deal with sex in an inappropriate manner.

Across the political spectrum, reaction to news of these investigations into the misuse of government resources was to view them as evidence of the moral decay that had taken over the nation's financial sector in the lead up to the economic crisis of 2008. Politicians and pundits on both the left and the right integrated these events into their narratives for explaining the US's troubling economic predicament. Even though revelations regarding the SEC's problems with the circulation and viewing of sexually explicit material during office hours had already been made public in annual reports since 2007 (Egbert 2007, and subsequent semi-annual reports available on the SEC website), news of the investigations were woven into debates over proposed reforms of the banking industry and financial sector then making their way through Congress and the Senate. Darrell Issa, a Republican member of Congress from California, summed up how the scandal was evidence that attempts to bolster the powers of existing regulatory agencies were fundamentally flawed.¹ In a widely reported public statement on the report sent to Grassley, he commented: "This stunning report should make

everyone question the wisdom of moving forward with plans to give regulators like the S.E.C. even more widespread authority” (Orol 2010; O’Keefe 2010). Taking the opposite position, other critics saw these investigations as evidence that the SEC had become lax in fulfilling its duty to protect the public from improper activities in stock and securities markets. A segment on Rachel Maddow’s program on MSNBC by Kent Jones mockingly concluded, referring to the name of a website mentioned in the testimony of an SEC employee, “Let the history books note the second American depression was caused by www.ladyboyjuice.com” (Maddow 2010).

While most of the investigations revealed evidence of several hundred attempts to access inappropriate websites, but the summary of the investigations cited ten individual cases out of thirty-three that were carried out over a five-year period.² Giving support to the theory that Senator Grassley’s inquiry was intended to provoke public reaction, these cases seem to have been selected because they were particularly egregious in flaunting the norms of workplace behavior. For example, there was the “senior attorney” who accessed pornographic sites so frequently that he sometimes spent as many as eight hours a day viewing sexually explicit material, filling up his entire hard drive with images and videos as well as several CDs and DVDs “that he accumulated in boxes in his office.” The “staff accountant” who received over 16,000 access denial warnings during a one-month period for attempting to access sites identified as “Sex or Pornography websites” was also singled out.

Beyond giving rise to shock, dismay and flurry of quips about poor time management, the scale of these violations should also draw attention to the significance of media technology in these events. The sheer volume of material downloaded in the most visible cases moves the accumulation of these images and videos beyond what could be consumed by any individual viewer/user, pointing towards the media that were at the center of the scandal. Moving beyond understandings of media consumption that are anchored in attentive subjective experience of content on screens, it becomes clear that these events occur at a different register from the typical panics surrounding Internet pornography.

For this vantage point, we can begin to develop a media-oriented approach to the collision of pornography and finance, situating it in the context of the social formations and subjectivities that define media use in the age of financial capitalism. While the argument that I am making is far from deterministic, I believe that there are two ways to make sense of this intersection that involve both general social changes and more situated changes in the constitution of the economy. First, it is necessary to acknowledge the scale and practices of accumulation (both in terms of the amount of capital and media material) are structured by the capacity of networked personal computers to handle large amounts of data; indeed, the above-mentioned violations occurred at a scale only possible in the age of networked information.³ Second, these practices of accumulation did not occur in a vacuum, but must be read as the reciprocal reinforcing of two ways of conceiving and using the screen as a private and secure space for individuated reception. However, more than an isolated and aberrant use of media technology, the SEC porn scandal speaks the more general role of media technology in the contemporary economy, a way of media technology that deserves further elaboration.

If we begin from the ‘intended’ uses of the technology as tools for completing the regulatory responsibilities of the SEC, the porn scandal reminds us that the personal computers in question sit along a continuum where screen technologies are used to constitute the economy as an object that can be monitored and modified by individuals at the intersection of data management and institutional uses of technology. In this way, these screens can be linked to ATMs or the personal computers (at home or at work) where individuals consult their investment portfolios, do home banking or endlessly compile spreadsheets.

However, more than just the repurposing of screens from calculation to entertainment or vice versa, the economic uses of screen media often demand and rely upon an acquired sense of privacy and individuated address for the user as the ground upon which they operate as trusted conduits for economic information. We see the importance of privacy and trust in the development of series of supplementary technologies such as ‘privacy screens’ (3M’s micro-louver screen being the most prominent) or reminders to keep our hands covered when inputting personal access codes at ATMs. That these measures are necessary should serve as reminders of how fragile the privacy afforded by these media that are being used to transmit economic information have become with the arrival of mobile and ubiquitous screen media.

At the same time, the personal computer is simultaneously positioned in this scandal as a medium for the consumption of pornographic content indicating the extent to which the tools needed for office work have converged with sites for consuming media content. These terminals, assigned to specific individuals, are also reminiscent of other individual and “private” viewing arrangements such as the peep show and the private screening room traditionally found in strip clubs and adult entertainment stores. In this way, we might read one of the unexpected consequences of the individuation of screen media in ways that complement the forms of trust and privacy that structures the subject in late capitalism has been the transformation of the personal computer into what Huhtamo describes as “a veritable global super peepshow. Millions of peepholes, as little software windows, are waiting for desirous customers twenty-four hours a day” (Huhtamo 2006).

Bringing the two ways of using the computers outlined above together, the consumption of pornographic material on workplace computers at the SEC can be interpreted as an echo and extension of what was famously described by Raymond Williams as “mobile privatization” (Williams 2003).⁴ Williams associated this with television’s ability to offer geographical mobility to viewers who remained rooted in domestic spaces. Yet it is not difficult to see that the rise of office media like the personal computer in the years since Williams wrote have brought similar dynamics to media use in the workplace. Indeed, the dynamics of mobile privatization in the workplace have been portrayed as a growing problem for managers as employees use office technology to socialize and entertain themselves in unauthorized ways.

While there is a growing literature about the incorporation of leisure activities into the workplace as a way of improving employee morale and productivity, less has been written about the misuse of these on-the-job perks. Addressing the unpredictable nature of media in the workplace, Ira Wagman has written that these unauthorized uses are always a possibil-

ity, reminding us that:

Media technologies have always offered the prospect of making office work more efficient or the means for management to exercise control over employees. However, those same technologies have also served as the platforms on which one can engage in dilatory acts, stealing time from behind the boss's back (Wagman 2010).

Wagman goes on to offer a reading of these practices, positioning them as acts of resistance, asking if “perhaps we should reinterpret wasting time as the worker’s attempt to assert some agency in an increasingly controlled workplace.”

Indeed, the use of office media in non-official ways is a reminder that the use of workplace computers to procure pornography is not unique to the SEC. Only a few months before, David Kiely, an analyst with Macquarie Private Wealth in Australia, was caught in the background of a television news story looking at sexually suggestive photos while his colleague spoke about changing interest rates (Murdoch 2010; Zappone 2010). Like at the SEC, this case also raised questions at the intersection of finance and pornography in relation to the economic crisis. However, it would be a mistake to suggest that it is unique to individuals involved in the financial industry. Surveys over the past decade suggest that anywhere between 20-30 percent of office workers have used their computers to download pornographic material and a sizeable industry has developed selling software that blocks access to sites and services that distract employees from their jobs. At a vernacular level, evidence of this can be found in the fact that the anagram ‘NSFW’ (Not Safe for Work) has become commonly used as shorthand indicating the kind of content (usually sexually explicit) that will be found at the other end of a hyperlink.

Paying attention to the place of media in the SEC scandal throws into relief a variety of changes regarding the nature of work and workplace that have resulted from the introduction of networked technology as the primary tool for completing most forms of clerical and white-collar work. Wagman’s description of opposition between agentic distraction and panoptic surveillance provides us with one way of mapping the tensions that have arisen as a result of the changing mediascape of the office. As Wagman points out, this opposition is one that has been explored in the media as well as being the basis for such workplace deceptions as the ‘boss button,’ which hides forbidden web content behind a fake spreadsheet.

There is, however, evidence at the SEC and elsewhere for a different understanding of these ways of using media in the workplace. Perhaps, these forms of distraction are not necessarily oppositional to productivity, but are rather part of the new forms of multivalent labor that workers are expected to engage in over the course of the day. For some, the scanning of blogs and Twitter feeds constitutes a form of industrial intelligence akin to the role once played by bars and taverns frequented after work, contributing directly to their ability to complete their assigned tasks. For others, though, this relationship between wasting time and productive labor is more direct as it is not uncommon for time spent online to become a way of generating income in itself (a kind of interstitial moonlighting), whether through

small-scale retailing on sites like eBay or Etsy or, in the case of one SEC employee, the decision to launch a for-profit pornographic website of their own.

It is in light of recognizing that the place of media technology marks the technological, cultural and economic fault lines on which these events were positioned that it is useful to return to the moralizing narratives with which this discussion of the SEC investigation began. Taken up by politicians looking to sidetrack projects for economic reform and improved regulation, descriptions of these events sought to position the SEC as a nest of corruption and moral turpitude. As noted above, such a description narrates the scandal as a moralizing parable and serves as a way to reconnect Wall Street with Main Street. It uses morality as the ground for a populist condemnation of the SEC's ability (or right) to regulate the economy. In this way, it is a story of the small struggling against the powerful; a twisted telling that easily plays into the perpetuation of currently existing structures of exploitation since the "small" in these stories are investment banks.

Rather than the oppositional tales of the small against the powerful that only solicit ritualized outrage, an analysis of media at the SEC maps the complex assemblage of institutions, practices, technologies and subjectivities that constitute the material and social infrastructure of contemporary capitalism. Looking at the media technology involved in this scandal and how they are embedded in social and legal norms brings to light that this is a critical moment of social transformation as the structures that grant privacy and autonomy to particular kinds of financial activity and particular forms of economic agency show themselves to be increasingly exhausted and broken down.

These transformations in the financial industry, echoed in many other parts of society, suggest the possibility of a radical change in structures of exploitation: the scandal being the precursor to radical reform. They should remind us that the power structures that stand in the way of egalitarian change are perhaps more open to influence and change than they present themselves as being. The goal of this short piece has been to recognize and map one example of the complex role that media play in contemporary financial capitalism in order to locate spaces where the potential for social change might be taken up. While scholars of the political economy of media are used to thinking about how economic power structures media, perhaps this is a context where the ways in which media capabilities structure economic power must be more fully explored.

Notes

1. It is worth noting that Issa has since become the chair of the House Committee on Oversight and Government Reform, the committee charged with managing most government regulatory bodies.
2. Reports relating to four of these investigations have been made available by means of Freedom of Information requests by the Project on Government Oversight (POGO). These reports, along with other documents relating to the SEC, can be found at <http://>

www.pogo.org/investigations/financial-oversight/sec-ig-investigative-reports.html (Accessed May 1, 2010)

3. To give some sense of the scale at which these activities occurred, one might compare the activities of the most excessive cases with ‘paper media’ collections of pornography. The Sexual Representation Collection at the University of Toronto is reported to be the largest collection of pornography at a University library, consists of a few hundred films and no more than a thousand magazines. It is likely that several employees who were investigated at the SEC would have eclipsed this collection by a considerable amount.
4. Interestingly, this overlap between organizations of media technology and practices of media use connected with the economy and pornography has happened in other contexts. For example, further research might be done along these lines with regard to the adaptation of the French tele-text system, Minitel, to erotic and pornographic services (les services roses) during the 1980s.

References

- Egbert, Nelson. 2007. Semiannual Report to Congress - October. Washington, DC: Securities and Exchange Commission - Office of the Inspector General, October 31. <http://www.sec-oig.gov/Semiannual/SemiannualReports.html>.
- Grassley, Charles. 2010. Letter from Senator Grassley, Ranking Member, Senate Committee on Finance, to Mary Schapiro, Chairman, Securities and Exchange Commission, regarding disciplinary actions for employees who engaged in inappropriate use of SEC computer systems to view pornography. April 27. <http://grassley.senate.gov/about/upload/SEC-4-27-10-Grassley-letter-to-Schapiro-about-SEC-response-to-porn-use-and-new-whistleblower-allegations.pdf>.
- Huhtamo, Erkki. 2006. “The Pleasures of the Peephole: An Archaeological Exploration of Peep Media.” In *The Book of Imaginary Media: Excavating the Dream of the Ultimate Communication Medium*. Rotterdam: NAI Publishers.
- Kotz, H. David. 2010. Summary of Pornography-Related Investigations Conducted by the Securities and Exchange Commission Office of Inspector General. April 22.
- Maddow, Rachel. 2010. The Rachel Maddow Show. March 5, 2010. New York: MSNBC, March 5. http://www.msnbc.msn.com/id/35764300/ns/msnbc_tv-rachel_maddow_show/.
- Office of Inspector General (SEC). 2008. Semiannual Report to Congress. Washington, DC: Securities and Exchange Commission - Office of Inspector General, November.
- Orol, Ronald D. 2010. Inspector: SEC Staff Watched Porn During Crisis Buildup *MarketWatch*, April 23. <http://www.marketwatch.com/story/inspector-sec-staff-watched-porn-during-crisis-2010-04-23>.
- Securities and Exchange Commission. 2011. How the SEC Protects Investors, Maintains Market Integrity, and Facilitates Capital Formation. <http://www.sec.gov/about/whatwedo.shtml>.

- . Information for You Before You Submit a Tip or Complaint to the Division of Enforcement. http://www.sec.gov/complaint/info_tipscomplaint.shtml.
- Wagman, Ira. 2010. "Wasteaminute.com: Notes on Office Work and Digital Distraction." *M/C Journal* 13. <http://journal.media-culture.org.au/index.php/mcjournal/article/viewArticle/243>.
- Williams, Raymond. 2003. *Television: Technology and Cultural Form*. London: New York: Routledge.
- Zappone, Chris. 2010. "'Dave the Banker' Keeps His Job." *Sydney Morning Herald*. February 5. <http://www.smh.com.au/business/dave-the-banker-keeps-his-job-20100205-ni0q.html>.

Mark Hayward teaches in the Department of Global Communications at the American University of Paris. He has published essays on Italian media and cultural theory in *Cultural Studies*, *Modern Italy*, and *M/C: A Journal of Media and Culture*.