

Information Asymmetry and Power in a Surveillance Society

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Abstract

This paper fuses Lukes' (1974) three-dimensional view of power with the economic concept of informational asymmetry to explicate how access to information is organized and how power relationships arise from this organization. We argue that many observed asymmetries are deliberate and, drawing from the economics and finance literature, we posit that their outcomes are inevitably detrimental. The paper examines the techniques that foster information imbalances, such as media and propaganda, knowledge production, educational systems, legal and organizational structures, exclusive information networks, and surveillance. We conclude that in the absence of greater transparency, the deleterious effects of unequal access to information will continue and deepen. We further suggest that the analysis of the complexities of the issues warrants a broad, multidisciplinary approach and we suggest what this might include.

Keywords: Information Asymmetry; Power; Surveillance; Secrecy

1. Introduction

Over recent years there has been mounting controversy regarding the issues pertaining to secrecy, surveillance, access to information and the power relations that arise from it. There are many distinct streams in the literature and in this paper we want to bring together two perspectives that have not previously been united. First, we wish to start with Lukes' (1974 & 2005) 'three dimensional view' which provides a perceptive account of the different aspects of power. Lukes points out that both political action and inaction are of equal significance, however as Lukes recognizes, this produces problems in that non-decisions are not empirically observable. By focusing on things that are not directly measurable, the approach of Lukes can be contrasted with that adopted by economists who are only concerned with the manifest. By bringing together two different lenses of social theory, we hope to provide a deeper and more nuanced picture. We also introduce a concept of 'information asymmetrification' to theorize the deliberate withholding and manipulation of the knowledge available to the general public.

Lukes' takes Dahl's (1957) 'Concept of Power' as the first dimension – described by Lukes as a 'first, rather crude effort' (1974: 60) – that looks at situations of conflict to see who dominates the decision-making. The two dimensional view comes from Barach and Baratz (1970) which served as a limited critique of the behavioral bias of the one-dimensional model and covers both decision-making and non-decision-making. The latter can be related to suppression of certain political issues and making sure that only safe issues are debated in the public domain. Alternative voices are suppressed by individuals who have the means to do so. In situations like this, it is difficult to establish whether maintenance of the *status quo* is through consensus or non-decision-making. Lukes' three dimensional approach explicitly rejects the overly-individualistic approach of the first two dimensions, drawing in 'consideration of the many ways in which *potential issues* are kept out of politics, whether through the operation of social forces and institutional practices' (p24. Italics in the original text). Through 'the control of information, through the mass media and through the

processes of socialisation' (p23) the desires of the general public can be molded and any latent conflict may be averted.

The concern over the manipulation of the desires of the many through filtering and contorting publicly available information has been with us for centuries. Public support, frequently vital for the operationalization of power, can be seen as at least partly a function of the information available. Hume recognized this when he commented:

Nothing appears more surprising [...] than the easiness with which the many are governed by the few [...]. When we enquire by what means this wonder is effected, we shall find, that, as FORCE is always on the side of the governed, the governors have nothing to support them but opinion. It is therefore, on opinion only that government is founded. (Hume, 1742/1987: 11)

Hume's concerns resonate with Lukes, and point to a key difference that he establishes from the work of Foucault. Lukes (2005: 98) argues that Foucault's ideas have launched a voluminous body of work that has attempted to solely examine 'how and to what extent the governed are rendered governable', whereas Lukes' own concern also remains 'the significance of the outcomes that the powerful can bring about' (p.111). Although both aspects are undoubtedly important, our focus ultimately in this paper is on the creations of those asymmetries by the powerful.

This leads to the importance of considering different models of information use. In this paper, to theorize some of the more egregious developments, we use the economic concept of information asymmetry. Informational imbalances are, it seems, essential in maintaining power, yet the economics literature highlights the severe consequences of such imbalances. The theme of restricting information is one that has sporadic, but important, interest. One notable author is Innis, who introduced the concept of 'monopolies of knowledge' (see, for example, Innis (2008)). Innis identified that 'monopolies or oligopolies of knowledge have been built up in relation to the

demands of force' (2008: 32). Heyer & Crowley (2008: xxxiii) note that these structures lead to 'overarching political authority, territorial expansion, and inequitable distribution of power and wealth.' Innis, originally writing in 1951, also drew attention to the importance of 'mechanized knowledge as a source of power' (2008: 195) – yet his insight comes several decades before the industrialization of knowledge that information technology would allow.

Furthermore, Innis (1999) elaborates on the enduring nature of restrictions, pointing out that the priesthood in ancient Egypt monopolized knowledge on flood patterns (enabling a degree of prediction that reinforced their position) and maintained this through the use of specialized scripts (hieroglyphics) impenetrable to outsiders (see also Athwal (2004)). This helped cement a monopolization of religious knowledge (Baines, 1990). In Babylonia, the power of the priesthood was similarly entrenched, leading to one king constructing a library and archives in an attempt to diminish religious authority (Innis, 2008: 99). Athwal (2004) suggests that this is even more clearly visible in the mediaeval era where the clergy not only monopolized writing and literacy but also were able to define what was legitimate thought and what was heresy. Scientific ideas, later embraced as progress, were brutally suppressed. Lukes would probably refer to this as institutionalized preference-shaping. History is, of course, littered with similar examples but here we set out to look at the present.

One key distinction between these past examples and today is the price of collecting and storing knowledge. When library documents had to be painstakingly copied by scribes, knowledge was circumscribed by the resources demanded in its capture. Contemporary technologies allow the reproduction and storage of information on an unprecedented scale. Villasenor (2011: Figure 1) illustrates how the retail hard drive cost per gigabyte has plummeted over the past three decades. This has allowed governments, their agencies, banks and major corporations to collect and keep data on our transactions, purchases and communications. This data is often shared between the power-players but rarely divulged to the public, empowering the former at the expense of the latter.

Much of this data is collected through mass surveillance. However, the concept of surveillance is intimately linked with power and this has been theorized in particular by Michel Foucault. We shall discuss the notion of the panopticon later in the paper but here we wish to consider how Foucault's idea of power impacts upon our understanding of surveillance. In Foucault's analysis, power is 'a set of practices which could be specified and which positively produced ways of behaving and predispositions in human subjects: indeed the most pervasive power is that which makes its subjects cooperate and connive in their subjection to it' (Hoskin & Macve, 1986: 106). Foucauldian power, at its most intense, requires acknowledgement and acquiescence by its subjects. This throws up some interesting conundrums with secrecy and surveillance: can and do the subjects recognize their position? The scope of governmental untargeted surveillance suggests that many, if not most, people may be unwilling and unknowing participants in this particular exercise of data gathering. The massive imbalance in knowledge between those who possess the data and the subjects of the data is what makes the concept of information asymmetry so important. We shall explore the economic and financial ramifications of this in the following section.

The wide-ranging nature of this investigation cuts across many academic disciplines, including finance, economics, sociology, psychology, political science, media and communications. The topics covered are perhaps even broader, including education, media manipulation, social structures, legal systems, surveillance technologies, and power. Considering the scope of the study, an exhaustive literature review becomes close to impossible within the bounds of a single academic paper. Even though our references include over 160 items, we only touch upon the wider literature in many of these areas. Our intention is merely to sketch the layout of the informational game within society.

The remainder of the paper is organized as follows. Section two discusses the economic and financial consequences, and the uneven contours of the informational playing field. Section three examines the tools and techniques that are deployed to create, maintain and develop asymmetries in different

domains. Section four discusses the outcomes of surveillance and information asymmetries and some tentative means of mitigation. Finally, we turn to our conclusions in section five.

2. Economic and Financial Consequences of Information Asymmetry

In this part of the paper, we turn to the economics literature, which has had long-standing discussions about the importance of information, particularly in cases where access falls short of ideal. This analysis takes a different orientation to that in organization studies and has generated some significant insights. However, economic studies primarily consider tangible, quantifiable, outcomes and, although important, cannot cover the whole spectrum of societal consequences. Economics also commonly takes many phenomena (such as informational asymmetry) as pre-determined, without reflecting on their origins. This approach does allow greater analytical clarity but attracts objections from those who only see the limitations in a reductive approach. Therefore, later in this paper we shall build upon an expanded understanding when we consider the intangible aspects of information asymmetrification, particularly when linked to power creation and reinforcement. Here, then we start with consideration of how problems have been discussed within the confines of finance and economics before we extend it into other fields.

One of the early important studies is Simon's (1957) attempt to resolve the disparity between the perfect information assumption of neo-classical economics and what might be seen as 'real-world' practicalities, which led to important insights such as 'bounded rationality' and actors 'satisficing' rather than reaching the supposedly optimal outcome. Stigler's (1961) article further detailed the problems of ascertaining the market price in the absence of pertinent information, while Arrow's (1969) insight worked a similar furrow, demonstrating how the cost of information has detrimental effects in markets.

Stiglitz's Nobel Prize-winning work also developed the theme of the impossibility of perfect information in neo-classical economics but his analysis spread beyond modelling to suggest that: 'information imperfections, and asymmetries of information, are pervasive in every aspect of life

and society' (Stiglitz, 2002: 463). Mostly, he emphasizes the deleterious effects of such imbalances and the limited recourses available for correction: 'Without unbiased information, the effectiveness of the check that can be provided by the citizenry is limited; without good information, the contestability of the political processes can be undermined' (p. 488). Akerlof, who shared the 2001 prize with Stiglitz, is best known for his work on information asymmetries in goods markets. This was developed from an examination of how poor quality cars ('lemons') were quickly returned to the forecourt, driving down the prices of all nearly-new vehicles. In such cases where the seller knows more about the product than the buyer, certain market failures and imperfections inevitably emerge.

As Stiglitz pointed out, problems of information imbalance extend both through applied economics and beyond. It would be outside the scope of this paper to detail all of the areas where the concept has been applied but examples can be seen in labor market studies (see, for instance, Chang & Wang, 1996), agricultural economics (Hobbs & Plunkett, 1999), economic psychology (van Dijk & Grodzka, 1992), public finance (Parker & Hartley, 2003), or economic behavior and organization (Straub & Murnighan, 1995). Running persistently through this literature is the finding that information asymmetry has malignant effects on markets and society in general.

The literature on corporate policies and environment has involved discussion around several areas and we highlight some briefly here. Francis *et al.* (2005) demonstrate that not only does increased disclosure of financial information decrease the costs of both debt and equity finance but that where there is a need for greater external financing there is a commensurate increase in the level of information shared. Glennerster and Shin (2008) show similar forces in play when they reveal that governments can effectively lower the cost of their debt by providing more accurate macroeconomic information more frequently. Francis *et al.* (2009) show that corporate and institutional transparency run hand-in-hand with delivering more efficient resource allocation and higher growth rates. Li and Zhao (2008) suggest that firms that have the highest information asymmetries are the

ones that are least likely to pay, or increase, dividends. Indeed, one of the major theories that attempts to explain how firms organize their financing – the pecking order theory of Myers and Majluf (Myers, 1984; Myers & Majluf, 1984) – rests on the assumption that information asymmetry is the key, if not the only, driver (Fama & French, 2005). This asymmetry may also result in firms failing to undertake profitable projects. However, in the above-mentioned studies, information asymmetry is not seen as something that is necessarily deliberately created.

Some of this more nuanced emphasis emerges when we consider the stream of literature in finance which deals with trades of people with preferential access to information – insiders. According to the legal definition, insiders in the US are defined as ‘executives, top executives, members of the board of directors, and large shareholders who hold more than 10% of any equity class of securities’ (Seyhun, 2000: 68). Although these individuals are allowed to trade in principle, they are prohibited from dealing when they are in possession of material, non-public information. All their trades have to be reported to the relevant authorities (the SEC in the US) and this accumulated data can and has been used for research purposes. Using this resource (which, of course, does not necessarily capture illegal, hidden or disguised, trades) Seyhun (p71.) documented that even here those privy to the most valuable information are able to generate the largest market-beating trading profits on their reported transactions.

If a market-maker (who is obliged to offer both buyers and sellers a price) suspects that insiders are active, they will protect themselves against trading losses by increasing the bid-ask spread (the difference between what they will sell and buy a security for). Since the bid-ask spread represents transaction costs, any rise diminishes the numbers willing to trade. At its extreme, as Glosten & Migrom (1985: 84) point out, there is, ‘the theoretical possibility that markets might close down entirely, with the bid price being set so low and the ask price so high as to discourage any trade. This problem is identical to the famous lemons problem of Akerlof (1970), in which adverse selection can destroy the market. The consequences of insider trading are even more pervasive if unchecked:

Bhattacharya & Daouk (2002) demonstrate that companies in countries that do not enforce insider trading regulations face a higher cost of capital. Similarly, Manove (1989) illustrates how insider trading reduces corporate investment and returns to outside shareholders.

Manne (1966) attempted to develop a contrasting perspective in arguing that insider trading delivers a benefit in the form of more efficient prices as their deals will help move the market towards a more accurate level. A number of authors have discounted this notion: Fishman & Hagerty (1992) argue that the presence of insiders can discourage other traders from seeking and acquiring pertinent information as they are bound to lose in a trade against insiders regardless of their effort. Bushman *et al.* (2005) and Gilbert *et al.* (2006) show that this discouragement also extends to market analysts, who are supposed to collect and evaluate information on behalf of clients. Wisniewski (2004) further argues that the net effect of insiders on price efficiency is likely to be negligible as any positive benefit is offset by the reluctance of outsiders to engage in information processing.

One could argue that corporate secrecy should be allowed, specifically when it is applied to research and development. Famously, Coca-Cola has refused to disclose the recipe for its drink despite a court order (see Marcus, 1986: 1605 *fn. 1*). Companies may be reluctant to apply for patents since the process involves disclosure of all documentation pertaining to the innovation, giving competitors the chance to begin 'inventing around the patent'. On the other hand, the failure to apply for patent protection effectively allows competitors to reverse-engineer the product and thus also benefit from any profits garnered by the innovation. Unsurprisingly, the academic debate as to whether patents are an effective substitute for secrecy is fierce and ongoing (see, for example, Arundel, 2001) and is unlikely to be resolved soon. The issue is undeniably complex, and as Friedman *et al.* (1991: 67) point out, 'Every producer of information desires ... access to his competitors' information as well as protection of his own' (see also Landes and Posner, 1989). Often companies will seek to protect their secrets through the use of 'non-disclosure' or 'non-compete' clauses in employment contracts.

However, as Marx *et al.* (2010) show, states that enforce non-compete agreements ultimately lose the most valuable innovators as they migrate elsewhere. These considerations point to the need for a detailed welfare analysis: one that would quantify the marginal benefits of secrecy (beyond patent protection) for the innovation process, and offset these against the marginal costs of impeded information-sharing. Such an analysis is beyond the scope of this paper and, in the absence of this, we remain unconvinced as to the net benefits of secrecy in R&D active firms.

What comes through from this literature is a conclusive argument from within economics and finance that information asymmetry is insidious for both a variety of specific actors and for broader society. If there are any benefits, they will be to select minorities, and will be dwarfed by the costs to the many. More damagingly, as Stiglitz (2002) pointed out, such imbalances cannot, by their very nature, be countered by an informed citizenry. It is our contention that this unevenness is by no means accidental and in the next section we examine how it arises, together with a reflection on the implication for power distribution.

3. Tools and Techniques for Maintaining Information Asymmetry

In this section we provide an overview of what constitutes, in our opinion, the principal methods by which information asymmetrification occurs within societies. Firstly, we look at how the media, particularly through the promulgation of propaganda, skews the information available. When we consider knowledge production and transmission in section 3.2, we pay particular attention to the design of educational systems and its consequences. The following section examines legal and organizational settings, exploring how they promote unequal distribution of knowledge. In section 3.4, we continue this argument by looking at specific social structures within which private information is exchanged. Finally, we turn to issues related to mass surveillance that provides unparalleled levels of information access to political leaders and captains of industry.

3.1 Media and Propaganda

Political consensus can be manufactured through control and use of the media apparatus. If politicians want to prevent grievances from reaching critical mass, they may attempt to condition the populace. As Lukes (1974:23) explicates when outlining his three dimensional view of power, ‘... is it not the supreme exercise of power to get another or others to have the desires you want them to have - that is, to secure their compliance by controlling their thoughts and desires?’ This can, and does, take many forms.

One extreme is that of totalitarian states – where contorting information, propaganda, disinformation campaigns and selective disclosure are the daily staples of political life – the underlying principle behind this being that a lie repeated often enough becomes the truth. In dictatorships and communist states, governments have absolute control over media outlets and institute various forms of censorship to ensure that only appropriate information is circulated. In such states the populace has only limited (often illegal) access to alternative voices. Currently, the most visibly censorious society is North Korea but its tactics are but a reflection of those of Eastern Europe before the fall of communism. Even developing economies, such as China, remain suspicious of the possibility of freely sharing information via media such as the Internet and continue to monitor usage and suppress access to particular sites (see for example Dann & Haddow, 2008). The tactics used by such states are fairly unsubtle and require little elaboration – it is the more diffuse systems in developed nations that we would like to turn our attention to.

Herman and Chomsky (1994) propound a ‘Propaganda Model’ which describes general tendencies in the US media. Since freedom of speech, at least nominally, prevents the use of some of the methods deployed within dictatorships, the control manifests itself in more subtle ways. Herman and Chomsky argue that information presented to the public has passed through five distinct filters. Firstly, major media outlets require a government license and, even more importantly, huge (and ongoing) capital investments. Consequently, as Herman and Chomsky argue, US media corporations

are controlled either by wealthy families and/or large corporations, acting in their interest. Mirowski (2013) takes this further, suggesting that these corporations and individuals are willing collaborators with a specific set of political and commercial agendas. The most egregious example of where media power and politics intersect is probably that of Berlusconi's Italy. Largely driven by his near-monopoly of national television and media, he was elected as Prime Minister four times (Statham, 1996). Not only was he effectively free from sustained criticism but he was able to vigorously defend his perspective.

The second filter for Herman and Chomsky is related to the economic power of advertising. Since media outlets are so dependent upon advertising revenue, they are driven towards attracting specific customer demographics and try to avoid antagonizing the advertisers – typically large corporations. The third filter also links economics and information – governments and corporations spend a vast amount of resources in developing ready-to-use media stories and many journalists are reliant upon them to provide their copy. Since questioning the veracity of the source may result in future supplies being curtailed, it is easier to simply repeat the supplied version. Fourthly, media organizations seek to minimize 'flak' – the risk of lawsuits, petitions, audits or coordinated attacks from powerful interest groups. Finally, in the US context, there is a strong ideological undercurrent of 'anti-communism', where communism is taken to be anything that runs counter to the needs of large corporations.

The link between power and the type of information disseminated by the media has been oft remarked. Herman and Chomsky (1994: 32) suggest that, 'propaganda campaigns have been closely attuned to elite interests' including political and commercial developments, and the diversion of attention from increasingly skewed distribution of income. Heyer and Crowley (2008: xxxv) note that Innis identified that, 'The properties of the dominant medium, along with the pre-existing institutional structure, facilitate knowledge, and therefore power, being localized in such a way that it serves particular interests and is always beyond access for a large segment of the population.'

Bennet (1988: 178-179) is of similar opinion: 'Leaders have usurped enormous amounts of political power and reduced popular control over the political system by using the media to create support, compliance and just plain confusion among the public.' Mirowski (2013) even coins a word to explain this – agnatology – whereby competing arguments are deliberately sown in order to ensure that the population is endlessly confused and thereby easily manipulated.

Alternative sources of information are available, but are often excluded from mainstream discourses. Even where they threaten to break through (such as with the Guardian's revelations arising from the Edward Snowden leaks), there is a relentless campaign to discredit both source and outlet in order to re-establish the *status quo*. These days, the trade of the investigative journalist is ever more dangerous – the Committee to Protect Journalists notes that over 1,000 have been killed since 1992². But, as Herman and Chomsky's analysis would suggest, the investigative journalist is also threatened from within as many media outlets now no longer desire the services of individuals that might destabilize corporate financial and political interests.

3.2 Knowledge Production and Transmission

Lukes (1974) recognizes that one of the ways in which potential conflicts are averted is through the use of the education system. Citing Dahl (1957), he refers to '*some degree of indoctrination through the schools*' (p23.) as 'leaders ... shape preferences' in line with their objectives. This means that what is presented as 'knowledge' is frequently contested. In the UK, Michael Gove has kick-started a vigorous debate as to what should constitute the history syllabus (Ferguson, 2013). Historical revisionism is frequently applied in a political context. In his seminal novel, *Nineteen Eighty-Four*, Orwell illustrates this point quite vividly as he picks up on practices already prevalent at the time of his writing. He describes a Party that was continuously rewriting history to make it fit seamlessly with the current line. Attempts at indoctrination continue today: the collapse of the USSR and the

² Please see <http://cpj.org/killed/>, last consulted 10 December 2013.

emergence of a new Russia demanded a complete rewrite of the history textbooks to reflect the change in ideology and identity (Zajda & Zajda, 2003).

Academia has not been immune to pressures from corporate and financial elites. The Humboldt University in Berlin, with its emphasis on the production of knowledge as a benefit to society as a whole, may well have been an impossible ideal but, as Readings (1996) makes clear, even the pragmatic further education system that existed up until the 1980s has increasingly been pressurized into serving corporate demands. The national funding bodies are charged with demonstrating the relevance of university research to economic well-being: consequently studies are geared towards such aims. Other funding institutions are even more clearly tied to the corporate world, with a strong expectation of appropriate outcomes. Since receiving research funding is a pre-requisite of advancement within academia, the researchers are forced to comply with canons imposed from without. Revolutionaries might argue that, 'the domination of the masses by elites is rooted [in ...] the means of knowledge production' (Rahman, 1991: 14).

Additionally, the education system is part of the mechanism for separating out and maintaining an elite in many Western countries. Many of the top schools in the US and the UK charge tuition fees that comfortably exceed the average net salary, ensuring that social exclusion (and hence information asymmetry) is fortified. The dominance of Etonians, such as Prime Minister David Cameron, Chancellor of the Exchequer George Osborne and Mayor of London Boris Johnson, in contemporary British politics is well-remarked but the permeation of ex-pupils from elite schools goes much further. Perkin (1978) identifies their historical prevalence in ministerial positions in Conservative administrations, chairmanships of large companies, the judiciary, vice-chancellorships, BBC governorships and newspaper editorships. This is repeated in the US where Useem & Miller (1975: 115) contend that, 'the stratification of educational opportunities in higher education is in large part a direct product of upper class dominance... the elite's privileged access to higher education shapes the fortunes of the other classes.' In their literature review, they conclude that

about one third of executives and directors of major corporations came from the top three American schools (Harvard, Princeton and Yale). (A recent survey by US News for the CEOs of the Fortune 100 companies produced a similar statistic (Smith-Barrow, 2013)). In a complementary study, Dye and Pickering (1974) revealed that 55 per cent of corporate leaders and 44 per cent of government leaders were Ivy-League alumni. The elites are able to ensure that they maintain their grasp on the levers of power through a variety of techniques, not least the Ivy-League tradition of legacy admission where schools admit between 10 and 15 per cent of freshmen through the criteria of familial attendance at the same institution (*The Economist*, 2004). Taken together, these statistics indicate that the education system is a key component in creating and maintaining power and informational imbalances within societies.

3.3 Legal and Organizational Arrangements

One way for companies to guard their knowledge is through patent protection – a process that has accelerated in recent years with an over six-fold increase in the number of patents granted in the US in the past 50 years (U.S. Patent and Trademark Office, 2014). The know-how and information that is not easily captured by patent law is instead shielded from competitors and other interested parties by secrecy. This is an attempt to monopolize information. Basic economics tells us that monopolies will, if left to their own devices, produce less at higher prices, compared to a perfectly competitive market. This leads to an overall deadweight loss to society.

Organizations deliberately set up structures to promote information asymmetrification. One of the most common and readily acknowledged is the system of classifying documents. Both the US and the UK have classifications such as confidential, secret and top secret (with additional country-specific categories and subdivisions). Higher classifications demand higher level of clearance for those granted access with a consequent increase in rigor in the checks needed. The system of clearance, supported by codes of conduct, is designed so that only those ‘authorized’ are able to see relevant documents (Desouza and Vanapolli, 2005: 91). Yet even the highest level of clearance does

not mean that the holder has access to all information – rather, only those deemed to ‘need-to-know’ will be privy, leading to compartmentalization of information. This does have some benefits – Desouza and Vanapolli (2005: 92) argue that it manages workload and protects ‘knowledge artefacts’ both in that it focuses security and, in cases of information leakage, the damage is limited. However, it also severely reduces the ability of individuals to fully grasp the activities of the organization, leading to duplication of work, ineffective coordination of collective endeavor, and barriers to information flow.

The security and military services are but one example (albeit one that Desouza and Vanapolli (2005) suggest has lessons for information security in other organizations). Following deregulation of financial markets, the concept of compartmentalization became operationalized in corporations through the erection of Chinese walls (Green, 1989). The walls were intended to keep information within departments, thereby avoiding conflicts of interest. Thus, for example, since a bank’s merger and acquisition dealings would be valuable knowledge for traders dealing securities, a Chinese wall would need to be erected between the two divisions. Similarly, this partitioning arrangement would allow a large legal firm to represent two clients with conflicting interests. Unfortunately, as Seyhun (2008) makes clear, such ‘prophylactics’ are decidedly porous. The failure of Chinese walls means that although information asymmetry within the organization may decrease, there is a reinforcement of information asymmetries between that organization and its clients and other market players.

Within organizations, counter-intelligence – the seeking out and reprimanding those who steal or misuse knowledge – is also important. Typically, as Desouza and Vanapolli (2005: 89) note, this may require another layer of secrecy as those investigated will frequently not know that they are under scrutiny. But employees will know that they could be under investigation at any time and, as Desouza and Vanapolli indicate, this is the principal value of counter-intelligence. Echoing Foucault’s (1979) use of the concept of the panopticon (which we discuss later), compliance is induced through

the possibility of surveillance. Clearly, popular media depictions (perhaps most notably in le Carré's (1974) *Tinker, Tailor, Soldier, Spy* and its movie adaption) have attuned us to such operations within the security services, but departments fulfilling a similar function exist in many other organizations.

More widespread use of informational asymmetries can be seen within the labor market. The gender gap in remuneration has been widely reported (Hausman *et al.* 2008; Arulampalam *et al.* 2007; O'Neill, 2003) but one key factor that has been instrumental in its continuance has been the purposive hiding of the discrimination. This works by effectively banning, through contractual obligations, or strongly discouraging workers from discussing their compensation (Kulow, 2013). Thus women, whose wages consistently remain below those of their male counterparts, are unaware that they *personally* are being discriminated against due to a lack of comparators. Kulow (2013: 427) argues that the only way of eradicating this information asymmetry is to introduce mandatory wage disclosure laws since in Norway, where this was put in place, the gender wage gap narrowed markedly.

Pay is not the only form of workplace discrimination that is entrenched through information asymmetry. Goldin and Rouse (2000) report on how recruitment practices for professional musicians changed from open audition to one where candidates performed behind a screen that rendered them hidden from the recruiting panel. Goldin and Rouse argue that data emerging from their study show that sex-biased hiring was reduced substantially. We contend that this demonstrates that where an information imbalance was reduced (in that in subsequent years, the jury had less information about the trialists, and especially about their gender), then the outcome was fairer. These illustrations have wider implications: where there are asymmetries, then there can often be results that, as a society, we may find undesirable. The solutions may come from either greater transparency, so that everyone has access to the relevant information, or from restricting the power of organizations to create a one-sided game.

Failure to oversee organizations that routinely deal in secrecy also has serious ramifications. The Pentagon's 'auditors admit the military cannot account for 25 percent of what it spends' (Sirgany, 2009) while Reuters claim that within the US Defense Finance and Accounting Services (DFAS) 'fudging the accounts with false entries is standard operating procedure' (Paltrow, 2013). Although compartmentalization and institutional secrecy are undoubtedly justifiable by national security concerns, they are also partly to blame for the pathologies that arise. When financial institutions are similarly clandestine, wrongdoing seems inevitable. The Institute for the Works of Religion (more commonly known as the Vatican Bank) operated without publishing its financial statements for 125 years (BBC, 2013), finally yielding to international pressure in 2013. In 2012, the Council of Europe called upon the Vatican to improve its systems, suggesting that it had not got sufficiently robust structures in place to counter money-laundering and the financing of terrorism (Reider-Gordon & Butler, 2013: 403). The bank was already infamous for a series of scandals including the enigmatic failure of Banco Ambrosiano or the connection with fraudster, murderer and Mafia associate Michele Sindona (Willey, 2013). These are but a few examples, albeit perhaps the most well-known, of where secretive institutions are able to avoid public accountability. There is a challenge that runs throughout academia and public polity as to how oversight over such institutions may be managed when the organizations themselves operate in a clandestine way.

3.4 Exclusive Information Networks

Economics is helpful in pointing out the value of private information. In financial markets, exploitation of material non-public information can yield super-normal profits (as we saw in the discussion on insider trading in section 2). The fewer people in possession of that information, the larger the financial gain for the holders. This leads to a pressure towards exclusive networks where information is shared between a select few.

Outside financial markets, institutional structures replicate such exclusivity. Brown and Lightfoot (2002) discuss how email networks are used in an organization. One of the key features that they

report is how email correspondence is monitored by senior managers, delivering a level of accountability of junior staff. But one of the most treasured powers retained by the senior managers was their ability to step outside this documented domain: they were able to have face-to-face meetings with their peers where they were able to make the crucial decisions based upon wider, more informal levels of information. Such freedom was denied junior staff, who would always be dragged back into the territory of surveillance whenever they attempted to breach the boundaries. Of course, such recall was through 'soft power' – a simple request for a recap of a discussion, say – but the effect was always to ensure that one group was always rendered visible within the panopticon, while the other could choose when to make an appearance. This informal network also was able to function as a system for verifying the veracity of claims made and of the status of individuals. This ability to form networks between those sharing a common interest, and move outside the space occupied by the general public is, of course, normal. What this example demonstrates is that when that network is comprised of elites, then we have a refraction of the information asymmetries already in play. Thus, for example, gentleman's clubs, Masonic lodges, fraternal societies, sororities and professional networks do both simply reflect like-minded groups of people coming together but also contain the possibility of sharing information outside the public purview.

Such networks can be seen to exist within most, if not all, hierarchical organizations and societies. Sometimes these may become more formalized, while others remain resolutely informal. An example of the former might be the activities of The Consulting Association in the UK³, a secretive company that maintained an illegal blacklist of construction workers perceived as trouble-makers (such as trade-unionists and those who had raised health and safety concerns). This list could, and was, consulted by many of the leading construction firms in the UK.

³ See, for example <http://www.bbc.co.uk/news/business-24470436>, last consulted 12th November 2013.

Other networks seem to have less formal structure but are both more insidious and more pervasive. Useem (1980: 54-5) points out the prevalence of interlocking directorships among corporations, that 'draw many of the members of the capitalist class into a single national network.' This is reinforced by co-presence on '[b]oards of trustees of universities, hospitals, art organizations and other nonprofit institutions' (1980: 55). Some of the networks that bind are established earlier. Useem illustrates the importance of bonds formed through school and university but Cohen *et al.* (2008) drive home the monetary significance of these links. They find that mutual fund managers who attended the same degree at the same university simultaneously with a senior officer (CEO, CFO or chairman) of a listed company are able to deliver substantial, market-beating returns on these companies. Within the manager's portfolios, the returns on the firms with which they had a connection exceeded the returns on non-connected firms by 7.8 per cent per annum. Cohen *et al.* show that fund managers apparently invest in these stocks more aggressively and commit larger amounts of capital. Although Cohen *et al.* do not make such a claim, one of the implications is that these networks are a conduit for material, non-public information. According to Fama's (1970) Efficient Market Hypothesis it should be impossible for an ordinary investor to systematically beat the market. Cohen *et al.* demonstrate that the same laws do not apply to the well-connected⁴.

Other networks are established and Useem (pp. 57-64) also highlights the importance of kinship and inheritance to maintain cohesion, continuity and exclusivity. '[T]he bonds of kinship within the corporate elite continue to facilitate the mobilization, coordination, and control of massive and otherwise unrelated corporate resources [while] [u]nless one is born into a corporate family (and, incidentally, born male), the prospects for acquiring access to the American corporate elite are statistically remote' (Useem pp. 58 and 64).

One particular type of networks that is of interest from an information point-of-view is that formed by secret societies. Typically, such societies have a strong hierarchical structure with higher levels

⁴ In fact, the findings of Cohen *et al.* (2008) imply a violation of the Efficient Market Hypothesis in its strong form.

granted deeper access to the society's secrets. Joining these organizations normally requires making a vow of secrecy, with harsh penalties for breaking it. This may culminate in potential death threats - Herdt (1990: 362) gives the example where this is the case with the secret collective of the Mehinaku of Central Brazil and that of the organization surrounding the protection of secret instruments in Melanesia. Secret orders also stress the self-discipline in keeping secrets – Simmel (1906) argues that the collective in the Molucca Islands demanded that initiates were not to 'exchange a word on any subject with anybody, even in his own family' for weeks while the Pythagoreans 'prescribed silence for the novice during a number of years' (pp. 473-475).

Herdt (p.363) further argues that, 'we must not underestimate the use of secrecy to create stratification'. Of course, the precise level of this resultant stratification is difficult to ascertain since secret societies, by their very nature, do not supply information on their members, activities and proceedings. Nevertheless, there is a limited amount of public information that indicates that elites are heavily involved in these clandestine organizations. Jolicoeur and Knowles (1978: 7) point out that many US Presidents, Senators and Congressmen were members of Masonic lodges. In the UK, Prince Michael of Kent is the Grand Master of the Grand Lodge of Mark Master Masons (Walker, 2012). The Italian Propaganda Due (P2) has received perhaps the most attention, including an investigation by a parliamentary commission. Herman and Chomsky talk about 'the penetration of this massive neo-Fascist conspiracy into the military establishment, secret services, press and judiciary.' (1994: 371). Rosenthal (1996: 167) points out that Berlusconi and many of his ministers were members and that the parliamentary investigation revealed that his media empire was financed by Banco Ambrosiano, which collapsed in 1982 following the murder of Roberto Calvi, the fugitive president of the bank. The Venerable Master of P2 (equivalent to the Worshipful Master in Britain) Licio Gelli was nominated for a Nobel Prize in Literature in 1996 (House, 1996). What all of these examples demonstrate is that such organizations have members drawn from the highest strata of society.

3.5 Surveillance and Mass Surveillance

The data that is collected by surveillance is typically only accessible by government agencies and corporations and this imbalance determines the possession of power. People are not normally privy to the data collected on a mass scale even if this data is related to them. Perhaps one of the best examples is that of medical records in the UK: patients have no automatic right to see them, yet they can (and have been) sold to corporations that can make use of them. In many other cases, people are blissfully unaware of the fact that data that has been collected on them, let alone the uses to which it is put.

Lyon (2007: 15), in his literature review suggests that surveillance 'usually involves relations of power in which watchers are privileged'. However, much contemporary analysis of surveillance draws from a more nuanced model, taken from Foucault's (1977) *Discipline and Punish: The Birth of the Prison* where the watched and watchers are interlinked. Foucault draws upon Bentham's (1787) putative structure of an ideal prison: the panopticon. It featured a central tower, occupied by the wardens, which was impossible for the prisoners to see into. By contrast, the prisoners inhabited largely open cells, arraigned in a ring around the tower, and were always potentially visible by any warder within the tower. The prisoners, recognizing that they were subject to intermittent (but potentially omnipresent) surveillance, assume responsibility for their own control, accepting and enacting discipline on and of themselves. One important aspect of this is that prisoners *must* be aware that they may be being observed and that sanctions will follow any aberration from prescribed behavior. If the concept of the panopticon is to be extended to a surveillance society, then the general population must be conscious that they may be being scrutinized. Here, then, whistle-blowers play a different role to the one normally ascribed to them – their function is to draw popular attention to the fact that the citizenry is being watched. That those who act to destabilize information asymmetry typically suffer severe consequences for their actions may simultaneously remind subjects of the cost of resistance to established power structures. Contemporary figures are illustrative: Julian Assange (co-founder and editor-in-chief of the whistle-blower website *Wikileaks*)

has been restricted to the confines of the Ecuadorian embassy in London; Edward Snowden (who leaked classified NSA documents while employed as a private contractor) has been forced to seek asylum in Russia; and Chelsea Manning (born Bradley Manning, who released secret diplomatic and military material to the public) was sentenced to 35 years in prison. Turning back to Lukes, we might comment that such cases demonstrate the penalties from disrupting the *status quo* – such actions may restrict those with genuine grievances and coerce them into a state of forced compliance. This is the social and institutional aspect that Lukes recognizes.

The concept of the panopticon has been utilized in the context of surveillance studies before (see for instance, Hope, 2005 and Jonsson, 2006). As such, it initially appears to capture one aspect of surveillance well – that of being watched. But Foucauldian power-relations are much broader and more pervasive than the panopticon, extending into all aspects of society. Indeed, in contemporary society, the visibility of the guard-tower itself is obscured, which leads to more complex dynamics. Instead, citizens accept contemporary power relations on the basis that something beneficial is offered to them, heedless perhaps of the unseen negative. Thus users of gadgets such as mobile phones, Oyster cards, Wi-Fi, or the Internet perceive them to be helpful, even ‘friendly’. This provides a disturbing analogy to the way that the STASI (officially, the *Ministerium für Staatssicherheit*) conducted its information-gathering. Here, ‘most of the information was passed along to the police by [...] colleagues at work, friends, neighbours, lovers, even husbands and wives’ (Gellately, 1994: 236). After the fall of the Berlin Wall and the opening up of the STASI archives revealed the extent and pervasiveness of informing: ‘all kinds of social relations including the most intimate ones came under stress’ (Niderhafner, 2012: 15). Thus, given the omnipresence of our ‘friendly’ technologies and their hunger for information about us, the STASI may prove a more helpful metaphor for contemporary surveillance than the panopticon.

Continuing with the theme of friendly innovations, much of the increased observation carries with it the promise of benefits for those being watched. In the case of security service monitoring, it is in

the cause of national security and personal safety. But even more mundane applications are resulting in the collection of considerable amounts of data. The putative move to a 'cashless society' is sold on the basis of reducing crime and the 'black' economy. Stores would not have to risk holding large amounts of cash while consumers would be freed from the burden of carrying cash and shown the promise of being able to have a complete record of all their expenditure. Central banks would no longer have to continually replenish the coins and notes in circulation (for further discussion on the claimed benefits see Polasik *et al.* (2012)). The trend towards the 'cashless society' is clearly visible – Garcia-Swartz *et al.* (2006: 179) note that the use of credit and debit cards has increased relative to cash in recent years.

However, the consumer's complete record of their transactions is also held by the bank. And, as we have seen in the case of SWIFT (Bilefsky, 2006), where the Belgian consortium turned over massive amounts of 'confidential transaction information to the Central Intelligence Agency and other American agencies' in contravention of European privacy legislation, such information does not always stay private. Even the supposedly last bastion of privacy in finance – Swiss banking – has fallen. In 2010, the Swiss Parliament agreed to allow UBS to pass details of thousands of accounts held by Americans to the IRS (Mollenkamp *et al.* 2010, Delaloye *et al.* 2012). The greater the specifics of the transactions stored, the greater the potential for surveillance and the 'cashless society' is one in which all economic activities of any individual can be tracked by the authorities.

Banking data is but a tiny fraction of the information that is being monitored. The vast amount of online communication data is routinely stored by Internet Service Providers (ISPs) and searched by the authorities. Until very recently, the EC Data Retention Directive of 2009 required ISPs to hold all communication data⁵ for a period of one year (Richards, 2013: 1941; Ward & Home, 2012: 1). Lyon

⁵ 'Communications data is information about a communication, not the communication itself. Communication data is NOT the content of any communication - the text of an email, or conversation on a telephone. Communications data includes the time and duration of the communication, the telephone number or email address which has been contacted and sometimes the location of the originator of the communication' (Ward & Home, 2012: 7). Email is the focus of our discussion here but it is worthy of note that this directive also

(2007: 42-43) explores how this information is scrutinized through the use of the FBI's Carnivore system that 'sniffs' email messages and the international (and even more powerful) 'Echelon' information-gathering system. Further notice of the degree of surveillance was given by Snowden's revelations of the scope of the NSA's PRISM data-mining program – which also examined the content of electronic communications. One possible solution to such intrusion might initially appear to be encryption of correspondence – but that carries its own risk. Not only do 'sniffer' programs deliberately target such communications, but its use brings further attention from the security services. One colleague from the UK reports that, following encryption of his emails, he was visited by a policeman who, despite not proffering a warrant, asked him to decrypt the communications for the officer's inspection.

Yet even the Internet that we use in our everyday lives is likely to soon be overtaken in size by the Internet of Things (Ashton, 2009; Atzori *et al.* 2010). It uses Radio Frequency Identification (RFID) technology to capture and track the whereabouts of manufactured objects with the ultimate ideal of tracking 'everything' world-wide within a single global network based upon the existing Internet (Albrecht & McIntyre, 2005: 24-25). Effectively, each object has its own unique identity (or website) and can communicate with manufacturers, distributors, suppliers and even with other objects. RFID technology further replaces and intensifies that of barcodes (in that the products no longer need to be presented for scanning) and produces colossal amounts of data – even by 2006 Walmart's centralized database stored more than 500 terabytes of information (Petrovic & Hamilton, 2006, p. 133); double that of the Internet at the time (Hays, 2004). The data has revolutionized Walmart's supply chain, making it the most efficient of US supermarkets (Gilchrist *et al.*, 2012) but it also has created, through combining with data from loyalty cards, considerable knowledge about customers which can be used for commercial purposes or shared with the authorities.

covers telephone communications and this is mirrored in the US by the NSA's MAINWAY program which, it is estimated, holds data on telephone calls that runs into the trillions.

The technology has spread beyond inanimate things. Micro-chipping of pets has become well-established and recently (2012) the US Food and Drug Administration (FDA) approved the use of RFID for the tracking of livestock, despite widespread concerns about the carcinogenic properties of the chips in animals (see Blanchard *et al.* 1999; Elcock *et al.* 2001; and le Calvez *et al.* 2006 for research on laboratory rodents, Carminato *et al.* 2011 for cats, and Vasellari *et al.* 2006 for dogs). In 2004, the FDA also approved specific microtransponder systems as 'medical devices' suitable (and permissible) for implantation in humans (Foster & Jaeger, 2008: 45). The technology potentially allows the tracking of the movement of those implanted, together with a record of the similarly chipped 'things' with which they interact. Unsurprisingly, such moves sparked dissent. Legislatures in California, Wisconsin and North Dakota created laws that explicitly prevented forced or coerced human implantation (Albrecht, 2007) while some religious groups have seen the technology as imprinting 'the mark of the beast'. More commonly, RFID chips are worn and a burgeoning market has been created and aggressively extended (Albrecht & McIntyre, 2005). The most visible implementation is perhaps that of tagging schoolchildren to monitor attendance (upon which, in many American states, the school's income is dependent) (Lyon, 2007: 17; Kravets, 2012). Here, too, there has been considerable resistance with lawsuits launched (again including ones referring to 'the mark of the beast'). Further technological advances suggest that surveillance will not even require such awareness of the monitoring equipment: 'smart dust' seemingly offers the potential of embedding microscopic sensors everywhere, creating and distributing information about people and things (Lohr, 2010; Kahn *et al.* 1999).

Mobile phones offer a rich source of surveillance potential. European legislation historically required mobile phone operators to keep records of all communications for one year⁶ while in the US the MAINWAY is the 'largest database ever assembled in the world' with the aim to capture details 'of

⁶ This was found by the European Court of Justice to be incompatible with the rights to private life (White, 2014), although subsequently the UK at least has reintroduced legislation that partially bypasses the restrictions (Wintour, Mason & Ball, 2014).

every call ever made' (Cauley, 2006).⁷ As phones become more sophisticated, they become more vulnerable. The NSA had found a way of using iPhones as remote eavesdropping devices without the owner's knowledge (CBS/AP 2013). The cameras embedded in smartphones offer similar spying opportunities. Marx (2006) points out that in Japan, phones must emit a sound before a photograph is taken – however this useful warning has not been widely adopted. Smartphones also carry GPS transponders which can be used to track the position of the phone (and by implication, its owner). Governments and companies are alive to this possibility – the Beijing authorities have considered plans for a phone tracking system that would cover 17 million people (Lewis, 2011), enabling them to crush protests. But even this seems dwarfed by the recent revelations that the NSA captures 200 million SMS texts a day (Ball, 2014).

Similarly, CCTV has become ubiquitous ostensibly with a promise of reducing public disorder although, as Monahan's (2006) literature review reveals, there was no evidence that it deterred violent crime (although it did have some impact on vehicular and traffic offences). Recent estimates by the British Security Industry Association put the number in the UK at up to 5.9 million – or one camera for every eleven people (Barrett, 2013). Cameras can be integrated with facial recognition technology to identify subjects. Tesco is planning to use such a combination to target consumers with relevant advertising at petrol stations (Warman, 2013) – while governmental authorities (such as the US Department of Homeland Security) have been testing its efficiency in public places (DHS, 2012). The pervasiveness of cameras scanning public spaces seems to be on the cusp of extension to private, personal space. The X-Box One caused a furor when it was announced that its attached camera would be 'always on, always watching' (Andrews, 2013). Yet there is little attention paid to the fact that all laptops and PCs with webcams are also always potentially on. The *Washington Post*

⁷ As we write this paper, there is a continuing legal battle as to the legitimacy of the government's collection of telephone data. A federal judge in December 2013 ruled that the NSA's collection and storage of phone data was 'almost certainly unconstitutional', although the government is appealing the decision (Nakashima & Marimow, 2013; Horwitz, 2014). The latest position appears to be that the President and the US Senate are coming close to agreement on a bill that sets out the terms under which the NSA can collect data (Bennett & Phelps 2014).

reports that one of the techniques used by the FBI to monitor suspects is the remote activation of the computer camera, while disguising its use by not illuminating the camera-on light (Timberg & Nakashima, 2013). Ackerman & Ball (2014) report that GCHQ intercepted the communications of 1.8 million Yahoo webcam users in one six-month spell, including between 3 and 11 per cent that contained 'undesirable nudity'.

The latest Samsung Smart TV range comes with camera, Internet connection, face recognition, voice and gesture control. Although at the moment it is unlikely that anyone *is* watching, Orwell's (1949/1984) prediction is eerily prescient:

The telescreen received and transmitted simultaneously. Any sound Winston made, above the level of a very low whisper, would be picked up by it; moreover, so long as he remained within the field of vision which the metal plaque commanded, he could be seen as well as heard. There was of course no way of knowing whether you were being watched at any given moment. How often, or on what system, the Thought Police plugged in on any individual wire was guesswork. (p.158).

We shall return to the Foucauldian implications later. But for now, we would like to point the interested reader to the multiplicity of other intrusive technologies that we have skipped over for reasons of space. These might include the ability to be tracked while using public transport through the use of smart tickets such as OysterCard, plans to install transponders in all manufactured vehicles in Europe by October 2015 (Beckford, 2014), smart meters that monitor electricity use (Ray, 2012), old-fashioned phone hacking and tapping, the monitoring of refuse in domestic rubbish bins, the use of commercial waste bins to provide Wi-Fi hotspots (that also track the movement of subscribers) (Cookson, 2013) , and, perhaps most important of all, DNA databases. In the UK, in 2005, this was estimated to hold biometric data on 3.45 million individuals (Lyon, 2007: 113). The above examples, we believe, demonstrate the omnipresence of surveillance technologies in our everyday lives and the impetus for their further intensification.

4. Leaving and dealing with the outcomes of surveillance and information asymmetries

Richards (2013: 1935) argues that ‘surveillance is harmful because it can chill the exercise of our civil liberties’ as well as stifle creativity and restrain intellectual activities. Evidence from where the extent of surveillance has been unmasked (such as Libya under Gadhafi, Syria, China, Burma and Iran – see Villasenor, 2011) shows the potential for intrusive data collection. Villasenor documents how authoritarian governments are able to monitor Internet usage, track mobile telephones and record conversations, access and read emails. He demonstrates that much of the equipment for such surveillance is sourced from developed countries and the latter revelations stemming from Snowden where such technologies were deployed against citizens in the West would have come as no surprise.

The information gathered delivers the holders increased power to persuade. This might, at first *blanche*, appear harmless or even relatively benign, as in the case of targeted marketing or crime-fighting. But the same technologies are just as easily deployed to serve state coercion, blackmail or discrimination, as Richards (2013) warns. But the two are not as distinct as first seems: as far back as the 1940s, extant ‘big’ data in the form of the ‘census records by the American, Canadian, and German governments during the Second World War [were used] to identify citizens to relocate to the Japanese internment camps in North America and the concentration camps in Europe.’ Richards (2013: 1956) (see also Lyon, 2007: 30). Even targeted marketing seems to creep beyond the original, beneficial remit: consumers, once linked to their spending patterns and implied wealth (via store cards and Internet activity), are graded by a system of ‘social sorting’ and selected. The careful identification of ‘appropriate’ target groups means that some are offered discounts and benefits while others are steered in the opposite direction. Perhaps the most explicit example is in banks –

where the affluent are offered funds with the lowest fees and often the highest returns, while those without substantial wealth get more expensive, poorer performing products.

Sometimes the screen is lifted and we get an inkling of the extent to which we are being surveyed. Whistle-blowers, such as Assange, Snowden or Manning, have brought into the public domain evidence of how government intelligence agencies operate. The reaction to such disclosure has been mixed, and the discussion about surveillance is often (perhaps deliberately) drowned in angry debate about the motivations and actions of the whistle-blowers compared to the necessity of keeping the state safe. This effect has often been remarked upon: Zimbardo (2007: 227) argues that 'alleged threats to national security have frightened citizens into willingly sacrificing their basic civil rights to gain an illusion of security'. Lyon and Heggarty (2012) posit that this took on a new intensity following 9/11, with greater surveillance in the name of security overriding the principle of the rule of law. Lyon (2007: 29) sees this as potentially a new, permanent state: 'It is hard to see when a 'war on terror' might end [...] War means crisis and crisis means special measures.' Since there is no 'visible' enemy that can be vanquished, there is no means of 'winning' the war, and thus the special measures continue indefinitely.

National security aside, surveillance has been well recognized within the organizational literature. Employers have the possibilities of monitoring the performance, behavior and personal characteristics of workers through a range of technologies. These include clocking-in, drug-, medical- and psychometric-testing, GPS tracking, CCTV, Internet, email and telephone monitoring, mystery shopping, swipe cards, biometrics and lie-detector tests (Ball, 2010). Sewell and Barker (2006) point out that the literature on organizational surveillance has become polarized, with two distinct perspectives co-existent. On one side, proponents list the potential advantages that include productivity improvements, beneficial disciplinary effects with the reduction of disruptive behavior and theft, as well as the mitigation of legal risks. Against this, opponents point out that such systems may meet worker resistance and attempts to nose out the 'blind spots'. Unfettered, they reduce worker autonomy and the ability to exercise discretion as well as undermining their civil rights.

Surveillance systems do not always work in the way intended. Ball (2010: 99) points out that workers are sometimes able to appropriate 'the means of surveillance to stare back at their employers'. In such cases, systems designed to fortify the power of the leaders are instead used to undermine them. Scrutiny of others is not restricted to the weak: recent revelations have revealed the extent of NSA eavesdropping on the German Chancellor (Oltermann 2014), severely undermining relations between Germany and the US. The aim here may not (at least immediately) be the disciplining of errant subjects, but the collection of information (Smith-Spark 2013). Intelligence agencies worldwide all understand the power that comes from holding better information than your counter-party.

Readers will have their own opinions about the above technologies and their impact in the workplace. However, even systems that initially appear designed to assist workers can become seriously detrimental. Collinson (1999) reports on some of the causes of the Piper Alpha North Sea oil-rig disaster that claimed the lives of 167 people. His paper highlights how a system that was designed to promote a safety culture by monitoring accidents, when combined with performance management, resulted in 'defensive practices' on the part of workers. Since accidents that were reported resulted in sanctions, workers deliberately left them unreported or tried to diminish their importance. In this way, the accident statistics were consistent with an ideal of good practice, but seriously under-represented the risks on the rig. Hoskin (1996) points out that this is inevitable – any measure that can become a target, will do so, and in so doing, lose any efficacy as a measure.

The behavior that Collinson reported has been picked up by several other studies. Knights and Willmott (1985) show how specific behavior resistant to the desired outcomes of the systems planners is generated. Knights and McCabe (2000) take this further in demonstrating the paths to resistance that remain open even in a more totalizing management regime, such as TQM at a bank. Here, workers found that they were faced with the choice of reporting cash discrepancies correctly, risking disciplinary action, or 'fiddling' the cash and avoiding repercussions. Knights and McCabe

suggest that the positive side of this is that even in the face of oppressive regimes, workers are still able to retain some autonomy. Also, as Alferoff and Knights (2008) demonstrate, where competing targets are used, workers and managers find space to negotiate the interpretation of the statistics produced by surveillance systems. Bain and Taylor (2000) insist that the metaphor of the panopticon is considerably overstated – taking the example of call-centers where intrusive monitoring is widespread, they describe how workers are able to use tactics to defeat observation. These include: watching the observer to see where scrutiny is being directed; leaving the line open after a client has hung up to give an impression that they are still occupied; pretending to be talking to clients on the telephone; and providing minimal and misleading responses to customers (see also Ball, 2010).

Arguably, in the examples of the oil-rig, the bank and the call-centers above, the effects may be due to deficiencies of the surveillance systems. In that, they mirror problems of less technologically advanced control regimes. However, we would suggest that technological progress has been and will be unable to mitigate some of the negative unintended consequences that arise. This can be explained in at least two ways. First, the act of being observed engenders a range of (typically negative) psychological reactions and secondly, as Knights and Willmott (1985) point out, power and resistance are intertwined.

In a report on the reactions to electronic monitoring systems, Henderson *et al.* (1998) show that individuals placed under scrutiny experienced increases in both heart rate and blood pressure, indicating higher stress levels. Yet, they also noted that there was no increase in performance among their test subjects. In a review of the literature, Stanton (2000: 101) corroborates the finding that performance monitoring can be a stressor. A survey of employees of AT&T by Smith *et al.* (1992: 17) found that electronically monitored workers ‘perceived their working conditions as more stressful, and reported higher levels of job boredom, psychological tension, anxiety, depression, anger, health complaints and fatigue’. They classify the complaints that employees registered into

musculoskeletal, psychological and psychosomatic, including problems such as shoulder stiffness and soreness, back pain, headaches and exhaustion.

In terms of performance, Stanton (2000) and Aiello and Svec (1993) report that while performance on simple tasks may be enhanced by observation, its effect on more complex work and operations demanding learning is detrimental. However, Stanton and Barnes-Farrell (1996) found that even relatively simple tasks, such as comparing database records, can be impaired by electronic monitoring. A key driver here is, they argue, the perception of personal control that workers have over their environment. Chalykoff and Kochan (1989) document that workers contentment with a monitoring system influences job satisfaction and, in turn, this affects employee turnover. Overall, then, the picture given is that monitoring gives rise to a series of unintended effects.

Workers may show resistance to being placed under surveillance in line with the theory of psychological reactance suggested by Brehm (1972) and Brehm & Brehm (1981). Reactance theory suggests that individuals, when their personal freedom is restricted, will act in ways that attempt to restore their autonomy. The more severe the threat, the more intense the reaction. In situations where monitoring is seen as impinging on freedom, then the reaction is likely to be a strike against the authority imposing it. Lawrence and Robinson (2007) make the link between the lack of workplace autonomy and resistance expressed as deviance. They point out that although deviant acts might be regarded as counter-productive to the organization, workers may find that they restore their freedom and self-respect. Their article gives examples of such behavior which may include 'vandalism, theft, or sabotage' aimed at the organization and 'gossip, scapegoating, or physical assault' towards individuals (p.385). Similarly, Jensen and Raver (2012) note that self-management can promote favorable attitudes towards the employer. However, if managers do not relinquish control, and continue to monitor workers in such a self-management environment, counterproductive work behavior ensues.

Such detrimental psychological effects are not just inflicted upon the disempowered but also upon those who enact the systems. The notorious Stanford prison experiments demonstrated how, in less than a week, students could wholeheartedly adopt roles of prisoners and guards, and take it to almost mediaeval levels of punishment (Zimbardo, 2007), with guards becoming sadistic and prisoners 'zombie-like in their mindless compliance, obeying absurd orders' (p 181). The surveillance society differs in the lack of personal immediacy but the separation out of 'guards' and 'prisoners' analogy seems to hold. And, in organizations where accountability only flows one way, we should not be surprised if we see similarly dysfunctional behavior emerging. From a psychoanalytical perspective, Stein & Pinto (2011) illustrate how the 'dark side' of managerial groups can emerge. Taking this analogy to a political arena, one might suggest that it is inevitable that power will corrupt.

The obvious question that then emerges is *quis custodiet ipsos custodes?* (Who watches the watchmen?) The recent consternation sparked by the Snowden revelations was, in part, that the answer was unclear. Even mature democracies, with centuries of spying under their belts, seemed to be incapable of working out what the bounds of surveillance of their citizens could, or should, be. Nor indeed, what structures should be in place to oversee security operatives and the information stored, not least when lines of accountability seemed to have been thoroughly shattered as private companies have been increasingly employed to collect, analyze and keep the data. There has been disquiet about the seemingly continuous new breaches of hitherto sacrosanct areas of privacy, both from a range of single issue groups, such as Consumers Against Supermarket Privacy Invasion and Numbering (Caspian), to broader privacy campaigners such as Privacy International and the Electronic Privacy Information Centre, and many politicians of different stripes. However, the encroachments are on so many fronts, and the opposition so fragmented, that although there may be the occasional small victory, there appears little prospect of reversing the general trend. These prospects have never looked positive: Rule (1973: 42) pointed out that even at the time of his writing the impetus was for 'more and more effective forms of mass surveillance and control.'

Similarly, Dandeker (1990) argued that the technological tools necessary for surveillance to be effective as a means of administrative power continue, and will continue, to develop.

One potential, and possibly democratic, move would be to ensure that knowledge is spread more equally and transparently. Simmel (1906: 447-8) suggested that, 'If there were such a thing as complete reciprocal transparency, the relationships of human beings to each other would be modified in a quite unimaginable fashion.' We concur. Imagine a cashless society in which all transactions are recorded, and which are easily observable by any member of this society. Engaging in criminal activities would be futile since any proceeds would become instantly visible to everyone. Discrimination by employers at the workplace would be similarly rendered impossible – the evidence of systematic prejudice in wages would swiftly be recognized. Exploitative practices by corporations would no longer be shielded by commercial confidentiality and politicians would be stripped of their power to drag their nations into wars under false pretenses. A secret service would become a contradiction in terms, as a lack of secrets would render it obsolete. While such a society has a certain appeal, the flip side is that privacy has effectively been abandoned. Yet in our current society we are seeing a similar erosion of privacy. Only it is not our peers that pry on us but unaccountable government agencies and corporations. This leaves us with two issues. The first is that we should, as a *demos*, be able to determine how much privacy we keep and how much surveillance we suffer. And, if we are to curtail our rights to privacy, we should determine who holds that information and for what purpose – whether it be available to all or to a select few.

The path through this thicket is complicated. While we do have the right to vote, and thus to choose at least some of our politicians and the policies that they stand for, our rights become much more diffuse with organizations. Corporations, quangos and partnerships are substantially less democratic and frequently ignore objections of stakeholders. We have already discussed how they create information asymmetries in their HRM systems and how they collect and protect business intelligence. It is worth noting that companies also collect vast amounts of information on their

customers through, for example, loyalty cards and those who are unwilling to surrender their privacy for a handful of vouchers lose out. Theoretically, abuses of surveillance and information asymmetry can be restricted through regulation since organizations are expected to comply with the law of the land where they operate. However, laws are enacted by politicians, and they seem to have an inherent conflict of interest since they can be the beneficiaries of information asymmetries created. There is considerable evidence that law enforcement and security agencies routinely work with corporations to sift data collected, even without a warrant (Albrecht, 2001). Such relationships can be formalized – the InfraGard program links the FBI with private sector ‘partners’ to provide the means of coordinating access to a range of databases. Additionally, political oversight is further diminished when corporations are involved in the drafting of the laws that pertain to them. It may be that a greater separation between the state and corporations could be enforced by the requirement of a warrant to access any data external to a government agency, such as customer records. In that way, some of the conflict of interest would be diminished and better regulation could follow.

It is unlikely that there will be change emerging from corporations themselves. Shareholders are seen as the primary means of holding the managers of corporations to account, yet shareholder power has never been strong and the concentration of ownership has done little to alleviate this (Davis, 2009). And, of course, as we outlined earlier, corporations see value in collecting information that is not held by their competitors. Advances in customer relationship management require greater amounts of data about clients in order to tailor products and increase marketing effectiveness. Once again, a conflict of interest militates against change. Since higher earnings and dividends may be dependent on large amounts of private information, it is unlikely that any changes will be instigated by either shareholders or managers.

From the above, it seems apparent the increasing shareholder power would not be a solution. Indeed, Gaverta and Cornwall (2008: 180-1) suggest that simply developing participatory processes

carries 'the danger ... that existing power relations may simply be reinforced, without leading to substantive changes in policies or structures which perpetuate the problems being addressed.' More generally, knowledge that is sorted within a pyramid of privilege will always carry the risk that power structures will endure – and this is a further question that will need addressing. Orwell (1949/1984: 321) pointedly remarks, 'In the long run, a hierarchical society was only possible on the basis of poverty and ignorance.' While here we do not delve deeply into the issues surrounding the economic dominance by elites, we cannot avoid consideration of the implication what could be considered the 'orchestrated ignorance and poverty' of society, or as (Mirowski 2013: 227) puts it, the deliberate fostering of agnotology. The evidence is clear: political and commercial leaders purposefully withhold information from the rest of society – information that is currently being gathered on an unprecedented scale. We should not be surprised with such developments as information asymmetrification provides a foundation on which the existence of elites is built and possibilities of strengthening that asymmetry will be enthusiastically sought.

5. Conclusions

This paper has engaged in a wide-ranging discussion of the issues of power and information imbalances in contemporary life. We argue that the differentials created should not be merely seen as a passive fact – rather information asymmetrification is an active and ongoing process. Our paper uses a multi-disciplinary approach to elucidate the relationship between such asymmetrification and how power is ineluctably interrelated to ensuing imbalances. The approach integrates themes running through different fields of the social sciences, thus providing a broader perspective than that delivered by any single discipline. More specifically, we try to unite the theoretical construct of asymmetric information from the field of economics with the political and social view of power developed by Lukes (1974). Lukes' approach enables us to explicate that which fails to manifest, while economics is helpful in comprehending the material value of knowledge.

According to Lukes, those in power will attempt to align the desires and preferences of wider society with their own objectives. Mass media and the education system are important tools in this enterprise. Lukes further refines this in his three-dimensional view of power, where he identifies the socially structured actions of institutions as crucial to maintaining the *status quo*. Partly, this works through ‘non-decisions’ of individuals who find that the avenues of opposition to existing power and information structures are scarce, and acts of resistance are hazardous due to the existing institutional structure. Economics, on the other hand, delivers insights into the value of private information to the few and the detrimental consequences of not sharing this knowledge with the many. As this paper demonstrates, this discipline has recognized the deleterious effects of information asymmetry for both decision-making and for capital markets, with consequences for societal well-being. Economics also helps to explain why we have legal restrictions on information flow imposed within organizations and across society, as well as why exclusive networks are created and maintained. We contend that since power is dependent upon the control of information, and *vice versa*, a deeper understanding of the networks in play demands consideration of both elements.

Within this theoretical scaffolding, we demonstrated how key technologies and techniques have been, and continue to be, employed to deepen and widen the information gap. Unsurprisingly, we note that there are marked differences between those who inhabit the opposite banks – we are witnessing an entrenchment of power and information within a small, exclusive group on one side while the general population bears the weight of evermore intrusive surveillance. Often, this surveillance is not acknowledged as such, since much of it is conducted through technologies that hide behind a veneer of helpfulness and friendship.

Societies should carefully consider, given how heavily costs to all outweigh the private benefits to the powerful, how much information should be collected and who should have access to it. As a minimum, we need to consider the level of democratic oversight and institutional accountability over data collection, handling, processing and dissemination. Beyond that, members of society

should be able to voice their preferences with regards to privacy and information access. Although technology activists argue that information wants to be free (Brand 1987: 202), we contend that the freedom to collect information has been at the expense of individual freedom of the general public.

Although questions of freedom are relevant to everyone, we are conscious of our role as academics in framing aspects of the debate. We would suggest that when considering such issues, future research should draw insights from across the social sciences and beyond. Our approach has drawn insights from political theory, sociology, psychology, economics, finance, technology studies and media and communications – but these are not the only avenues that could be explored. We believe that the subject is so complex that it can only be elucidated by intersecting several disciplines.

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