

THE CRISIS AND BERNIE MADOFF: CAPITALISM, MEDIA, AND
CULTURE IN THE US AND UK

by

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A dissertation submitted to the Graduate Faculty in Sociology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

2013

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This manuscript has been read and accepted for the
Graduate Faculty in Sociology in satisfaction of the
Dissertation requirement for the degree of Doctor of Philosophy.

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Abstract:

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CAPITALISM, MEDIA, AND CULTURE IN THE US AND UK

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During the maelstrom of uncertainty and panic produced by crisis of 2007-2008, the “Bernie Madoff” Ponzi scandal erupted into headlines in the US and UK press. The punitive responses and corresponding discourse surrounding the case were remarkable as social scientists have generally focused on the ‘criminological’ poor and ‘street’ crime, not wealthy financial fraudsters or white collar crime, under a presumption of public apathy. What themes emerged from this discourse, and what was their significance during a time of financial crisis? Were there differences in US coverage versus that in the UK, and what did this say about culture and capitalism? This dissertation, contributing to the literature on crime and media, follows the work of Lynn Chancer on high profile crimes using a mixed methods, comparative approach. Content analysis of 8 newspapers was performed using the qualitative research program Atlas.ti, and interviews with major journalists, editors, SEC officials, and Bernie Madoff were conducted. I explore how the Madoff case provided an intelligible, human narrative through which issues seen as causing the crisis and threatening capitalism could be explored, contested and solutions proposed. I also argue that the entire cultural performance of seeking harsh justice for Madoff provided a symbolic resolution of the dissonance that emerged as a result of the financial crisis, but left unaddressed the deeper structural problems with free market capitalism that allowed for the commission of a financial fraud of this scale.

Acknowledgments

When I was an undergraduate, Professor Silvia Federici imparted that writing is like building a house—without a strong foundation, without careful planning, everything that is built on top of that foundation is doomed to collapse. The metaphor of writing as house-building was apt in more ways than one. The production of this dissertation required for its construction the participation of many—be it for material, engineering advice, or to bolster my spirits as the weight of the floors seemed to become too heavy.

My deepest thanks go to my adviser, Lynn Chancer. In addition to her own work serving as an inspiration for the current project, her careful cultivation of this project through its evolution, her kind guidance, wisdom, theoretical insight, and support at all stages were invaluable. Our many meetings at cafes throughout Park Slope always provided me with a path for progress and challenged my thinking, but also gave me the sense of enthusiasm necessary for such involved endeavors.

Much gratitude is extended to the members of my dissertation committee, Michael Jacobson and Jock Young, for their thoughtful commentary and suggestions not only for the dissertation, but for its ‘afterlife’ as a book.

I am truly appreciative to each of my interviewees, including John Nester from the Securities and Exchange Commission, Bernie Madoff, and to the two dozen UK and US journalists and editors from *Daily Mail*, *Daily Mirror*, *Daily News*, *Guardian*, *Independent*, *London Times*, *New York Times*, *New York Post*, and *Washington Post* who, often in spite of being on deadline, shared their invaluable thoughts and experiences with me. More than that, I am grateful for their enthusiastic encouragement of me to pursue this work. You have convinced me that journalists are indeed, at heart, sociologists—but with better time-management skills. In particular I am grateful to Diana Henriques of the *New York Times* and author of *Wizard of Lies*, who shared so willingly of her knowledge, passion for the topic, and for her help in reaching others.

Thanks to my colleagues at the CUNY Graduate Center, Dr. Yolanda Martin, Sandra Trappen, Christina Nadler, and Kimberly Cunningham for their advice, friendship, and support.

I am thankful to Silvia Federici, as a mentor and friend she guided me through my moments of despair and discouraged me from consigning myself to a ‘bastion of elitism.’

To my mother and *anam cara* Patricia Duggan, with endless appreciation for life, joy, and for imparting that the essential is only seen rightly with the heart, and to my father Mehmet Eren for giving me an early appreciation for Don Quixote.

And to Elias Hernandez with infinite gratitude for always being “that wonderful,” for his unwavering encouragement for me to pursue this work, and yet most importantly for his gentle reminder that I could always walk away from it and still be loved. That reminder liberated me to write.

For Ronnie and Larry

The Crisis and Bernie Madoff:
Capitalism, Media, and Culture in the US and UK

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Chapter One: Introduction

In 2008-2009, the world was catapulted into a recession declared by the International Monetary Fund to be the worst economic crisis since the 1930s.¹ The collapse of the risky US subprime mortgage market in late 2006 had led to a catastrophic domino effect as record number of mortgage defaults impacted mortgage-backed securities which in turn threatened the liquidity of banks holding the now toxic assets. By September 2008, “most of the largest financial institutions in the United States...suddenly became insolvent”; a lending freeze and a credit crisis ensued. “An atmosphere of panic” spread through the United States and, as the year progressed, through the United Kingdom.² It was not only those in the financial sector who felt fear as the system seized up and revered bastions of finance like Bear Stearns and Lehman Brothers faltered. Indeed, within the first three quarters of 2008, household financial assets in both the United States and the United Kingdom had decreased a full 8 percent in value, and housing assets were evaporating with the falling housing prices.³ Unemployment in the U.S. soared to 10 percent, in the U.K to 7.9 percent. And although the unemployment rate in the U.K. was numerically lower than that in the US, it sustained a more severe crisis than the United States, with output losses greater than any other recession after World War I.⁴

Out of this maelstrom of uncertainty and panic, the Bernard “Bernie” Madoff financial crime scandal erupted into the headlines just as the tumultuous year of 2008 was drawing to a close. Madoff, a 70-year old former non-executive chairman of NASDAQ, a respected New York philanthropist, a successful market-maker with a highly successful brokerage firm, and ostensibly a wizard fund manager, was ingloriously arrested in his Upper East Side penthouse on December 11th 2008. He was turned into the FBI by his adult sons, Andrew and Mark, after

confessing to them that he had singlehandedly orchestrated the largest Ponzi scheme in history, one that spanned across the globe in an unprecedented manner. David Sheehan, the Madoff Trustee’s Chief Counsel, writes that “Madoff money has moved through scores of jurisdictions including Kuwait, Monaco, Panama, Singapore, South Korea, Taiwan, the Netherlands, and the United Arab Emirates....investigations and proceedings [have also gone on] in France, Liechtenstein, Luxembourg, Austria, the United Kingdom, Spain, Gibraltar, and Israel.”⁵ Madoff’s Ponzi also had the unusual distinction of being the longest running in history, which he claimed began in the early 90s. But by late 2008 he could no longer keep up the charade in spite of his best efforts as his frightened investors, reeling from the crisis, requested billions in withdrawals from his fund—billions he simply could not return.

“On paper” losses to investors were projected to be up to a staggering 65 billion dollars (actual losses are estimated around 20 billion, according to the Securities Investor Protection Corporation trustee, Irving Picard).⁶ This was an enormous sum even in an era when the public was becoming inured to huge losses. His list of victims included large, reputable banks with international reach including HSBC, Royal Bank of Scotland, Banco Santander, numerous charities such as the JEHT Foundation and Elie Wiesel Foundation for Humanities, universities like NYU, Yeshiva and 13,567 individuals and featured a star-studded list of celebrities including John Malkovich, Kevin Bacon, and Steven Spielberg.

From the time of his arrest to his sentencing on June 29th, 2009 to 150 years in prison, to his incarceration in Butner Federal Correctional, to the tragic suicide of his son Mark and beyond, there has been an unusual explosion of interest in, and emotional responses to Madoff, his family, his victims, and his crime. While the intimate details of his personal life were mined and his was lifestyle exposed—the yachts, homes in the Hamptons, the share in a private jet--

Figure 1.1



punitive, angry discourses abounded in newspaper articles and editorials in the US and the UK. In March 2009, *New York Magazine* released its cover story by Steve Fishman “Bernie Madoff, Monster” with a shopped image of Madoff, grinning sinisterly as the Batman villain Joker (see figure 1.1) Questions about what type of punishment would be appropriate for Mr. Madoff produced suggestions such as the lifelong cleaning of latrines from noted retributionist and professor of law Robert Blecker. Op-eds,

letters to the editors, blogs and newspaper articles castigated white collar criminals, even demanding their execution. The Madoff case provided a lightning rod as the question of how to punish those who were responsible not only for the Ponzi scheme but for the financial crisis in general became a matter of public speculation.

The responses were remarkable, as social scientists and criminologists have generally focused on the “criminological” poor and ‘street’ crime, not wealthy financial fraudsters or white collar crime. Indeed, David Friedrichs in *Trusted Criminals: White Collar Crime in Contemporary Society* notes that a content analysis of 3700 books and articles on crime-related topics published until the mid-1970s showed that only 1.2 percent of these dealt specifically with white collar crime,⁷ while a 2010 ProQuest search of 2.7 million dissertations and theses using the key terms “white collar crime OR financial fraud OR financial scandal or financial crime”

produced a meager 47 documents. Scholars concerned with trends and attitudes towards punishment for crime like James Q. Whitman or David Garland typically do not even note that they will be excluding white collar crimes from their analysis. It is taken for granted that they will be discussing ‘street’ or violent crime. Others writing from a Marxist perspective like Jeffrey Reiman in *The Rich Get Richer and the Poor Get Prison* or David Greenberg in *Crime and Capitalism* have analyzed the way media constructs the crimes of the poor (and thus diverts attention *away from* white collar crime—theorizing that could not explain the Madoff phenomena), and the ways in which agencies of power under a capitalist system ensure that the harshest punishments are reserved for those without capital.⁸ When white collar crime has been addressed, apathy on the part of the public, and laxity on the part of penal institutions have been understood, as noted by Holtfreter et al in “Public perceptions of white-collar crime and punishment.”⁹ Quinney went so far as to say “although the violation of the laws and regulations is defined as crime...the white collar offender is likely at most to regard himself as a lawmaker rather than a criminal...*even the public is unlikely to regard the violation of such laws as a crime.*”¹⁰ Due to the fact that some laws are recent or complex, he claims that the proscribed behavior might be considered normative within the business, or that the public would be largely ignorant as to whether or not this action is legal.

However, reaction to the Madoff case, and even presumed financial chicanery during the crisis that was only morally dubious but not unlawful, could hardly be characterized as apathetic, or even nonviolent. Professor Chris Knight was suspended from the University of London after he suggested that protestors would be “hanging a lot of people...from lampposts on April Fool’s Day and I can only say let’s hope they are just effigies.”¹¹ In *The Economist*, a leading headline in March 2007 read “Capital punishment: American banks need to do more than let a few heads

roll.”¹² Many commentators were vociferous on the matter. In *Business Week*, Phil Mintz discussed how American outrage against AIG has resulted in discourses about the popular rage advocating that AIG executives commit suicide and undergo an Inquisition.

Public and media responses to these crimes and perceived transgressions by those in banking are of importance and interest to social scientists for several reasons. First, they contradict the belief that white collar crime is always ignored or minimized. Second, the responses are important because they reflect not only reactions to the crime itself, but the crime in the context of a particular economic/historical/social moment of *crisis*. Last, they are responses to *financial crimes* which, as Friedrichs aptly notes, “*threaten the integrity of the economic system itself.*”¹³

While it is interesting to examine white collar crimes which do not pose such an enormous danger to the continuance of a capitalist mode of production in the United States and Great Britain (such as phone scams, identity theft, or medical fraud), the cultural responses to finance crimes are even more informative as they challenge American or British persons living under a system of capitalism to consider the possibility that something is seriously flawed in their economic system, their culture, and in their entire world order. This world order might even be capable of collapsing. Financial crimes, (i.e. large-scale illegality...in the world of finance ...committed on behalf of major financial institutions, such as banks, or for the benefit of individuals occupying financially privileged statuses...[involving] vastly larger [monetary] stakes.... closely intertwined with corporations and financial networks”¹⁴ threaten capitalism’s ideology and smooth functioning in a way analogous way to terrorist acts. George W. Bush famously urged Americans to “go out and shop” after 9/11, thereby reaffirming their confidence

in the economic system after such a powerful symbol of capitalism as the World Trade Center was annihilated.

I became interested in the question of how financial crimes take on significance and are interpreted and processed in different societies in times of crisis during the extraordinary media sensation of the Madoff case, which was also fascinating in its international reach, spilling over the borders of the US and entering the mainstream media overseas—notably in the United Kingdom where, as discussed further in chapter two, there are strong bases for comparison with the United States. Initially, I had planned on comparing media/social responses to the most covered financial crimes since the beginnings of the neoliberal period in 1980 to the present in the US and the UK. To this end, I performed an extensive archival search from 1980 to 2009 of *The New York Times* and *The Times* (London) using Lexis Nexis research databases, and recording the most significant cases in terms of how frequently the press covered the case or used the case as a point of reference. Strikingly, from this 30 year period, the Madoff case emerged in both countries as one of the most reported and referenced cases, garnering an enormous amount of international attention during a time in which both countries were experiencing severe economic recessions. Rather than explore in limited fashion many financial crimes over a thirty year period, then, I decided that Madoff should serve as the primary focus of a comparative case study of media responses in the US and UK to this financial crime during a period of economic crisis.

The sociological implications of such a phenomenon as the Madoff case must be teased out. Questions I sought to answer included what narratives, themes, symbols, and discourses emerged and what was their social and historical significance? In other words, how was the story told? How were the key players involved (Madoff, his family, his victims, and law enforcement)

portrayed? How did the background of the financial crisis come into play? In what way were class issues and social inequalities exposed and contended? Importantly, as this work looked at both the United States and the United Kingdom, what were the differences in coverage between the two countries, and what did these differences imply about the cultural bedrock in the US and the UK?

White Collar Crime and the Sociology of Media

There is a rich body of scholarship on crime and media from which this work builds on, and departs from. Within this broader discussion of media and crime, most essential to *The Crisis and Bernie Madoff's* theoretical grounding is sociological and criminological literature that has treated media coverage of crimes as meaningful cultural artifacts revelatory about social attitudes, beliefs, configurations of power, and ideologies during specific socio-historical periods. For scholars who have written with this orientation, news coverage is not only indicative of individual reporters' or organizational judgments and agendas and therefore unidirectional (as Sacco implies in his "Media Constructions of Crime").¹⁵ Coverage of crime is not seen, as Edwin Sutherland claimed, to be solely a reflection of hegemonic corporate power over media outlets which in turn present biased reportage emphasizing street crime, nor as a form of social control as Ericson, Baranek, and Chan have claimed in *Representing Order: Crime, Law, and Justice in the Media*.¹⁶ Rather, while structural considerations must be taken into account, the literature upon which I have drawn treats media coverage also as dialectical: the public, with their collective attitudes and beliefs, influences it and the public, in turn, is

influenced by the coverage. The coverage is imbued with collective meaning and rooted in a specific socio-historical milieu.

Amongst those who have broadly theorized this mobius strip- like relationship between the symbolic representation of crime in the media and cultural beliefs and values are Gregg Barak and Jack Katz. Barak writes “commodities of news production and the images of social reality that they invoke are inseparable from their cultural histories... mediated characterizations of crime and criminal justice, of criminals and social control, projected in news presentations are representations themselves of culturally shared visions accessed through commonly unfolding historical narratives, in which average people and most journalists come to know crime and justice in developed societies.”¹⁷ In Jack Katz’s “What Makes Crime News,”¹⁸ Katz uses content analysis of newspapers to answer the question of what the social meaning of news about crime, and what makes for newsworthy crime stories. He finds several recurring themes in the reportage, all of which underscore the need for crime news to appeal to the moral sensibilities of the readership. Although Katz implies that there is a didactic quality to the news, he also implies that there is a process through which the moral issues raised elicit responses that are not predetermined by news agencies: “People recognize and use the moral tale within the story to orient themselves towards existential dilemmas they cannot help but confront...crime news is taken as interesting in a process through which adults in contemporary society work out individual perspectives on moral questions of a quite general yet eminently personal relevance.’

From among the works which have gone beyond general theorizing about the social meaning of the news about crime to examine specific media representations of crime from this perspective, notable are Lynn Chancer’s *High Profile Crime*¹⁹ and Helen Benedict’s *Virgin or Vamp: How the Press Covers Sex Crimes*.²⁰ Chancer, basing her analysis on interviews and

content analysis of newspapers, explored how violent crimes receiving national attention such as the OJ Simpson murder trial and the Central Park Jogger case. These cases involve controversial issues concerning racial and class biases which become vehicles through which social issues could be expressed and contested. Benedict, also utilizing content analysis and interviews, focused on sex crime cases in the US media like the Mike Tyson rape case, showing how the news media both reveals and perpetuates rape myths in American culture.

As can be expected, most of the literature exploring crime in the media has focused on violent crimes. Those working on white collar crime have tended not to focus on its representation in the media (except to describe the *lack* of discussion of white collar crime therein). Renowned sociologist of white collar fraud Gilbert Geis, for instance, dedicated a meager two pages in his *White Collar and Corporate Crime* to the ‘mass media’ and ‘corporate scandals’²¹ while those working on crime’s representation in the media have often omitted white collar crime. Greer and Jewkes analyze representations of crime and how these often “Other” and demonize deviants, but focus on the socially marginalized or perpetrators of egregious violent crimes.²² The gap in the scholarship is therefore significant. Only a few sparse examples exist, prior to the 2000s, of work on the social meaning of white collar crime news. Wright et al.’s “The Social Construction of Corporate Violence: Media coverage of the Imperial Food Products Fire” is one such example.

Only within the past 10 years have articles such as those of Levi and Williams emerged in the literature on how white collar, and specifically financial crimes, are *portrayed* in a given socio/historical context. Williams’ valuable “The Lessons of Enron: media accounts, corporate crimes, and financial markets”²³ encourages white collar crime scholars to “move beyond a narrow realist stance and engage with discursive and symbolic aspects of markets, corporations,

and crimes.” To this end, Williams performed a content analysis of 300 articles from US and UK newspaper sources, coding for the causes and consequences of Enron and other financial crime scandals, whether they were attributed to individuals/systems, what types of responses were suggested, and how markets were represented. From this study, Williams was able to construct how the discursive formations about financial crime proscribe possibilities for alternatives or innovative responses to economic crime as they tell us that which is capable of expression/realization *within* capitalism. They naturalize and make self-evident the ineluctability of capitalism. Although he describes “vigorous debate and competing interpretations” in media accounts, “underlying the accounts of the scandals is...a clear investment in a broader set of cultural scripts regarding the value and effectiveness of the American form of capital.”

More pioneering work on the media construction of financial crimes has been done through the comparative approach taken by Michael Levi, one of the most prolific scholars on the topic who looks at representations of white collar, organized, and cyber crimes in both the UK and the US media in a series of articles. Levi’s interviews with British and American print and TV journalists and his culling of fraud stories, television news programs, radio, and other sources over the past twenty years present an excellent departure point for more in-depth content analyses and empirical work.²⁴ What Levi and Williams do not do in their research on white collar crime as Chancer and Benedict have done (though without a comparative lens), they investigate in-depth cases that have received national/international attention and the social meaning of such crimes, the themes that emerge through these cases, and the way in which responses are indicative of larger cultural issues. Certainly, the Madoff case has not undergone extensive study. One of the few sociological essays on the case, Jock Young’s “Bernie Madoff, Finance Capital, and the Anomic Society,” looks briefly at Madoff within the context of a late

modern ‘moral’ crisis in capitalism, positing that he is emblematic of “the spirit and practice of finance capitalism.”²⁵ However, due to the essay format, Young is limited in the scope of his analysis and does not include reference to media coverage. *The Crisis and Bernie Madoff* addresses this gap in the literature, focusing on a case that, in spite of its international implications, has not received thorough treatment in academic literature on media and crime.

Reading Madoff Critically

Following the strategies and theoretical orientations of the literature described above, I adopted a mixed methods strategy analogous to those employed by Levi, Chancer, and Benedict, to begin to answer the questions posed in this chapter and to discover the cultural significance of the Madoff case. This strategy included a newspaper-based content analysis of eight major newspaper as well as in-depth semi-structured interviews with journalists and editors responsible for the creation of news about the Madoff case and with an SEC official. A comparative historical sociology approach was used to contextualize my analysis by situating it in the social, political, and economic realities of the US and the UK during the time period leading up to the financial crisis of 2007-2008 and the revelation of Madoff’s Ponzi.

First, a content analysis was performed on a substantial sample of articles dealing with the Madoff case using British and American newspapers representative of a wide political spectrum and readership demographic. Social science has long accepted content analysis as a key tool in deciphering social meaning, although over the past 100 years it has seen variegated definitions. Lasswell, one of its early developers, writes “content analysis operates on the view that verbal behavior is a form of human behavior, that the flows of symbols is a part of the flow of events, and that the communication process is an aspect of the historical process.”²⁶ In

Krippendorff's seminal text on the subject, content analysis is presented as a "research technique for making replicable and valid inferences from texts...to the context of their use...texts have meaning relative to particular contexts, discourses, or purposes."²⁷ Merten added to this definition "content analysis is a method for inquiring into social reality that consists of inferring features of nonmanifest context from features of a manifest text."²⁸ Relevant to the particular form content analysis takes here, Humphreys writes that it is "the methodology that allows the researcher to make inferences regarding the effects of the print media's ability to shape public opinion."²⁹

Important to note about the above definitions is their emphasis on texts as meaningful, revelatory products of a society at a definite point in time, products that are veritable goldmines of information about the society in which they were produced, which carry latent meanings that are of use to researchers if attempts are made to systematically discern them.

The specificity of content analysis to a particular time and place make it ideally suited to helping correlate what is being said about the Madoff case with the structural conditions of economic crisis in the UK and the US. And because I am concerned here with differences in manifestations of culture between the US and the UK, too, the "flows of symbols" that surrounds socio-historical activity must be of interest. It is not only that fact that responses occur at all but the shape which the responses takes—i.e., the symbols that are invoked, the appeals that are made, the cultural and historic references, the language used, the facts that are emphasized or omitted.

Although content analysis might be applied to any readable social "text" such as video, audio, television, and online media, I rely here on content analysis of newspaper sources. Some may question why, in the 21st century, newspapers be considered relevant markers, significant

social texts from which to extrapolate meaning when so many different forms of media have come into prominence. The importance of looking at newspapers has a strong rationale even with the popularity and burgeoning of other media. While it is true that newspapers have seen drops in circulation and a decreased readership, yet in the United States about 54 million people buy a newspaper each weekday. As the Pew Research Center for Excellence in Journalism (CEJ) notes, this number may vastly underestimate actual readership due to the phenomenon of “passing along” newspapers—leaving them behind on the train, library readership, readership within family/ friend circles, and so forth, which can triple readership.

Newspapers’ influence is not limited to the number of readers who buy a physical paper or who have one “passed along” to them. There is also a marked ability of certain newspapers on to shape national and international news agendas. The CEJ notes “there is a growing body of data to suggest that the total audience of newspapers, combining their reach in print and online, may actually be growing slightly.”³⁰ “Broadcast news generally echoes the content of these print media sources.”³¹ The CEJ also claims that the *New York Times* and the *Washington Post*, for example, “serve as sources of news that many other outlets look to in making their own programming and editorial decision.” “In Britain, TV news agendas are often set by the newspapers, especially the tabloids.”³² Consequently, there is only the appearance that newspapers have largely lost relevance. In fact, they are relevant not only because they are sources of news but because they determine what is newsworthy and hence allow us to infer about what British/American society considers significant.

Beyond their ability to set agendas, unlike new media like blogs, which tend to appeal to niche readerships, “Newspapers perform for a wide, generalized audience, which means that historical analysis of newspaper text can give us an idea of...shared social meaning...historical

analysis of newspaper text is likely to be... a genuine reflector of public opinion.”³³ Newspapers in order to be profitable must sell, and in order to sell must find topics of interest and frames for presenting these topics that capture something culturally engaging to a large segment of the population. Scholars have suggested that because media like newspapers are so extensively disseminated and are such cultural reference points, they actually perform the function of enhancing social solidarity.³⁴ Values, attitudes, beliefs about the life well-lived and about ‘right’ action are affirmed and in a sense made sacred. At the same time the opposite, the profane – i.e., what is despised or deemed oppositional to cultural values -- is also presented.

Crime reportage is made even more significant because it deals with constructions of right and wrong directly. Since not all crimes can be known to the public, newspapers selectively filter which crimes will become household topics of discussion. In a very real sense, papers provoke the responses and collective anger that in turn affects social solidarity itself. The process of filtering and reportage, of course, is one that is rooted in the cultural, historic and political context; it is therefore not a merely a random selection of events or even an accurate reflection of statistical crime trends. Krippendorf notes that “Regarding assessments of crime, unemployment, and the economy... studies have repeatedly demonstrated that correlations between what the mass media present... and what public opinion polls find or individuals express as concerns are higher than correlations between either of these and actual statistics on crime, unemployment, and the economy.”³⁵ It is logical to focus on newspapers as they both reflect and strongly influence public sentiment about crime, including white collar financial crimes like the Madoff case.

The content analysis for my study included newspapers which I chose to analyze from the United States included two ‘elite’ newspapers: *The New York Times* and *The Washington Post*,

and two tabloids, *The Daily News* (NY) and *The New York Post*. From the United Kingdom two broadsheet papers, *The Times* (London) and *The Guardian* were analyzed, and two tabloids: *The Sun* and *The Daily Mail*. (See table 1.1 for a description of these papers and weekday circulation numbers for 2009). These newspapers were selected purposefully as they satisfied several criteria. First, as the table indicates, they are each well-established publications with large circulations of over 250,000 each on weekdays. Second, they represent both right/conservative-leaning and left/liberal papers, which allows us to draw broader inferences about the cultural significance of the Madoff case across ideological boundaries. Last, they are representative of a broad swath of the population in terms of class status.

While some might contend that regional disparities should be accounted for (so that Southern newspapers, Western, Midwestern, and Northeastern, must all be presented), several studies using content analysis have shown this to be unnecessary. Mason found that there were no differences in racial framing of the 2008 presidential election through regional newspapers with geographic diversity.³⁶ Likewise Smith found that there were no regional differences in reportage in the framing of the ethanol issue.³⁷ Chopra, looking at the British press, found no statistically significant difference between local newspapers' coverage of crimes in which schizophrenia was implicated.³⁸ The feedback loop amongst the quality newspapers, regional, and tabloid newspapers is such that to include regional representation would be redundant.

My content analysis was performed using the qualitative research software Atlas.ti which is ideally suited for coding (i.e. assigning a concept or theme to a particular piece of text), as I did, thousands of pages of articles from 8 different newspapers. First, I searched the Lexis Nexis research database for all articles in the eight newspapers written about Madoff or referencing Madoff from the time of his arrest on December 11th, 2008, until June 29, 2010, one

year after his sentencing, and exported this data to Atlas.ti. There, the articles were analyzed in the program as primary documents for thematic content and concepts, and coded accordingly.

Although I went into the research with a few theoretically-motivated themes in mind, I also worked inductively and allowed my observations about the articles themselves to lead to the creation of new codes and themes. Taken together, this combination of deductive and inductive approaches helped lead to the theoretical conclusions reached about the social significance of the case, and what it imparts about British and American culture. Moreover, the themes elicited through this research directly shaped the content of my chapters, and the content and direction of my interviews.

Table 1.1: Description of newspapers used in content analysis

Paper	Circulation	Political Leaning	Description
<i>The Times (London)</i>	576,185	Right/ Conservative	Published since 1785, it is the world’s longest-surviving daily newspaper, and is considered the paper of record for the UK. Among the broadsheet newspapers, it has the highest level of circulation. It is owned by Rupert Murdoch, and traditionally has leaned to the right although, like <i>The Sun</i> , it supported the Labour Party in 2001 ³⁹
<i>The Guardian</i>	311,387	Left/ Liberal	Founded in 1821 as a means of disseminating liberal ideas as the campaign to repeal the Corn laws continued and the Peterloo massacre sparked

			public outrage ⁴⁰ . <i>The Guardian</i> has since been known for its left-of-center approach.
<i>The Daily Mirror</i>	1,324,883	Left	Published since 1903, it has been an avowedly Labour supporting throughout its history ⁴¹
<i>The Sun</i>	3,128,501	Right/ Conservative	With the highest circulation of any newspaper in the UK <i>The Sun</i> was originally a broadsheet when first published in 1964, but was transformed into a tabloid after acquired by Rupert Murdoch. ⁴² <i>The Sun</i> has a history of leaning to the right as it was Margaret Thatcher’s “cheerleader.” However it supported the Labour Party in 1997, 2001, and 2005. ⁴³
<i>The New York Times</i>	876,638	Liberal	Founded in 1851, it is considered the unofficial newspaper of record in the United States with a liberal bent ⁴⁴ It is the largest seven day publication in the US and reaches nearly 20% of all US college students per week. ⁴⁵
<i>The Washington Post</i>	582,844	Liberal ⁴⁶	Dating from 1877, it is renowned for its national political coverage and investigative reporting of governmental affairs at the federal level. According to the description given by Lexis Nexis, “ <i>The Post</i> is standard breakfast-time reading for

			members of Congress, diplomats, government officials, journalists, business lobbyists and lawyers in Washington.”
<i>The Daily News (New York)</i>	512,520	Liberal	First published in 1919, it has the largest circulation of any tabloid in the United States and is known for columns from a “New York point of view.” ⁴⁷
<i>The New York Post</i>	508,000	Right/ Conservative	Founded in 1801 by Alexander Hamilton and currently owned by right-leaning media mogul Rupert Murdoch, The <i>New York Post</i> is known for its sensationalized headlines and reportage. ⁴⁸

Although my content analysis aided in the discernment of themes, frames, and discourses in the coverage content analysis, though, this work was vastly enriched by twenty five in-depth interviews I conducted from July to November 2011 with major journalists and editors representing British and American newspapers (see appendix A for a full list of these writers’ names, affiliation, and position within the newspaper). I endeavored to include one, if not multiple journalists the newspapers used in the content analysis, and was able to do so except in the case of the British tabloid *The Sun*. This difficulty arose because of the British tabloids only assigning one reporter to cover the case, a reporter with whom I could not make contact. To bring more perspectives from the British media, then, I included reporters from papers not represented in the content analysis, but with wide circulation and importance.

Among British publications represented were *The Times* (London), *The Telegraph*, *The Daily Mail*, *The Financial Times*, and *The Guardian* (see table 1.1). For American publications, thirteen journalists from *The New York Times*, *Washington Post*, *Daily News*, *New York Post*, and *Barron's* participated. Also included were two men with firsthand knowledge of the case: the Security and Exchange Commission's Director of Public Affairs, and Peter Chavkin, the white collar crime attorney representing Ruth Madoff, who provided me with background information about the case. Individual interviews lasted between 25 minutes and 75 minutes and were conducted in person where possible at a location of his/her choosing or through Skype or phone. Most of the journalists, including those writing for British papers, were in the New York area at the time of the Madoff case broke and so many of the meetings were conducted in locations from which the journalists would have been writing (i.e. *The New York Times* building, *The Guardian* office in SOHO, *The Financial Times* building on Avenue of the Americas, a park outside a NY Federal Courthouse).

I followed a semi-structured interview approach.⁴⁹ Although there were a number of predetermined open-ended questions guided by the themes which emerged from my content analysis which were identical for all interviewees, I tailored additional questions to the individual reporter that tapped into their unique expertise and experience with the case. I also let additional topics and follow-up questions arise through the natural course of our conversation, or when it was clear to me that a certain topic was of interest to the interviewee. Following the interviews, all recordings for those who granted me permission to record were transcribed, uploaded to Atlas and subsequently, as with the newspaper articles, underwent a content analysis for coding thematic content. All journalist interviewees have given me permission to quote them and to use their names and affiliations. Their names have not been altered in the pages to follow.

During my interviews, it was suggested to me that Bernie Madoff might want to contribute to the project. A letter was sent to Madoff in Federal Correctional Facility explaining my project and giving my contact information. Within a few weeks Madoff reached out to me through the prison's e-mail system, Corrlinks, expressing his interest in this work and agreeing to be interviewed by me either in person or through a questionnaire. The development of our conversations, Madoff's responses to my questions and thoughts about the coverage of his case have been presented in an epilogue following the analysis offered in the book. I wanted to convey an 'insider's' perspective from the point of view of the man at the center of the maelstrom, as well historically and sociologically significant information of interest to a broad audience. Simultaneously, I did not want the content analysis itself to be influenced by Madoff, and felt an epilogue resolved this methodological conundrum. Further discussion and justification about Bernie Madoff's contribution to the project are found in the conclusion and epilogue.

Talking about a crisis in capitalism through the Madoff case:

The overarching arguments I will make throughout this book are twofold. The fascination with Madoff to the point of his becoming a household name attaining criminal celebrity usually reserved for serial killers; the visceral responses to the crime and enormous amount of ink spilt in its coverage—from my research, it became clear that the case's sociological significance is manifold and goes far beyond a lurid interest in a criminal case. The first argument I make is that the Madoff case, in a time of financial crisis wherein the complexity of the failures of the financial system were beyond the full comprehension of most, provided a very intelligible, human narrative about one man with culturally familiar archetypes *through which issues seen as*

causing the crisis could be explored, contested and 'solutions' proposed. (To be very clear, Madoff and his elaborate Ponzi in no way caused the crisis—in fact, his fraud, like many other such Ponzi schemes that rely on an influx of fresh capital, was exposed as the tide went out with investors withdrawing funds. I found that often Madoff and “the crisis” were invoked in the same sentence or paragraph, leading to misinformation about his lack of a role in that crisis). Second, I argue that the entire *cultural performance* of imprisoning Madoff provided a symbolic resolution, however false, of the dissonance that emerged as a result of a crisis—in other words a resolution for all morally dubious behavior that went unpunished, all class inequities, all the practices that might lead not only to an enormous fraud, but also to recession. Those frustrated with the status quo could now enact their anger on a clear target during a time when blame for such monumental problems was diffuse. While the word ‘scapegoat’ is inappropriate for Madoff as it implies that he was not guilty of a crime, I contend that he nevertheless served a similar function. He took on the guilt of an entire system through his own guilt.

To say, as many have, that Bernie Madoff himself has become a symbol of greed, while accurate implies a level of stasis, of fixed, one-dimensional meaning that does not give full weight to the ongoing discursive function that his case serves as a locus for the creation of narratives about class and capitalism in a time of uncertainty, and the way in which discourse can become polyvalent. Madoff as an individual has become a symbol, yes, but the specific ways in which his story has been told by the media and through public response—the symbols invoked, the language, use of images, foci of the discussions, etc.—all this does not only convey what UK and US society feels about decontextualized greed run amok. It provides insight into how UK and US civilians grapple with issues spawned by a financial crisis that transcend the Madoff case in scope through Madoff---issues that are seen as *addressed, personified and exemplified* by

his case. I contend that free market capitalism itself was critiqued through Madoff—as I shall demonstrate later, not for the purposes of advocating revolutionary change to this system, but rather to tinker with problems and problematic people and institutions who are represented as responsible for its failures and injustices.

In the dissertation, I will explore how four separate but related issues tied to the financial crisis are explored and contested through the Madoff case in the US and the UK through media reportage. These issues emerged as salient themes from the coding performed in my content analysis, and were thus used to structure the substantive chapters within the book. I look at social inequality and growing class divisions, the role of greed in a market economy premised on endless accumulation of capital, the place of regulation in the financial system, and last, the punishment of those involved in financial chicanery during a time of crisis. I pay attention to differences among the publications in their treatment of the four issues and suggest what we can infer from these differences, but the analysis will show that the similarities were by far stronger. I propose that the Madoff case speaks to the reactionary nature of the two societies, of US and UK citizens' unknowing or knowing ideological affinity for Margaret Thatcher's "There is no alternative" dictum.

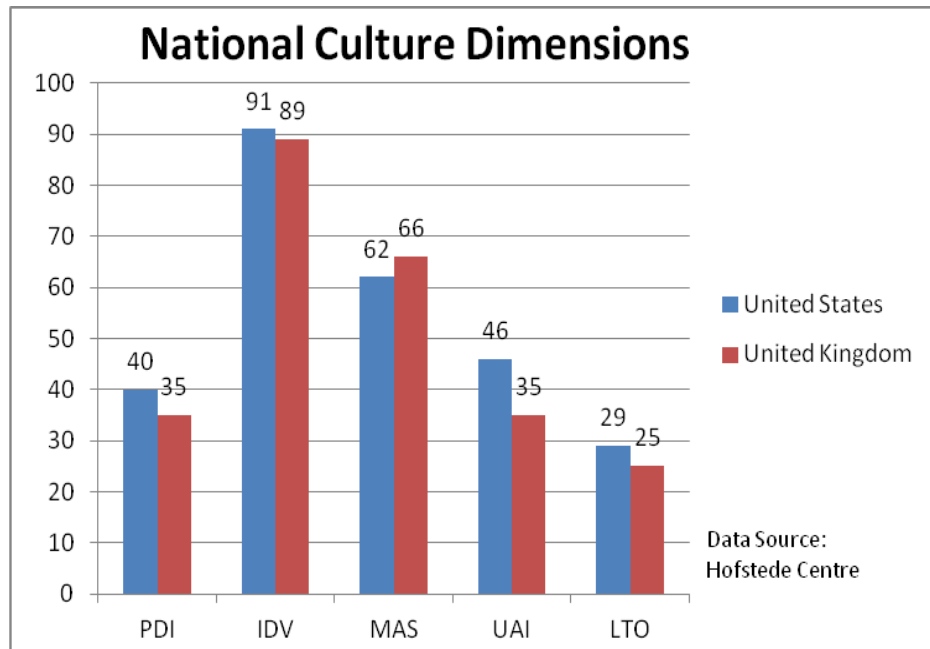
Comparing responses to Madoff in the US and the UK and what this tells us

My hypothesis at the outset of this project was that in comparing the social responses to the Madoff case in the UK versus the US, that I would be able to discern differences in reportage that would hint at broad underlying cultural differences in the way issues of class, greed, social inequality, and solutions to financial crime are approached. Comparing and contrasting the cultural attitudes and sensibilities in the US and the UK versus other nations had a strong

rationale which will be further elaborated in chapter two, which describes the political, social, and economic convergences and divergences between the two countries. For now, I present a brief overview of why the two countries are uniquely suited for this type of comparative investigation.

To form a basis for comparison, the cultural similarities between the US and the UK are strong due to the British colonial origins of the United States, a common language, democratic political system, and a philosophical/ideological foundation in European philosophy. Compared to the differences, say, between US culture and Malaysian culture, the “cultural distance” between the US and the UK is small.⁵⁰ Confirmation of this small cultural distance can be found in one of the most widely cited and extensive studies comparing cultures amongst nation states conducted by psychologist Geert Hofstede. Hofstede distributed surveys in 71 countries, and identified four dimensions of national culture, later revised into five dimensions: the Power/Distance Index (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance Index (UAV), and Long Term Orientation (LTO) (See figure 1.2). As can be noted by comparing the scores for the US and the UK in graph 1A, the national culture dimensions are highly correlated, especially on the Individualistic scale (IDV) which shows the degree to which individuals are integrated into groups. Individualist societies such as the US and UK have loose ties between group members: “everyone is expected to look after him/herself and his/her immediate family.” Interestingly, only 7 of the countries surveyed including the US and the UK had Individualism as their highest dimension.

Figure 1.2



Economically, too, there are strong similarities between these two G8 members whose most famous cities—London and New York—have both been deemed to be the financial capitals of the Western World. While these will be fully elaborated upon in chapter 2, some notable points should be made here. The US and the UK have experienced several recessions and crises since the 1980s, approximately in the same periods. The US recessions have been documented by the NBER as follows: from Jan-July 1980, then July 1981 through Nov. 1982, which overlapped with the 1979 through 1983 recession in the UK.⁵¹ There was also overlap between recessions in the early 90s: In the US, a brief recession lasted from July 1990-Mar 1991, with the UK experiencing a downturn from 1990 through 1993. The most recent “Great Recession” in the U.S. began in 2007, followed soon after by the UK in 2008. Like the United States, the UK in 2008-2009 experienced a banking crisis necessitating a large government bailout. Prior to this, the 1987 “Great Crash” on Wall Street was followed immediately by a precipitous fall in the London Stock Exchange. The UK and the US both had regulatory weaknesses and large fiscal

deficits which fuel current account deficits. And, from the 1970s forward, income inequality rose significantly in the UK and US.⁵²

Yet, in spite of similarities, enough differences do exist that would have revealed the markings of distinct culture upon responses to the Madoff case.⁵³ “Although economic evolution is an important dimension that is bound to be reflected in societal values, there is no reason why it should suppress cultural variety in other respects.”⁵⁴ Returning to Hofstede’s cultural dimensions study, it was shown that Americans are more likely to “accept and expect that power is distributed unequally,” (i.e. a higher PDI score), are less likely to tolerate uncertainty (and hence “are more emotional and motivated by inner nervous energy”).⁵⁵ The British are more likely than Americans to have a Short-Term Orientation, meaning they have a greater appreciation of tradition, the fulfillment of social obligations, and “saving face.” This might be partially attributable to the fact that a monarchy, however symbolic, continues in the UK, which has fostered a generalized respect for authority which Lipset has termed “elitism.”⁵⁶ In the U.S., however, a country which has a strong ethos of rustic individualism, there is a general distrust of authority. And with their greater Long-Term Orientation, Americans are more likely to value “thrift and perseverance.”

Very importantly, in the UK there has been, and continues to be, strong class consciousness and a labor movement which has wielded considerable power, whereas in the US the power of its unions and labor interests have been decimated.⁵⁷ Along the same vein, the United States has strongly rejected socialism (indeed it has been termed an American “taboo”). Furthermore, as Robert Bellah extensively documented in his classic *The Broken Covenant: American Civil Religion in Time of Trial*, religious culture in American society “is the chrysalis of American myth—American culture and even American counterculture remain Puritan and

moralistic to this day in curious and often disavowed continuity with the 17th century... biblical imagery has operated powerfully... to shape the American interpretation of reality and to some extent the actions of Americans in the world.”⁵⁸ The UK, lacking this religious myth of origin and continued moralistic attitude, I expect will have responses that differ significantly from the American one to financial crime in its religious undertone.

Contrary, however, to what I had predicted given the abovementioned dissimilarities there was very little evidence from my content analysis of UK and US coverage of Madoff that would support the idea of divergent cultural approaches to the themes/concepts raised. In the chapters to follow I will note those few differences that did emerge, which were mostly found in the attitudes and sensibilities of the journalists themselves, rather than the themes and concepts that arose through their writing. Why would this be so? I contend that a phenomenon of social and cultural convergence in the UK and the US has been following similarly converging economic and political trends. Noted cultural Sociologist David Garland has made supporting arguments in *The Culture of Control*: “strong similarities... appear[ing] in the recent policies and practices of these two societies [the US and UK]—are evidence of underlying patterns of structural transformation, and that these transformations are being brought about by a process of adaptations to the social conditions that now characterize these... societies.”⁵⁹

Under such circumstances, where convergence is taking place, a financial crime case like Madoff’s was not seen simply as an expression of sociopathy in one individual or of a deleterious cultural attribute formed within a single nation. Rather, because of the homogenizing process that has accompanied the neoliberal turn in the US and the UK, his case was able to become a narrative through which the *international* problems leading to worldwide crisis could be confronted and-- symbolically at least—resolved. In this book I seek to break new ground in

the study of white collar crime within the social sciences by bringing a financial crime and responses to it to the very center of investigation as a cultural phenomenon to be interpreted.

Structure of “The Crisis and Bernie Madoff”

This dissertation explores my two main arguments—first, that the Madoff case provided an intelligible, human narrative about one man with culturally familiar archetypes through which issues seen as causing the crisis and threatening capitalism could be explored, contested and ‘solutions’ proposed and second, the entire *cultural performance* of seeking harsh justice for Madoff provided a symbolic resolution of the dissonance that emerged as a result of a crisis. I will present here a brief roadmap to the book and the way it has been structured.

Chapter Two builds upon this introductory chapter and lays the groundwork for the empirical work to follow by charting the economic, political and social trajectories of the US and the UK over the past thirty years during the emergence and entrenchment of neoliberalism. I focus on changes in political ideology, economic booms and busts, changes in measures of equality, the role of labor unions in politics, levels of religiosity, and class dynamics. Thus, my analysis of media and public responses to the Madoff crime, my content analysis and interviews, are situated within the relevant socio-historical period, which is one generally of convergence between the two countries in several areas. Convergence helps explain broad similarities in the media coverage, while divergences, particularly in religiosity and class dynamics can account for several differences to be discussed in chapters three through six.

Chapter Three introduces the results of my study by first examining what in the Madoff narrative made it the ideal case to serve as a mechanism through which issues related to the financial crisis could be explored. Here we shall hear from the British and American journalists

about what made the story about a financial crime—something typically reserved for the business pages---fascinating and newsworthy to an international audience that transcended all manners of differences, including class differences. For many of these journalists, Madoff was seen as the ‘perfect’ story, one that was deeply resonant because it tapped into a number of cultural archetypes and was readily intelligible to even those who have very little knowledge of the workings of the market or financial crimes. This chapter supports my contention that although, as I have emphasized earlier, Bernard Madoff did not in any way cause the crisis, the presentation of his case and its general understanding by the public forged an inextricable connection between the two.

Chapters Four through Six bring us deep into the themes found in the coverage through my content analysis and the interviews with journalists—themes which reveal how the Madoff case was reflective of a broader cultural conversation. In Chapter Four I first look at the theme of regulation in the financial system. What does the reportage of the Madoff case tell us about how the US and UK public thinks regulation should work in the ‘free market’? Should more regulation be added, or were the problems that arose through the Madoff case merely anomalies which do not require extensive change? I posit that the narrative of “SEC failure” or, in the case of some of the UK reportage, “US regulatory failure,” was by far the most dominant narrative in the coverage presented in both tabloid and broadsheet newspapers in the US and the UK, and that this narrative allowed for the exculpation of larger, more systemic structural problems, as well as cultural issues on Wall Street and other hubs of finance/business

Chapter Five deals with the dovetailing themes of social inequality and greed. How was this social problem of inequality, a growing one under neoliberalism, presented through the Madoff case? What conclusions can we draw from this presentation about UK and US society?

And what is the role of greed in a market economy premised on endless accumulation of capital? How much greed is socially permissible? Are there any innocents in the marketplace or are we all in some ways responsible for the fallout when something goes wrong? I first examine the coverage of the perceived anger of the public and Madoff's victims as concentrating (and perhaps displacing) the general anger over responsibility for the crisis, but demonstrating also broad, growing class resentment. Next, I show how narratives of greed run amok flourish as part of a new skepticism towards the wealthy, particularly in the UK coverage, which consciously played to stereotypes of greedy Americans. Last, I discuss class issues which came to the prominence in an unprecedented way through Madoff.

Chapter Six explores the theme of punishment for white collar offenders in a time of crisis. How does the Madoff case indicate how we feel transgressions within the financial system that lead to vast losses should be punished? Why? I argue that the cultural performance surrounding Madoff's imprisonment attempted to provide a symbolic resolution of the collective cognitive dissonance in the US and UK that emerged as a result of a crisis—in other words a resolution for the criminal *and* ethically dubious behavior in the financial industry that went 'unpunished', the class inequities and resentments, the nebulous anger seeking a target.

I conclude in Chapter 7 by reflecting broadly on the significance of the Madoff case as a mechanism through popular discourses about capitalism and crisis could emerge, and his punishment as a cultural performance. As evinced through the media coverage and through my interviews with journalists, there was strong support for sending Bernard L. Madoff to prison for 150 years—an almost unheard of punishment for a financial offense. Yet, what were the consequences of this punishment? At the minimum, was there change in the way financial crime was reported?

I suggest that the dramatic cultural performance allowed for a channeling of anger that was previously diffuse and a symbolic resolution to the system-wide problems that precipitated both the crisis and Madoff's crime. However, in doing so, it *displaced* attention away from the system as inherently fraught with those problems, away from free market capitalism and its endless accumulation *requirement* for continuance. Why US and UK societies would have cultural products that in such a way displaced blame onto one man demonstrates the level of mystification that exists and ideological investment in the system. However, at the same time, the renewed class awareness and resentment brought about as a result of the case, the angry responses which brought a white collar crime the same notoriety as that of a serial killing, the way in which Madoff was linked to the crisis even though he was not implicated in bringing about the crisis, the ridiculing of failures of regulation and demand for changes—all these indicate at the same time a rising discontent with free market capitalism. That discontent would need to be given a more critical vehicle through which to enact greater change if we do not intend to solve the problems of capitalism by imprisoning financier by financier.

Notes

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- ⁵⁹ David Garland, *The Culture of Control: Crime and Social Order in Contemporary Society* (University of Chicago Press, 2001).

Chapter Two: Convergence in the US and UK, 1980-2010

This chapter situates my analysis of media coverage and social responses to the Madoff case in the political economy, history, and cultural realities during and after the “Reagan/Thatcher” years in the US and the UK. I demonstrate their differences but more importantly the ways in which a marked convergence has been materializing in response to neoliberalism as a hegemonic, organizing ideology. Without a thorough investigation of these background factors, any discussion of responses to the Madoff crime and the ways in which it was presented in the UK and US media becomes decontextualized. Contrary to expectation, the results of my content analysis and interviews, explored in the chapters to follow, revealed few substantive differences in the coverage of the Madoff case. Understanding the convergence process that has taken place between two countries helps account for the salient congruence in the reportage *vis a vis* divergences, and also for how the narratives found in the coverage support and reinforce the neoliberal ideology.

Throughout the twentieth century, Anglo-American political and economic developments saw many areas of convergence between the US and UK, countries which already had strong social, historical, and cultural similarities. Andrew Britton, in the UK’s National Institute Economic Review declared “comparisons between economic policies and performance in Britain and the US are often informative. Despite the proximity of Britain to the rest of Europe and [the] increasing integration into a single market, it is striking how closely our experience still seems to parallel the United States.”¹ Indeed, he suggests that the policies adopted by the UK might consciously be patterned after those in the US. Further claims of the similarities between the British and American experience *vis a vis*, say, Australia or Canada are made in “Varieties of

Liberalism: Anglo-Saxon Capitalism in Crisis?” produced by Cambridge University’s Centre for Business Research. ²

While the degree to which the two countries have converged is a matter of debate, similarities in the political culture offer a firm basis upon which the convergences might have been built. “Compared to other nations, Britain and America certainly resemble each other in terms of their skepticism about political authority; particularly as such authority might extend into spheres of personal liberty, civil rights, [and] family life.”³ A liberal democratic tradition informs the “heritage” of both countries, even if this liberalism has manifested itself in variegated ways due to historical/sociological circumstances.⁴ This tradition, born of 17th century European philosophy and the heritage of classical liberalism has resulted in notable cultural affinities. Both countries have committed themselves to the ideal of individual liberty, rights (life, liberty, property among these) and freedoms,⁵ as liberalism “takes the individual as the ultimate and irreducible unit of society and explains the latter in terms of it.”⁶ Of course, key political, cultural, and economic differences do exist, several of which will be explored in this chapter—particularly levels of religiosity and a history of contentious class politics/awareness of class issues--differences that influenced how the media and public responded to the Madoff case and can be inferred to affect their responses to other instances of financial chicanery.

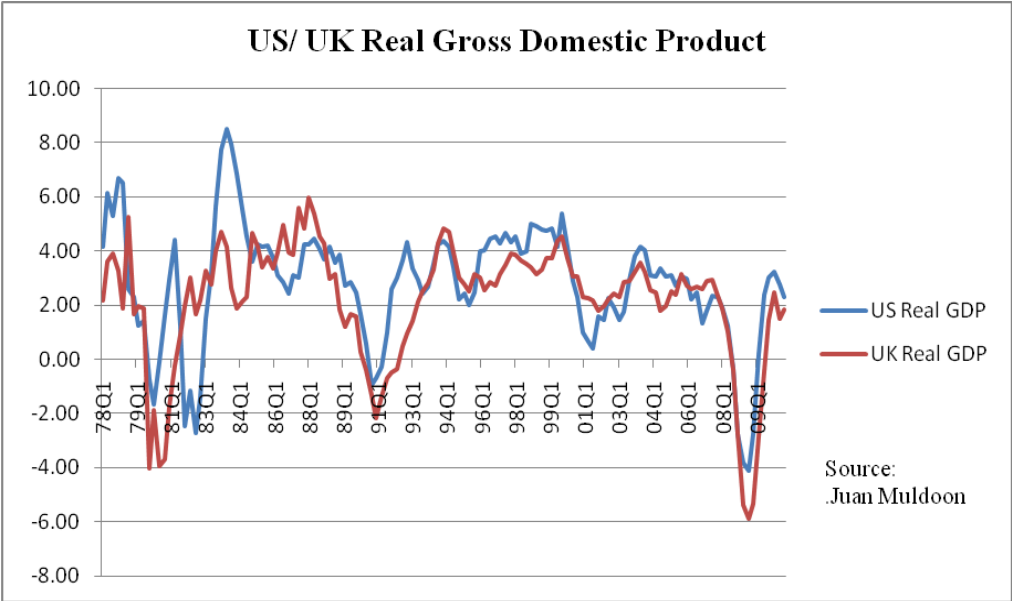
While it is impossible to separate the politics or economics of these countries from culture, I attempt to distinguish political, economic and cultural factors in this chapter for the purposes of facilitating the discussion of areas of convergence and continued differences. The chapter first looks at the decade of the 1980s during the Reagan Thatcher years and the start of the neoliberal era, exploring areas of political and economic convergence and then, differences. The 1990s and 2000s are then analyzed, showing the ways in which convergence and differences

continued the trajectory established in the 1980s. Data from the World Values Survey (WVS)⁷ is included to explore the attitudes of US and UK citizens on key issues such as labor unions, which illustrates the convergence process on the psychological level as well as a historical one. I leave differences between the two countries to the side temporarily. Their parallels at the end of the 20th and beginning of the 21st century merit investigation and are essential to the justification for juxtaposing their media responses to the Madoff case.

Politics, Economics, and Convergence

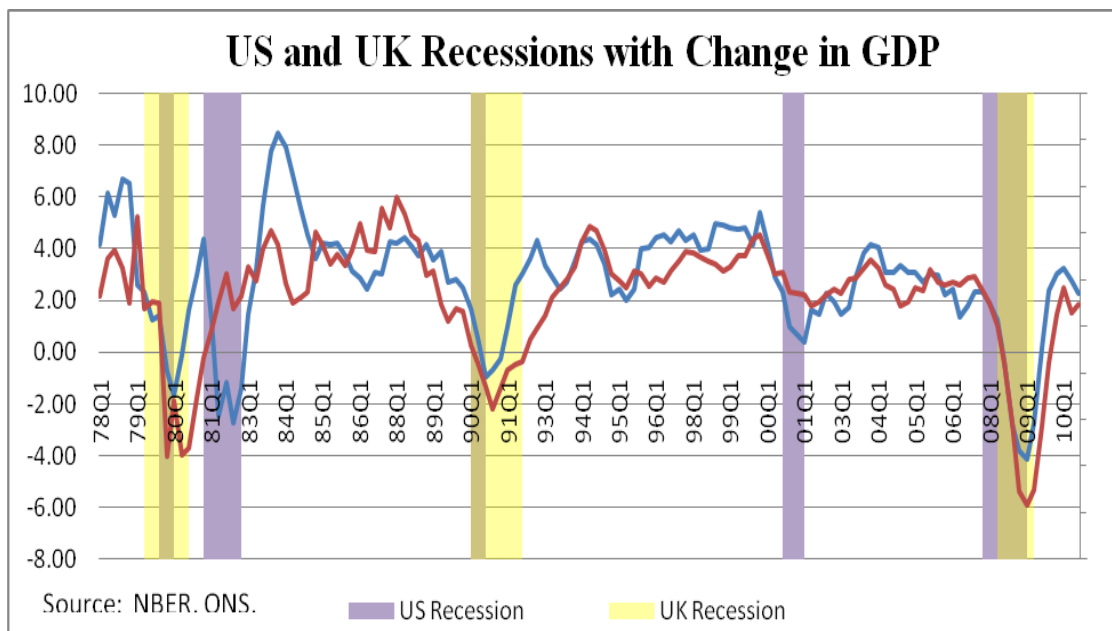
Prima facie, the rise of the conservatism of the “New Right” and neoliberalism in the US and the UK under Ronald Reagan and Margaret Thatcher and its concomitant economic shifts led to changes in the two countries that are remarkably similar. If we look at perhaps the most widely cited indicator of economic health, Gross Domestic Product (GDP) for the two countries, the synchronicity can be clearly seen. Figure 2.1 provides a graph of the GDP of the US and the UK over the past 30 years.

Figure 2.1



The Thatcher and Reagan administrations both were coming out of a period of economic stagflation born partially of the power of labor unions, who had taken full advantage of the Keynesian “bargain” of governmental commitment to high levels of employment and social programs to gain advantages beyond what had been expected. Prime Ministers Edward Heath and James Callaghan, like President Jimmy Carter, were unable to combat high oil prices, overvalued currencies, slowed rates of productivity, capital outflows and inflation.⁸ Recessions soon followed. Figure 2.2 presents further evidence of the close link between the countries during their “bust” periods. The quarters in which the UK experienced a recession are represented with a yellow bar; the US recessions are represented by a purple bar, with grey representing overlap between the two. As demonstrated in the graph, there were several time periods in which this overlap existed, including during the 1980s, when recession saw unemployment rates skyrocket in the two countries.⁹

Figure 2.2



The Keynesian ‘bargain’ was off, and Reagan and Thatcher demonstrated the putative convergence of political economy in their response to these structural challenges. They relinquished the implicit promise of full employment and promulgated free market capitalism wherein ‘deregulation’ meant protections for some, just in case of fallout. Previous safeguards were framed as restrictive and inhibitory. In the US, thus, the tightly related savings and loan industry which arose in the 1930s was freed from numerous constraints. Some of these constraints included capital requirements, maximum interest rates offered by the savings and loan banks, limitations on types of loans, down payment minimums, and maximum percentages which could be held by a single stockowner. At the same time, the Federal Savings and Loan Insurance Corporation (FSLIC) increased the amount guaranteed to depositors, essentially encouraging risky investments to be made with impunity.¹⁰ Overseas, a similar ethos was unleashed while privatization of state-owned industries occurred *en masse*, including the “commanding heights of the British economy---steel and telecommunications, and later the utilities...gas, electricity [the water supply], coal mining, and the railways.”¹¹ Alavi concludes “Thatcherism fostered a short-term outlook and a get rich quick mentality.”¹²

The “get rich quick mentality” seemed fruitful: a “boom” period in the mid 1980’s took place in both countries. Following the recessions of the early 80s, by 1985-1988 the UK and US looked as if their magical conservative formula had indeed been the panacea needed. Low inflation, high economic growth, and lowered unemployment were harbingers of a new era of conservative-era success and excess.¹³

During these boom times the UK’s stock market grew at an astounding rate of 167% as part of “democratization” (if one wishes to euphemize the processes of deregulation and privatization of stock ownership in formerly nationalized companies.)¹⁴ In 1986, London’s Stock

Exchange took a plunge into financial deregulation known as the “Big Bang” or the “City Revolution” wherein, like the United States, it opened itself to more casino-style, high-risk capitalism through several mechanisms. It ended fixed-minimum commissions, permitted closer relationships between commercial and investment banking, and internationalized their financial markets.¹⁵ “We were star-struck—the American way had become more glamorous...this new American culture swept away everything I had been accustomed to” the chronicler of the London Stock Exchange, George Blakey, remembers of the period.¹⁶

As is true of later decades, personal and corporate debt helped fuel the expansions of the 1980s. Amongst the citizenry, baby boomers led the way in what Kamery characterizes as a ‘spending spree.’¹⁷ In the US corporate realm, controversial but legal hostile takeovers and leveraged buyouts often financed by high-risk, high-yield “junk bonds” proliferated under the auspices of favorable tax laws and the pioneering investment bank Drexel Burnham Lambert. Both of these strategies involved companies using enormous amounts debt-financing rather than having to produce the capital upfront. Stocks prices could be pushed up ever higher, but the probability of bankruptcy grew exponentially.

the Savings and Loan Crisis which followed the boom was “one of the worst financial disasters of the 20th century” as Calavita et al’s *Big Money Crime: Fraud and Politics in the Savings and Loan Crisis* details at length. This crisis had its roots not only in structural factors such as falling real estate prices or innocuous bad business decisions during a time of higher risk-taking with little oversight, but in insider fraud on a massive scale, unfettered greed, and political chicanery that turned a deliberate blind eye to the fraud. Frederick Wolf, a former assistant comptroller general of the U.S. General Accounting Office, is famously quoted as saying the “GAO found that extensive, repeated and blatant violations of law and regulations

characterized the failed thrifts that we reviewed in each and every case... fraud or insider abuse existed at each and every one of the failed thrifts and allegations of criminal misconduct abounded.”¹⁸

It was not without coincidence that only after the election of 1988 did the crisis fully explode in the press. The losses incurred as a result were staggering. 1043 thrifts failed, a number too high for their federally insured assets to be backed up by the Federal Savings and Loan Insurance Corporation. As a result, American taxpayers were forced into an industry bailout amounting to a cost of \$124 billion dollars.¹⁹ This amount, however, was deliberately rendered less “painful” to American citizens by financing it through deficit spending rather than immediate tax hikes.

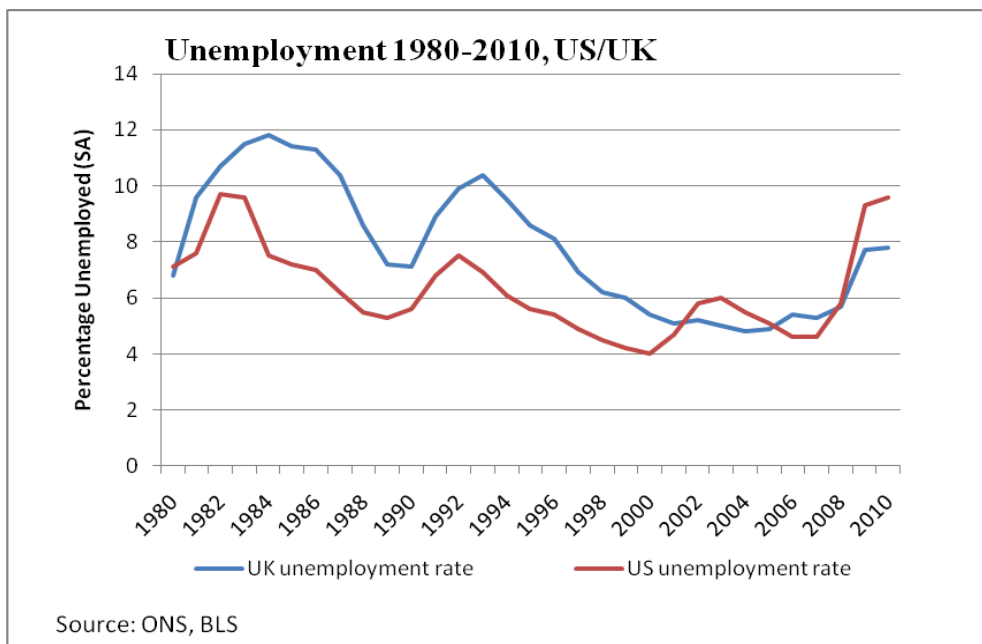
In spite of hefty taxpayer bailouts after the Savings and Loan Crisis, in the economic and ideological climate of the 1980s, the benefits of the “welfare state” were presented as incompatible with sustainability and national interest. In *Dismantling the Welfare State? Reagan, Thatcher, and the Politics of Retrenchment*, Paul Pierson documents how transfer payments like social security and unemployment benefits were reduced, as were sickness benefits, job training, food programs and public housing expenditures.²⁰ With a severe recession already underway, with manufacturing jobs disappearing and bankruptcies at record levels, these slashes in funding had even more adverse effects on the poor.²¹ In the United States, there was an ‘explosion’ of inequality as in Britain, where the wealthiest 20 percent saw their real income grow between 1978 and 1982.²² By contrast, the poorest suffered a 9.7 percent reduction in real income.²³

The actions of the Reagan and Thatcher administrations, putatively undertaken to solve the problems of inflation and unemployment in the US and the UK, had at best mixed results. To some degree, there was a reduction of inflation, but not lower than the level that existed prior to

1973. The UK went from an inflationary high of 14.3 percent in 1979 to an average of 8.2 percent during the 1980s. The US went from its 8.9 percent level in 1979 to an average of 4.5 percent during from 1981-1988. As for unemployment, there was a drastic uptick, especially in the United Kingdom, which surged from 4.5 percent in 1979 to an average of 10.2 percent for the 1980s, levels heretofore unseen in the UK , and which led to much more widespread discontent.

²⁴The US went from 5.8 percent to an average of 7.5 percent from 1981-1988. Figure 2.3 presents the seasonally adjusted unemployment rates.

Figure 2.3



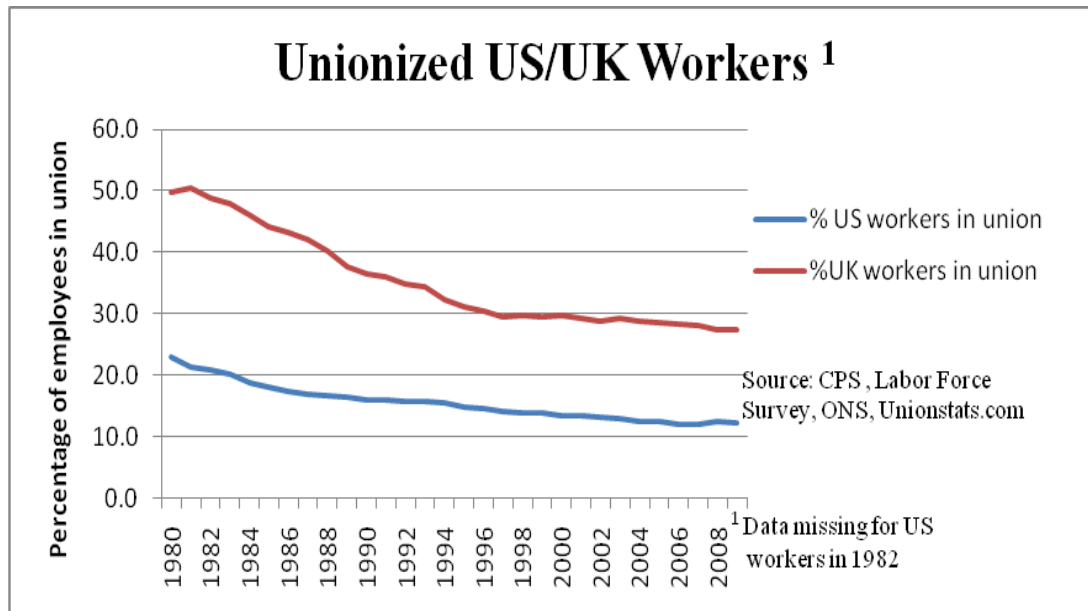
Social policy had thus shifted away from trying to negotiate consensus between labor unions, the working class, and the structural demands of capitalism. There was no longer the promise of full employment. The “desanctioning” of labor unions as legitimate vehicles for making demands was strategic and methodical. Although the UK has a strong history of labor union power, and trade unions have been much more visible actors there than in the US, Thatcher and the Tories ushered in a period of challenge and demise to this power, using the high

unemployment rate to their advantage, as workers were forced into submission and relative passivity.²⁵ As Reagan fired striking Professional Air Traffic Controllers Organization workers, Thatcher helped push through The Employment Acts of 1980 and 1982, as well as the Trade Union Act.²⁶ Evans et al, in "Industrial Relations: Mrs. Thatcher's Legacy," state "Thatcher's governments sought to remove, weaken, or radically reform those institutions which in their view bolstered unionism and adversely affected labour costs, productivity and jobs."²⁷ Oblique ploys to defang unions included denying workers on strike their right to unemployment benefits and pensions,²⁸ while more direct interventions, amongst a long list, included the repeal of employment protections such as the Fair Wages Resolution of 1946 and the Employment Protection Act of 1975, and concerted attacks on collective bargaining rights.²⁹

Figure 2.4 illustrates union membership as a percentage of the British and American workforce. One notes immediately the steady decline in such membership after the election of Thatcher/Reagan and continuing through the Major, Blair, Brown, and Clinton, Bush, and Obama regimes as "collectivist and socialist ideologies lost favor to individualistic market ideologies."³⁰ Indeed, according to a BLS report, the percentage change in union membership in the United Kingdom from 1970-2003 was -35.2%, with most of the hemorrhaging occurring during the 1980s when there was a 23.2% loss.³¹

Strikes, consequently, fell by 1990 to 630 strikes the UK. When one considers that there were 2,125 strikes in 1979, the change in union power is evident.³² The same BLS report showed the United States saw a decrease of -11.3%, with a loss of 5.5 percent during the 1980s. Corresponding to these union statistics, the 1980s saw a notable shift in the UK in voting allegiance amongst the classes.

Figure 2.4



A strong segment of the lower middle class became Tory at the same time blue-collar men in the US jumped aboard the Republican party ship³³ while minorities in both countries aligned themselves more strongly with Labour and the Democrats. The idea of forging coalitional alliances, or working together to assure the conferment of the full rights of citizenship upon all Britons was abandoned in favor of a more individualistic model. “Particularistic and even explicitly divisive appeals replace[d] the integrative, universalist norms of the welfare state.”³⁴

The Reagan-Thatcher Years: Political and Cultural Differences

Of course, one must keep in mind that the United States has never seen the same levels of union density as the United Kingdom. This is a crucial factor which, coupled with the existence of a majority socialist party in the UK, represents a markedly different political/cultural reality in the UK and one of two primary differences that will be suggested to have influenced media and societal responses to the Madoff case. Without the acceptance of Democratic Socialism as a viable philosophy for economic governance, the US, unlike the UK, does not tolerate

government “interference” in the economy, as equality of opportunity is seen as sufficient for potential advancement. Indeed, the accusation of a politician’s being socialist often is a death knell for one’s political future in the United States, a word hurled for the purpose of slandering, not for engaging in legitimate debate.

The British Labour party, by contrast, “forces class issues into popular culture...[it] keeps the language and issues of class alive in Britain. No political party acts quite this way in...the United States.”³⁵ This socio-political reality, according to Merelman in his *Partial Visions: Culture and Politics in Britain, Canada, and the United States*, is one in which class is not concealed nor denied, and where debates about socialism versus capitalism can stimulate participation in the democratic process. The US citizenry eschews class-based connections and in doing so, this cultural resistance “conditions a limited role for the state in social and economic spheres.”³⁶ Merelman gives numerous examples of the ways in which there is a heightened awareness of social class and a focus on the collective rather than the individual in the UK, and this materializes into cultural practices and representations. Textbooks, thus, do not depict union demands as extemporaneous, but rather deep-rooted in class structure. “British popular culture...rehearses a struggle between two ways of life: a selfish, narcissistic vision of life and a selfless, communitarian vision.”³⁷

A second cultural difference seen in 1980s politics which I will later propose to have affected the way in which the Madoff case was framed in the coverage is the much greater degree of religiosity found in the US context. The type of conservatism ushered in with Thatcher and Reagan did not merely attempt to change the economic and political landscape, but was deeply invested in cultural transformation. In the US and the UK, though, the role of religion as part of this transformation differed enormously, and speaks to continuing cultural differences.

The Republican Party under Reagan sought to foster strategic partnerships with conservative religious groups who might become strong bases of political support, Gillian Peele notes in his comparative work on the subject.³⁸ Indeed, such groups in the New Christian Right had gained substantial power and organizational capacity over the preceding decade. Consequently, appeals to morality and common values (rooted in religion) characterized much of Republican discourse. Beyond this, there was an elective affinity between the ideological underpinning of Reagan's agenda and the Christian Right's theological/philosophical beliefs. Protestant fundamentalism, which undergirds the theology of the Christian Right, does not see a conflict between wealth and morality *per se*. Wealth may be an indicator of being blessed by God, and a strong work ethic is of the utmost importance in pursuit of wealth. Reagan's call for decreased social spending, deregulation, and *laissez faire* capitalism fit in perfectly with that ideology. Those who were not able to succeed in the United States were individually culpable.. Hence, under Reagan's tenure, the "War on Crime" was launched on those pathological criminals and deviants who were unable to control their deleterious behaviors.³⁹

If the amount of funding the Department of Justice had with which to pursue corporate crime was diminished under Reagan, this was permissible because the market was "natural" and able to correct itself and presumably, eradicate wrongdoers. In fact, in a recent study by Unnever et al, it was shown that compared to the rest of the American population, those who identified as evangelical "born again" Christians were less likely to support increasing penalties for corporate offenders.⁴⁰ "Religion occupies a much more significant place in American than in British social and political life."⁴¹ And by the 1980s the Christian Right's message was much more capable of being spread across the United States via television and computerized databases that could

generate direct mailings. Reagan himself gave several addresses to the National Religious Broadcasters.⁴²

By contrast, in the UK, an almost wholly inverse cultural reality emerged during this time. The British churches and their identified adherers did not become a readily identifiable pool of electoral apples ripe for the picking. “The relationship of religious opinion and the Conservative Party under...Thatcher’s leadership was more one of conflict than cooperation.”⁴³ Instead, the church leadership came out strongly in opposition to Conservative Party actions. Thatcher eschewed using a “return to family” or moral platform as a way to gain political support. Adonis and Harnes note “The wholesale transfer of Evangelical Protestants into the Reagan camp has no parallels in the United Kingdom.”⁴⁴

Beyond Thatcher and Reagan: Economic Convergence in the 1990s and 2000s

The twenty years following the Reagan/Thatcher era largely continued the trends towards political, economic, and cultural/ideological convergence witnessed in the 1980s. To look at the political economy of the 1990s and 2000s is to see how, once again, a sort of Anglo-American exceptionalism facilitates a comparison of the responses the Madoff case. Like in the 1980s, these decades too saw economic booms and busts that form a sociologically meaningful backdrop to financial frauds like Madoff’s.

As illustrated previously in graph 2.2, the UK and the US had overlapping recessions (although Britain’s was of longer duration) at the start of the 90s following the so-called miracle of expansion ushered in by Reagan and Thatcher until 1988. The recession was caused, amongst other factors, by the fallout of the Savings and Loan crisis. Other proposed explanations for the recession include the stock market crashes of 1987, high oil prices following Iraq’s invasion of Kuwait in 1990, and the Fed’s decision to raise interest rates.⁴⁵ Unemployment figures, which

had fallen during the late 1980s, began to quickly rise again, now that the labor market was made more ‘flexible’ following the Reagan and Thatcher years. Inequality continued to rise in the two countries, whereas this trend did not exist in Continental Europe.⁴⁶ The British took an additional hit during the recession. In 1992, on the infamous Black Wednesday, under Tory Prime Minister John Major, the UK was forced to withdraw in embarrassment from the European Exchange Rate Mechanism (ERM).⁴⁷ The disgrace of Black Wednesday had the effective of “blow[ing]...the Conservatives’ reputation for sound economic management. Importantly about this incident was the notorious profiting of the billionaire George Soros at Britain’s expense and during a time of recession.”⁴⁸

Yet, following the recession, the 90’s saw a remarkable economic recovery in the UK and the US. The US economy, sputtering at the beginning of the 1990s, was booming along with a stock market bubble by the end of the decade with all indicators except equality showing progress. Observers noted that the US was undergoing a “speculative mania” and internet stocks being driven higher and higher in the frenzy. The stock market entered into a long bullish period (indeed, the longest in US recorded history) that went uninterrupted until 2000, when again, like in the 1980s, a euphoria seized investors and caused heady speculation about entry into a New Economy where growth would be infinite and where capitalism had broken free of the cycles of boom and bust.⁴⁹ Growth in output, wealth creation, labor productivity, investment, and low inflation, coupled with a mushrooming of new and exciting technologies led to an atmosphere of lofty expectations for the future of the economy that bordered on manic. It was an “internet euphoria.”⁵⁰

As is typically the case, the busts of the past had been forgotten, and the vista of a New Economy of endless growth held out its promise.⁵¹ “Its impact on wealth...probably represented

the greatest financial mania in monetary history...its international dimension was far-reaching.”⁵² CEOs, investment bankers, hedge fund managers, and financial consultants saw their income skyrocket as inequality in the two countries increased between those at the top and the bottom. Jim Saxton of the Joint Economic Committee said “The 1990s boom that started in 1992...contained excesses that were ultimately its undoing.”⁵³ A good deal of this frantic optimism was due to the explosion of Information and Communication Technologies (ICT) in the United States, with goods and services that promised a stream of endless revenue as the American populace eagerly sought new products in the age of the internet. Tanaka claims that the US’s culture of economic risk taking, or “cowboy capitalism,” where value is placed on plunging boldly ahead into new ventures that have the promise of high returns, facilitated the 1990s boom. Just as Americans strode into the unknown frontier, so too do they place themselves at the cutting edge of wealth accumulation schemes.⁵⁴

It was not only the wealthy venture capitalists who were made delirious by the New Economy, but also the general populace who felt emboldened to loosen their wallets in these good times through relaxing credit schemes. Private consumer debt increased through the 1990s. Teresa Warren, in her study *Fragile Middle Class: Americans in Debt* calls attention to the “landmark” year of 1995, when for the first time credit cards replaced cash as the preferred method of payment for Americans. They wielded these to accumulate over 500 billion dollars in debt.⁵⁵

The US tumbled into a recession in March 2001 (See figure 2.2) with the bursting of the ‘dot.com’ bubble that sent the NASDAQ plummeting, a recession not mirrored in the UK. Yet it was one that was neither prolonged nor harsh, lasting, as the previous recession did, only eight months. American consumers continued to spend, as the Bush tax cuts gave more discretionary

income to the middle and upper middle class as well as to the wealthy. A feeling, perhaps, of being flush with money prevailed. This was hardly the reality. Americans continued to spend, but via spending themselves into debt. “When the dot.com bubble burst, the rapid loosening of monetary policy helped fuel a property bubble while creative new financial institutions turned residential mortgages into cash dispensers.”⁵⁶ The U.S. savings rate descended to negative numbers by 2005, even though in the 1980s they had held strong at 11 percent.⁵⁷

The story of the “Long Recession” that began in 2007 in the US and 2009 in the UK, which served as an immediate backdrop to the Madoff scandal, was described briefly in the introductory chapter, but its impact cannot be overstated as its consequences for Americans and British citizens were severe. While the causes of the crisis are multitudinous, key amongst these causes was a housing bubble driven by loans extended to high-risk consumers who to pay back this money. So called sub-prime mortgages pushed by loan sharks often duped a gullible populace into entering into mortgage contracts that carried duplicitous interest schemes. Over time, the collective rate of default on these mortgages became staggering. When New Century Financial filed for bankruptcy in 2007, as a leader in the subprime market, nervousness in this market was evident.⁵⁸ Because these mortgages were often packaged by banks in complex mortgage-backed securities, the very liquidity of the banks themselves was threatened through their holding these toxic assets. This led to a credit crunch as lending between banks froze out of fear, with repercussions for all firms that needed to borrow in order to conduct their daily business.

Panic spread widely across the Atlantic to Britain, where the European Central Bank began injecting Euros into the banking market to restore confidence, but to little avail. Great Recession-style runs on the bank took place in September 2007 in Britain when skittish citizens

received word that the Bank of England had authorized an emergency loan to the British bank Northern Rock.⁵⁹ The crisis intensified a year later on the almost unthinkable news that JP Morgan would have to rescue Bear Stearns, the prestigious investment bank, in conjunction with a generous loan from the Federal Reserve. Commentators in Britain referred to the event as “America’s Northern Rock,” clearly establishing the parallels between the economic and social situation of the two countries and the links between them.⁶⁰ 2008 ushered in a new level of panic. In July, Fannie Mae and Freddie Mac were staggering under the weight of their losses incurred by the subprime crisis. Deeming them “too big to fail,” as they together guaranteed 70% of new home loans, George W. Bush’s administration, without revealing the potential final cost to taxpayers, rescued the two institutions in “one of the most expensive financial bailouts in American history.”⁶¹

By September 15, 2008, Lehman Brothers, an investment bank even larger than Bear Stearns, had teetered to bankruptcy, and unlike Bear Stearns, it would not be bailed out by Wall Street or the government. Justin Fox notes, “London-based hedge funds that relied on Lehman for day-to-day financing found themselves unable to do business because their accounts with Lehman’s U.K. subsidiary were frozen.”⁶² There was to be little respite from catastrophic collapses. A few days after Lehman went bankrupt, the behemoth insurance company American International Group, Inc., (AIG) was put on life support as it was taken over by the U.S. government using 85 billion taxpayer dollars because of fears of a tsunami effect on the global economy.⁶³ In Britain, Lloyds TSB, at the urging of the government, took over Halifax Bank of Scotland (HBOS), at the time the largest mortgage lender in the UK, after its stocks began a dangerous slide, but to little avail.⁶⁴ By October, as reported by the BBC, the UK government was “forced” to inject 37 billion pounds into three of its biggest banks, The Royal Bank of

Scotland, Lloyds TSB and HBOS, although the banks made concessions to the government regarding bonuses and management issues.⁶⁵

Measures of inequality during this time could scarcely be expected to improve. In 2010, 10% of Americans owned 70% of the wealth, and in Britain, there are commensurate levels of inequality, with the household wealth of the top 10% of the population measured 100 times greater than the poorest 10%.⁶⁶ In his report for the Economic and Social Research Council, “Recession Britain: Findings from economic and social research,” Romesh Vaitlingam describes in detail not only the impact of the 2008 “Great Recession” on business, but also its impact on peoples’ lives.⁶⁷ The negative effects include drops in income, reduced benefits, unemployment, falling housing prices, and psychological stress, amongst other consequences like food and energy price inflation.

Continued Political and Cultural Convergence

It is clear from the above discussion of the economic histories of the UK and the US in the 1990s and 2000s that there was little evidence of a break with the neoliberal economic trajectory established in the 1980s. And indeed politically there was continuity as well. After the John Major and George Bush were replaced by Tony Blair and Bill Clinton, respectively, they framed their administrations as operating in the spirit of the “New” Labour Party and the “New” Democratic Party. As such, they did not attempt to dismantle Reagan and Thatcher era market deregulatory practices, privatization, anti-unionism, as they hailed the spirit of free market rule. Britton in 1995 posited “The trends in America towards greater market flexibility, less government intervention in the economy and more faith in individual enterprise all continue unabated.”⁶⁸ Arnold, in his “What do we owe to Thatcherite economics” goes so far as to say Blair “embraced” Thatcherism after Labour came to power in 1997. Amongst Blair’s political

appointees were a large number of men with past involvement in big business. Blair's "mission, quite clearly, [was] to manage British capitalism more efficiently than the Tories have been able to do" Alavi claims.⁶⁹ "After New Labour Came to Power in the UK in 1997...neoliberal economic politics remained entrenched for the next decade and income and inequality actually grew."⁷⁰ The effect on the citizenry was strong: "Public opinions were more Thatcherite in 2003 than they ever were during her period in office, with decreasing numbers favoring wealth redistribution or describing themselves as left-wing" and a majority of the press supported Conservative ideology and ideals.⁷¹

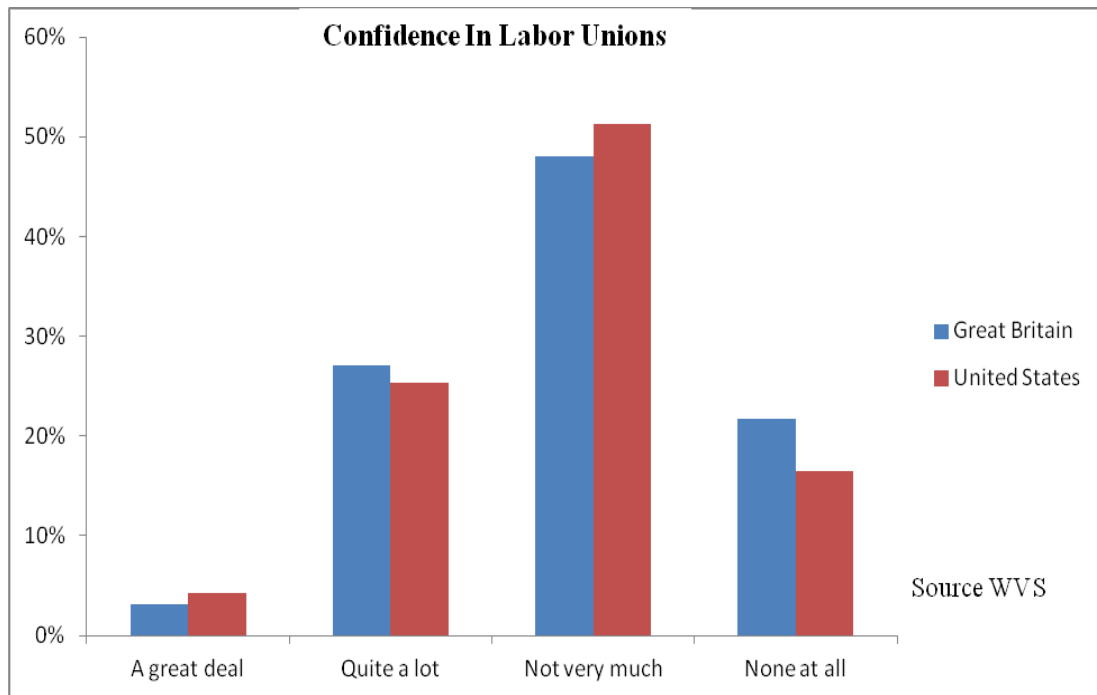
Analogous to the British case, in the United States, Bill Clinton's policies, except for his ill-fated bid to reform the health care system, were consistent with a Reagan-esque doctrine. Michael Meeropol's *Surrender: How the Clinton Administration Completed the Reagan Revolution* explores the capitulation of Democrats and Clinton to the course taken in the 1980s in detail.⁷² He threw his support behind the North American Free Trade Agreement (NAFTA) in 1994, free-trade legislation that was vehemently opposed by labor unions in the US.⁷³ Clinton not only endorsed NAFTA, but also the 1996 "Personal Responsibility and Work Opportunity Act," which, according to the overview provided by the National Association of Social Workers, "replace[d] the Aid to Families with Dependent Children with the Temporary Assistance for Needy Families block grant and ma[de] deep funding cuts in basic programs for low-income children, families, the elderly, people with disabilities, and immigrants."⁷⁴

Even in the midst of the Long Recession which began in 2007, a moment of crisis in which the economic/political policies of the past 30 years might have been reexamined, Labour Party Prime Minister Gordon Brown and newly elected President Barack Obama demonstrated

their commitment to the already-established path. At the G-20 meeting in London in 2009, Brown “emphasiz[ed] Britain’s close ties to America, and the two countries’ responsibility to lead in *reforming* the system they gave the world...his goal [was] to make a start on *reforming*, and eventually saving in more regulated form, the model of the Anglo-American free market system.”⁷⁵ In other words, while these two men and their administrations might ‘bailout’ their banks and firms deemed ‘too big to fail,’ this was not tantamount at all to a change in the system. Belief in Thatcher’s dictum of “There is no alternative” continued to be fostered. Opposition to this belief could only be construed as countercultural and anathema to the very fabric of society.

Union strength during this time correspondingly continued its decline in the US and UK, as illustrated in figure 2.4. Although there was still a gap between union density in the two countries, historical differences in political culture due to strong class awareness, more powerful unions, and the Labour party’s original commitments to socialism may not, at beginning of the 21st century, have the same power to affect cultural attitudes as it had in earlier decades. Using data from the World Values Survey (WVS), an instrument that assessed representative samples from 97 countries in five waves from 1981-2007, probing citizens on a variety of value indicators, we can see that for the WVS from 2005-2008, there appears to have been a large degree of convergence in attitudes between US and UK citizens regarding labor unions. US and UK citizens share, according to this data, a general distrust of the unions, a vast majority stating that they either had “Not very much confidence” in these unions or “none at all.” Figure 2.5 graphs this data.

Figure 2.5



A final notable area of convergence during this time period is the punitive cultural trend. The Reagan era's "harsh punishment" ethos and the beginning of the "War on Crime" continued, with ever-growing numbers of mostly poor, young, male minorities entering the ranks of the prison system under draconian legislation such as the Rockefeller Drug Laws and mandatory sentencing. Growing numbers of life without parole sentences through the 1990s and 2000s were handed down, and Bill Clinton expanded the number of death penalty-eligible crimes in the Antiterrorism and Effective Death Penalty Act of 1996.

"America has always taken a tougher stand on matters of law and order" Watts notes in comparing the two countries.⁷⁶ While this may be true, a cultural shift towards US-style punitiveness has been detailed in the work of David Garland and others.⁷⁷ Jones and Newburn, in their "Comparative Criminal Justice Policy-Making In the United States and the United

Kingdom” note similarities such as the press for the privatization of prisons, zero-tolerance policing, and the adoption of politicians in both countries of a ‘tough on crime/law and order’ rhetoric as the UK.⁷⁸ Indeed, *The Telegraph* in 1997 dubbed Britain the “Lock-up capital of Europe” with an incarceration rate of 148 per 100,000—a number that eclipses all other EU members with the exception of Luxembourg.⁷⁹ Of course, one must keep in perspective that for the same year, 1997, the US incarceration rate in state prisons was well over 400 per 100,000.⁸⁰

Cultural Divergence in the 1990s and 2000s

In a continuance of trends indicative of cultural differences established in the 1980s, John Major, during his seven years as Prime Minister (1990-1997) continued with Margaret Thatcher’s relative lack of concern for appealing to those on the right in terms of religion or morality. In strong contrast, in 1992 the Republican Party’s National Convention for the first time tagged itself as the party of “family values,” showing the power of the Reagan Era’s appeal to morality, religion, and social conservatism. Numerous scholars have noted the US is witnessing a resurgence in religious fervor, a fervor that impacts politics there greatly, as has been a tradition expressed at multiple times in history stretching back to Revolutionary Times under different guises.⁸¹

Again using data provided by the World Value Survey from 2005-2008 in figure 2.6, I illustrate the significant discrepancy in attitudes about religion generally held by US and UK citizens. Almost a quarter of UK citizens agreed that religion is not very important in their lives. Fewer than ten percent of Americans, by contrast, support the statement that religion is “not at all important.” Almost half of all Americans surveyed stated that they felt religion was “very important” in their life. In the analysis offered by “The Crisis and Bernie Madoff” of media and social reactions to financial crimes, then, I expected the divergent levels of religiosity to be

reflected. This was true to a limited degree.

Figure 2.6

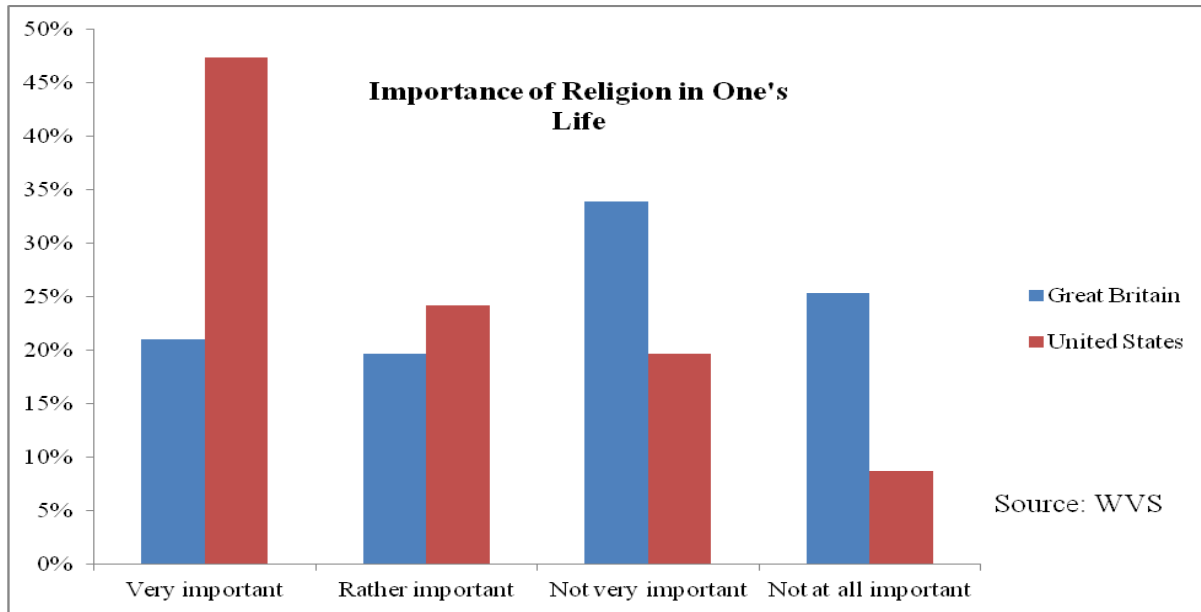
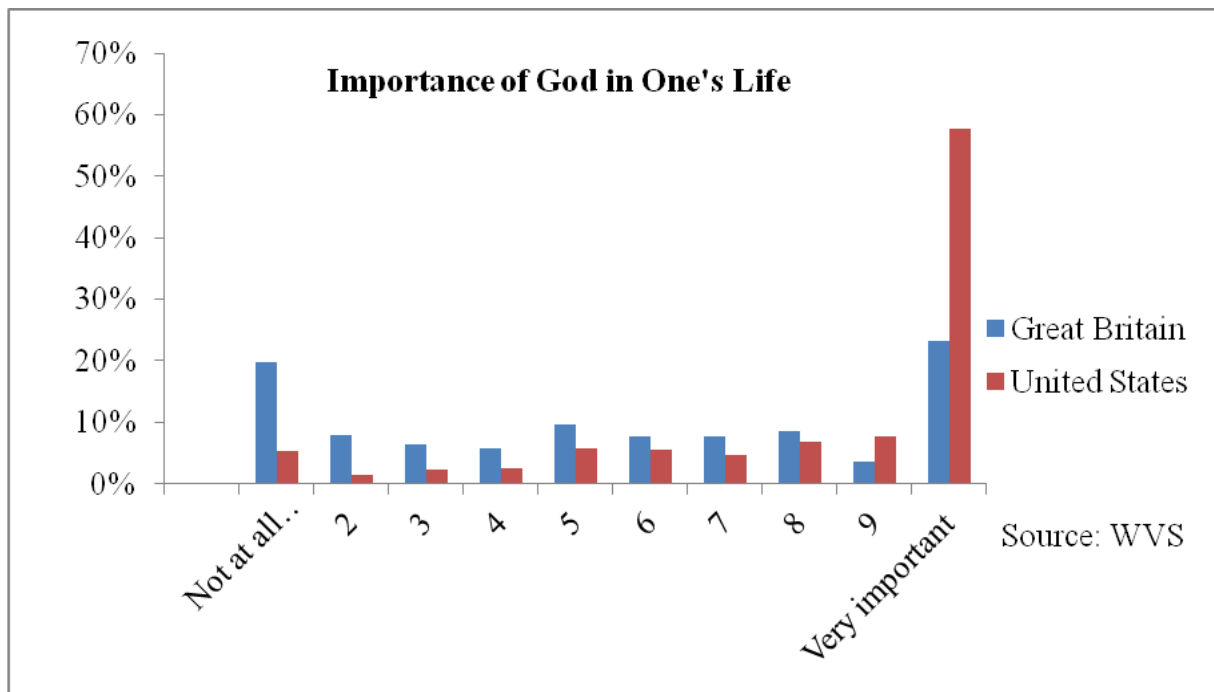


Figure 2.7



In addition to cultural differences levels of religiosity, in the 1990s and 2000s also displayed the continuance of differences in class awareness. Although in the 1990s and 2000s union density has declined in the UK along with the frequency of strikes, and public opinion about unions began to converge with that of the US, yet the significance of class as a cultural basis for shared understanding and reference appears to remain much more important in the UK than in the US. The centralization of politics around social elites during the 19th and 20th centuries resulted in “a very strong class structure...British politics took on club-like characteristics. Politics was open exclusively...to those who were members of the club...a political culture of clubs was joined with a very nonegalitarian, class-based, general culture to shape the...British polity.”⁸² It was only in 1999 that the House of Lords ended the right of hereditary peers to hold seats. Even now, as of this writing at the end of the first decade of the 21st century, there are 92 hereditary peers and appointed life peers.⁸³ The British political system in general, unlike the American system, continues to parallel a tradition of elitism and separation of classes, with centralized systems and administrative departments better shielded from pressures of the citizenry.⁸⁴ Monarchy is still preference with majority of people, acting as symbolic reminder of a past rooted in class differences and elitism that extends to influence the present.⁸⁵

More keen awareness of social division is evident in the World Value Survey, where UK and US attitudes towards income equality as measured through the WVS. Participants were asked whether incomes should be more equal or whether larger differences in income are necessary because they act as “incentives.” While only 6% of Americans agreed that incomes should be more equal, 13% of Britons held this attitude. Americans were much more likely display attitudes that supported income inequality because this allegedly promotes individuals to

work harder to obtain their share of wealth and prosperity. A separate question from the WVS tapped into the same cultural attitudes. UK and US citizens responded to the question of whether hard work in general brings about a better life, or whether luck and connections are more important to success. Americans, unlike their British counterparts, were more optimistic about their ability to achieve success without regard to the arbitrary caprices of fate or the preordained power of established social networks. 6.1% of British respondents versus 1.8% of Americans thought luck and connections played a powerful role in success.

The manifestations of liberal democracy and the culture surrounding it in the US and the UK have assumed different forms due to their own peculiar histories and circumstances, as this chapter has shown. These differences, particularly seen in higher levels of religiosity the UK and a heightened awareness of issues of class in the UK due to a history of contentious politics and strong labor unionism, will be drawn upon to help explain how the Madoff case entered into the cultural discourses of the two countries through the media and public responses. However, the prominent areas of political, economic, and social convergence around the neoliberal policies initiated in the 80s and continued into the 21st century are imperative to understanding the reportage of the Madoff case and the discourse surrounding it in the US and UK press. It is on the grounding of the comparative work that has been presented in this chapter, then, in which the analysis of the media coverage of the Bernie Madoff case is built.

Notes

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³ Hugo Hecló, cited in Jerold L. Waltman and Donley T. Studlar, eds. *Political Economy: Public Policies in the United States and Britain* (University Press of Mississippi, 1987), 268.

⁴ Richard M. Merelman, *Partial Visions: Culture and Politics in Britain, Canada, and the United States* (University of Wisconsin Press, 1991), 8.

⁵ Duncan Watts, *Understanding US/UK Government and Politics: A Comparative Guide* (Manchester University Press: 2008), 16.

⁶ Bhikhu Parekh, "The Cultural Particularity of Liberal Democracy," in *Prospects for Democracy*, David Held, ed. (Stanford University Press, 1993), 156-177.

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¹⁶ John F. Burns and Landon Thomas, Jr., "Anglo-American Capitalism on Trial," *The New York Times*, March 29, 2009.

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- ²¹ David Brian Robertson, “Labor Market Surgery, Labor Market Abandonment: The Thatcher and Reagan Unemployment Remedies,” in *Political Economy: Public Policies in the United States and Britain*, eds. Jerold L. Waltman and Donley T. Studlar (Jackson, MS: University Press of Mississippi, 1987.)
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- ²³ Studlar, “From Collectivist Consensus.” According to some scholars, however, Thatcher did not pursue as virulently the dismantling of social programs as did Reagan, providing higher levels of government support for programs. So, whereas the British Manpower Services Commission (MSC) saw its budget increase, its analog in the US, the Employment and Training Administration (ETA), was stripped of funding. A guiding principle of the ETA, to “bolster opportunities for those less fortunate so they can gain the freedom to make sound economic decisions for themselves and their families,” did not accord with Reagan’s individualistic model of economic achievement.
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- ³² Branchflower and Freeman.
- ³³ Ibid., 240.
- ³⁴ Krieger, “Social Policy.”
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- ³⁷ Ibid.
- ³⁸ Gillian Peele, *Revival and Reaction: The Right in Contemporary America* (Oxford University Press, 1984.)
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- ⁴⁰ James D. Unnever, Michael L. Benson and Francis T. Cullen, "Public Support for Getting Tough on White Collar Crime," *Journal of Research on Crime and Delinquency* 45 (2008): 163-190. And, given the multitudinous and deinstitutionalized nature of much of the Christian Right, even if one leader, say, disagreed with GOP ideology, it did not portend for the GOP that there would be a concerted opposition across the other adherents.
- ⁴¹ Adonis and Tim Hames eds, *A Conservative Revolution?: The Thatcher-Reagan Decade in Perspective* (New York: Manchester University Press, 1994).
- ⁴² Kenneth MacKinnon, *The Politics of Popular Representation: Reagan, AIDS, Thatcher, and the Movies* (Cranbury, New Jersey: American University Press, 1992): 24.
- ⁴³ Peele, "Revival and Reaction."
- ⁴⁴ Adonis and Hames, "A Conservative Revolution."
- ⁴⁵ "1990-92 Early 90s US Recession," (Regional Oral History Project of The Bancroft Library of the University of California, Berkeley), accessed April 17, 2013, <http://bancroft.berkeley.edu/ROHO/projects/debt/1990srecession.html>
- ⁴⁶ Britton, "National Institute Economic Review."
- ⁴⁷ The ERM, a predecessor to the Euro in that it attempted to unify European currencies, required that the British pound fluctuate within a very narrow parameter of the German currency, the Deutsche Mark even though the pound was recognized by speculative traders as highly overvalued. George Soros, amongst other venture capitalists, seized on the moment, by short-selling the pound, betting that they would be able to buy back the currency at a much lower price. He bet correctly. The Bank of England, despite desperate efforts to bolster confidence in the pound by buying large quantities back, could not keep the value from falling far below the agreed-upon boundaries of the Deutsche Mark.
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- ⁶⁷ Romesh Vaitilingam, “Recession Britain: Findings from Economic and Social Research,” *Economic and Social Research Council*, 2009, http://www.swslim.org.uk/Downloads/recession/publications/recession_britain.pdf
- ⁶⁸ Britton, National Institute Economic Review.”
- ⁶⁹ Alavi, “British Socialism.”
- ⁷⁰ Irvin, “Inequality and Recession.”
- ⁷¹ James Thomas, “ ‘Bound in by History,’ : The Winter of Discontent in British Politics: 1979-2004,” *Media, Culture, and Society* 29 (March 2007):263-283. In his analysis of the Labour Party and its relationship with British media, Thomas posits that because of the negative symbolism that neoconservatives had successfully attached to the “Old Labour” period preceding Margaret Thatcher, Labour saw it necessary to frame itself as divorced from the party of the past. It had to discard its affiliation with the 1960s and the economic slump that allegedly was brought about through the unfettered power of the labor unions. The Thatcher administration and the Tories had been remarkably effective in painting a pre-Thatcherite false memory of what Britain was like under “Old Labour”. As such, they largely respond *to* the shift to the right in UK politics and culture, rather than to oppose it, going so far as adopting its ideological language of the right. Alavi concurs that the British media has gone along with the generally negative presentation of labor unions fostered by “New Labour.” She writes: “Despite their useful fictional role in the running of modern capitalism and the fact that by and large since the 1960s the leadership of the unions was largely right-wing, the British media has always demonized trade leaders.” Thomas points to the strength of conservative publications like *The Daily Mail* and the *Daily Express* after the 1980s as well as *The Sun*. According to his scholarship, between 1979-1992, 70% of the press supported the Conservative press with its ideologies and ideals.

⁷² Michael Allen Meeropol, *Surrender: How the Clinton Administration Completed the Reagan Revolution* (University of Michigan, 2000).

⁷³ This opposition was due to NAFTA's stated and implicit objectives. Its stated objective has been to "eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the parties" of the United States, Mexico, and Canada. For union members and the working class in the United States, the implicit objective of NAFTA was clear—large corporations were receiving assistance in their quest to maximize profits. They could now flee high-priced labor in the US and render labor unions impotent to demand better wages.

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<http://www.naswdc.org/advocacy/welfare/legislation/summary.pdf>

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Chapter Three: Connecting Madoff with the Crisis and the Public

One of the two main arguments of this dissertation is that the Madoff case served as a vehicle through which there could be a discussion of broader issues related to the financial crisis in the US and the UK. This chapter does two things. It supports my contention that although, as I have emphasized earlier, Bernard Madoff did not in any way cause the crisis, the presentation of his case and its general understanding by the public forged between them an inextricable connection. Second, it examines key elements of the story that allowed it to exit the business pages and capture the interest and imagination of a broad audience. Without this critical engagement with the story by the readership—if the case were consigned to business news, if it wasn't *felt* deeply as significant, if it didn't tap into cultural archetypes, arouse sentiments and anger, it would have never have been transformed into a locus for discourse transcending class and even national boundaries.

I discuss five elements that were recurring themes in my interviews. First, the case involved a sum of money—tens of billions of dollars-- that, during a time when vast sums of money were being lost in an almost quotidian manner, was still large enough to be unusual and shocking. A Ponzi involving 'only' hundreds of thousand or even millions simply couldn't have had the same ability to capture our imagination, to have inspired bewilderment, wonder, anger, intrigue. Second, the scam had a high level of comprehensibility, even to those without extensive knowledge of the markets and its involvement of a (purportedly) single criminal. Third, there was recognizable human appeal that played out through an almost epic family drama. Fourth, the case had amongst its victims well-known figures and celebrities in the US and the UK but also was not confined to celebrities or the rich, affecting more 'sympathetic,' ordinary people. Last, there was an ethnic/religious dimension to Madoff's targeting of fellow

Jews which was fascinating in its Judas-like involvement of insider betrayal, but also which played strongly to stereotypes of Jews already in existence. I rely heavily upon interview material from journalists for this chapter, as combined they have over a hundred years' worth of experience in knowing what makes a story 'have legs' and knowing on an intuitive level which stories that will appeal to broad audiences.

Madoff and the Crisis 'Jumble'

Bernie Madoff was not involved with the subprime fiasco. He did not engage in predatory lending. He did not have anything to do with the Federal Reserve's 'easy money' policy. And certainly, he was not blamed by the Financial Crisis Inquiry Commission for the crisis when they released their almost 600 page report on the causes of the crisis.¹ And yet, he became emblematic of the financial crisis of 2008 and the subsequent hardships spawned of the worldwide recession; a focus for the anger which lacked a target when the problems were so systemic, pervasive, and multi-layered.

Support for this contention was readily found in my interviews with those journalists who covered the Madoff case for British and American audiences, for 'broadsheet' as well as tabloid audiences, many of whom emphasized the disconnect between what they knew to be true about the limits to which Madoff could be blamed for wrongdoing, and what the general perception was.

New York Times journalist Alex Berenson, reflecting on the how the socio-historical context influenced coverage, noted:

AB: Madoff became conflated with the banks... with the anger at the banks... And so, people-- you know-- people who weren't financially sophisticated-- it all became jumbled

together in their mind. And that was another reason why the coverage was so, so intense.

But the truth is, Madoff had nothing to do with that...²

Noticeable about Berenson's observation is that he separates what he personally believes and knows about Madoff and the crisis with what he perceives the public to understand. Stephen Foley of *The Independent* makes a similar claim:

SF: I can understand why people do it, though [conflate the credit crisis with the Madoff case]. Right, I mean one of ..the great means also of writing about the credit crisis is that Wall Street created a whole Ponzi scheme ...the credit bubble was some sort of pyramid scheme, some sort of fraud on the American people. So if you believe that, then it's very easy to wrap those two together. Obviously I don't believe that about the credit crisis, I've never written it and I've argued against it constantly but if you do believe it, then it's obviously great fun to wrap [Madoff] together with scamps like Blankfein and Jamie Dimon.³

Washington Post correspondents Tomoeh Murakami Tse and Zachary Goldfarb, in separate interviews, echo Berenson and Foley's thoughts on the nexus between public anger at the banks and Madoff, but add to it the dimension of a lack of identifiable wrongdoers up to that point. No heads had been chosen for the guillotine from the field of finance/banking...until Bernie emerged.

TMT: I think it came at a time when the public was looking for someone to blame, you know-- like a... face of Wall Street. He kind of became a target. There was so much outrage-- rightfully so, and I think everyone reacted viscerally to that...I think because it... happened during the financial crisis, the public reaction was...magnified and our response therefore was magnified.⁴

ZG: I think [the Madoff case] was important, because--- this is a critical point-- because it happened, it came out of course in December of '08 and that was some three or four months after the financial crisis was underway and the financial crisis--- while it yielded a lot of unsavory executives and banks never really produced a--you know...a person in handcuffs who you could blame and see go to jail for sort of...if not for the illegal wrongdoing, then the practices of Wall Street. So even though what Bernie Madoff did wasn't directly tied in a way to the wrongdoing on Wall Street or the bad actions of Wall Street...I thought he offered at least publically, a mechanism to direct their anger at.⁵

While Murakami Tse and Goldfarb do not say, as Berenson does, that everything became “jumbled,” for a generally financially illiterate public; their responses suggest that such a agglomerative effect took place even for those who could conceptually differentiate between types of economic malfeasance. Andrew Clark, Deputy Business Editor for The Times (London) similarly focuses on the anger which was in need of an object but wasn't concerned about the level of direct accountability for the fallout from the crisis:

AC: I think the public were very very angry with the financial community, the financial services industry. And they wanted villains and here was an arguable villain bound tight, served up on a plate. And it's worth remembering that the reason he was caught out was the financial crisis...so you can't really separate one from the other...I think was in some ways the most interesting aspect of the whole thing ...is did this guy get a particularly harsh wrap because he became the poster boy-- he became a poster boy for the financial crisis? I wouldn't go as far as saying he was a scapegoat because that implies innocence and he was...guilty. I think he certainly ...could easily be in a federal penitentiary that could be entirely populated by financiers of his lot.⁶

While Andrew Clark spoke about the need to capture a “villain,” I queried Tom Leonard, at the time a Wall Street correspondent for the *Daily Telegraph*, about an article he wrote which claimed “finally they got a Wall Street bogeyman:”

CE: ...I’m interested in that because... as much as the crisis was going on...he didn’t cause the crisis, he didn’t have anything to do...

TL: Of course not. No, he became a focus for it, I mean he became... almost a scapegoat for it, the all-star scapegoat...he bore the weight of that... I think he didn’t bear responsibility for the financial crisis of course, but he became symbolic of a certain type of shark on Wall Street who had played fast and loose with the money of ordinary people.⁷

While not using the term ‘scapegoat,’ which many reporters balked at due to its exculpatory implications, Binyamin Appelbaum of the *Washington Post* concurred that Madoff was perhaps wrongly conflated with the crisis and metaphorically executed for it

BA: [Madoff] was in many ways a product of the era but at the same time he wasn’t participant in its core themes and I think...it’s ironic and actually deeply troubling that what we’ve got out of the financial crisis was a series of convictions of people and... the sort of the stapling of their heads on the pole along the bridge---you know, in England in the 16th century the heads that would be on Tower Bridge would be the wrong heads.⁸

Everyone likes a good story

A ‘villain,’ ‘Wall Street shark,’ ‘bogeyman,’ ‘scapegoat,’ and the ‘wrong head’ on Tower Bridge. Madoff has been thus characterized by those who had a key role in reporting his story to the general public. He was an object onto which anger about the crisis could be pinned. But there were many other Ponzi schemes, financial frauds and certainly corporate improprieties that were

exposed as the tide went out during the Great Recession. Notable among these was the Allan Stanford fraud, an enormous Ponzi in its own right involving eight billion dollars, which was exposed in 2009, and resulted in a similar sentence of 110 years. Yet, none of these cases became the viral sensation of the Madoff case. A Lexis Nexis database search for all articles referencing Stanford's fraud in the *New York Times*, for example, yields, (as of the writing of this book in December 2012) 129 results. References to Madoff's fraud in the same newspaper yielded 1,253. He became a household name, subject of over a dozen books and documentaries—including books written by an alleged lover and daughter-in-law. The case continues, long after Madoff's imprisonment, to be a point of reference and interest.

It is sociologically compelling to note what, exactly, about this white collar crime case enabled it to become the media sensation it was in the US and UK. Without its ubiquity, it could never have been the platform it was for discourse about issues related to the crisis in capitalism. With this knowledge, we discover the social significance of the *story* and *storytelling* for the construction of shared interpretations of events, and what common cultural understandings can be drawn upon to either uphold or deconstruct an existing *Weltanschauung*.

Element One: 5 billion is always a reason to pay attention

Of the five key elements that allowed the Madoff case to exit the business pages and capture broad interest in the US and the UK, the sheer scale of the fraud was the element most uniformly cited by my interview participants as the factor that made the case, in their experience as journalists, interesting/unusual/phenomenal. *Millions* had lost its ability to get attention and to grab attention when trillions were being lost (stock market losses between October 2007 to March 2009 in the US are estimated around 11 trillion)⁹

Tom Zambito, court reporter for the *New York Daily News* and Kaja Whitehouse, business reporter for the *New York Post*, describe how the 65 billion dollars was enough to bring this financial fraud case to the pages of tabloids typically uninterested in white collar crime. This is notable as, in order for the Madoff to have produced broad cultural responses, it would have to transcend class boundaries and appeal not only to the elite readerships of *The Times* (London) or *New York Times*, but to lower-middle and working class people. Both were asked the same question: What made this case interesting or unusual for you as a journalist? How did you know it was important?

TZ: The amount of money that he was alleged to have stolen was--was enormous, and I have to tell you...the *Daily News*, that was not a specialty of ours... financial cases wasn't ...we really didn't ...there was a lot that went through that courthouse that we sort of ignored, other-- you know--insider trading cases unless they had facts that sort of, you know, bumped it into our realm...For the tabloids it didn't fit the typical...it's something not you would have found, if the amount was smaller. If it was say 500,000 this wouldn't have gotten into the *Daily News* or *New York Post* it would have been...a B3 story in the *New York Times*.¹⁰

KW: Right away the dollar figure, the... I mean obviously it's been ratcheted down a lot, but there's never been anything like that, that kind of----number-wise I think he came out and said 55 billion at first, he said something like that, and it's like, 55 *billion* dollars-- crazy!¹¹

Anton Antonowicz, writing for a predominantly working class audience through the *Daily Mirror* tabloid, concurred:

CE: Now what was your first reaction to the case when it broke, what did you find the most interesting or unusual?

AA: Well, the vast amounts of money involved and the people who had lost so much in the business.¹²

Even for the more elite/broadsheet papers saw the sheer scale of the fraud was seen as newsworthy for audiences with ostensibly more financial sophistication and interest in other types of white collar crime. The *Financial Times*' US Deputy Managing Editor, Gary Silverman invoked a popular mystery writer in reaction:

GS: Yeah, it was the biggest...the biggest case because it was the biggest number you know and the thing that was amazing from the start was the number, the amount missing that made it in Agatha Christie terms a giant crime.¹³

Ed Pilkington, New York correspondent for *The Guardian*, described being at first skeptical of the multi-billion dollar figure.

EP: In the first case it was just simply the scale that caught my eye--just simply that scale right, one person, the size of...just that caught my eye, 'wow' I mean, the jaw-dropping fact...¹⁴

The New York Times' Diana Henriques, perhaps the journalist most identified with the Madoff coverage, gives a fascinating insider's description of how the case broke in a way that best exemplifies my contention about the need for a crime of immense scale to rise above the already deafening 'white noise' of the Financial Crisis, and so I include her quote in full:

DH: We went into work every day saying will the ATMs still be working by nightfall; it was that kind of crisis. So I had – no way I could even pitch the story until I knew, had some idea of what the scale was. So I called a regulatory source who was familiar with

the case and he said, “I can’t talk yet.” I said, just don’t – you don’t have to talk to me. Just-- I want one clue, I want to know, what is the scale of this crime? Because – you know – we don’t have space, frankly. It’s 4:15 in the afternoon, we’re all there – my boss was going to go in 15 minutes and pitch our page one stories to the desk; to the news desk. So I said, we don’t have room, we don’t have time, I need to know how big the story is. And he said, “huge.” So okay, well, I hang up; told my boss about it, I said – you know – all they’re saying, it is a huge fraud. I don’t know what huge means, but they’re saying it’s huge fraud. And then as soon as the story broke....we saw that Madoff himself had estimated the losses at 50 billion dollars. So it went on page one as the lead story of the paper that next day. *And the scale of it, even in normal times would have made it news worthy; the scale of it even in these very abnormal times made it news-worthy* (emphasis mine).¹⁵

Element Two: The financial is the personal

In spite of the vast sums involved in the Madoff fraud, this element alone was not enough to ensure that the case would be a point for general discourse about the financial crisis and capitalism. After all, white collar frauds can be very complex, eluding even those trained to discover such crimes. A manipulation of unfamiliar and abstruse financial products like asset-backed securities or collateralized debt obligations is unlikely to result in widespread, spontaneous discussion and passionate debate. Also, a financial fraud or wrongdoing might not be attributed to a single individual. An entire corporate leadership structure or institution might be faulted, thus making it more difficult for the general public to focus their interest or outrage on a target.

The Madoff crime was anything but abstruse. While Madoff claimed to be using an opaque “split-strike conversion” or “collar” strategy to make profits for his investors, this was a fiction unrelated to the actual execution of the crime. The Ponzi scheme itself and the way Madoff conned his victims-- is remarkably easy to explain, to even the uninitiated. Alex Berenson of the *New York Times* remarked:

AB: there’s something about Ponzi schemes that everyone can understand.. This idea of something for nothing...

Tom Leonard of the *Daily Mail* affirms:

TL: if you’re looking for reasons why [Madoff’s crime] left the financial pages... it wasn’t just a rather dry story, about a kind of arcane financial story about someone cooking the books or not paying their taxes, using tax evasion. It was a very old style, kind like of a snake oil, you know snake oil salesman story of someone who uses very old style kind of conman practices

The Guardian’s Ed Pilkington brought together the story’s key element of comprehensibility with the element of individualization/personalization.

EP: It’s a kind of story that had everything. It had the personal-- it was based on one person, where Enron was a very much a city story because it was a bad institution about [a] financial sort of skullduggery that your general public would find it difficult to comprehend. This was about one man, persuading people to give him money. It was very simple, and very human.

David Gelles, journalist for the *Financial Times*, likewise emphasized:

DG: This was the financial crisis writ large on a very personal level. This wasn’t one of the financial institutions getting itself into another mess. This was an individual actor

who had stolen billions of dollars from other individual actors and of course some smaller investment funds. But, what I think was so amazing was that it-- it personalized the financial crisis in a way that it's hard to do when so many of the previous stories had been so abstract.¹⁶

Individual *actors* such as Madoff provide a face, a name, and a personal story other than a corporate logo. Although corporate 'personhood' may mean legally that a corporation can be prosecuted for a crime in the US and the UK,¹⁷ certainly the general understanding of a corporation is not that of an individual human character.

Although my content analysis surprisingly did not show that Madoff's individual pathology was of central concern to the reportage in itself *vis a vis* other issues, but rather was an entrée into broader issues raised by the story, there was, of course, some attention paid to the peculiarities of his personality that would stimulate interest from the readership, and not only amongst the tabloids. *The New York Times* "The Talented Mr. Madoff", for example presented Madoff as possessing characters trait which might indicate psychological disturbance—his 'reclusiveness' and 'aloofness,' his obsessive-compulsive behaviors.¹⁸ The same article cites extensively J. Reid Meloy, a forensic psychologist who found similarities between Madoff and serial killer Ted Bundy. *The Times (London)* reported on the eccentricities of his behavior as described by his secretary—his egomania, sexism and even his penchant for massage parlors.¹⁹ The Times (London) also, in "More on the bizarre world of Bernie"²⁰ noted his 'psychological aberrations' as evinced through his fanaticism about the use of color schemes in his office

Of course, tabloids like the *New York Post* and *The Daily News* had wider latitude to describe Madoff's individual criminogenic personality in more titillating headlines, but the content of their probes into Madoff's personal quirks and qualities did not differ substantially

from that of the broadsheet/elite papers. The *Post* labeled him a “Brazen Bum” and “Rat” declaring “Madoff, a Monster from Birth” and quoted Mary Jo Buttafuocco in her assessment of him as a classic sociopath.²¹ The *Daily News* termed him “Ponz Scum”²² and the UK’s *Daily Mirror*, a ‘slippery Wall Street wheeler-dealer.’²³ Whether couched in sensationalized headlines or not, the interest in Madoff as an individual ‘criminal’ character was an element that cannot be disregarded in explaining how the story piqued the curiosity of an international audience and allowed it to become a narrative through which discourse about broader issues could emerge.

Element Three: It was Shakespearean: The Family Drama

Madoff as an individual, then—his obsessive-compulsive traits, his aloofness, his ability to con victims out of their lifesavings with an almost ruthless detachment—was a key element. Yet, if the Madoff crime had involved only Madoff—the narrative would have lacked a certain depth. Few plays, novels or films center only on a single man or woman. Thus, the almost epic family drama that also figured into the story was extremely important and one which my interviewees almost across the board emphasized as one of the key reasons the Madoff story became the sensation it did.

A father turned in by his own sons; a son who takes his own life in macabre fashion; a woman at the center of the storm with serious questions about her complicity in the scheme--- Madoff’s story was one with familiar patterns and contours, one that was recognizable and deeply culturally resonant in the US and the UK. The Madoff family saga was so, in fact, overtly linked to fictional literary works, that allusions were riddled throughout the coverage.

In the *New York Times* alone, allusions to literary works as diverse as *Julius Caesar*²⁴, *Agamemnon*, the novels of Charles Dickens, and *The Wizard of Oz* appeared. Harry Markopolous was thus transformed into Cassandra,²⁵ while several articles, such as “If Bernie

met Dante” alluded to *The Inferno* when referring to Madoff’s betrayal of those who invested with him, as well as his potential punishment.²⁶ In the op-ed “Who wants to kick a millionaire,” Frank Rich writes: “A Jewish financier rips off millions of dollars devoted to memorializing the Holocaust -- who could make this stuff up? Dickens, Balzac, Trollope and, for that matter, even Mel Brooks might be appalled”²⁷ More modern dramatic references surfaced as well. In the article “The Madoffs shared so much, the question is how much,” the writers note “in the absence of direct answers [about Ruth Madoff’s knowledge of the crime], all that’s left is the sort of psychological puzzle that belongs in Act II of a David Mamet drama, right before we find out who are the players and who are the played.”²⁸

The *The Times* (London), *The Guardian* and *The Sun* too, found numerous parallels between Madoff and classical works of literature. Madoff is likened to Anthony Trollope’s Augustus Melmotte²⁹ and to a Jekyll and Hyde figure.³⁰ As with the *New York Times*, in *The Guardian* and *The Sun*, Charles Dickens is invoked but with greater frequency, as journalists present the connections between two stories: one fictional and one factual: “ ‘He was immensely rich; a man of prodigious enterprise; a Midas without the ears, who turned all he touched to gold.. He was in the City, necessarily. He was chairman of this, trustee of that, president of the other.’ No, this is not Bernard Madoff... It is a description of Mr Merdle, the fictional banker in Charles Dickens’ Little Dorrit. Madoff, like Merdle, was a pillar of the community.”³¹ Even Madoff’s name was found remarkable for its Dickensian quality: “Bernard Madoff. It’s pronounced ‘made-off.’ Could Dickens have named him better?”³²

Reflecting what was found in the coverage itself, my interviewees often tied the Madoff case to epic tragedies in their explanations of why the case resonated with them . Anton Antonowicz of the British *Daily Mirror*, focusing on the family dynamics at play, asserted:

AA: It's a Greek tragedy, it's a classic tragedy. But how often do we feel sorry for the people who fall to the ground in the tragedy? Maybe there's always some sympathy-- I mean there's obviously sympathy for the Madoff family in this, I mean there's a suicide, there's a woman whose lost her child as a result of it and so forth which is very very sad...

Four of my interviewees specifically invoked Shakespeare in their descriptions of why the Madoff story was so interesting and unusual. *New York Times* journalists Leslie Wayne and Diana Henriques as well as Gary Silverman from the *Financial Times* and Ed Pilkington from *The Guardian* each describe the link between Madoff and the Bard

LW: You also have the Shakespearean part where his son kills himself, and you have the suicide, and the death of the son, related to you know, what the father did...³³

GS: It was Shakespeare, you know... it just--you know as a tale...I mean there [were] very easily understood dramatic lines in the story...right out of Shakespeare

EP: There was always a kind of Shakespearean thing..that you don't have to feel glee at his downfall to find it fascinating, you know-- because he came from fairly modest beginnings, so to go from there, to rise to such heights and then, brung down to the clink—

Diana Henriques tapped deeply into the question of which stories resonate with us as readers and humans:

DH: Whether it's the Icarus Myth; whether it's Dr. Jekyll and Mr. Hyde or whether it's Cinderella or a David and Goliath story; those are the kind of stories, I think, that... latch on to our psyche – way deep down. Deeper down than simply the factual story. And this one did from day one, absolutely grabbed me from the minute I knew that he'd

been turned in by his son. I said, “Oh man, wow.” It just doesn’t get anymore – you know – we were thinking King Lear; it was Shakespearean in all its dimensions.

The fact that these journalists were drawn to the literary, almost mythic quality of the Madoff crime and circumstances surrounding it, accords well with the work some cultural anthropologists like S. Elizabeth Bird and Robert Dardenne have been engaged in--relating the way in which news functions in to storytelling traditions. In their “News and Storytelling in American culture,” Bird and Dardenne argue: “like all narratives, news has a mythological quality that transcends other functions...news articulates cultural values through narration...like myth, news creates order out of disorder, transforms knowing into telling, offers reassurance and familiarity in shared community experience, provides answers to baffling questions (even when none are available) and provides ready explanations for complex phenomena.”³⁴ Extending this line of thought, we can say that societies make sense of the world by the way in which they construct events. This construction, however, is informed heavily by the repertoire of cultural symbols, archetypes and stories made available to us through shared histories and traditions. If, then, the facts of the Madoff case *itself*, before it even entered print, presented themselves as a fragments of a very recognizable story to the journalists, the mythic quality of that news story is only enhanced exponentially, as its ability to serve as a tale that would offer ‘reassurance’, ‘explanations for complex phenomena.’

Amongst the dramatic elements of the crime, the ‘character’ of Ruth Madoff and the question of her complicity in the crimes was one that, unlike the suicide of Mark Madoff which happened two years after his father’s arrest, was present almost immediately and constituted a chief reason for public intrigue.

John Marzulli of the *Daily News* describes this public interest:

JM: I think it was sellable in the sense that people were wondering what did she know? You know here she was, you know portraying herself as the blind...wife who was shocked just like everyone else but I think that there was, you know this great skepticism and probably to this day-- as to how much she knew about what her husband... was up to and how much she knew about the real Bernie Madoff you know.³⁵

Christina Boyle also writing for *The Daily News* admitted:

CB: you kindof become a bit fascinated by what's happened, and like what's happened to Ruth, you know she's shunned and he's not speaking to her...³⁶

Alexandra Frean of *The Times* (London) again invoked a drama—this time the HBO television show the *Sopranos*—to describe Ruth's story, revealing the extent to which the Madoff case was entangled in fictive world. Fascinating about Frean's response is that she uses the character of Carmela to talk about Ruth Madoff's guilt.

AF: I can only imagine that she [Ruth Madoff] was like...Carmela in the Sopranos, she probably did know but she didn't ever want to think about it cause she didn't... you know on one level she must have, you know been aware that something was going on and--you know Carmela was guilty....as her husband in that respect in that she decided to turn a blind eye to it but it wasn't because she was completely innocent.³⁷

While coverage of Ruth was found prominently in the broadsheet/elite newspapers, the US tabloids, perhaps to appeal to a broader audience and further sensationalize an already dramatic story, went much further in their negative portrayal and in their assumption of her guilt. Take, for example, an article found in *The New York Post* by reporters Bruce Golding and Kavita Mokha, describing Ruth's visit to Metropolitan Correctional: "Ruth, 67, arrived about 20

minutes... hopping out of a *black* SUV. Clutching a *black* umbrella and clad in a long *black* coat with the hood up, she was accompanied by two security escorts who tried to block photographers as she headed for the lockup. With a smirk on her face, she ignored reporters' questions.” (emphasis mine)³⁸ Ruth is symbolically here painted as a black, condescending, elitist figure without any regard for those trying to get answers to the crime.

Kaja Whitehouse from *The New York Post*, speaking of the tabloid coverage, remarked “Well they...did do-- and I didn't do any of these stories-- but they did do a lot of attacking of Ruth.”

James Doran, a British journalist who wrote for the *Guardian* as well as the *New York Post*, stated even more strongly:

JD: Well frankly we pushed it as far as we could because...I mean she was his wife. She clearly was fully cognizant of what... I mean--- you know if it had gone on for a few months then perhaps she could have been duped...but you can't live with someone for all those years...you know he was an out-and-out, he was a criminal!... I should say so she knew. She was a kind of mall frankly, in *New York Post* parlance. She just lived on the Upper East Side, that's all... What I think is interesting is she was a gangster's mall she happened to live on the Upper East Side and wouldn't be a member of the 92nd street Y, that's all...³⁹

While less sensationalized accounts of Ruth Madoff and her involvement in the crime were to be found in the coverage provided, say, by the *New York Times*, it is important to acknowledge how coverage of Ruth broadly functioned to enhance interest in the case. If, as Alexandra Frean imparted, she is seen as a “Carmela Soprano,” a very rich woman who closed her eyes to crime in order to benefit from it, then it is much easier for her to fall into a

preexisting set of archetypes and therefore be familiar, able to be discussed by the public and brought into discourse.

Element Four: Kevin Bacon, Steven Spielberg and the Everyman

The Bernie Madoff Ponzi was already an extraordinary story with a multitude of factors to explain its broad ‘appeal’, allowing it to serve as a platform for discussion of larger issues. Heightening this appeal was the unique entrapment of both a star-studded list of worldwide celebrity investors/victims and everyday “main street” representatives of middle-class America. This was a potent mix, because UK and US society were already infused with a ‘celebrity culture’ that would be attracted by the sensationalism offered by tales of high-profile losses, and at the same time the fraud had *direct relation* to a broad swath of the population who could empathize, say, with affected pensioners and those who had lost their life savings during a time of recession.

Star power: A cultures of celebrity and the allure of the Madoff case

Cultural studies scholars and social scientists over the last 20 years increasingly have looked closely at the ‘celebrity cultures’ that have arisen in the US and the UK,⁴⁰ their meaning and function. Cardiff University’s Michael Levi, one of the few modern criminologists to write about media portrayals of white collar crime, posits that the influence of the late-modern ‘cult of the celebrity’ has forced media producers to focus on well-known figures in order to gain readership, and so only cases which involve these persons will be extensively covered. Due to media’s status as a source of entertainment, celebrity victims and/or offenders are ‘preferred’ subjects much more likely to attract coverage.⁴¹ Reiner and Greer, referring to the UK press, remarks “The reporting of white collar crime tends to be concentrated in “quality” newspapers and is often restricted to specialist financial pages, sections, or newspapers, framed in ways that

mark it off from ‘real’ crime unless they are sensational celebrity-style stories that are treated as a form of ‘infotainment.’⁴²

Certainly, then, the Madoff story was attractive for its ‘infotainment’ properties. Each of the eight newspapers for which I performed my content analysis—be they left-leaning or right-leaning, tabloid or broadsheet, British or American, used celebrity in their reportage. *Daily News* headlines included “Even Uma’s beau gets skimmed,”⁴³ “Add Zsa Zsa to growing list of Madoff victims,”⁴⁴ and “He’s Forrest Chump: H’wood Script writer sues investment manager for losing big bucks in Ponzi scheme.”⁴⁵ Because of the international influence of Hollywood, UK newspapers often used the same high-profile names to highlight the significance of the fraud. Christine Seib of *The Times* (London), in the article “Tremors of Madoff scandal spread wide as Bacon is caught up in the scandal,” writes: “Other apparent victims include Steven Spielberg, the film director, and Eric Roth, writer of *The Curious Case of Benjamin Button*, a new hit film that stars Brad Pitt.”⁴⁶ As can be noted from this article, there is no need, of course, to include that Eric Roth’s new film was a ‘hit’ starring Brad Pitt. But the insertion of yet another celebrity name is thought to add to the magnetism of the piece to a potential readership.

Several of my journalist interviewees emphasized this attractiveness and the importance of the celebrity factor, primarily those writing for the tabloid newspapers.

Daily Mail writer Anton Antonowicz, in speaking about what caught his attention about the Madoff case, mentions:

AA: There was the showbiz angle--Steven Spielberg was supposed to have been involved and--what was it? Dennis Quaid or somebody like that...Kevin Bacon...

For New York- based papers, the involvement of the Mets baseball teams’ owners—Fred Wilpon and Saul Katz-- as dubious victims also held a strong appeal also connected to principle

of infotainment. Tellingly, *The New York Times* covered this aspect from the Sports Desk as well, demonstrating its appeal beyond the business pages. Serge Kovalski, who did extensive investigative work on the Mets/Wilpon connection to Madoff, noted:

SK : I think it's safe to say that undoubtedly the coverage would have been, you know, would have been less, if it weren't the Mets, if [the Wilpons] were just sort of big successful real estate people. It would have been much different, than you had potentially to save...an entire major league baseball team... I believe the, you know, the major entertainment market in the country...⁴⁷

Kaja Whitehouse of *The New York Post* as well as Christina Boyle and John Marzulli of the *Daily News* also emphasized the significance to their readership of having the owners of the Mets--a sports team with 'celebrity' status-- ensnared the Madoff Ponzi.

CB: *The Daily News* is a big sport paper-- Yankees, Mets... and people are kind of fascinated by these people. They know their names so even if it's not their money... They're almost like celebrities to their sports fans...

Marzulli and Whitehouse both suggested that the Wilpons/Madoff story caught the attention of their readers due to preexisting negative feelings about the Wilpons and deeply held emotions concerning their team's ability to win.

JM: [There was a] public beating that the Wilpons took for the Met's fortunes on the field and the team has really been very disappointing...in the last few years, and I think, some of that anger...at the Wilpons and the Mets' you know, fortunes...came out in the Madoff [case]...people were saying that this should be a good reason for them to sell the team ...we should get, you know, new owners

KW: It had resonance with the readers... even a lot of Mets fans hate the Wilpons. So it was it was a hard story to cover, because people were very emotional... Sometimes if I wrote a story that seemed to be pro-Wilpon I would... have Mets fans screaming at me...

For those in the UK who obviously could not possess the same kind of fierce attachment to the Mets, more 'local' celebrity ties could be made. *The Sun* noted that "footie legend Paul McGrath" had also been impacted.⁴⁸ Importantly, too, there was the involvement of the nationally significant figure, Nicola Horlick. Horlick, an investment fund manager for Bramdean Alternatives and termed a 'superwoman' by the UK press, lost 21 million pounds to Madoff. Stephen Foley and Tom Leonard, who wrote for *The Independent* and the *Daily Mail* respectively, explained why the Madoff case might have had particular resonance for a British audience given the victimization of Horlick:

SF: It was Nicola Horlick's involvement... She's a famous household figure so the minute you get a London connection suddenly you can get your stuff in the international media.

TL: Nicola Horlick had been seen as a rather kind of smug... never puts her foot wrong financially...and she was being put out like the rest of them. So there was a certain schadenfraude, right, there again with her but yeah she's famous in England and the fact she was taken in was definitely a factor.

None of my respondents felt that the celebrity element—be it Hollywood celebrity or sports team involvement or a high profile CEO--was the most crucial one in explaining why the Madoff case left the business pages. However, it cannot be discounted, especially for its ability to attract readers who otherwise would not have been impacted by the case or seen its immediate relevance. Madoff, by conning celebrities, was simultaneous able to enter into a kind of pop-

cultural consciousness of US and UK citizens who, in a sense ‘share’ common celebrities and who are immersed in a celebrity culture.

In fact, because of this nexus between Madoff and pop culture, he *himself* became a kind of criminal pseudo-celebrity in a way analogous to the likes of famous serial/mass killers such as Ted Bundy, Charles Manson or Theodore Kaczynski. *Daily News* reporter Patrice O’Shaughnessy, describing the scene outside of the courthouse the day of Madoff’s sentencing telling wrote “The metal police barriers outside the federal courthouse in Manhattan I looked more like the gates at Neverland, with hordes of reporters from around the world...The King of Ponzi eclipsed even the King of Pop to draw a circus at his finale.”⁴⁹ Personal items owned by Madoff and later auctioned, including the most banal—boxers, a family dog bowl, books—were sold at many times their actual value, indicating that the Madoff name had acquired a sufficient degree of celebrity ‘contagion,’⁵⁰ that his possessions could have value conferred on them by virtue of his touch.

It takes more than a star?

In spite of the appeal to a mass readership in the US and the UK of a long list of celebrities and famous personages, and indeed the growing celebrity/notoriety of Madoff himself, several of my interviewees insisted that what gave the story true *pathos* and allowed a wide audience of working class and middle class people to connect to it was the victimization of ‘everyday’ ‘Main Street’ people. Alexandra Frean of *The Times (London)* thought that the celebrity factor made the story ‘a bit more sexy,’ but, “you’re not going to feel sorry for the celebrities in the way that you feel sorry for the poor widow.” Christina Boyle, who covered the Madoff case for the *Daily News*, actually goes so far to say that *because* it wasn’t only the

celebrities of the world, that her readership ‘in the boroughs, a lot of cops and firefighters, lower middle class’ kept its interest in the Madoff case.

CB: None of the *Daily News* readers would have had money invested in Madoff ... what was interesting was that the [victims were] generally people who were hardworking, self-made who had their lifesavings taken away...everyone could relate to that. It wasn't just like it was Steven Spielberg's life savings. It was kind of some person you've never heard of who has worked really hard in a law firm for 30 years and invested money in a trust fund for this kids and then that had been wiped away so...I think that would probably appeal to like *Daily News* readers because...it was just this kind of human aspect of what he'd done and your normal, ordinary people who had been ripped off and had had their whole life savings just wiped out.

The juxtaposition of the bilking of ‘normal, ordinary people’ with those in higher echelons will be further discussed in chapter 4, as it provided the ideal forum for a discussion of social inequality and greed during a time of crisis.

Element Five: Fagin, Shylock, Madoff?

The last element of the Madoff case which I argue moved it from the business pages to capture the interest of a broad audience and maintained its intrigue was the way in which Madoff's Jewishness and that of a large number of his victims both fed into well-known stereotypes of greed during a time when anti-Semitic sentiment was being stirred, as well as presented a fascinating narrative of ‘insider’ betrayal of an already persecuted ethnic/religious group.

I described earlier the numerous literary allusions found in the coverage that tied the Madoff case to classic works of English and American literature, particularly to those of Charles

Dickens and William Shakespeare. The familiarity of the dramatic elements, the archetypal characters, all contributed to the allurement of the story for a broad audience. Coincidentally Shakespeare and Dickens were also the creators of two very well known stereotypical Jewish characters: Fagin and Shylock, respectively. Shakespeare's Shylock from the *Merchant of Venice*, a play contentious in its anti-Semitic implications, is a wealthy Jewish moneylender through which the "fierce diabolism of the Jew is affirmed."⁵¹ Dicken's villainous Fagin "the Jew" in *Oliver Twist* became a stereotypical, "exaggerated and archetypal image of evil."⁵²

Julia Pascal of the *Guardian* in her article "Time to bury Fagin," writes of the British revival of the "Oliver!," making the connection between literary works (in this case, Dickens) that still inform culture in the UK, extant Jewish stereotypes, and the Bernie Madoff case: "Madoff, a Jew, is... accused of a fraud whose victims are predominantly Jewish charities and investors. Amid this scandal, it's a mistake to think that American Jews feel immune to the threat of anti-Semitism. But US Jews are not exposed to the constant low-level antisemitism that filters through British society. They aren't confronted with hook-nosed Jewish stereotypes on the subway posters. Unlike London street talk, New York slang does not use the word "wejl" for cash (spell it backwards)."⁵³

Many of my interviewees, although interestingly, none of the journalists who reported for British or American tabloid newspapers-- felt that the "Jewish dimension" was one of the most significant aspects of the story that made it 'interesting or unusual':

CE: And what besides the number, did anything else strike with your journalistic sensibilities about the case about what was interesting or compelling...

EP: The big one was of course the fact that he was Jewish and the way that whole sort of Jewish angle-- story came welling up...

James Bone, writing for *The Times* (London), added:

JB: I think the way it was a particular--Jewish subculture was interesting and I remember--I think the first story I wrote about the case, I rang up Elie Wiesel at home because the kind of spectacular nature of...you know, a Jewish financier ripping off the most famous living Holocaust survivor--- was just too dramatic. ...⁵⁴

Gary Silverman of the *Financial Times* also noted “ I mean, how bad could it be. The guy was hustling, he was you know a Jewish man who was hustling...

I am not suggesting that there was a deliberate or even conscious attempt on the part of the vast majority of journalists to support stereotypes and stoke the coals of bigotry through their work on the Madoff case, (though The American Jewish Committee *has* alleged excessive references to Madoff’s Jewishness, this is difficult to prove as we have no counterexample of a 65 billion dollar affinity fraud committed by, say, a Protestant). In fact, as I shall document later, most journalists were adamant in their belief that Madoff’s Jewishness *qua* Jewishness was not significant to the case, and that the reportage had done nothing to enforce stereotypes. My content analysis supports their assertions, as it revealed only a few examples of canard-supporting reportage or blatant overemphasis of his Jewishness--and they were rare occurrences (*The New York Post* headlines “Ponzi King Takes Chutzpah Crown: ‘Anti-Semitism Victim’ Bernie begs for Mercy,”⁵⁵ and another article, “Madoff Mauled over ‘heirmail’”⁵⁶ which began with ‘what chutzpah!’ offer a glimpse of that type of reportage.)

Rather, what I am arguing is that the prevalence of the stereotypes themselves—the implicit associations found in British and American *culture* broadly, made Madoff and his clients’ Jewishness a salient feature. And, given the economic/historical context of a crisis and recession, the stereotype became even more significant. Thus, the story ‘fit’ well with

stereotypical preconceptions, allowing it to become a familiar narrative, readily able to be popularized.

Almost exactly one month *before* Bernie Madoff's Ponzi was revealed, at the annual meeting of the Anti-Defamation League (ADL), the National Director, Abraham Foxman, would give an address, "Blaming the Jews: The Financial Crisis and Anti-Semitism," in which he described a rise in anti-semitic hate-mongering outside of the mainstream media, on the internet, resurrecting old stereotypes about Jews as having a vastly disproportionate influence in financial affairs, as being avaricious and grasping, as being a uniformly wealthy group, wealthy through leeching money from non-Jews.⁵⁷ A body of research conducted by the ADL on a yearly basis on the prevalence of anti-Semitic beliefs also certainly confirms a significant amount of such beliefs during the time when the Madoff scandal broke. The nationally representative Survey of American Attitudes towards Jews in America showed 35 million adults, about 15% of the population held "unquestionably anti-Semitic" views.⁵⁸ The same survey of British adults showed an identical level of 'unquestionably anti-Semitic views' for the year of 2009.

Beyond the 15% of British and Americans who held "unquestionably anti-Semitic views" between 2007-2009, an even larger percentage were shown to believe canards about Jewish people such as "Jews have too much power in business"—a sentiment with which 20% of 2007 US respondents agreed, or "Jews control Wall Street"—an idea with which 18% of US adults sided.

It is in this context—one of financial uncertainty where there was a desire for someone to blame, and two societies wherein almost one in five believed that "Jews control Wall Street" and "Jews have too much power in business" that Bernie Madoff entered. The ADL, following up on

their statements in November of 2008 regarding anti-Semitism and its connection to the financial crisis, described anew how the Bernard Madoff case produced “a dramatic upsurge in anti-Semitic comments... on some of the most popular newspaper sites, blogs and message boards on the Internet. Most ...tended to focus on alleged Jewish greed and thievery.”⁵⁹

Several of my interviewees including Andrew Clark of *The Times* (London), Diana Henriques of the *New York Times* and Benjamin Applebaum of the *Washington Post*, when asked if they had received any reader responses or feedback to their articles on Madoff, recalled:

BA: There’s no question that generated a lot of anti-Semitic response. That was the clear fact and pattern... among a certain segment of our readership. This, you know, played into anti-Semitic narratives for some people. It confirmed their...twisted theory about the way the world works. So that was fairly significant component to readers’ response

DH: This is the first white collar crime I have ever written about where anti-Semitic comments on the website were daily-- at least towards the end of week, issues to be dealt with...And God knows, I’ve written about other Jewish white collar criminals– it was not business as usual from that standpoint. I don’t work in a field of journalism that is exposed to that kind of vicious rhetoric...

AC: One thing I do recall was that occasionally there were anti-Semitic comments which we which we expunged

While it is clear, both from the personal experience my interviewees as well as the data produced by the ADL, that the Madoff story caught readerships attention due to playing into age-old stereotypes, yet there was a second aspect to the “Jewish dimension” that also would have piqued the interest of the readership: the “Shakespearean” or even Biblical narrative of deep betrayal—a betrayal, in a sense, of one’s own people. A people, of course, who had faced such

severe betrayal and persecution from those *outside* of the group, that a betrayal from the inside was unthinkable. This angle and theme of ‘betrayal’ is the one which the majority of my interviewees viewed as the more significant in relation to Madoff and his victims’ Jewishness. Diana Henriques, in fact, thought it was “the scale of the betrayal that made [the story] go viral.” James Bone of *The Times* (London), likewise thought the betrayal an essential part of the appeal, especially the involvement of Nobel Peace Prize winner Elie Wiesel, who he later called for statements:

JB: The kind of revictimization of the world’s most famous living Holocaust victim is... a story which is way beyond a business page story

From my interviewees, the common assertion was that Madoff’s Jewishness was a part of the story that could not have been downplayed or overlooked because it was an affinity fraud that relied on ‘insider’ networks and trust. Whether he was Jewish or not was, in a sense, incidental. If he had been Catholic or Buddhist—the important factor was that he had manipulated those who had accepted him as one of their own, those who had placed their money and their faith in him. *Guardian* journalist Ed Pilkington’s response is illustrative:

EP: Here was a discriminated against group and it was discrimination against the group that caught them in what happened because they turned in on themselves they looked for help within the group because they were so used to being rejected by other people and there was this guy who was one of them

While I agree with those interviewees who made such claims—that one could not write about an affinity fraud such as Madoff’s without describing the community which he targeted by virtue of belonging to that community—I think it is extremely naïve to argue that a neutral value was assigned to his Jewish affiliation by the readership and did not impact the coverage in any way.

Given the realities of existing anti-Semitic beliefs as evinced through the research of the ADL, and the documented bigoted responses to the reportage, it is clear that the “Jewish” angle was significant beyond its descriptive property.

Beyond the story

This chapter has documented the way in which Bernie Madoff was conflated with the wrongdoing that led to the crisis in the newspaper coverage, and the five key elements of the story which, unlike so many white collar/financial crimes, made the Madoff case a household topic of discussion, one that infuriated, moved, and provoked an audience steeped in economic crisis and recession across class boundaries. It was through this dual process of conflation and engagement of the readership which made it possible for the Madoff case to become a vehicle through which issues related to the crisis could be discussed and disputed. The following chapters look closely at the discourse which emerged around crisis-related issues through the Madoff coverage and ultimately confronts the question of what this discourse reveals about the society from which it came and its relationship to a neoliberal world order.

Notes

¹ The Financial Crisis Inquiry Commission, established through the Fraud Enforcement and Recovery Act of 2009, conducted nineteen days of public hearings, did case study investigations, and interviewed over 700 witnesses under their mandate to probe the causes of the financial crisis. Amongst the causes the Commission cite are failures of corporate governance and risk management, as well as excessive, borrowing, risky investments, and lack of transparency. See *The Financial Crisis Inquiry Report, National Commission on the Causes of the Financial and Economic Crisis in the United States* (New York: Public Affairs 2011).

² Alex Berenson, in discussion with author, August 2012.

³ Stephen Foley, in discussion with author, November 2012.

⁴ Tomoeh Murkami Tse, in discussion in with author, October 2012.

⁵ Zachary Goldfarb, in discussion with author, November 2012.

⁶ Andrew Clark, in discussion with author, November 2012.

⁷ Tom Leonard, in discussion with author, November 2012.

⁸ Binyamin Appelbaum, in discussion with author, September 2012.

⁹ “The Cost of the Wall Street-Caused Financial Collapse and Ongoing Economic Crisis is More Than \$12.8 Trillion,” Better Markets, last modified September 15, 2012, http://bettermarkets.com/sites/default/files/Cost%20Of%20The%20Crisis_0.pdf

¹⁰ Thomas Zambito, in discussion with author, October 2012.

¹¹ Kaja Whitehouse, in discussion with author, July 2012.

¹² Anton Antonowicz, in discussion with author, November 2012.

¹³ Gary Silverman, in discussion with author, October 2012.

¹⁴ Ed Pilkington, in discussion with author, October 2012.

¹⁵ Diana Henriques, in discussion with author, September 2012.

¹⁶ David Gelles, in discussion with author, October 2012.

¹⁷ Melissa Block and John Witt, “What is the Basis for Corporate Personhood?,” October 24, 2011, transcript and audio, National Public Radio, <http://www.npr.org/2011/10/24/141663195/what-is-the-basis-for-corporate-personhood>

¹⁸ Julie Creswell and Landon Thomas Jr., “The Talented Mr. Madoff,” *New York Times*, January 25, 2009.

¹⁹ “Madoff an Egomaniac,” *Times* (London), May 7 2009.

²⁰ Martin Waller, “More on the Bizarre World of Bernie,” *Times* (London), June 2, 2009.

²¹ Annie Karni, “Total Headcase,” *New York Post*, August 2, 2009.

²² John Marzulli, “Call Him Ponz Scum,” *Daily News* (NY), January 24, 2012.

²³ Clinton Manning and Graham Hiscott, “Your Money Heroes and Villains of 2008,” *Daily Mirror*, (December 30 2008).

²⁴ Ralph Blumenthal, “If Bernie Met Dante,” *New York Times*, March 15, 2009.

²⁵ Michiko Kakutan “A scoundrel in the land of the lax,” *New York Times*, August 19 2009.

²⁶ Ralph Blumenthal, “If Bernie Met Dante,” *New York Times*, March 15, 2009. See also Diana Henriques, “Madoff, apologizing, is given 150 years,” *New York Times*, June 30, 2009.

²⁷ Frank Rich, Op-ed, “Who wants to kick a millionaire,” *New York Times*, December 21, 2008.

²⁸ David Segal and Alison Leigh Cowan, “The Madoffs shared much; Question is how much,” *New York Times*, January 15, 2009.

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- ²⁹ Ben Macintyre, "The Way We Read Now as our World Totters; Sales of Romantic Fiction, Dickens and Ayn Rand's Paean to Capitalism are Soaring, but Nothing beats F. Scott Fitzgerald." *The Times* (London), March 12 2009.
- ³⁰ Christine Seib, "The Madoff I Knew," *Times* (London), May 7, 2009.
- ³¹ "Financial: Viewpoint Madoff, the Midas who made an ass of investors," *Guardian*, December 16, 2008.
- ³² Michael Tomasky, "Comment & Debate: Welcome to America's hall of shame," *Guardian*, December 31, 2008.
- ³³ Leslie Wayne, in discussion with author, September 2012.
- ³⁴ S. Elizabeth Bird and Robert W. Dardenne, "News and Storytelling in American Culture: Reevaluating the sensational dimension," *Journal of American Culture* 13(Summer 1990):33-37.
- ³⁵ John Marzulli, in discussion with author, August 2012.
- ³⁶ Christina Boyle, in discussion with author, August 2012.
- ³⁷ Alexandra Frean, in discussion with author, October 2012.
- ³⁸ Bruce Golding and Kavita Mokha, "Ezra Pounded by Andy Suit—Blew Clients' \$2.4B with Madoff," *New York Post*, April 7, 2009.
- ³⁹ James Doran, in discussion with author, November 2012.
- ⁴⁰ Nick Couldry and Tim Markham, "Celebrity culture and public connection: bridge or chasm?" *International Journal of Cultural Studies* 4 (December 2007): 403-421.
- ⁴¹ David O. Friedrichs, *Trusted Criminals: White Collar Crime in Contemporary Society* (California: Wadsworth Cengage Learning 1996).
- ⁴² Mike Maguire, Rod Morgan, and Robert Reiner, eds, *The Oxford Handbook of Criminology* (Oxford University Press 2012).
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- ⁴⁴ Dorian Block, "Add Zsa Zsa to Growing List of Big Madoff Victims," *Daily News* (NY), January 25, 2009.
- ⁴⁵ Soo Young and Owen Mortiz, "He's 'Forrest Chump' H'wood script writer sues investment mgr. for losing big bucks in Ponzi scheme," *Daily News* (NY), December 17, 2008.
- ⁴⁶ Suzy Jagers and Christine Seib, "Tremors of Madoff Scandal Spread Wide as Bacon is Caught up in the Scandal," *Times* (London), January 1, 2009.
- ⁴⁷ Serge Kovaleski, in discussion with author, 2012.
- ⁴⁸ Emily Smith, "Madoff's 138 billion con ends in prison," *Sun*, March 13, 2009.
- ⁴⁹ Patrice O'Shaughnessy, "King of Ponzi's Finale: Circus Atmosphere Outside Court Belies Sad Fact that there are folks who lost it all," *Daily News* (NY), June 30, 2009.
- ⁵⁰ George E. Newman, Gil Giesendruck and Paul Bloom, "Celebrity Contagion and the Value of Objects," *Journal of Consumer Research, Inc.* (August 2011): 38.
- ⁵¹ D.M. Cohen, "The Jew and Shylock," *Shakespeare Quarterly* 31 (Spring, 1980): 53-63.
- ⁵² Lauriat Lane, "Dickens Archetypal Jew," *PMLA* 73 (March, 1958): 94-100.
- ⁵³ Julia Pascal, "Time to Bury Fagin," *Guardian*, Jan 17, 2009.
- ⁵⁴ James Bone, in discussion with author, November 2012.
- ⁵⁵ Bruce Golding and Dan Mangan, "Ponzi King Takes Chutzpah Crown—'Anti-Semitism Victim' Bernie Begg for Mercy," *New York Post*, June 24, 2009.
- ⁵⁶ Bruce Golding and Dan Mangan, "Madoff Mauled Over 'Heir' Mail-Big Bucks Gifts a Bid to Stash Loot: Feds," *New York Post*, January 6, 2009.

⁵⁷ Abraham H. Foxman, “Blaming the Jews: The Financial Crisis and Anti-Semitism,” (Remarks at Anti-Defamation League Annual Meeting, Los Angeles, California, November 13, 2008), http://www.adl.org/main_Anti_Semitism_International/Blaming_Jews_Financial.htm

⁵⁸ “ADL Survey: Anti-Semitism in America Remains Constant; 15 percent of Americans Hold ‘strong’ anti-semitic Beliefs,” Anti-Defamation League, last modified November 1, 2007, http://www.adl.org/PresRele/ASUS_12/5159_12.htm

⁵⁹ “Anti-Semitism and the Madoff Scandal,” Anti-Defamation League, last modified December 19, 2008, http://www.adl.org/main_Anti_Semitism_Domestic/Anti-Semitism+and+the+Madoff+Scandal.htm

Chapter Four: Madoff and Regulation of the Financial System

Bernie Madoff was presented as a “Monster” in *New York Magazine*¹, his individual and family tragedy made into public spectacle, one capturing the attention of an audience that cut across class boundaries due to the five key elements of the story surrounding the case discussed in Chapter Three. However, I contend that when looking broadly at the reportage of the case, it becomes clear that the Madoff case was not being discussed *qua* Madoff, the Monster—as a tale of pathological criminality, as one man’s decent from a rising star in the market-making business to fraudster. There was a remarkable deemphasizing of the question of his psychology--whether or not he was a sociopath, and even the question of his motive. Rather, I argue that the case became a vehicle to discuss issues related to the financial crisis/recession that were taken out of their complexity and opened to discussion and contention through Madoff.

One of the crisis-related issues that received the most attention, and which is the subject of this chapter’s investigation is that of regulation of the financial system. The way in which “regulation” entered into discourse in the coverage is revelatory in what it imparts about how US and UK societies construct the problems that arise from free market capitalism in the form it has assumed over the past 30 years. The narrative of “SEC failure” or, in the case of some of the UK reportage, “US regulatory failure,” was by far the most dominant narrative in the coverage presented in both tabloid and broadsheet newspapers in the US and the UK. This narrative allowed for the exculpation of larger, more systemic structural problems, as well as cultural issues on Wall Street and other hubs of finance/business. In other words, the coverage largely let international, free market capitalism off the hook by narrowing attributions of guilt to particular agencies/institutions (especially the Securities and Exchange Commission (SEC)) or individuals within such institutions (such as Meghan Cheung, branch chief of the New York enforcement

division). Most coverage, also, did not place what had transpired in its socio-historical context, which was a preceding era of steady deregulation. The solution to preventing future frauds the scale of Madoff's which threatened confidence in the market *as well as the solution to preventing future crises in general, because Madoff is conflated with the crisis* is less human ineptitude on the part of regulatory institutions, and more regulation. Preservation of the system, rather than its complete overhaul, is the message in a majority of the coverage and in all but a few of my interviewees' assessments.

"It is almost impossible to put too much blame on the SEC for what happened"

For most of my interviewees, the regulatory "failure" of the SEC was perceived as one of the strongest lessons, and one of the most newsworthy dimensions of the Madoff crime story. Alexandra Frean of *The Times* (London) went so far as to cite the 'incompetence of the regulators' as one of the top three elements of the story that made it interesting to her as a journalist. Andrew Clark, also of the *Times*, pointing out the numerous investigations that did not yield any evidence of wrongdoing, pronounced "They were really asleep at the wheel, there's no doubt about that." Erin Arvedlund, who penned the famous 2001 Barron's article "Don't Ask, Don't Tell" which called into question Madoff's returns, similarly called the SEC regulators 'shiftless,' and irresponsible in their protection of investors who had money with Madoff.

In my interview with Binyamin Appelbaum of the *Washington Post*, he articulates eloquently and forcefully most of the major themes of the coverage in regards to regulation, as well as sentiments echoed by the other reporters.

CE: How would you characterize the level of blame [towards the SEC]...was it fair, that they took a lot of heat for the Madoff crime, or were they too much scapegoated? How did you feel about the coverage?

BA: You know my conclusion at the time, and to the present day, is that it is almost impossible to put too much blame on the SEC for what happened...this was as abysmal and unmitigated a failure by a regulatory agency as we have ever seen. The red flags were so obvious and numerous. The fact that the agency had not only been told that this was happening, but had opened an investigation to determine that this was happening and still failed to find it--to this day, blows my mind. And the reasons for that failure, the reliance on documentation provided by the firm itself from the firm's own account... such elementary failures of basic procedure... it just boggles the mind that this agency could have could have failed as comprehensively as it did. And this to me is in many ways...the fact that there are fraudsters on Wall Street comes as little surprise to anyone. The scale of this obviously made it stand out, but the details were in no way unique. What is in some respects more remarkable, is that an agency that was for decades regarded as the model regulatory agency-- as the best, most effective, most successful federal regulatory agency-- should have fallen so far and so fast to the point where it was no longer competent to perform the most basic functions of regulation...it's just an astonishing story in its own right and to me in many ways, *a much more important story than the particulars of the Madoff fraud itself* (emphasis mine).

As I have argued, the Madoff case became an ideal story through which issues that impacted the financial crisis could be discussed. Appelbaum's comment, that the erosion of the capabilities of the regulatory function of the SEC, its utter failure to detect a very blatant fraud,

was a “much more important story than the particulars of the Madoff fraud itself,” affirms this claim. He, reflecting the trend in the written coverage, extrapolates from the particulars of the Madoff case to make a broader statement about why Wall Street has presumably become riddled with the kind of fraudulent behavior and ethical improprieties that led to the financial crisis.

Much of the coverage in the American and British newspapers very closely followed this narrative that Madoff’s crime was due to the abysmal failure of the SEC, that this institution and/or its leaders were primarily responsible, and its failure was emblematic of how the crisis could have occurred. Editorial cartoonist Dave Granlund, whose work features in the US and

Figure 4.1



internationally in approximately 450 publications regularly, appositely captured this narrative thread in his 2009 cartoon “Bernie Madoff and the S.E.C.” (See figure 4.1).² The SEC as a “watchdog” is depicted as a decidedly non-fierce ‘watchdog’—a nervous, silent Chihuahua—while Madoff makes off with 50 billion, uttering ‘don’t blame me, blame your watchdog!’

As Grandlund’s cartoon implies, in some ways, the SEC was presented in the tabloid, broadsheet, British and American coverage as equally culpable or even more culpable than Madoff himself. Representative Gary Ackerman’s scathing reprimand to the SEC during a hearing at the House Financial Services committee was cited in the *New York Post*, “We thought the enemy was Mr. Madoff. I think it is you.”³ A *Washington Post* editorial by Richard Cohen criticized: “[The SEC] were also, in their own fumbling way, accessories to Madoff’s crime,”⁴

while a *New York Times* editorial pronounced “All of us, not just Mr. Madoff's clients, are paying the price for the regulators' failure to do their job.”⁵ Note that the sentence does *not* read “All of us, not just Madoff’s clients, are paying for Mr. Madoff’s transgressions.” The blame sits rather squarely on the shoulders of those at the SEC. *The New York Times* quoted fraud victim Diane Peskin: “What is our government going to do for us considering the S.E.C., who we pay to catch fraud, dropped the ball?...This man *and the S.E.C.* has destroyed thousands of people's lives" (emphasis mine).⁶

The problem was first, then, bureaucratic government incompetence—either institutional or at the individual level. Headlines such as “Madoff, the Midas who made an ass of investors”⁷ (*The Guardian*), “Madoff made Mockery of feckless SEC,⁸” (*The Daily News*), “SEC Image Suffers In a String of Setbacks”⁹ (*The New York Times*) “SEC failings laid bare as Madoff tapes come to light”¹⁰ (*The Times (London)*) and “SEC’s Madoff Probe botched by inexperience”¹¹ (*The Washington Post*) and “The Madoff files: A Chronicle of SEC failure”¹² all underscore this incompetence in acerbic fashion. Gary Silverman of the *Financial Times*’ comment during our interview--“The Chris Cox SEC I think will be remembered for its failures, not its successes” while tongue-in-cheek, is the most lenient understatement possible.

Taking into account these harsh critiques and negative portrayals, I asked John Nester, Chief Spokesperson for the Securities and Exchange Commission, what types of responses the agency received from the public, and what his thoughts on the media coverage were:

JN: We received....comments in newspaper articles. They’d say like-- I can’t believe those idiots, they should all be fired or whatever. You’d see those types of comments every time there was a development in the case....The media coverage is sort of like, you know, it’s fairly simplistic. You know, somebody won somebody lost somebody died

somebody was born-- they're all simple story lines and so now here was have ...a bad guy and then you know, the victims, then you have, you know-- you have a regulator who failed. Like in other words, it's all very simple--so you never saw any attention to the real mechanics of the fraud.¹³

Leaving aside the question of whether the coverage oversimplified, as Nester implied, there were, of course, myriad justifiable reasons for such a critique of the institution, its staff and leadership. The SEC's own Office of Investigations issued a 477 page self-flagellating report to the public, "Investigation of Failure of the SEC to uncover Bernard Madoff's Ponzi Scheme" in August of 2009,¹⁴ which traced the history of the SEC's examinations of Madoff. Amongst the conclusions reached, there was admission that numerous 'red flags'—from private entities and funds, media coverage, and from internal investigations--had been raised beginning in 1992—sixteen years before Madoff turned himself in-- which "should have led to questions about whether Madoff was actually engaged in trading and should have led to a thorough examination and/or investigation of the possibility that Madoff was operating a Ponzi scheme."

Indeed, some of these red flags were embarrassingly glaring. For example, Madoff's auditor, Friehling and Horowitz, operated out of a tiny suburban office—hardly what one would expect from an auditor dealing with an investment manager controlling billions of dollars in assets. SEC attention was even called to red flags by independent reportage: *MarHedge*, the financial newsletter, questioned why evidence of Madoff's trades were not seen in the markets. Furthermore, the report revealed that an astounding five separate SEC investigations into Madoff had not led to any evidence of a fraud, and yet 'basic steps' were not taken to confirm Madoff's account of his own trading practices. The report notes "Madoff's efforts to conceal his fraudulent activities...would not have withstood any real scrutiny."

Coverage seized on this report, as well on as the Congressional hearings in February 2009 to give emphasis to their claims of the SEC's ineptitude, often ridiculing the agency via comparisons with fictional characters symbolic for their clumsiness. *The Daily News* wrote "Bernard Madoff said he could have been caught in 2003, but bumbling investigators acted like 'Lt. Colombo' and never asked the right questions."¹⁵ *The Guardian* focused on Representative Gary Ackerman's testimony to the House financial services committee: "he compared the SIPC [Securities Investor Protection Corporation] and the Securities and Exchange Commission to "Keystone cops" and said watchdog agencies had failed to watch out for anybody."¹⁶ *The New York Post* even suggested that investigators had let Madoff slip through their fingers due to the inability of regulators to control their consumption of pornography, per their article "SEC Porn again: Staff spent hours surfing sexxy sites at work."¹⁷

The portrayal of SEC regulators as "Lieutenant Colombos" or "The Keystone Cops" could not have been more aptly complimented by the entrance into the story of the quirky, intense, outspoken figure of whistleblower Harry Markopolous, who made persistent attempts to expose Madoff as a fraud nearly a decade before Madoff turned himself in. Markopolos, an investment officer for Rampart Investment Management, gave an eight page submission in May of 2000 to the Boston District office of the SEC. He offered two possible explanations for Madoff's astoundingly consistent returns. One—the returns were real, but were not being achieved through the split-strike conversion strategy. Two—"the entire fund is nothing more than a Ponzi scheme." As this submission did not produce real action, Markopolos followed it with another in 2001, the same time that *MarHedge* and *Barron's* ran articles that also questioned Madoff's returns. Again in 2005, Markopolous sent the Boston District Office "The World's Largest Hedge Fund is a Fraud" which essentially made the case for Madoff's Ponzi

with no fewer than 30 red flags. Amongst these was Madoff's allegedly enormous volume of traded options which, if true, made implausible his maintenance of a highly clandestine profile (for example, never putting his name as a manager on literature of hedge fund or fund-of-funds which invested in him), and the implausibility of his 12% annual returns which had only 7 down months over almost 15 years.

Markopolos emerged in the coverage as a heroic David in an epic tale of individual smarts, common sense and rationality versus bloated, mindless bureaucracy letting fraudsters run amok. Alex Berenson of the *Times* noted: "The apparent ineptitude of the SEC...with Harry Markopolous coming forward and saying I tried to stop this! The fact that these... red flags raised apparently weren't pursued... there were a number of elements that made it a great, a great story." Andrew Clark of The Times (London), who interviewed Markopolous, described him:

AC: he's a very eccentric character. And some of the assertions that he made were peculiar. He talked about for example that ...he said he was sleeping with a gun at various times because he thought that they would retaliate and such. So you know speaking as a journalist, I think any journalist has been approached on numerous occasions by eccentric people claiming that they have a great story, mostly conspiracy, and at it can be quite difficult to---well, it's very easy to dismiss people..

Markopolos may have been eccentric, but he added fodder to the depiction of the SEC as incompetent in ways that no internal report about the ignoring of flags could possibly have done. A government agency of empty suits was the problem and it took a nerdish, mathematically savvy outsider to come in: a white knight to expose the rot inside. And Markopolous not a quiet, retiring math nerd—his criticisms were outspoken, sarcastic, biting. He was able to channel the

frustration and the incredulousness of those who could not comprehend how the SEC had dropped the ball loudly through his testimony to the House Financial Services subcommittee, through interviews and later through his own book, *No One Would Listen: A True Financial Thriller* and a documentary based on the book, *Chasing Madoff*. *The New York Post* reported on Markopolos: “the man who tried to warn federal regulators about Bernard Madoff’s \$50 billion Ponzi scheme told Congress yesterday that the Securities and Exchange Commission is a totally incompetent agency that “roars like a lion and bites like a flea...if you flew the entire SEC staff to Boston, sat them in Fenway Park for an afternoon, they could not find first base.”¹⁸ As reported by the *New York Times*, Markopolos's criticized the SEC as “nonfunctional and, as witnessed by the Madoff scandal...harmful to our capital markets and harmful to our nation's reputation as a financial leader,” and called its investigators “financially illiterate.”¹⁹ *The Times (London)* quoted him: “The SEC had enough to get Madoff. I drew them pictures. I gave them a road map. I told them what questions to ask and who to phone.”²⁰

Figure 4.2

Markopolous’ personal encounters with layers of SEC bureaucracy showcased their inefficiency. Through him, the public was also able to give names and faces to the bureaucracy that undermined him, bringing the agency out from a façade of anonymity. *The Daily News* and *The New York Post* presented Markopolos’ case against Meaghan Chung, the New York branch chief for the SEC. Larry McShane of



The Daily News reported “He was particularly harsh on [her]...saying she failed to understand the allegations and asked no questions. ‘Her arrogance was highly unprofessional, given my understanding of her responsibility and mandate,’ Markopolos said.”²¹ *The New York Post* also latched onto Cheung after Markopolos’ statements. Their article “The SEC Watchdog who Missed Madoff—Don’t Blame Me: Cheung; ex-SEC official Missed Madoff,”²² which described her ‘tearful’ reaction to the accusations leveled at her, included a candid photo of Cheung (see figure 4.2) outside of her apartment, juxtaposed next to a photo of a tauntingly smiling Bernie Madoff, as if she had been accused of criminal wrongdoing.

In their op-ed “The End of the Financial World as we know it,” *The New York Times* also mentions the failures of Cheung, but less as an example of individual culpability and more about institutional liability.²³ They quote a letter from Markopolos: “Meaghan Cheung... investigated [my submission] but with no result that I am aware of. In my conversations with her, I did not believe that she had the derivatives or mathematical background to understand the violations.” The writers query: “How does this happen? How can the person in charge of assessing Wall Street firms not have the tools to understand them? Is the S.E.C. that inept? Perhaps, but the problem inside the commission is far worse -- because inept people can be replaced. The problem is systemic.”

Background check? The SEC in context

The narrative of regulatory incompetence and guilt in ‘missing’ the Madoff fraud thus focused primarily on institutional or individual incompetence. A second “strand” of the SEC guilt narrative which received much less expression through the coverage, and was almost entirely absent from the tabloids---was a more historically and politically contextualized narrative. It pointed out the institutional/personal failures of regulators, but also took a broader

view of the trajectory of the agency and historical trends towards lowered funding and a hands-off approach to regulation. It incorporated a more structural critique. The agency had failed, yes—but the SEC itself (and by extension, investors and the general public) had *been* failed due to ideological/political shifts away from strong regulation, and revised funding ‘priorities.’

Several of my interviewees, when queried about whether the level of blame the SEC received in the newspaper coverage, reflected the contextualized narrative as they attempted to place the story within its proper socio-historical location. Peter Henning, *The New York Times*’ “DealBook” contributor, as a former senior attorney at the SEC, provided an ‘insider’s’ perspective:

PH: It’s hard because who should be blamed? I mean you can say the SEC, but again that’s like blaming the bank of the insurance company... I really think the agency became frozen...they were so fearful of bringing cases and they had been attacked up until the financial crisis for too much regulation... you look at it in hindsight, and you go-- this is just an abysmal failure. But I think it was a product of a...viewpoint of the agency, that ‘we have to go softer, we have to go lighter, we can’t be too aggressive’, and so...they deserve the blame, but when you talk about individuals I can understand at least how it happened.²⁴

Diana Henriques of the *New York Times* talked directly of the political unwillingness to give ‘teeth’ to the SEC—and described how this was linked to the realities of funding:

DH: The SEC at the time, it was struggling with— hanging on starvation rations for more than a decade. I mean, Bill Clinton wouldn’t even meet with [former chairman of the SEC] Arthur Levitt; I don’t think they ever met. He didn’t even think about the SEC. So long ago in the early ‘90s, the SEC had been moved onto the side as a less- than-

relevant regulatory agency. The people who worked there knew it; the people who wrote their budgets knew it; the people they regulated knew it.

My conversation with the SEC's John Nester enforced Henrique's comment about the agency's 'starvation rations.'

JN: I think that the agency is chronically underfunded...sometimes worse than others...[with] the WorldCom and Enron accounting debacles of the beginning of the 2000s, our budget did increase substantially...because it had substantially decreased for the 10 years previous. Even today someone will say, like 'well their budget doubled, you know, in the in the year in the first decade of the 21st century.' And it did. But see--if I only made a penny and you doubled it to two pennies, it did double but I only have a penny more than I used to have. Doubling off of a small number is no real accomplishment.

Henning's assertion that the SEC was fearful of bringing up cases; Nester and Henrique's discussion of 'starvation rations' and 'chronic underfunding': these topics, however significant received short shrift in the coverage. Understandably so. The flagrant way in which the SEC had 'missed' Madoff—by not following up on red flags that would have been relatively simple to verify, by all but ignoring the Markopolos reports—it would have been difficult and disingenuous for journalists to attempt to make an argument that underfunding had been *the* reason or even *a* key reason for this enormous error. In the entirety of the tabloid coverage, there is a single sentence that mentions structural challenges within the SEC. *The New York Post* noted: "Former SEC commissioner David Ruder said the SEC for years told Congress a lack of resources crippled the agency."²⁵

The small percentage of coverage in the broadsheet newspapers that did present a ‘historic context’ narrative noted the funding and trend towards soft-touch regulation in order to underscore the trend towards undervaluing the agency and its efforts, thus hampering its ability to enforce laws. In a piece analyzing the reasons for the fall of the SEC from a “once proud agency,” *The New York Times* noted the testimony of Arthur Levitt to Congress—testimony that was often ignored in favor of the more dramatic statements of Markopolos: “The enforcement division has been hamstrung by budget cuts and changes adopted by the S.E.C. that make it harder to impose penalties on corporations, even when there has been egregious wrongdoing...The commission in recent years has handcuffed the inspection and enforcement division...The environment was not conducive to proactive enforcement activity.”²⁶ *The Washington Post* described the trend towards deregulation under the leadership of Christopher Cox, chairman of the SEC appointed by George W. Bush and former White House staff member under Ronald Reagan. “Although Cox speaks of staying calm in the face of financial turmoil, lawmakers across the political spectrum counter that this is actually another way of saying that his agency remained passive during the worst global financial crisis in decades. And they say that Cox's stewardship before this year -- focusing on deregulation as the agency's staff shrank -- laid the groundwork for the meltdown.”²⁷

In contrast to the broadsheet ‘liberal’ newspapers in the United States, journalists writing for the left-leaning British broadsheet *The Guardian* did not shy away from using the language of “neoliberalism” and “laissez-faire” economics to talk about the SEC’s problems and their connection to broader historic/economic/ideological shifts. (*The Times (London)* also used the terms *laissez faire* and “Gucci Capitalism”) One can argue this is a reflection of continued existence of a majority socialist political party in the UK which, according to Merelman, “forces

class issues into popular culture...[it] keeps the language and issues of class alive in Britain.”²⁸

In no other paper were the terms ‘neoliberalism’ or ‘laissez-faire’ used in *any* of the Madoff coverage or subsequent discussions about regulation, inequality, greed, or punishment. While *The Guardian* ran an article titled “Obama promises 'adult supervision' for Wall Street: Recent scandals blamed on free-market dogma: President-elect appoints new chief regulator”²⁹—the US media did *not* in fact present the SEC failures as the result of ‘free-market dogma.’ Discourse in the US about the role of regulation appeared to be closed to the inclusion of competing narratives that might openly present free market capitalism in its present avatar as untenable.

Andrew Clark of *The Guardian*, in articles immediately following the revelation of the Ponzi in December 2008, noted: “Guided by a laissez-faire economic philosophy, the [George W.] Bush administration has favoured a relatively light touch in its oversight of Wall Street. Critics wonder whether this has tipped towards an era of ‘anything goes.’”³⁰ He went on in a separate article on the topic to write: “While [George H.W. Bush] was renowned for prudence and caution, Bush Jr adopted an aggressively neoliberal economic policy. Better-off Americans got more than \$1.6 trillion in tax cuts. In a 2003 stunt now tinged with irony, federal agencies took a chainsaw to 9,000 pages of banking regulations. Bush's choice to police Wall Street was a former Republican congressman and devout free marketeer, Christopher Cox. His Securities and Exchange Commission's reluctant regulation failed to spot Bernard Madoff's \$50bn fraud.”³¹

In my interview with Clark, I asked him about the SEC coverage and its importance to the telling of the Madoff story:

CE: One of the reporters for The Times (London) told me that the lack of regulation was one of the remarkable aspects of the story. Would you agree?

AC: Absolutely. I think that was scandalous and I think that---well, I think there was some evidence that the SEC under the Bush era was applying such light touch regulation that it didn't want to look when far.. when its attention brought to something by whistleblowers.

This type of reportage was critical not only of individuals at the SEC or the mechanics of institutional failure, but rather took a broader view of how inequalities in taxation policies between classes, and a neoliberal, *laissez-faire* economic orientation espoused by political administrations produced a deliberate evisceration of regulation and discouraged enforcement of existing laws (which had the unfortunate, unintended consequence of leading to massive frauds). It offered an alternative narrative to the dominant one-- a different way to approach the issues that lead to the financial crisis and recession. It did not ignore the role of the SEC, but placed more emphasis on structural forces. However, it was far eclipsed by the more prevailing narrative—that it was the SEC's and individual actors' fault in almost a historic and political vacuum. Binyamin Appelbaum reflected in a critical way on this tendency in his publication, *The Washington Post*, and the media broadly:

BA: I think that sometimes, [the frame that the problem lies in government] diminishes or displaces other questions ...like how did we reach a point on Wall Street where this type conduct was...considered acceptable... How did Wall Street ...you know the deterioration of conduct of standards of conduct on Wall Street...the deterioration of.. the ability of investors to police the management of their investments.... I mean there were lots of structural issues that extended beyond the role of government and it was the case that government received the lion share of the coverage.

Part and parcel of that dominant narrative, in some of the British coverage there was discourse suggesting that the Madoff case (and, by extension, the financial crisis) was indicative of problems localized to in the United States, and thus could and should be resolved with some US “in house” cleaning.

A problem with regulation in the United States?

It was regulatory agencies in the United States’ responsibility to properly investigate Madoff and not that of an international body, however it is notable that in the UK press, there was a divide in the discourse which emerged from the coverage about just how “American” the regulatory problem was. Two competing narratives were discernible through content analysis. The first emphasized the unique failure of regulation in the United States *vis a vis* other nations—isolating the US, in other words, and making the ‘problem’ of Madoff’s Ponzi one that presumably should be addressed almost exclusively in the US. It was a quarantined occurrence---the virus of multi-billion dollar Ponzis was unlikely to come to the shores of the UK. This narrative, in a way, reinforces the dominant narrative in the US coverage that the SEC’s failure was due to bungling inspectors. It was contained, and hence capable of being reformed either by replacement of management, through better rules and greater efficiency. It also correlated with the view that the US, at the epicenter of the financial crisis, was uniquely responsible for the financial crisis and recession that followed, spilling over into the UK. A second narrative, however, presented the Madoff case and SEC as symptomatic of larger, international issues with regulation—and indeed, as before with the historically contextualized narrative—suggests that at heart, the neoliberal impulse, the drive towards ever more *laissez faire* economics—should be considered by all nations when thinking of how to inoculate against such occurrences. Madoff was a symptom of a deeper malaise.

Of course, it is easy to see why the perception that the Madoff case was the unique product of a failure in US regulation arose in British coverage. There is the 477-page document the SEC itself issued describing in excruciating detail every missed opportunity over more than a decade--as well as the 2009 Congressional hearings (essentially a forum to chastise the agency) and the brazen figure of whistleblower Harry Markopolos shining a garish light onto its failures. Even in the way the British media chose to label the Madoff case gives evidence of a Madoff-as-an-American-problem-only narrative. *The Times* (London), in a June 2009 article refers to the case as “what has become known as the *American* Madoff scandal” (emphasis mine).³² Surely, for identification purposes, “Madoff scandal” would have sufficed. The rather superfluous inclusion of the descriptive “American,” however, served to create an imagined boundary between the two cultures/economic systems that would preclude the transmission of the toxic conditions in the US that bred a Madoff phenomenon to the UK.

Sentiments expressed by prominent British personages like Nicola Horlick placed attention on the US failure. Both the *Guardian* and *Daily Mirror* used the same acerbic quote attributed Horlick, celebrity British “superwoman” of the hedge fund world, whose firm Bramdean Asset Management had lost 9% of its assets to Madoff. Horlick had complained in a statement to the BBC “US regulators c[an] no longer be trusted. ‘I think now it is very difficult for people to invest in things that are meant to be regulated in America, because they have fallen down on the job.’”³³ Horlick’s suggestion, is that an avoidance of US investment products overseen by incompetent institutions would greatly reduce the chance of losses such as she experienced and would protect international investors.

The Guardian in its “Viewpoint” went further and connected Madoff with the crisis, denouncing both as the product of problems with US regulation. Again, there was no reference to

international structural issues with the global economic order, nor the complicity of British institutions/investment managers: “The SEC’s failure to spot anything amiss with Madoff’s business is a further indictment of the light-touch US regulatory system that was one of the causes of the credit crisis in the first place.”³⁴ *The Times* (London)’s Chris Ayres, in “At last! Someone we can blame for our woes,” gave voice to a similar perspective. He writes: “America’s critics will argue that Mr. Madoff’s alleged scam is more evidence that Wall Street is inherently corrupt and that the US economy has in effect been a pyramid scheme since the Reagan era...with the recent housing bubble, for example, the US Government was Madoff. The profits from buying and selling houses were funded by dodgy mortgages doled out by Freddie Mac and Fannie Mae and implicitly underwritten by Washington - even though it was clear that many were based on lies and would never be repaid. In that context a \$50 billion rip-off seems almost trivial.”³⁵

In my interview with Alexandra Freaon of *The Times* (London), she substantiated the existence of a sentiment among the British that would explain the existence of this narrative within the coverage of a distinctly American regulatory culpability for both Madoff and the crisis:

CE: Do you think that the British in general saw the Madoff case...as a particularly American led and bred problem, a failure with our regulatory system or do you think that the case was given more of an international significance about the state of regulation and capitalism in general?

AF: I probably was seen as an American thing because at that time-- if you think back to 2008, 2009 in the UK you know we...in Britain, regarded the financial crisis as a product as of American making. There was a lot of anti-Americanism. I mean, there is

anyway--but there was at that time because this was seen as the problem that originated in the United States, and I think Madoff came to be seen as part of that problem...I do think that you can't really understand how cross people were in the UK at bankers in America. That whole subprime mortgage was seen as an American bankers' problem...

There was a competing narrative to be found in the British coverage through the content analysis, though, and one corroborated by the journalists, which did not hold the United States uniquely accountable. This narrative was akin to that which presented the regulatory failure in the Madoff case as a symptom of a larger problem with free market capitalism. It repudiated the viewpoint that the United States was the sole locus of breakdown in regulation and financial malfeasance that led to the crisis and Madoff. Instead, this narrative linked the United States with the United Kingdom as sharing the same symptoms of breakdown, indicating a common etiology.

"Could it happen here?" a subheading in *The Guardian's* "The Madoff Scandal: Pyramids of Deceit: How Ponzi Schemes work" queried, indicating that the question itself of whether the UK, too, could experience a "Madoff" had become as significant as the mechanics of the fraud.³⁶ *The Guardian* could, of course, have provided answers from a range of perspectives, but elected to publish that of Steven Phillipsohn, chairman of the Commercial Fraud Lawyers Association. He wrote, "London is just as big as New York as an international financial centre and just as likely to harbour Madoff-style characters. "As the credit crunch bites, more and more problems will come to light.'" The UK was not immune, however comforting such an answer might have been to the readership and country.

In their editorial “Bust Bankers” the right-leaning British tabloid *The Sun*, called out the narratives that presented the Madoff case (and the financial crisis) as a led-and-bred problem . “This crash isn't the result of innocent errors. It began *here and in America* as mortgage pyramid selling, and morphed into economic Armageddon...In America, justice has been swift. Shamed tycoons have been toppled or jailed. Some, like alleged mega-fraudster Bernard Madoff, face years behind bars....blaming it all on the USA is a cop-out. It implies everyone here was blind or stupid - or both” (emphasis mine).³⁷ Perilous investments, then, were recognized also to be found in the UK--risk passed on, in some instances, in the form of collateralized debt obligations (CDOs) backed by subprime mortgages. Regulatory agencies on either side of the Atlantic had not done their due process in protecting investors.

The Times (London) editorial “Boards and Rewards” also did not let British regulators off the hook with the ‘cop out’ that the SEC in the US was at fault. Rather, they present a broader, more historically contextualized criticism of deregulation, while implicating the British Financial Services Authority (FSA) Britain’s analog to the SEC. “Financial deregulation in the last two decades has had benefits...But it has had a crucial failing. Financial institutions have been allowed to take on greater risks while protected from the costs of failure... That dereliction is shared by the Financial Services Authority and other regulators, who failed utterly to recognise the risk to financial stability posed by complex financial products and an explosion of credit.”³⁸ Another *Times* editorial declared “In examining the policy options on banking regulations that face the G20, one should not forget the contribution that the regulators made to the 2008 recession. British regulators failed to foresee the recession. The banks may have failed badly in their judgment of risk, but so did the regulators, including the Treasury, the Bank of England and the Financial Services Authority.”³⁹

Several journalists working for the UK newspapers expressed qualified agreement with this broader account of regulatory guilt, refuting the America-centric narrative. Alexandra Freaan of *The Times* (London), who had described Anti-Americanism in the British public and the tendency to attribute blame to Wall Street bankers for the crisis, felt that there was a shift in viewpoint among the British public once the immediacy of the seismic events had subsided:

AF: With time I think people had a bit more perspective on it and were seeing well actually this isn't...we've tapped into something very modern in a lot of countries including the UK.

Anton Antonowicz, of left-leaning tabloid the *The Daily Mirror*, tapped into both more expansive attribution of guilt, as well a historically contextualized account:

AA: The way in which [The Madoff case] reflected what has happened in America, you know, though the preceding years....[the] relaxation of...regulatory bodies whether the FDA or in this case the SEC. And *to some extent* that reflects something in England as well with...the Serious Fraud Office (emphasis mine)

While not connecting the SEC failure with historical shifts in regulation, Andrew Clark of *The Times* (London), recognized common value orientations and trends in business practices in the UK that linked it to the US:

AC: I think this was a case where regulation failed spectacularly and I think it was kind of a one-off in that sense in that he got away with it for so long. But I think the UK has expressed *some* greed towards things as well and you know we've had a lack of transparent financial services industry... so there have been plenty of people have done similar things ...who were punishable as well (emphasis mine).

Noteworthy about the responses of Antonowicz and Clark is their resistance to presenting the situation in the UK (in terms of deregulatory tendencies or the existence of greed) as being of the same qualitative magnitude as found in the United States. So, although parallelisms were acknowledged in the coverage and in the opinions of the journalists, a conflict is evident between those two competing narratives, conflict that impacts not only the discussion of the Madoff case, but also discussion of the financial crisis, its fallout, and what the preventative solutions are.

Fixing the problem

As I have shown, competing discourses about the culpability of regulators in the United States for the Madoff crime revealed schisms also in thought about their responsibility for the economic crisis of 2007-2008. On one side, there is the coverage that emphasized individual/institutional SNAFUS, and coverage in the UK which painted the issue as one contained within national boundaries. On the other is the minority of coverage that historically contextualized the SEC's failures, focused on structural issues in modern capitalism, and saw the problems as international in scope. Predictably, these two general categories within the discourse led to very different proposed 'remedies' to the problems.

In general, the prescription offered by the American broadsheet press for the former 'diagnosis' of the problem, was one that followed logically from the perceived etiology: eradicate incompetent staff members, give more money to the agency to perform its policing functions efficiently, and thereby restore the confidence in the system that had begun to falter. The tabloids did not offer many ideas on how to fix the problem of regulation, although I note one example from the *New York Post*. Notably, although political leanings among the papers exist (as shown in chapter 1), most of the solutions discussed uniformly included strong reactions against *more* regulation, lest the cure to the ills that led to Madoff might be worse than the

disease. The current regulatory scheme in *theory* is effective, so the *laws* should be preserved-- only now in the wake of Madoff and the crisis, attempts must be made to make sure the laws are not only theoretical, and are enacted to 'restore confidence' and keep capitalism afloat.

A *New York Times* editorial from December 19, 2008, advised: "The [SEC] urgently needs new leadership, more resources and high-level political backing to recover its role as Wall Street's top cop."⁴⁰ The *New York Post's* editorial offered an analogous prognosis: "Indeed, as the Madoff case seems to indicate, Wall Street's biggest need is for smarter regulation - not necessarily more of it....a properly policed private sector is still remarkably better at creating wealth - and fixing its own mistakes - than the sort of command economy that more and more pols in Washington seem to want. Provided, of course, that the government is competent with the oversight powers it already has."⁴¹ Extensive reportage of the switch in leadership of the SEC to Mary Shapiro as Chairman and Robert Khuzami as Director of Division of Enforcement underscored a change at the helm which might just give the agency that competency with its powers.

Of the US newspapers, *The Washington Post* was most persistent in its presentation of discourse emphasizing that more regulation must not come about as a result of Madoff. Rather, more 'efficient' regulation would be necessary. In a strongly worded opinion piece, Sebastian Mallaby wrote "...the scandal doesn't show that [the SEC] lacked the power to regulate; it shows that it failed to exercise it. Responding to this scandal with more regulation would be like thrusting more pills on a patient who refuses medication. If commission enforcers get a bigger budget and are treated with respect rather than being dissed...as an obstacle to free markets, things may improve. But don't expect a fraud-free era to ensue."⁴² Another *Washington Post* article, "For Hedge Funds, biggest fear is more regulation," quoted Chicago fund manager Rob

Topping: “ ‘Do I think there should be more regulation than there was a year ago? Yes. Do I fear it's going to be too much? Yes...What you don't want to do is run the risk of killing the entrepreneurial spirit that made this country great.’”⁴³

The metaphor of the US financial industry as a patient being forcibly medicated with regulation; the sentiment that much more regulation could be a death knell to the very spirit of America...these are powerful and evocative statements suggesting a deep-rooted aversion to challenges to *laissez faire* principles, given the prevalence of their expression in the *Washington Post*. Fears were raised. The anti-Wall Street sentiment that brewed as a result of Madoff and the crisis was dangerous, possibly endangering free market capitalism. “The present populist backlash may not end well...high-profile examples of unvarnished greed... ha[ve] spawned understandable anger that could veer into destructive retribution...If companies need to be rescued from "the market," why shouldn't Washington permanently run the market?” Robert Samuelson from the *Washington Post* asked in “American Capitalism Beseiged.”⁴⁴ SEC official John Nester echoed Samuelson, Mallaby, and Topping’s concern in equally dramatic language:

JN: If you always ask for that voluminous data [which should have been produced in the Madoff case] for every counterparty...that is a burden that’s placed on the marketplace. *The counterparty may not appreciate it...I mean if the SEC would required every transaction to be processed and sent to Washington essentially, the whole system would gum up and cease like sand in the gears of a machine* (emphasis mine).

The British newspapers, although they contained a thread of the discourse in which the failures of the SEC and the US regulatory system were uniquely responsible for the crisis and Madoff, offered a broader range of solutions than their American counterparts. There was discussion about ‘fixing’ regulatory bodies, yes—in keeping with the dominant narrative that

there were individual and institutional failures. *The Times* (London), for example, noted in its editorial “The regulatory system needs overhaul....Sir Ken Macdonald, Director of Public Prosecutions from 2003 to 2008, argues for the creation of a single regulatory authority to replace the Financial Services Authority and the Serious Fraud Office. Sir Ken's proposal is timely. The failures of the banking system are not merely an economic problem. *They undermine public faith in the foundation of a liberal economy: the network of rules within which market transactions take place.*”⁴⁵ We hear in these words the distinct threat, the fear raised (as it was in US newspapers) of free market capitalism as we know it coming to an end unless the regulatory system is restructured in an effective manner.

But also arising through the Madoff case was a forum for discussion in the British press that went beyond quick fix solutions targeting chiefly the regulatory system, particularly offered in the left-leaning *Guardian* but also in *The Times* (London): a willingness to question the very ethos, value system, culture and course of free market capitalism. *The Times* (London), for example, ran an op-ed claiming “the problem is more pervasive than the alleged frau[d] of Bernard Madoff...the banking industry encouraged the diversion of resources and intellectual ingenuity into the creation of complex derivative products...The byproduct was a corporate culture in which rules were seen as a constraint to be overcome more than as an essential framework for protecting the public interest.”⁴⁶

The Times (London) also went far beyond this critique of corporate culture when it published the opinion piece “Goodbye Gucci,” reflecting on the Reagan/Thatcher years which led to the growth of neoliberal capitalism: “It was an era in which the fundamental assumptions were that markets could self-regulate [and] governments should be laissez faire...No wonder regulators were too weak, bankers too powerful, checks and balances not in place...Gucci

capitalism was as lacking in real values...I believe that the conditions are in place for a new form of capitalism to arise from the debris - co-op capitalism, with co-operation, collaboration and collective interest at its core...An opportunity to join forces and push for a more supervised, more equitable, economic system: one that tends to fair rules, social justice and sustainability and reconnects the economy with what is right and just.”⁴⁷ *The Guardian* in a similar manner used the Madoff case as entrée into discussion about how the British economy itself was like a “pyramid fraud,” where corporate Britain will need to be like a “junkie coming off drugs” and become less debt-dependent, thus changing the current avatar of capitalism itself: “This time it feels like something important has snapped: there is no going back. Once this phase of weaning companies off debt is complete, we will have to build an entirely different economy. Without artificial stimulants, companies and economies will be locked into lower rates of economic growth for generations to come.”⁴⁸

The possibility of alternative forms of capitalism—and deliberately slowing the rate of economic growth; the suggestion that corporate culture’s aversion to regulation, rather than the shoddy enforcement of that regulation, was the problem—these were not the most prominent responses to the regulatory failures in the Madoff case and the concomitant failures that led to the financial crisis. Yet, the desiderata for a new, post-neoliberal era found articulation through such discourse, in the UK more strongly than in the US, again perhaps due to their political differences explored in Chapter 2: the UK has always had higher union density, and a historical socio-political reality in which debates about socialism versus capitalism occur that stimulate participation in the democratic process .

Overall, though, my analysis in this chapter of the way in which financial regulation was discussed through Madoff has shown a resilient cultural adherence to free market capitalism and

neoliberalism without radical revision. The regulatory issues that precipitated the Madoff case and the crisis were discursively resolved by focusing on the removing incompetent leaders, toughening up the ‘top cops,’ and flushing the agencies with new resources. If “the whole system would gum up and cease like sand in the gears of a machine” as John Nester warned through more regulation, if the American spirit were to be squelched, thus the narrative reads, it is better to tinker with things as they are than question the integrity of the system as a whole or the ethos driving that system.

In the next chapter, I explore issues and themes in the coverage which emerged as sites for more critical reimagining of the structural conditions created by neoliberal capitalism: inequality and greed.

Notes

- ¹ Steve Fishman, “Bernie Madoff, Monster,” *New York Magazine*, February 22, 2009.
- ² Dave Granlund, *Davegranlund.com*. Permission to reuse obtained from artist.
- ³ Daphne Retter and Andy Geller, “How SEC Bozos Blew it—Whistleblower Rips Do-Nothing Fed ‘Fleas,’” *New York Post*, February 5, 2009.
- ⁴ Richard Cohen, op-ed, “The SEC we deserve,” *Washington Post*, November 3, 2009.
- ⁵ Editorial, “You Mean That Bernie Madoff?” *New York Times*, December 19, 2009.
- ⁶ Zachery Kouwe, “Those Who Lost Savings Find Little Comfort,” *New York Times*, March 11, 2009.
- ⁷ “Madoff, the Midas who made an ass of investors,” *Guardian*, December 16, 2008.
- ⁸ Larry McShane, “Madoff made mockery of feckless SEC,” *Daily News* (NY), February 9, 2009.
- ⁹ Stephen Labaton, “S.E.C. Image Suffers In a String of Setbacks,” *New York Times*, December 16, 2008.
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Chapter Five: Social Inequality and Greed

In the US and the UK---nations where, as I noted in Chapter 2, only 6% and 12.5% of citizens, respectively, agree strongly that incomes should be more equal, where most agree with the statement that hard work leads to a better life, rather than social connections, and where union density has been decreasing -- the Madoff scandal produced an extraordinary amount of direct and indirect discourse around issues of class and greed. The discourse was centered on the particularities of his case, but as with the discussion of regulation, extrapolated from the Madoff case to broader economic, political, and cultural conditions that led to the Crisis of 2007-2008 and the Great Recession. This chapter analyzes the ways in which class, economic inequality, and greed in capitalism were brought into public discourse and contention through the Madoff case.

I first examine the coverage of the perceived anger of the public and Madoff's victims as concentrating (and displacing) the general anger over responsibility for the crisis, but demonstrating also broad, growing class resentment. In the US, the American Dream, the deeply-held belief that living the good life is gained not due to the position into which one is born, but through honest hard work and motivation, was being challenged. The belief in meritocracy—that those at the top *earned* their way, was threatened because Madoff, arguably one of the most successful money managers in history, was exposed as a fraud in his capacity as an investment manager. If Madoff, emblematic of Wall Street, was a fraud and his gains were ill-gotten, then the extension could be conceivably made to countless others on Wall Street who had not yet been discovered by a 'feckless' SEC. The fall of Madoff was, therefore, appealing in its ability to arouse a feeling of *schadenfraude* amongst classes who never lived lavish lifestyles, who pursued the American dream honestly, but who were currently suffering under difficult

economic conditions. Next, I show how narratives of greed run amok flourished as part of a newly opened skepticism towards the wealthy, particularly in the UK coverage, which consciously played to stereotypes of greedy Americans. Even the Madoff ‘victims,’ presented as mostly well-to-do-- were intensely scrutinized and a strong, ‘blame the victim’ narrative emerged through most of the coverage. The implication was that they, too, like Madoff, came into their wealth through dishonest means or by avariciously turning a blind eye in pursuit of profit. They were thus all implicated in the greed that led to the financial collapse and recession. Last, I discuss class issues which came to the prominence in an unprecedented way through Madoff. The coverage broached topics typically left unexplored, like issues of inequality and class in the criminal justice system. Class consciousness was being awakened, populist feelings were running high, and it was a time when challenges could be made to the existence structures of inequality since they had lost their taken-for-granted appearance. The Madoff case facilitated this growing level of awareness, when wealth was being demystified, that it was less of something to aspire to, to yearn for-- and more of a path to resentment.

Anger, the Fall, and Schadenfraude

Bernie Madoff’s Ponzi scheme was a financial crime, yet it stirred deep emotions typically reserved for violent ‘street’ crime. The reportage both in the US and the UK emphasized and described in vivid terms the collective and individual anger elicited through his case. Words like “rage/outrage,” “fury/furious” “hated” “anger” “irate” “seethe” “savage” and phrases like “seeing red” and “mob vengeance” peppered all of the coverage—elite/broadsheet and tabloid alike, hinting at the existence of already percolating anger at the boiling point seeking a target , and also bespeaking a populist threat to the status quo if not contained, rechanneled and neutralized.

Predictably, a good deal of the anger reported was directed at Bernie Madoff himself. A *New York Post* front page headline pronounced him the “Most Hated Man in New York” (see figure 5.1)¹, while *The Daily News* widened the scope of the hatred, dubbing him “the most hated man in America”² and even “hated by thousands, if not millions, around the world.”³

Figure 5.1

Anger against Madoff individually was especially prominent in the reportage covering victims’ presence at his courthouse appearances, which offered them the chance to speak about their losses and emotions. I will discuss in more detail the significance of Madoff’s sentencing and punishment in Chapter 6, but here it is important to note how much focus the anger of the victims received, and the way in which it was described almost as feral, ready to escape the boundaries of civil society and enact justice vigilante style. They were a mob looking to hang the transgressor. *The New York Times* would quote Professor Berman, an expert on sentencing law: “This is a blood lust....but it's a setting in which if ever a blood lust was justified, this was it...[Madoff] truly is, for lack of a better term, the Adolf Hitler of white-collar crime.”⁴ Madoff’s attorney, Ira Lee Sorkin, would use the evident ‘blood lust’ to, as reported in the *NY Post*, *New York Times*, *Daily News* and *London Times*, make the claim that ‘mob vengeance’ was being sought by the victims and these base impulses should not be hearkened to when Judge Denny Chin rendered his sentence.⁵



The scene outside the courtroom was portrayed, indeed, as one in which mob vengeance needed to be tightly controlled. “Many of the victims were brimming with anger at Mr. Madoff,” the *New York Times* observed, while the *The Daily News* wrote: “[Madoff] will have to wade through a steel ring of police and private security guards in place to protect him from investors who want to *tear him apart*” (emphasis mine).⁶ *The Daily News* also quoted one of his victims’ in her expression of blood lust as she rallied outside of Madoff’s 64th street apartment: “They should have him drawn and quartered right here.”⁷ *The Washington Post* presented a similar portrait: “On a clear but bitterly cold morning outside U.S. District Court, they wanted more answers... They wanted to tell the judge he should show no mercy. They wanted to *vent their rage*.”⁸ *The Guardian* reported: “to his victims, Bernard Madoff is a monster, a bastard, a psychopath, a lowlife, a scoundrel and a devil. The sheer force of the fury and frustration levelled at Wall Street’s most notorious fraudster has been documented in scores of letters describing wrecked lives, plundered retirement accounts, families in tatters and shattered dreams.”⁹

The “fury” over the crime was not limited to its mastermind, though. Although they were never charged with involvement in Bernie’s crime, Madoff’s sons Mark and Andrew, and particularly his wife of nearly 50 years, Ruth, were described as being at the receiving end of much anger. *The New York Times* assessed: “the public reaction to Mrs. Madoff has been white hot and vitriolic,”¹⁰ and the *Daily News* claimed she was a ‘hated figure.’¹¹ Indeed, as the *Guardian* described the scene: “the anger in the courtroom was palpable...Ira Sorkin, mentioned that [Ruth] had hired guards to monitor her husband’s home detention ‘at her own expense.’ There was outraged laughter from victims who regard her money as ill-gotten proceeds from her husband’s fraud.”¹² Here, within the space of two sentences, the emotion is mentioned twice—

first, “palpable anger” and then, “outraged laughter.” I am not, by calling attention to this almost redundant emphasis on anger in the reportage, suggesting that anger did not exist. What I am suggesting is that it is semantically significant. It lasers our attention on that ‘mob rage’ and its potential to overflow and its influential power.

The rage described was hardly limited to Madoff or his family. As in chapter 3, where I explored how the SEC was presented in a majority of the coverage as equally culpable or even more culpable than Madoff himself, the anger of the public in general and the victims was also directed virulently at this institution. Joe Nocera of *The New York Times* noted: “Indeed, what you discover when you talk to victims is that they harbor an anger toward the S.E.C. that is as deep or deeper than the anger they feel toward Mr. Madoff.”¹³ In “Waiting to See Madoff, an Angry Crowd is Disappointed,” journalist Zachary Kouwe of the *New York Times* writes that after the verdict, “[The victims’] anger had shifted from Mr. Madoff’s actions to the Securities and Exchange Commission, which they criticized for missing the warning signs of the fraud.”¹⁴ *The Daily News* also focused on the shift of anger away from Madoff: “Victims of Bernie Madoff’s \$50 billion Ponzi scheme have another target for their anger: The Securities and Exchange Commission confessed yesterday it blew chance after chance.”¹⁵

The raw anger of the public and victims against the SEC was mirrored in the political responses and delineated in similar terms in the coverage. *The New York Times*, for example, reported “Securities regulators could not cool the white-hot Congressional fury...over their failure to act on tips.”¹⁶ Tom Zambito and Doug Feiden of *The Daily News* wrote of the House Committee meeting on the SEC’s failure to catch Madoff, quoting Democratic Representative Carolyn Maloney: “Many of us have lost confidence in the SEC.” She joined a chorus of angry lawmakers who howled about chronic regulatory failures.”¹⁷

This discourse presenting repeatedly the raw emotions from victims, the public, and politicians---the anger, fury, outrage boiling over---was not merely connected to the Madoff case as a result of his fraudulent behavior and the large losses. Instead, the anger became a manifestation of growing class resentments tied to issues such as the increasing inequality cited in Chapter 2. *The Times* (London) observed “the public are angry *and the media is on their side*. Initially this anger was directed towards bankers, but it will soon be directed at big business more generally: at companies that pay their executives millions while sacking workers; at companies that make significant profits but don't share the bounty with customers who are finding it tough” (emphasis mine).¹⁸ With this resentment, there was a corresponding antipathy towards the accoutrements of wealth in a regulatory era widely thought of as permissive towards morally dubious business practices that unfairly benefitted the upper echelons to the disadvantage of the masses.

New York Times journalist Alessandra Stanley fittingly used the phrase ‘pecuniary trespass’ to describe the extravagant expenditures that tantalized the public with their brazenness.¹⁹ The Madoff’s lifestyle: their homes, belongings, habits---their pecuniary trespasses, their conspicuous consumption---became the objects of interest, anger and resentment, not only because they were presumably partially financed through stolen funds, but because they opened a window on those *Wall Street* “types” who were bilking ordinary citizens. *The Times* wrote of Ruth Madoff: “[she] is viewed as an unrepentant beneficiary of ill-gotten wealth, a petite and well-dressed embodiment of the collective, bloated greed that helped topple the stock market and the housing industry...”²⁰

US and UK coverage, elite and tabloid coverage: all lavished attention on the behind-the-scenes of the Madoff family’s lives and presented in great detail their expenditures, heaping

adjectives on them with novelesque profuseness and dropping price tags. Mentions of his Manhattan apartment almost always included the descriptive “penthouse,” “luxury,” “lavish” or its cost of 7 million dollars, as we see in *The Sun*’s reportage: “There is [Madoff’s] luxury penthouse apartment, a 4,000-square-foot duplex, in New York’s Manhattan. It has four fireplaces and a wraparound terrace. The kitchen has marble and steel tops with Baccarat crystal glasses in the cabinets.”²¹ Bernie’s penchant for high-end clothing was made known through the *The New York Times* “The last time he was [at the Palm Beach store “Trillion”] he fell for a \$2,000 pair of worsted spun cashmere pants, which...had to be ordered from Italy.”²² *The Times* (London) painted an image of elitism: “[He commuted] from his Long Island home to Street in a helicopter...with homes in New York and Florida, Mr Madoff enjoyed the trappings a wealthy New York financier....the elite Palm Beach Country Club, private dining societies, [he] played golf and drank with the exclusive tranche of American money for 50 years. His [offices] were adorned with Roy Lichtenstein prints and the glass lobby was with a colonnade of red granite pillars.”²³

The lurid fascination with, and resentment of, the Madoff’s possessions, was most keenly demonstrated by the way in which *The Daily News* and *New York Post* in the US, as well as the *Guardian* in the UK, reported on many of those possessions. These papers made use of lists of the Madoff’s riches—either at the end of an article or as stand-alone pieces, often with their price values. The *Daily News* titled one such list “The high-living highlights,”²⁴ and *The Guardian* made a “Top Five” of Madoff items that would later be auctioned.²⁵ *The New York Post* tallied long a list of 15 forms of assets under the heading “Ponzi-scum Bernie Madoff stole \$65 billion and wife Ruth ended up with this golden nest egg of assets...” including, as bullet points: “* 2006 Leopard yacht worth \$7M * Boat slip for boat “Bull” in France, valued at \$1.5M *

"Sitting Bull" boat in Montauk worth \$320,000 * Small boat in Florida worth \$25,000 * Cap d'Antibes, France bungalow valued at \$1M * \$2,624,340 in jewelry * \$39,000 Steinway piano * \$65,000 in silverware....TOTAL: \$93M.”²⁶

Christina Boyle, who visited the Madoff's apartment for her reportage with the *Daily News*, described the interest in Madoff's goods as: “Voyeuristic... it was being able to see inside of what he had and what was his taste like...” Clearly, as *New York Times* journalist Alex Berenson described to me in our interview, “There some lifestyle porn, where people wanted him to be richer and living richer than he was....”

For the Madoff case to become the ideal vehicle through which class resentment and issues of income inequality could be discussed, Madoff himself had to caricatured—made “even living richer than he was,” his life presented as unimaginably luxurious, his money profligately spent on all the trappings. I queried James Doran, who wrote for both US audiences and UK audiences in several newspapers including *The New York Post* and *The Guardian*, about his perception of the class dimension involved in telling the case, as it related to the Madoff's wealth:

CE: How important do you think the class dimension was here, that the Madoffs were... wealthy during a time when the house of cards began to fall... Do you think that there was a bit of class resentment there?

Doran responded strongly:

JD: Of course there was, that's the whole beauty of the story... it was a sort of, a lifting the veil on the wealthy... it's like-- it's all stolen, to be a bit Marxist, you know what I mean?... These people were living the high life, but they were just thieves. They stole the high life.

The case having ‘lifted the veil on the wealthy,’ as Doran suggests, exposing them as frauds, class resentment was provoked with lists enumerating the Madoff’s riches. There was a corresponding narrative found in the coverage: one that presented the story as one of a dramatic fall from grace—from riches to rags, from prominence to infamy. This narrative also was one that elicited a strong feeling of *schadenfraude*, of pleasure at that fall, and a sense of vindication, of payback for the stark division between the very wealthy and everyone else.

Figure 5.2

The New York Post published one of the most dramatic visual examples of how the coverage satisfied the want of its readership for a story of the unjustly wealthy losing their status. (See figure 5.2). On June 5, 2009 a photograph of Ruth Madoff appeared next to the article “The Ruth Hurts” by Bruce Golding, which began: “Poor Ruthie, she’s reduced to riding the subway.”²⁷ She had been photographed on the F train, while behind her,



red 99 cent advertisement. This visual juxtapositioning of Ruth—formerly very wealthy woman, with a sign of her having ‘fallen’ to a much lower level of wealth and status was repeated again and again through the written coverage. *The New York Times*, for example, wrote: “she no longer goes to her gym, Equinox, one block south of her penthouse, where she paid \$1,200 a month for membership.”²⁸ *The New York Post* as a tabloid was more colorful, imbuing the story

with moral overtones: “The formerly monied Manhattan matron ... she bunks with relatives and apparently does God's work, delivering meals to the homebound...The former billionaire's wife has been reduced to driving around in a 14-year-old clunker, with a parking placard in the back seat that reads, "homebound delivery volunteer driver." ²⁹

The narrative formula: They had A,B,C, and lived D, but now they have X, Y, and Z found wide replication. It was the formula of the Fall, the formula of schadenfraude. Dramatic examples were found in all the coverage. *The Guardian*, for instance, reported “ The disgraced Wall Street fund manager Bernard Madoff has swapped a cocaine-fuelled life of luxury for a prison regime in which he eats pizza cooked by a child molester and shares a prison cell with a 21-year-old drug offender.”³⁰ The *New York Post* echoed “He will have to tweak his taste for prime rib and cognac amid conditions that are decidedly less refined...Prisoner No. 61727-054...munched on a microwaved meal of frozen chicken patties and canned string beans delivered to his cell in a Styrofoam container.” ³¹Tom Zambito of the *Daily News* wrote “It's bye-bye forever to the \$35,000 Lavar Kerman Persian carpet and the \$20,000 Chippendale-style tea table in his art-filled... Home now is a Spartan cell in a maximum-security wing of lower Manhattan's Metropolitan Correctional Center, with a bunk bed and seatless metal toilet.”³²

Many of my interviewees from across the elite/tabloid and UK/US divides spoke in comparable terms of the way in which the story of the Madoffs’ “fall,” had emotional resonance for their readership. For those who wrote for the tabloids, there was a sense that their audience felt pleasure most keenly because of their class position *vis a vis* those like the Madoffs. James Doran of *The New York Post* noted:

JD: There were...all these good honest working people reading the *NY Post* on the subway, going to work 9 hours a day for whatever it is they're making.--- aspiring to be

wealthy, aspiring to be successful...and to see that sort of the rug pulled from under [The Madoffs]and have them exposed as common criminals is incredibly gratifying when you're on the subway at 7AM every day.

The Daily News' Tom Zambito also spoke of the sensitivity that his readership would have about the obvious class issues.

TZ: ...the catch phrase here is "Park Avenue"...People don't think they can make money like Bernard Madoff, but... when you're at the top people like to see you fall, and... Park Avenue, that's a very loaded phrase ... it's not just Madoff...once you hit Park Avenue, then that's an emblem of wealth and prosperity and privilege and everything that goes along with it...it's...see, what happened to him when he reached for the stars', you know...they're all greedy, you know. I think people take comfort in that in some sadistic realm.

It was not only the journalists writing for a working-class audience, though, who noted the class resentment and "sadistic" pleasure that came from watching a billionaire make the switch from Park Avenue to Metropolitan Correctional. James Bone of *The Times* (London), writing for a more affluent readership, expressed:

JB: I think a lot of the coverage... was the schadenfraude of revenge...It is emotionally satisfying for readers to read that, and it does suggest that in the end it's alright after all because the bad guy gets this comeuppance and has to go live in a cell with serial killers etcetera and that's not just in the Madoff case, it's all the high profile crime by rich people that that the non-rich reader enjoys-- the fall to the floor from grace and the idea that they're going to be physically suffering as a result of their high life.

Bone's statement raises a strong point about the anger and class resentment that the Madoff case produced. If, as he suggests, all is symbolically 'resolved' through the downfall of Madoff, and everything is alright because of this, the transformative potential of the anger is diminished. So even though Madoff's case came to represent an encapsulation of all the issues that led to the financial crisis, there is a very human, cultural need for a story with a clean 'good always wins' resolution that could be more easily attained by sending one man to federal prison for 150 years. Chapter 6, which looks at the cultural performance of imprisoning Madoff, will explore this issue more thoroughly.

Greed and Blame the Victim

"It is already clear that the [Madoff] scandal's broader effect will be to tarnish a global financial services industry reeling from the effects of its own greed and hubris with evidence of staggering gullibility and neglect as well" *The Times* (London) declared.³³ The anger which surfaced in response to Bernie Madoff's billion-dollar Ponzi stimulated more than a sense of *schadenfraude* at his fall or class resentment at the manifestations of excessive wealth. It brought about an intense examination of the role of greed in a capitalist economy more broadly—the type of greed that led to the crisis and recession-- and a focus more narrowly on the alleged tacit complicity of the 'victims' in the perpetuation of the fraud. Class issues resurfaced in the discourse as victims were presented as belonging to dichotomous groups: those greedy, well-to-do victims who 'should have known better' and who became the subjects of a strong 'blame the victim' narrative, and those 'truly innocent' victims from more modest, middle class/working class backgrounds who were deserving of sympathy.

Unlike in boom times, with their lower rates of unemployment, higher rates of profits and concealment of many frauds due to liquidity in the market, times of bust allow for broad

discussion of greed in capitalism. The Madoff case, occurring as it did during a time of crisis and recession, became a focal point for this discussion. It was symbolic of the greed of an era, yes. But more than that, it allowed for a critique of systemic greed that went beyond the case. Madoff's individual 'greed' motive (although mentioned) was made secondary.

A strong example of such critique can be found in *Daily News* reporter Mike Lupica's article "Unbridled Greed chips away at the last remnants of the American Dream."³⁴ Here, Lupica gave voice to a street vendor and former veteran, "Don," while he made strong populist statements about greed in the economy, unimaginable during a period of boom. As the piece captures so much of the tenor of the discourse, it deserves full quotation : "You can't be surprised by greed in a country of greed," [Don said]... we pay the check in the city and the country for systemic greed that flourished under the outgoing President and his men ...[this country] has lost its way...greed has gone unregulated through one presidential administration after another, all the way back to the boom years of the sainted Ronald Reagan. But when the bottom fell out of the mortgage business and all these banks, we were told again and again that this was all the fault of poor people who overextended themselves to buy houses they could not afford; that somehow the poor sunk the economy and all these huge companies by themselves. But these things never happen in a vacuum, not with bums like Madoff, allowed to run wild in a world of money without nearly enough transparency or regulation, until it is too late." Lupica here directly tackles competing narratives of the crisis which preceded Madoff, highlighting the class struggle to define the situation and assign blame. The anger at the system—a government permitting greed and deregulation since the emergence of neoliberalism—is expressed, as well as a sense of hopelessness. The US has "lost its way." The American Dream is specious.

The two British tabloids analyzed for this project offered systemic critiques of greed as well, extrapolating from the greed witnessed in the Madoff case. The *Daily Mirror* claimed “The shamed financier and his terrifyingly simple racket epitomise the amoral greed that has ruled for too long. We are all paying for their determination to get rich at any cost, which brought the economy crashing down around us.”³⁵ The same paper, in a separate article, wrote “He was driven by greed, exactly the sort of avarice that brought banks to the brink of collapse across the Western world.” The more right-leaning *Sun* similarly posited: “In 20 years Bernie Madoff will be a byword for how thirsty for cash we were before the credit crunch.”³⁶

The more elite newspapers in the US and the UK did not present the same type of populist tone found in the *Daily News*’ “Unbridled greed chips away at the American Dream” or suggest in the same way as *The Daily Mirror* that greed itself had brought the economy down. Yet, they did note the symbolic function the Madoff case had in epitomizing greed and extrapolated from his greed to the misbehaviors found in other institutions entrusted with the public good. An op-ed piece in the *Washington Post* by Anne Applebaum, for example, extended the critique of greed stirred through the Madoff case across the Atlantic, applying it to British members of Parliament who were being charged with mispending taxpayer money on personal frivolities. “That feeling, so palpable in London -- and in New York, and in Washington -- that “I’m clever, I work hard, so I deserve to be richer, even at someone else’s expense” helped bring down Lehman Brothers, helped create the Madoff pyramid and has now damaged the ancient House of Commons. Which venerable institution is going to fall next?”³⁷

Blame the (Wealthy) victims

By far eclipsing in frequency and intensity the discourse about systemic greed and structural inequalities in a capitalist economy was discourse about the greed of the ‘victims’ who

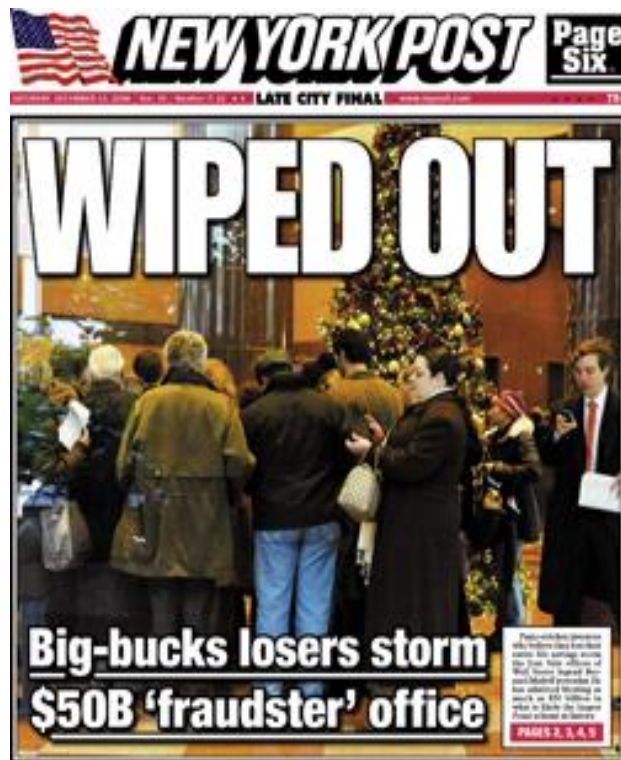
had ‘bought in’ to the Madoff scheme. Here, again, resentments and divisions surfaced. A complicated series of narratives emerged and evolved over time as victims were categorized according to their class status and likelihood of greed having been a motivator for their investment with Madoff. When the story first broke, there was a widespread perception that most, if not all, of Madoff’s investors were wealthy and culpable for, at the least, turning a blind eye to their suspicions, for not doing their due diligence. The story of working/middle class victims surfaced more gradually, and in the US, primarily through tabloid reportage on individual victims: those who had, say, lost their money through pension funds that had money with Madoff. This ‘camp’ of victims had their stories presented sympathetically. They couldn’t have ‘known better.’ They were the victims not only of Madoff, but of all those institutions and individuals who had deliberately ignored signs of fraud. For those well-to-do victims with presumably considerable financial expertise, as well as the managers of feeder funds, a strong ‘blame the victim’ narrative remained and challenged the very notion that they were victims at all (except of their own avarice and thirst for more wealth). Importantly, this narrative of victim culpability assumed a moral, didactic tone similar to that found in rape cases where the victim is blamed. The investors, in a sense, ‘had it coming’ to them, they were responsible, they should have known better. This was a narrative through which guilt and blame for the financial crisis and recession could also be assigned, and deflected from more structural, systemic issues in capitalism.

My contention that there was a typological dichotomization of victims was affirmed by Barron’s journalist and author of *Too Good to Be True* and editor of the compilation of essays from Madoff victims *The Club No one Wanted to Join*, Erin Arvedlund. When I asked her if she thought that the media coverage of the case blamed the victims, she responded:

EA: There were 2 camps of victims. There were those who knew better, those like Walter Noel and Sandra Manske of [the feeder fund] Tremont and others who had a lot of access to Bernie Madoff, probably knew better, saw the warning signs...and then there were the little people who came in generally as indirect investors and had no clue and had no way of having a clue. I would say the first camp definitely were complicit, the second were powerless to find out and were relying on you know, really shiftless regulators like the SEC to do the due diligence for them...I would say the media....failed to distinguish between the two types of victims.³⁸

Figure 5.3

There was, as Arvedlund asserts, a blurring together of the two types of victims. I argue, however, that this blurring was prominent at the outset of the coverage. Prior to Madoff's sentencing in June 2009, the Blame the Victim narrative, as yet, had not become Blame the *Wealthy/Knowing* Victim. Immediately after the story broke in December 2008 the victims were collectively portrayed across the tabloid/broadsheet and US/UK divides as wealthy investors, willfully blind due to greed (or, at the very least, foolishly/recklessly blind) and even as invidious social climbers.



The New York Post, for instance, ran their front page headline (see figure 5.3) “Wiped Out” with the subheading, “*Big-bucks losers* storm the 50B ‘fraudster’ office” presenting the victims as a homogeneous group of the too-well-off, as certainly “big-bucks losers” is hardly a sympathetic treatment of those who had lost money in the Ponzi. The *New York Times* would reflect the same initial perception of the victims as ‘big bucks losers’: “Mass public outrage over Bernard Madoff, a man who *stole primarily from the well-off*. ”³⁹ These well-off victims “sought [Madoff] out to casually plead with him to manage their savings so they could start reaping the steady, solid returns their *envied friends* were getting.” In an early January 2009 article, “The Rules Madoff’s Investors Ignored,” the *Times* would report similarly: “As much as the steady returns were enticing, Mr. Madoff’s investors *wanted to bask in the glow of being part of such an elite, select group*. They didn’t ask enough questions and seemingly assumed the person who got them in had vetted him” (emphases mine).⁴⁰ Here, while there is not the implication that the victims had turned a knowing blind eye, yet the desire they had to attain social status and solidify their class position is portrayed as a tragic flaw, almost hubris. *The Washington Post*, in a December 30th article, would go further “Not all of Madoff’s investors could have been in the dark...some...I would wager, must have calculated that they could get in, get their return and get out before the whole thing fell apart.”⁴¹

The early, broad blame-the-greedy-victim narrative in the US was found prominently in UK newspapers as well. “The level of returns seemed too good to be true, and it was. But the sense of entitlement the wealthy have to even more wealth is just too entrenched to bother with truth” *The Guardian*’s Gary Younge wrote on December 20th, 2008.⁴² “Men like Mr. Madoff target the greedy,” *London Times* investment commentator Carl Mortished opined, “Alongside ‘Too good to be true’ is another maxim that guides you past hucksters and snake-oil merchants:

it is hard to cheat an honest man.”⁴³ In other words, the Madoff victims *should* have remembered the former maxim, but as they were not honest themselves, they were easily drawn in. Andrew Clark of *The Times* (London) ’ description of the initial public reaction towards the Madoff victims bolsters the findings in my content analysis:

AC: I think that there was quickly a perception that grew that the victims were wealthy people themselves, that they were rich people just trying to get richer and that therefore they didn’t really deserve the sympathy in quite the same way as, say, people who had lost their homes to foreclosure or in Wall Street excess at the time. ...it was a perception that those involved *were almost universally wealthy*...and that there was limited sympathy for them (emphasis mine).

Several of the British journalists felt that the narrative of greedy individual investors was particularly appealing to a UK audience because of deep-held stereotypes of Americans. James Doran, who wrote for *The Times* (London) and *The Guardian* as well as the *New York Post* and so was in a unique position to talk about the motivation for portrayals of the victims as greedy for the separate national audiences, explained:

JD: When I was writing for the *Times* or for *The Guardian*, I was writing about a lurid tale of greed that happened in America, where everybody’s greedy and everybody’s lurid... [with the] British reporting.... you intend to sort of augment certain stereotypes in the way you write...It’s a foreign story you’re writing, you know-- you’re telling people what it’s like here in America. And what it’s like here is there are these like greedy fat cats who stole old ladies money and that’s typical of those greedy Americans. I mean obviously, that wasn’t my point of view....

The perception of the victims as universally wealthy, greedy and accountable did not hold up throughout the reportage, however. A clear division between the victim camps in the reportage became evident after two events: Madoff's March 12, 2009 guilty plea, and his June 16, 2009 sentencing. The events provided an opportunity for the victims' stories to be heard by the journalists, and these stories clearly made an impact on the nature of subsequent stories, and consequently, on public views of the victims. Stephen Foley, then Associate Business Editor at the *Independent* provided testimony to the change in discourse brought about by shifts in perception on the part of journalists:

SF: I started out with that view about the victim not necessarily being the most [sympathetic characters]... because his victims tended to be well off compared to all the other people who were suffering economically. *I didn't really focus very much on the personal individual story until I sat in court at the sentencing.* Where one by one by one these people...walked up to the podium and told their personal story to the judge and described how their personal circumstances had changed, how their dreams had gone how they'd begun, and the financial worry about paying for their health and paying for their old age—you know, real stories which frankly had not be the focus of my work. It was a particularly powerful moment, really-- to see this victims come up and confront him and to tell their stories (emphasis mine).

There was not only a noticeable increase in the measure of sympathy allotted to the victims as a group, even those who had started off from a position of relative affluence, but an acknowledgement that middle and working-class persons had been involved. *The Daily News* would go onto report the words of victim Miriam Siegman: "There's this notion that all Madoff's victims were well-to-do, but that's not true...There were firefighters, teachers, garbagemen and

many others.”⁴⁴ The *Daily Mirror*, as if to make the victims more deserving of empathy, declared “[They] were not just the rich and famous. He stole the savings of pensioners and funds from charities.”⁴⁵

Pathos-filled, personal descriptions of these working and middle class victims abounded in the wake of the June sentencing. The *Daily News* included stories such as “Many of the emotion-racked missives to Judge Denny Chin come from elderly retirees who describe losing their life savings or being forced to reenter the workforce so they can pay for food or keep the electricity turned on,”⁴⁶ or “Carla Hirschhorn...says she and her husband, Stanley, lost the money they'd saved to send their daughter to college. Her mother has been forced to live on a Social Security check.”⁴⁷ *The New York Post* correspondingly appealed to their readership with stories like that of a retired NY textile distributor: “We had considered Madoff Securities not as a get-rich-quick scheme but as a buffer against risk...now everything that I worked for over a 50-year career is gone.’ The Brooklyn native said he'd just cashed his life-insurance policy to pay his mortgage, but was still nervous that he might lose his home.”⁴⁸ Noteworthy about the *Daily News* and *Post* articles and others of their ilk are their emphases on the hard work that the middle-class/working class victims had engaged in prior to their victimization. They were vehicles to arouse sympathy in a readership comprised of ostensibly hardworking working class and middle class readers angry about greed and social inequality evinced through the Madoff case but also through the financial crisis. These were people who were Horatio Algiers who had abided by all the ‘rules’ in order to attain their small piece of the American dream, but a wealthy fraudster had taken that all away, while other elites had turned a blind eye. John Marzulli, of the *Daily News*, points out:

JM: In the in the Madoff case, I would say that there was some...willful ignorance... some of the victims were extremely sophisticated people...people even in that financial world and I think that that's a different situation than somebody who works for the city who's trying to put away a nest egg for their kid's college and doesn't know anything about finance...Whether an unsophisticated, you know-- blue collar person could be willfully ignorant to the machinations that [Madoff] did, it's hard to be willfully ignorant when you really don't understand securities and the market...

Diana Henriques of the *New York Times* likewise expressed sympathy for the less 'sophisticated investors':

DH: Madoff didn't even outperform the Magellan Fund. Nothing he was offering people was too good to be true, except the consistency of it which is only visible in hindsight... [some of the victims] were the retirees of the Los Angeles Bus Drivers Union. I spoke to one; they could not tell you what ...the typical mutual fund was returning that year. So they didn't know whether this was an unusual return or not. Should they have known? Maybe, but we do not require financial literacy as a condition of getting high school diploma in the United States...I'm sympathetic to that. For the least sophisticated victims it's very hard to argue that they should have known better. And modern commerce is impossible if nobody trusts anybody else.

The UK broadsheets *The Guardian* and *The Times* (London)' coverage also evolved over the months following Madoff's arrest, emphasizing class differences and surfacing resentments. *The Times* would write "In addition to stealing from retirees, veterans and widows, Bernard Madoff stole from disabled...Every time he cashed a cheque to spend for his family's lavish lifestyle, he killed dreams."⁴⁹ *The Guardian* would quote victim Adriane Biondo, whose family,

including elderly relatives, had lost their savings to Madoff: “This is not just a plight of the rich. Middle-class people have lost a lot of money too.”⁵⁰ In another article, *The Guardian*, in an almost self-reflective manner, present the testimony of a Staten Island Man who wanted to distance himself from the generalized image of the victim in the media as wealthy: “Angelo Viola, 79, from Staten Island...says he is "not the typical media portrayal" of a Madoff victim: “I live in a modest two-bedroom house and I own one car. I was a small business owner and I worked six days a week for most of my life.... Now I am considered under the poverty level and I do not think I can last another six months in my home.”⁵¹ Once again, in the British coverage there was a strong emphasis on the hardwork and sacrifice of working and middle class victims to attain what they had lost in the Ponzi scheme. They were discursively marked as more worthy of sympathy than their more wealthy counterparts, and became emblematic of the post-crisis suffering by those who did not engineer the crisis, who had not been part of the elite that created the conditions for the crisis to occur.

Yet, in spite of coverage that became more attuned to class differences amongst the victims and sympathetic particularly toward the working and middle class victims, there remained a didactic, chiding vein in the discourse, particularly in the broadsheet US newspapers, and an attitude amongst many of my journalist interviewees that the victims should have known better. Axioms, usually including variations of “If it sounds too good to be true, it probably is” was interspersed in the discussion of the victims, suggesting some level of individual accountability for their victimization. “It's up to the rest of us...to be a bit more wary and a little less greedy, to listen to the voices of buy-and-hold stability and to ignore the siren songs of churn, churn, churn and Too Good to Be True” *The New York Times*’ John Schwartz warned.⁵² In his opinion piece “Madoff had his accomplices—his victims” following Madoff’s guilty plea

in March, Joe Nocera would describe Sharon Lissauer, a Madoff victim: “She had not been wealthy, she said, but she's lost everything... It was hard not to feel sad for her -- indeed, for all the victims of Mr. Madoff's evil-doing. *But one also has to wonder: what were they thinking?* I suppose you could argue that most of Mr. Madoff's direct investors lacked the ability or the financial sophistication,,,. But it shouldn't have mattered.”⁵³

The *Guardian*, even after the victims' testimony in June 2009, noted “It has been difficult to drum up much public sympathy for the victims of Bernie Madoff, since a lot of them were rich and, one presumes, a little bit greedy.”⁵⁴ Ed Pilkington of *The Guardian* spoke of the less-than-wholehearted sympathy for the Madoff victims:

EP: Often it was Florida Jewish retirees whose pensions were lost, often could no longer help their kids buy a place and so you know it was fairly wrenching stuff ...I certainly felt [sympathy]. I can remember feeling it, and I think the papers were probably very sympathetic to those people who lost everything. But I think there was probably another strain...maybe a little bit of coldness towards victims on one level,you know-- because these are rich people.

Anton Antonowicz of the *Daily Mirror* joked:

AA: There's an awful lot of greedy people out there and, just as much as there's an awful lot of needy people out there and certainly I think many of his victims were the greedy needy [laughter]. I felt sorry for some of them, if I took my journalistic hat off.. yes, but to be perfectly honest not hugely sorry. I mean, you know, *buyer beware* they bought into Madoff

The discursive emphasis on the adage “If it’s too good to be true,” and personal responsibility—that investors should *know* to question when things are too good to be true—reveals a cultural ambivalence in both the UK and the US after the crisis. On the one hand, the strains of individualistic thinking so prevalent in both cultures as described in Chapter 2 meant that structural, systemic issues under conditions of neoliberal capitalism were often ignored in favor of blaming the victim. On the other hand, there was increasing consciousness of class issues and inequality, resentment, and greater sympathy for victims of lower and middle class status. This increasing level of consciousness, while it did not necessarily dispel the individualistic cultural tendencies, did enable the entrance into discourse about class inequalities in the criminal justice system.

Inequality in the Criminal Justice System Showcased

The Madoff case provided, through the coverage, a fascinating case study of the class inequalities present in the criminal justice system, the different way in which white collar criminals are treated *vis a vis* ‘street’ criminals. It generated discourse about white collar crime *itself* as a social problem causing vast amounts of social harm, and the perceived leniency towards white crime as contributing to casino capitalism, to the greed and lack of regulation that had led to the financial crisis. Without such a high-profile case arising during the historical/economic moment following 2008, it is unlikely that these would have been highlighted in the media. After all, attention is typically focused on criminal transgressions involving physical violence, such as homicide or rape.

Of the eight papers analyzed, through the content analysis it emerged that the tabloids in the US (*The Daily News* and *The New York Post*) gave the most emphasis to class inequalities in the criminal justice system, striking strong populist tones in their appeal to a more working class

audience who presumably would respond with anger. The left-leaning British tabloid counterpart, *The Daily Mirror*, was also willing to approach the class inequalities manifested through the treatment of Madoff. The US ‘elite’ papers, however-- *New York Times* and the *The Washington Post* dedicated very little ink to presenting this discourse. And although the UK broadsheets *The Guardian* and *The Times* (London) offered more attention to class disparities, they did not have the same populist tone as the tabloids.

Discourse about white collar crime as a social problem causing harm and thus equally deserving of as much attention as ‘street’ offenses was exemplified in editorials like that written by Stanley Crouch of the *Daily News*. In his “Whether the Weapon is Pencil or Hot Lead, a Thug is Still a Thug,” he writes “We now know that it is as much about crime in the suites as crime in the streets. Our recession proves that white-collar crime is finally the most dangerous and the most threatening to us all...[Madoff’s] counterparts on the lower rungs went at it the raw way, using violence and easily observable theft and corruption. The difference is not in the soul of the person but in the means necessary to commit the crime.”⁵⁵ Crouch’s assessment that white collar crime is more dangerous and threatening than physical ‘street’ violence in a major US tabloid represents significant shift in the discourse about crime, an awakening class consciousness. Even though the estimated cost of white-collar crime in the US per year has exceeded that of robbery, burglary, larceny, and motor vehicle theft by hundreds of billions of dollars (Conley), cases are most often located in the business pages, thus anesthetized and in the public mind made seemingly more innocuous.

The UK tabloid *The Daily Mirror*’s headlines “Two-Tier Justice System? You can bank on That”⁵⁶ and “Justice Turns a Blind Eye to the Super-Rich,”⁵⁷ which referenced the Madoff case but also incorporated discussions of British white collar crimes—hinted that analogous

discourses about class in criminal justice were emerging in the UK as well during the crisis. “Do ordinary workers still wear blue shirts?...because it's clear that there are different rules for men with a blue collar and the gentlemen with a white one” journalist Maurice Fitzmaurice wrote in “Justice Turns a Blind Eye...” He compares the prison sentence of 8 months given to a man for cheating on his unemployment benefits to the lack of punishment of bankers such as Anglo Irish Bank’s notorious former chairman, Sean Fitzpatrick. Fitzpatrick, amongst other alleged transgressions, had hidden over a hundred million Euros in personal loans from Anglo Irish. Fitzmaurice proclaimed “Justice is blind and we're all equal in the eyes of the law - or so we're told. And at that money-to-years ratio [of 8 months of jail for a man for cheating on unemployment], bankers wouldn't live long enough to finish the sentence. The bigger the crime the smaller the time.”

The Times (London), while its journalists did not describe the class inequities in such incendiary language, offered editorial space to Sir Ken Macdonald, a Liberal Democrat in the House of Lords. Macdonald wrote strongly “If you mug someone in the street and you are caught, the chances are that you will go to prison. In recent years, mugging someone out of their savings or their pension would probably earn you a yacht.”⁵⁸

Beyond the general critiques of justice systems riddled with class bias, the papers seized on a specific, visible example of such bias through the Madoff case. Madoff’s release on bail pending his trial on ‘bail monitoring’ to his Upper East Side apartment was the subject of much consternation and anger in the tabloids and also noted in the broadsheets as it brought into stark relief class inequalities in the US criminal justice system, the vastly different treatments between white collar and ‘street’ criminals in spite of gross disparities in the amount of harm done. Tom Leonard, US correspondent for the UK *Daily Mail*, noted in our interview:

TL: So many other people who are arrested for crimes go straight to prison. You, know it seems to be another example of how the rich man being able to play by different rules

Not only was Madoff allowed to stay in his home which had already aroused class resentment through its ‘lavishness’ and ‘luxury,’ but the ‘bailmonitoring’ showcased the privileges of the elite in their ability to hire a private guard. Without wealth, a defendant is incapable of producing the resources to meet the conditions of bail wherein a guard is required. The *New York Post* dubbed him “The Prisoner of Park Avenue,” “Held captive in his palatial penthouse”⁵⁹ while The *Daily News* wrote sardonically : “To paraphrase Mark Twain, steal a loaf of bread, go to prison, steal \$50 billion, go home to your penthouse.”⁶⁰ In a separate article, “[Madoff] has been lounging in his \$7 million penthouse while shoplifters and other petty criminals in this city are routinely held on bail beyond their means.”⁶¹ *The Times* (London) reported “Mr Madoff... is under 24-hour house arrest at the Upper East Side apartment building replete with white-gloved doormen and residents who include Matt Lauer, the television personality.”⁶²

In Sum

This chapter analyzed the ways in which greed and social inequality---issues that arose through the financial crisis and subsequent recession---were explored and contested through the Madoff case. Class resentment and strong populist impulses were evident, pointing to a changing sensibility in the United States about the veracity of the American dream, of an individualistic value system which sees achievement as the individual doing, regardless of social connections or, indeed, ability to engage in fraud. The status system which was held in place through an understanding of the wealthy as hard-workers, who had attained their possessions through a

Protestant work ethic and saving and innovation was challenged, as was the US criminal justice system revealed as one that targeted the poor. At the same time, there was a lingering focus on the *individual* and the victim's lack of accountability for doing due diligence. This reveals that in spite of the burgeoning class consciousness, there was yet a resistance to blame structural conditions, to see how narratives of individual blame work to uphold the class system found in neoliberal capitalism.

In the next chapter, I explore how this resistance affected the way in which the cultural performance of punishing Madoff was interpreted as a symbolic resolution of class tensions and the problems that led to the financial crisis.

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- ⁵⁹ Larry Celona, Kevin Fasick, and Dan Mangan, “Madoff: I’m Weakened At Bernie’s –Park Ave. ‘Prisoner’s’ Fury,” *New York Post*, January 29, 2009.
- ⁶⁰ Joanna Molloy, “Take Comfort, Crooks. Judges May Send you To Posh Pad Instead of Jail Like Madoff,” *Daily News* (NY), January 7, 2009.
- ⁶¹ Michael Daly, “The City’s Star Crook. Fed Entourage Protects Madoff,” *Daily News* (NY), January 6, 2009.
- ⁶² Christine Seib, “Madoff Waits in His Penthouse For a Court to Jail Him, Too,” *Times* (London), January 12, 2009.

Chapter Six: Punishment

Through the preceding chapters I have demonstrated that the Madoff case provided an intelligible, human narrative through which issues seen as causing the financial crisis of 2007-2008 could be explored, contested, and solutions proposed—issues like the role of regulation, class inequalities and greed. In this final chapter, I analyze the discourse about punishment for Bernie Madoff as a way also of talking about punishment for those “responsible” for the crisis and those who continue to threaten the integrity of the capitalist system. I argue that the entire *cultural performance* surrounding Madoff’s imprisonment attempted to provide a symbolic resolution of the collective cognitive dissonance in the US and UK that emerged as a result of a crisis—in other words a resolution for the criminal *and* ethically dubious behavior in the financial industry that went ‘unpunished’, the class inequities and resentments, the nebulous anger seeking a target.

First, I examine the extraordinarily harsh calls for the punishment of Bernie Madoff, often laden with theological references reflective of the degree to which he had harmed not only individuals through personal financial losses, but also of the threat he posed to an entire cultural configuration and ideology. Next, I look at and the response to the sentence in the US and the UK, and the rationale given for his punishment. I show how these rationales relate to the need to take action against the chicanery which led to the crisis, but lacked a structural critique of why Bernie Madoff (or indeed any other white collar offender) committed his crime. I conclude by reflecting on the transformative potential of the anger and class consciousness raised by the Madoff case, but also the way in which this transformative potential was contained through discourse that did not suggest true systemic change.

“Boil him in oil”: calls for harsh punishment

Although recent opinion studies have indicated that the American public considers white collar crime to be very serious and believes that offenders should be penalized, the calls for punishment for Bernie Madoff were extraordinary in their ferocity. With a few, very scant exceptions of presenting the testimony of victims who did not wish to see harsh justice for Madoff, most of the coverage in the US and the UK focused on the in many cases violent sentiments of the investors and the public. Religiosity was a key part of this punitive discourse. Manichean, metaphysical terms like good and evil justified the harshness of the desired sentence.

The punishments suggested by victims or the public and cited in the papers used for this study included several methods of execution largely abandoned as inhumane in the US, and totally abolished in the UK: the electric chair and hanging, as well as the biblical method of stoning.¹ For those who did not propose to inflict a sentence of death, other and at times almost hyperbolic punishments were also abundant. A former Manhattan prosecutor was quoted in the *New York Post* saying, perhaps only partially in jest “The whole world wants to see him in the same dungeon as the Count of Monte Cristo.”² Reporter JoAnna Molloy of the *Daily News*, in describing the victims, wrote “these folks probably think the medieval body cage with spikes in the groin area... would be a more appropriate cell [for Madoff].”³

Schadenfraude and class resentment were evident in the desire expressed by several victims to see the formerly wealthy financial criminal, a man who would have never have performed manual labor, engaged in the most menial and demeaning work possible. NYU Law Professor and victim Robert Blecker’s letter to the *New York Times* offered a scatological proposal: “Because he inflicted pain and suffering on unknowing victims in order to achieve an undeserved lavish lifestyle, every day in prison for the rest of his life he should eat nothing but tasteless Nutri-loaf and clean latrines.”⁴ Another victim, Ross, echoed Blecker: “I think latrine

cleaning would be appropriate for a neat freak.”⁵ While not as graphic about the specificities, *The New York Times* quoted a lawyer for the victims as saying Madoff “should never see the light of day, and in fact be sentenced to *hard* labor” (emphasis mine).⁶

The conditions under which Madoff should be imprisoned reflected also an impulse for punishment that went beyond the number of years he should be incarcerated, involving degradation and shame in direct contrast to his previous comfortable lifestyle. *The Times (London)*’ James Bone reported on one victim’s impact statement: “[he] deserves no better than to live under a bridge in a cardboard box, scavenging for his food and clothing, living the existence which he has undoubtedly relegated some unfortunate victims to.”⁷ “I would love for him to have nothing,” another victim told the *New York Times*.⁸ “Bernie should rot with the rats,” uttered a friend of Rene-Thierry Magon de la Villehuchet, the French aristocrat who committed suicide after learning about his fund’s losses through Madoff.⁹

Even Nobel Peace Prize winner and Holocaust Survivor Elie Wiesel, whose Elie Wiesel Foundation for Humanity lost money in the Ponzi, offered a particularly harsh sentence for Madoff, quoted in *The Times (London)*: “I would like him to be in a solitary cell with a screen, and on that screen, for at least five years of his life, every day and every night there should be pictures of his victims, one after the other after the other, always saying, ‘Look, look what you have done to this poor lady, look what you have done to this child....’”¹⁰ Another victim letter described in the *Daily News* similarly declared “Bernie deserves a longevity pill - not death - so he can watch each generation suffer and watch what he did.”¹¹

The punitive discourse surrounding Madoff was not limited to secular punishment proposals. A significant portion of the discussion particularly in the US coverage vis a vis the UK coverage referenced concepts in Judeo-Christian theology—sin, redemption, heaven, evil,

Satan and hell, reflective of the higher reported levels of religiosity in the US as discussed in Chapter 2. The crime, linked with the wrongdoing of the financial crisis that threatened the integrity of the capitalist system, had tapped into a deep collective anger that sought an equally profound method of expression. What Madoff did, then, was seen not only as a transgression of criminal law, a sin. Sacred trusts in the market and in the individuals charged with the preservation and growth of wealth had been broken through the profanity of the fraud, and the reaction correspondingly was couched in religious or quasi-religious terms. His crime needed to be presented not only as a transgression of the law, but a moral transgression for the full force of collective censure to be felt. As NYU Law professor Stephen Gillers was cited in the *New York Times* as proposing: “It’s no longer about Bernard Madoff, or even about concepts like retribution and deterrence. ‘We’re making a statement to ourselves about the kind of people we are...and what we will not accept.’”¹²

Madoff’s equation with the Judeo-Christian conceptions of Evil and the Devil, and consignment to Hell were recurrent themes in the US papers—he had been expelled, metaphorically, from Heaven. Victims frequently used these theological concepts to describe their wishes for his punishment. He was cast outside the bounds of civil society through his actions, which were presented as so terrible that he would be judged further for them in the afterlife; that his punishment on Earth would be just the beginning. The head of a Georgia temple, Judith Schindler, was quoted in the *Daily News*: “Madoff will not only stand in the courts to be judged and sentenced, one day he will stand before God.”¹³

Schindler’s assertion that one day he would stand before God was comparatively generous. The *Daily News* headline “Live a Long Life in Hell, Vics say”¹⁴ and the *Post*’s “Bern in Hell”¹⁵ captured the tenor of much of the recorded sentiments, *The New York Post* even

running an image of Madoff with horns emerging from his forehead (see figure 6.1).¹⁶ *The Post* reported one victim as calling Madoff “the devil incarnate” and urged that he spend “the rest of his days in a five by ten foot cell until his trip to eternal damnation.”¹⁷ Burt Ross, the former Fort Lee, New Jersey mayor “Likened him to Judas...[and said Madoff] should suffer in “the lowest depths of hell,”¹⁸ while House Representative Peter King was quoted in the *Post* as saying “He’s an evil person. It’s morally disgraceful.”¹⁹ *The New York Times* would quote Rabbi Burtron Visotzky of the Jewish Theological Seminary “The fact that he stole from Jewish charities puts him in a special circle of hell.”²⁰ Another article claimed “To fully comprehend Bernie’s evil you have to know something about Maimonides...he codified the solemn obligation to be charitable...Bernie took the money intended for charity...this is evil.”²¹

Figure 6.1

Dante’s *Inferno* became a favored literary allusion. The desire for harsh punishment for Madoff, the nature and scale of his betrayal, made the connection with the *Inferno* apt and tapped also into deeply resonant cultural symbols. In “If Bernie Met Dante,” Ralph Blumenthal of *The New York Times* mused: “If even that [150 year] dose of clinical justice seems like paltry penance...the [victims] can always turn to literature for a further measure of satisfaction...It is easy to imagine where [Dante] would consign this scam artist...to the Pit, the Ninth (and deepest) Circle of Hell. It is where sins of betrayal are punished in a sea of ice fanned frigid by the six batlike wings of the immense, three-faced, fanged and weeping Lucifer...poetic justice indeed...”²²



The connection of Madoff to Judeo-Christian theological concepts and a Medieval morality tale; the vivid descriptions of enraged investors and the public—the sentencing of Bernard Madoff to 150 years in prison by Judge Denny Chin would then become an intensely symbolic, cultural performance of punishment intended to metaphorically expel Evil from the Garden, to make whole a system that had been called into question through his actions and by extension, the actions of all those who had not been arrested for financial wrongdoing during the crisis. The Times (London) would go so far as to label the case “a modern morality tale.”²³

Judge Chin’s much-reported statement during Madoff’s sentencing on June 29, 2009 was couched in this language of Good, Evil, and morality. As reported in *The Daily News*, Chin declared “Here the message must be sent that Mr. Madoff’s crimes were *extraordinary evil* and that this kind of manipulation of the system is not just a bloodless crime that takes place on paper, but one instead that takes a staggering toll.”²⁴ The phrase “extraordinary evil” was found ubiquitously across the coverage, more than any other phrase uttered by Chin, including in the UK newspapers. *Washington Post* journalist Tomoeh Murakami Tse, who was present in court during the sentencing, remarked about Chin’s choice of language:

TMT: I think...it’s unusual for...a federal judge to use that term because...it’s not a legal term, and I don’t think judge Chin is known for using those kinds of phrases lightly...He said he received a lot of mail from victims ... he read one of them one particularly touching one from a woman [that] was particularly heart wrenching and, then, he-- right before the sentence, he said it was extraordinary evil and gave him the maximum sentence, which is also unusual...

Andrew Clark, writing for *The Times* (London) reacted more strongly against the religious connotation of Chin’s statement:

AC: I don't like the idea of any judge using the word evil... I think it's a personal morality question, religion, too... but personally I think right and wrong are entirely adequate without using good and evil—that is probably an area which we should leave to the priests.

Murakami Tse and Clark's comments express different interpretations of Chin's choice of language—Clark's perhaps reflecting the social reality that, as presented in Chapter 2, “religion has a much more significant place in American than in British social and political life.” Yet, they both draw attention to the magnitude of the Judge's words. He was, as Clark implied, crossing the boundaries between the secular and the religious, and thus transforming the case as well, into a morality tale.

Less reported in the coverage than his comment about “extraordinary evil” but still significant, Judge Chin had also declared during the sentencing “In a society governed by rule of law, Mr. Madoff will get what he deserves and will be punished by his *moral culpability*... Trust was broken in a way that has left many—victims as well as many others—*doubting our financial institutions, our financial systems, our government's ability to regulate and protect...*” These words are crucial. The *moral culpability* for which Madoff would receive his harsh 150-year sentence was directly tied to the smooth continuance, without interference, of the capitalist system which had already been in a state of crisis and was headed into a long Recession. This was not only about an immense fraud that had impacted thousands of victims. It was about restoring confidence in capitalism, and using the language of morality and religion gave it the full weight of collective anger.

A general dearth of alternative, less punitive narratives and sentiments not only in the coverage in the US and the UK but also amongst particularly the US journalists reporting on the Madoff story, was telling of how deeply the case had impacted the collective cultural conscience.

Erin Arvedlund, author of the compilation of essays by victims *The Club No One Wanted to Join*, described both her reaction and that of the victims who contributed to the book:

EA: How do you go about punishing a financial serial killer? I think ...whatever you can dream up would be fitting. ...Most of those [victims] expressed the sentiment that the punishment sent a message and the judge Denny Chin did want to send a message...

They wanted something a little more...what's the right word--- *penitence*---they wanted Bernie Madoff to have to sit in his cell and watch video of the victims over and over....

As with Chin's sentence, Arvedlund's choice of words here ties the secular with the sacred.

Gary Silverman of the *Financial Times* compared Madoff's sentence to those imprisoned for 'street' crimes such as theft while expressing his general support for the sentence:

GS: People do five, six years for stealing a hundred dollars...he stole, you know-- it involved an amazing amount of money...My father was a police reporter for many years, I grew up around a lot such stories and the old line is, you know 'don't do the crime if you can't do the time.'

Most of my other US interviewees felt the given sentence was applauded by the general public and symbolically important. They did not comment pejoratively about the 150 year sentence. Kaja Whitehouse of *The New York Post*, although she didn't cover the sentencing herself, recalled the general reaction to the news through a personal anecdote:

KW: I remember visiting my brother and his wife in Virginia and my brother's wife never reads the news and she even knows who Bernie Madoff was and she was like.. *wow!* I feel like everybody cheered at that moment...I feel like people were very happy about it, [they had] a feeling of redemption and justice.

Leslie Wayne of the *New York Times*, and Ed Pilkington of the *Guardian*, when asked about the sentence, likewise concurred with Whitehouse that the general sentiment in the US was one of 'cheering':

LW: I don't think there's a lot of sympathy out there for Madoff...Even if people were asleep at the switch...in terms of not doing due diligence and all that...you still had to look at who was the perpetrator of this crime. Who was the one who invented it? And what is the impact been on peoples' lives. So I don't think that anybody is shedding a tear for the sentence that he got.

EP: I'm sure there are thousands of people who felt 'execute him it'll be better than keeping him alive in prison.' But if I recall a lot of people would have been cheering that sentence...such is retribution in the American penal system.

Several journalists, including *The Washington Post's* Zachary Goldfarb and *The Times* (London)'s Alexandra Frean focused on Chin's contention that Madoff's crime was not a 'bloodless' one. They agreed that, therefore, it required a sentence that would break with the status quo of lenient sentencing for white collar criminals, and would be reflective of an era where financial wrongdoing was seen as responsible for harm that was no longer an abstraction:

ZG: 150 years was meant to be symbolic obviously ...it was just the court saying that significant cases of white collar crime where you cause massive destruction and

devastation to peoples' lives should be treated in way—that's not white collar crime, that's violent crime ...and this is basically a violent act against peoples' livelihood...

Frean, asked her thoughts about the 150 year sentence, acknowledged that she felt Madoff should spend the rest of his life incarcerated. The fraud was more than losses on paper, but one that had potentially fatal consequences:

AF: Even if you take [the] suicides [of René-Thierry Magon de la Villehuchet, William Foxton, and Mark Madoff] out of it, you can't say he didn't kill anyone. If you have friends of the family in poverty, you don't know if that's going to mean they can't afford health care, then other bad things happen as a result of not having any money... you just don't know, I think that the trouble with financial crime, particularly when the victims are older people, you can't say it didn't say it didn't kill them...he showed total disregard for that.... He never sat down and thought about the suffering he was causing, but somewhere in his brain he must have been aware. If you take someone's life savings away, and they're elderly and that's all they've got...you're reducing their ability to look after themselves. So I think his crime is enormous.

Complementing the narrative of harsh punishment for Madoff found in the coverage the both countries and in the statements of primarily US journalists, in the UK tabloid papers *The Daily Mirror* and *The Sun* (as well as the broadsheet *The Times* (London) but in more limited fashion) there was a strong populist sensibility communicated that the model of justice held out in the United States through the trial of Madoff was an exemplary one that should be replicated in Britain. The US was presented as being tough on financial criminals, (a quality allegedly lacking in the UK), and by extension, willing to prosecute those responsible for the crisis.

The right-leaning *Sun* went so far as to applaud the decision, comparing the justice Madoff received with that he would have presumably received in the UK: “Well done to the US District Judge Denny Chin, who gave fraudster Bernard Madoff 150 years jail for his £38billion crime. Any chance of bringing him over here to set new tariffs for UK criminals?”²⁵ A letter chosen for print from a *Sun* reader in Glasgow expressed the same sentiment, giving an indication of public responses that were in concert with the coverage: “May I take this opportunity to congratulate the American justice system for giving a corrupt director, Bernard Madoff, a 150-year jail sentence. We should follow suit by jailing the corrupt politicians who run this country!”²⁶ An opinion piece later published would continue: “In Britain, the criminal gets away with murder. In America, they punish them severely. Just look at Madoff. He got 150 years. Over here, he would have been lucky to have got 15 to 20.”²⁷

The left-leaning *The Daily Mirror* followed the same narrative as its right-leaning tabloid counterpart, often using the 150 year sentence rendered in the Madoff case as a point of comparison with the lack of punishment for those responsible for the collapse of Anglo Irish Bank, especially Sean Fitzpatrick, its former chairman. An op-ed “Untouchable Bankers Still Living It Up” declared “The way Ireland and the US have dealt with those responsible for the financial meltdown couldn't be more different. The US Government set up a special task force to hunt down bankers whose reckless behaviour nearly destroyed the entire financial system....Bernie Madoff, the King of Wall Street as he was dubbed, was sentenced to 150 years in jail within a couple of months. Contrast this with how the Irish Government has tackled its biggest ever financial mess.”²⁸ In a separate editorial, Pat Flanagan queried “Why, when the likes of US corporate fraudster Bernard Madoff is serving 150 years in a North Carolina prison,

has not a single file on the gangsters who destroyed our economy has been sent to the DPP [Director of Public Prosecutions]?”²⁹

Although the broadsheet newspapers did not present the same consistent narrative about ‘harsh’ US justice against financial fraudsters, evidence of its existence within the broader discourse could still be found. *The Times* (London), for instance, ran the op-ed, “The Wages of Sin: Madoff’s life sentence should galvanize regulators everywhere, Including Britain” stating: “The US may boast some of the most spectacular frauds, but also the most public convictions. The “perp walk” - the intentional march of the perpetrator of a white-collar crime, stripped of his swanky suit and chauffeur-driven limo and dressed in an orange jump suit and bundled into the back of a squad car - *serves a valuable purpose in a free-market economy to show everyone that no one is above the law.* By comparison, Britain’s record in tackling financial crime is appalling. Respect can be returned only by the rigorous enforcement of the rules. Madoff’s exemplary sentence will, at least, send a warning to financiers across America. The lesson should be heeded here too” (emphasis mine).³⁰ Here, again, is an explicit example of the way in which the demand for harsh justice for Madoff (and those of his ilk) incorporated moralistic language (“The Wages of Sin”) and presents the consequence of letting ‘sins’ such as his go unpunished as a threat to the free market itself. However, due to the lower levels of religiosity, it was found more frequently in the US coverage.

The lack of critique of the Madoff sentence, in fact its overall laudation by the British press, especially in the tabloids, is noteworthy. The US has been noted for its exceptionally harsh and retributive justice system *vis a vis* Europe. The retention of capital punishment in the US for decades after its abolition in the UK has drawn extensive criticism and has been the subject of much scholarship by sociologists like David Garland and Frank Zimring. The European Union’s

Policy on the death penalty unequivocally states: ‘The [EU] holds a strong and principled position against the death penalty; its abolition is a key objective for the Union’s human rights policy.’³¹ *The Times* (London)’s Tim Hames reported: ‘Mainstream middle-class sentiment in Europe now regards the death penalty as being as ethically tainted as the crimes that produced the sentence.’³² Life Without Parole (LWOP) too, which affects up to 1 in 35 prisoners in the US³³ has been abolished in five European nations. Although the UK does us LWOP for ‘exceptionally serious’ cases, it is with a frequency dwarfed by that of the US.

Yet, in spite of what would seem to be a cultural sensibility that would reject harsh sentencing, of the British journalists interviewed, only Andrew Clark of *The Times* (London) departed entirely from the narrative found throughout the reportage of the sentence as being appropriate, or a sign of the times, raising humanitarian issues and questions about the nature of the harm done:

AC: I thought it was an idiotic sentence to be honest....completely absurd. 150 years is clearly very silly...First of all the issue of lining [his crime] up against violent crimes like people have died and people have been raped...even though this was I think the worst case of fraud you could possibly imagine, he still wasn’t found killing people. Yet he was put in prison for longer than most murderers get on. And secondly the issue of being merciful to someone reaching the end of their lives....15 [years] would have been entirely adequate....You still would have the hope of getting out and having a last few years of freedom. It reminds me a little bit of [when] the Lockabie bomber was released by the Scottish government on the grounds that he would die...that he should be allowed to die with his family. That would have done incredibly badly in America, where there doesn’t really seem to be any kind of exception for being merciful to someone.

While it is notable that none of the US reporters espoused such a point of view, Clark's opinion was certainly not well represented either in the opinions of the other UK journalists or the narratives in the coverage itself. Stephen Foley, Associate Business Editor of *The Independent's* reaction to the sentence was more typical:

SF: It's sort of mathematics you multiply the counts, and you multiply the scale of the losses and you get to 150 years and you decide whether or not you take time off for any mitigating factors. And there aren't really any mitigating factors in this case, are there? Foley would also dismiss the idea that the UK public would be less harsh in its desire for punishment than the American public summarily with the statement "No, you get public mobs in full cry in the UK just like in the US."

Tom Leonard of *The Daily Mail* offered what he saw as the reason for the general support of the Madoff decision amongst his colleagues and the UK public:

TL: I think there was probably a feeling that it was slightly irrelevant how [long the sentence] was, whether it was 20 years or 30 years or 150...I personally find, and possibly other media people do in Britain as well, that these kind of bizarre American kind of 500,000 years in prison type things to be rather ridiculous. Why on Earth would you give someone 150 years in prison when no human lives beyond 120 or 110...So, I think many people felt Madoff deserved to go away...that's another result of the economic [crisis]... the anti-Wall-Street-pity feeling. It's the same in Britain to a certain extent with an anti-city and London attitude-- that white collar crime is as serious as a lot other crimes and that people who commit deserve to go to... prison. But I think with Madoff...he was going to go away to prison for the rest of his life....Whether it's 30

years or 150 years it still comes down to the same thing... being in prison for the rest of his life.

Leonard's analysis suggests that the nature of the transgression as a financial crime evoked little sympathy for Madoff due to the crisis, but also that Madoff's age rendered the 'actual' 150-year sentence to be a life sentence of only about 20 years, likewise blunted criticism of harsh punishment. Several of my interviews with other British journalists corroborated this latter explanation. They would remark that the number 150 itself was 'ridiculous,' but that the *intent* behind that sentence, to put a financial fraudster of such scale away for the rest of his life (which at a maximum would be around 20 years) was not inconceivable.

When asked about the sentence, for example, Anton Antonowicz of the *Daily Mirror* noted:

AA: Well in a way it's ludicrous... it's it's meaningless once you tell a man in his 70's, it doesn't matter whether it's 25 years, 50 years... or 150... I didn't really think too much about it. It was just simply the fact that alright, that's enough we've had enough of this man, we're going to eradicate him from society...

Alexandra Frean of The Times (London) similarly stated:

AF: I think he should be in prison for the rest of his life. They could have said 40 years and still people probably would have been satisfied with 40 years, because it's a bit superfluous, to give over 100 years... but I *think it was very symbolic and they needed to show they were cracking down (Emphasis mine).*

Rationales for Harsh Justice

Alexandra Freaan's account of the symbolic importance of the sentence and her assertion that 'they' needed to show they were cracking down was not unusual. Through the coverage, particularly in the US but with some emphasis in the UK's *London Times* as well, three key rationales for the punishment repeatedly entered the discourse: *symbolism/sending a message*, *deterrence* and *retribution*. Madoff, made a vehicle for discussing/punishing those amorphous factors precipitating the economic crisis, was going to be given an unusually draconian sentence to give satisfaction to the victims and because this would serve as a warning to others who were thinking of engaging in such behavior.

The first of these rationales for harsh punishment---symbolism---was given in Judge Chin's statement during the sentencing. As reported in the *New York Times*, *The Daily News*, *The Post* and the *Washington Post*, Chin declared the term was indeed meant to be symbolic. Diana Henriques' article for the *New York Times* indicated "symbolism is important for at least three reasons'...[and cited] the need for retribution, deterrence, and a measure of justice for the victims."³⁴ Although Chin includes retribution, deterrence, and justice for victims as reasons *for* symbolism, I contend that symbolism *itself* became a rationale for the punishment in the discourse, rather than merely a vehicle for justice. The 150 years was seen as necessary to impart a hyperbolic significance to the punishment, to transform Madoff even more into an emblem of the greed and improprieties of the financial crisis, and through his punishment to affirm the sanctity of the financial system. Even so, for some the symbolism was not forceful enough. In an op-ed, *The Daily News* claimed "The law says Madoff is eligible for a sentence of 150 years. The number is pure symbolism. It is also disgracefully meager when it is considered against the magnitude of his offenses."³⁵

As we have already seen, large portions of the coverage were dedicated to highlighting the anger of victims, politicians, and the public, as well as the scale of the losses, the cries for harsh forms of punishment. The second rationale for punishment, then, retribution, did not need always to be explicitly named and discussed *per se* in order for its importance in the discourse and in the thoughts of my interviewees to be communicated. James Bone of *The Times* (London) noted:

JB: [The] comeuppans of a rich crook is always...an emotionally satisfying story so...this was like that, and it was obviously emotionally satisfying for all his victims. You saw Elie Wiesel...I mean...basically he wanted to almost torture him.

Retribution was not only alluded to, though. Judge Chin, of course, cited it as one of his reasons for meting out the 150 year sentence. In a *New York Times* article which included an interview with Chin about how he crafted his statement for the sentencing, it mentions “In explaining how the 150-year sentence was symbolically important, [Chin] had [at first] neglected to include a third, crucial reason: retribution. “A defendant should get his just deserts,” he remembered thinking.”³⁶ A *London Times* article, in citing the need for ‘just deserts’ and retribution, again, as we have seen so often, aligned Madoff with the financial crisis and the threat to confidence in capitalism: “[Mr Madoff] may have operated in a world of lies, but his actions will have consequences in the real world. As one observer notes, they have turned a bad year for hedge funds into a catastrophe. They may also sour a generation on the idea of trusting their personal wealth to others. To this extent the Madoff scandal is emblematic of the great crash of 2008 and will need a regulatory response as well as retribution in the courts.”³⁷

The last rationale for punishment, deterrence, was cited by Chin, but also a wide range of actors' opinions on deterrence and its importance were found in the coverage. Victims, lawyers, political figures, and op-ed writers expressed a belief that a 150-year sentence would prevent future frauds from destabilizing the financial system and devastating investors. A *Daily Mirror* op-ed asserted: "The lengthy prison sentence...should...*serve as a warning* to any swindler looking to get rich quick on the misery of others" (emphasis mine).³⁸ *The Daily News* cited Mayor Michael Bloomberg: Life imprisonment sends a message to other white-collar criminals. "Vengeance is one thing but it's making sure that other people understand that they can't go out and ruin people's lives and take away their things."³⁹ Jerry Reisman, a lawyer for the victims, in voicing his support for harsh punishment, posited: "The sentence must be deterrence to others,"⁴⁰ while Assistant U.S. Attorney Marc Litt was quoted in the *New York Times* endorsing "a term that both would assure that Madoff will remain in prison for life and forcefully would promote general deterrence."⁴¹ Cynthia Friedman, a Madoff victim, even told the *New York Times* prior to the verdict "We're hoping for a big sentence *only* as a deterrent."⁴² In doing so, she downplayed the other rationales, although the retributive tone of much of the victims' testimony in the coverage and description of their anger suggested retribution was indeed an important motive.

Each of the three rationales found in the discourse I have described relate to the deeply felt need to take action against that which led to the crisis. The performance of exiling Madoff for more than a lifetime may have satisfied the immediate psychological need on the part of victims for retribution. Yet, I contend that these motives for punishing Bernie Madoff in unprecedented fashion, consigning him metaphorically to the ninth ring of hell, lacked both a structural critique of how free market capitalism created the conditions under which such a crime

was possible as well as an interpretative sociological understanding of *why* he engaged in illegal behavior.

Amazingly, very little attempt was made or hypotheses offered in the coverage to understand the question of why Madoff committed the crime. He was a ‘crazy old man,’ besot by greed, or perhaps merely, as many victims were quoted as pronouncing him, a ‘monster’ or ‘evil’ or ‘the devil.’ But unlike a street crime committed by a person of more limited means, where intense focus is often placed on personal and structural factors that may have caused a person to deviate, with someone such as Madoff –a man of power, status, and wealth who came from a traditional middle class family, ‘mitigating factors’ were not offered. Without attempting to understand why someone would act in this way, how, then, could it be suggested that a harsh prison sentence would act as an effective deterrent to other such crimes? Why should economic offenders be considered completely rational actors able to disinterestedly weigh the possibility of lengthy jail time and the benefits that might accrue through wrongful behavior? What more emotional, non-rational feelings and structural factors are at play? Professor Peter Henning, a contributor to the *New York Times*’ “DealBook,” offered the only opinion to counter the narrative of deterrence as a rationale for punishment in his piece “Long sentences send a message few may hear,” which corroborates my contention. He wrote “No one in an executive suite views himself as the next Bernie Madoff...what happened to [him] is unlikely to have much, if any, deterrent value.”⁴³

An important study on US opinions on white collar crime published 7 months before Madoff turned himself in by Unnever et al⁴⁴ give further empirical evidence for why such little focus was placed in the discourse on the question of what factors led him to commit the crime (and therefore, why assumptions were made that the specter of harsh punishment would

rationality act as deterrence. They showed that liberal Americans, who typically attribute crime to external, structural forces and oppression, join their conservative counterparts to “endorse an internal-dispositional attribution style when considering whether corporate executives should be harshly punished.” In other words, financial criminals like Madoff are considered to have personal, inherent qualities that led them to deviate. Outside pressures are downplayed.

This belief in an internal dispositional attribution style necessarily focuses attention away from structural, systemic problems that might influence white collar crime. Solving the ‘problem’ of Bernie Madoff by giving one ‘evil’ man a sentence fit for Methuselah reveals an ideological impediment to fully understanding how financial crime can occur. Paradoxes emerge. For example, in the Unnever study, the results of their study ‘revealed results revealed that Americans are conflicted in how they want to control corporate crime.’ While, as figure 6.2 indicates, an overwhelming majority of 77.7 percent support harsher penalties for corporate criminals, at the same time approximately fifty nine percent of respondents also believe (see figure 6.3.) that *less* regulation of the stock market is needed. Indeed, only about a third would support more regulation. As Unnever et al conclude, this “may well indicate that most Americans have faith in capitalism and are generally reluctant to embrace the notion of increasing governmental regulation.”

Figure 6.2

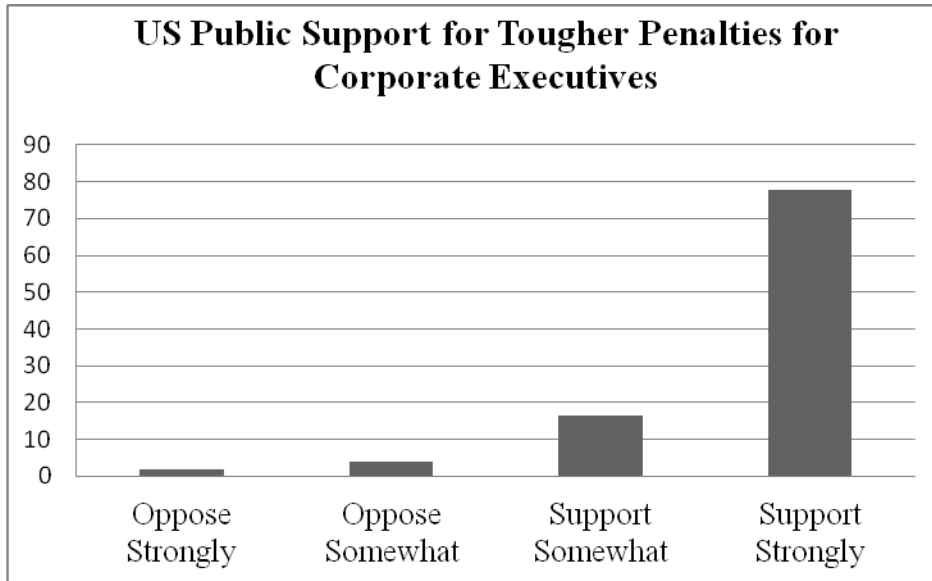
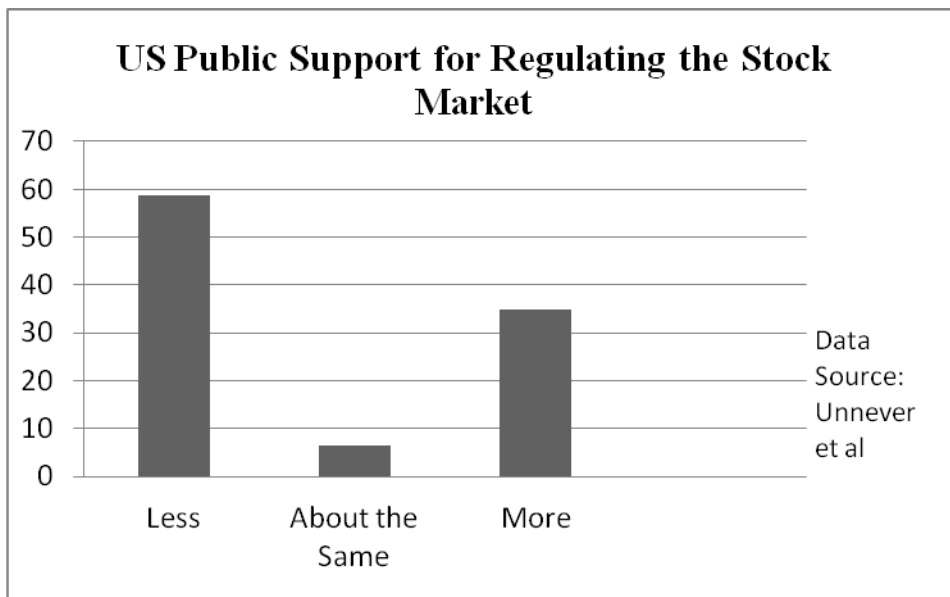


Figure 6.3



This deeply entrenched faith in capitalism, then, leads to the belief that it is *individual*, not systemic pathology or cultural pressures, that leads to crises and disruptions. Unfortunately, corresponding data is not available for the United Kingdom. However, given the very similar

discourses from the coverage and the interviews, as well as the convergence that took place politically, economically, and socially between the two countries, there is no reason to think that the UK public holds significantly different opinions on this matter to their US counterparts. The convergences between the two countries explored in Chapter 2 also support this conjecture.

This conflict in how Americans (and, presumably, the British) perceive and wish to control corporate crime—through harsh punishment of individuals rather than changes to more systemic issues like the regulation of free market capitalism, also affects the utility of Madoff’s 150 year sentence as a ‘symbol’ of intolerance for the practices that led to the financial crisis. Madoff’s actions, after all, did *not* cause the crisis. Ponzi schemes like his also did not cause the crisis. The reality of a system that fostered the duplicitous, often unethical but in many instances *legal* practices that led to the crisis was not attacked symbolically through incarcerating Madoff. In many ways, it was left off the hook through his punishment. It lumped together his Ponzi scheme with all other lightly regulated “Wall Street” practices that fostered risk-taking and profit mongering at all costs and declared victory without changing the fundamental conditions that might have enabled the scheme.

My conversation with Peter Henning, contributor to *DealBook* but also a former prosecutor for the SEC and professor of white collar crime, touched on this issue of misguided symbolism. He talked extensively about how Madoff wrongly became equated with structural aspects of capitalism and non-criminal behavior that led to the crisis.

PH: I’ve written about how hard it is to prosecute from the financial crisis...[people assume] you’re just ignoring the fraud. [But] like what fraud? [They’ll say] ‘Bernie Madoff did it, see?’ Because Madoff did ‘it’ proves that. I always like the logical leap .[The attitude is] ‘They’re all of a piece-- rich wealthy Wall Streeters’...I know the

financial area well enough that you can't put them together...Investment banking is quite different from commercial banking. 'But they're all Wall Streeters' [people will say]. Any number of them are not...Or [they'll say] 'Bernie Madoff was just the one who got caught. ' Well that's true he was caught ...but you can't then say that Lloyd Blankfein at Goldman or Jamie [Dimon] at JP Morgan are in the exact same boat. They're not. But again I think [there is] this perception that well, he got away with it for so long that *they* must be getting away with it, whoever *they* are... People will say, 'well look at all the fraud in the mortgage market...mortgages affected a very wide swath [of Americans].' Now what I've always found so interesting [is the] assumption that there was all this fraud. It's 'well, look [Madoff] was a fraud, all the rest of this stuff had to be a fraud too.'

Diana Henriques made a similar observation:

DH: Early on... or a common comment was that Madoff was just part of the same – that he was one of those Wall Street crooks. And maybe not even the worst of the Wall Street crooks; I mean, the real Wall Street crooks were the head of JPMorgan and the heads of the big banks. I would invariably meet people who wanted to make that paradigm...that Madoff was an example of... Wall Street's betrayal of America. Well, Madoff was a Wall Street figure; Madoff did betray everyone who trusted him; but you would never have made that connection, but for the correlation in time.

Henning and Henriques' statements point out the fallacy in believing that Bernie Madoff's sentence provided an adequate symbol for the punishment of the general wrongdoing that was leaving capitalism in a state of crisis, or that his punishment would deter white collar

crime. Perhaps the only reason for the harsh punishment that was actually fulfilled through the 150 years was, for some, retribution, as Madoff finishes out the rest of his life in Butner Federal Prison.

In Sum

This chapter extensively analyzed the discourse surrounding the punishment of Bernie Madoff. As with the issues of regulation and greed/inequality explored in Chapters Four and Five, the issue of punishment for Madoff had significance that went beyond his individual case. The ferocity of the cries for his incarceration (and even cries for his execution and engagement in hard labor); the religious allusions that elevated the case to a matter of sacred importance; the overwhelming support for Madoff's 150 year sentence; the belief expressed that this sentence would meet the objectives of symbolism, retribution, and deterrence: these all pointed to the way in which the case became a way to talk about punishment for those who had "caused" the financial crisis that had shaken faith in the entire system, broken networks of trust and threatened livelihoods.

I have argued, using data from Unnever et al's nationally representative work on public attitudes in the US towards white collar crime, that because of a tendency to endorse an internal-dispositional attribution style for corporate offenders, Bernie Madoff's individual 'evilness' and 'greed' were used to explain the commission of his crime. Structural factors, cultural influences, pressures were largely ignored in the coverage. Due to this, the rationale for his atypically long sentence of deterrence was unsubstantiated. Additionally, there was a tendency to equate and conflate Madoff's Ponzi with the wrongdoing/ misbehaviors that led to the crisis, which made the symbolism about broader wrongdoing intended through his punishment misleading.

In our interview, James Bone of The Times (London) offered the possibility that since Madoff, there had been a more systemic analysis that did not view Madoff as a pathological anomaly:

JB: And this is something that happens with the business cycle, isn't it? When the wind in the markets go bad, these flimsy schemes collapse...I think that in Britain there had been since Madoff's arrest the rigging of Libor or rogue trader cases or the collapse of the banks and it's made people more weary of... a capitalist system as a whole. I think that when it first happened when it was just...after Lehman Brothers [fell] people hadn't really kind of figured out that it was a systemic crisis that was going to expose all these frauds---that they were going to collapse.

In my final chapter I present the views of my interviewees on the post-Madoff coverage of financial crime—did this case have any impact on the way in which discourse of financial crime was presented in newspaper coverage? I then offer concluding thoughts about the themes and narratives about Madoff explored in this book and their significance to UK and US society. Last, I give suggestions for further investigations into the crimes of the “one percent” that offer the possibility of changing attitudes about white collar offenses in a way that allows for a more transformative critique of the free market system.

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Chapter Seven: Conclusion

The maelstrom of public and media attention surrounding the Bernie Madoff case, which brought up the major themes as discerned through extensive content analysis: regulation, social inequality/greed, and punishment for white collar offenders, became part of national discourse in the US and the UK. This socio-historical moment seemed to portend, at least, a different approach toward the coverage of white collar crime in newspapers, an increased focus on wrongdoing perpetrated not by ‘street’ criminals, but by ‘suite’ criminals, and on their victims. I queried my interviewees as to whether or not they had seen changes in the coverage since the time of Madoff:

CE: Since you originally wrote about the Madoff case have you noticed a change in the coverage of financial crime at all. Has he affected it?

Surprisingly, there seemed to be a consensus among broadsheet, tabloid, British and American reporters alike that the status quo was largely maintained, even in spite of heightened public attention to white collar crime and changing attitudes. Tom Leonard of *The Daily Mail*, when asked the above question, mentioned altered public attitudes, but did not note any shifts in the way white collar crime was covered in the newspapers:

TL: People... are more interested in financial crime cases. It's all going back to this kind of slight hardening of attitude towards law breakers...I think people are more cynical about people who work in banking anyway, and work in the financial services and feel that they're making money...on the backs of everybody. When everyone's reasonably well off and doing okay, then you don't notice the wealth gaps so much, and so I think...people are more interested in stories about crooked bankers than they were before 2007.

Alex Berenson of the *New York Times* reflected:

AB: In terms of has there been any *real* change in coverage, no. And I mean...after Enron and...Tyco, and...in general there was a lot more skepticism towards CEOs and even more skepticism towards corporate accounting. Whereas this hasn't really driven any major changes in coverage or telling.

James Doran of the *Guardian*, *London Times* and *New York Post*, hinted that the nature of boom and bust and the "amnesia" that accompanies a bullish market might be partially responsible for the intransigency

JD: I don't think [the coverage of financial crime] has changed as much as it should have done....I've been a business journalist for 20 years. And you know, the economy and finance and business is cyclical in every respect and that's from, you know good economy/ bad economy and also for frauds and crime and things I mean these things happen time and time again...

Rather than major changes, superficial ones were cited. Several journalists pointed out that the name "Madoff" now became a form of shorthand used to denote major frauds, a cultural and historic reference point. Tomoeh Murakami Tse of the *Washington Post*, for example, described:

TMT: I don't think [the Madoff case had an impact on reportage of financial crime]. I think if it did it's not that big an impact. I don't think it fundamentally changed the way white collar crime is covered....certain things like the word...people who were [involved in] Ponzi schemes or scandals, they're called "mini madoffs"... and then you'll still see phrases today like "the biggest scandal since the Madoff scandal.

John Marzulli and Christina Boyle of the *Daily News* in both supported Murakami Tse's assessment, Marzulli calling Madoff a 'cultural touchstone.' Boyle explains:

CB: [Did it change coverage of white collar crimes?] Not that I'm aware of... ...for me personally no...*I feel like it's a standalone case....*I think now it becomes just...you can use just "Madoff" and everyone all the sudden just understands what that means. You don't need to go into the whole background of what he'd done because everyone has a basic understanding... so you know for a tabloid it's basically a easy way to just go 'oh, it's a mini Madoff or like mini 9/11...everyone would understand what that means.

Ironically, the very ability of the Madoff name to serve as a 'cultural touchstone' and its 'stand alone' quality may have in fact, especially in tabloid newspapers with less business/financial coverage, set the bar *too* high for other white collar crimes to enter the headlines. In other words, because the crime was so massive, so sensational, and affected so many, other instances of white collar wrongdoing were perceived of as unable to attract the same amount of attention. Subsequently, they often went ignored and unreported. Kaja Whitehouse of the *New York Post* remarked:

KW: There were so many scams that emerged, that we didn't have time for them, and ...nobody cared because Bernie Madoff was just dwarfing everything.

John Marzulli told me an anecdote of how in 2011, "after Madoff" he couldn't interest his editor in the story of a Staten Island Ponzi scheme artist Joseph Mazella.

CE: Why do you think your editors weren't buying into the [Mazella] case?

JM: I guess-- it's just because it was Staten Island... we were talking about Bernie Madoff, a case with implications felt all over the world [so how do you

compare]...some, you know, clown from Staten Island? That case was maybe 14 million, If it's a Ponzi case in the seven figures I don't even think they would pay attention to it at this point... *there's no case like Madoff.*

“There's no case like Madoff.” In a way, Marzulli's off-the-cuff comment is a fitting departure point for my concluding thoughts on what we can take away from the discourses which emerged from the newspaper coverage in the US and the UK. Because indeed, there has rarely been a financial fraud of this scale which crossed international boundaries, which captured public attention in such a sustained and profound manner, but also which came about at a time of financial crisis and so therefore could be used as a vehicle to talk about issues related to the crisis.

After the analysis presented in this book of the discourse about regulation, social inequality/greed, and punishment in the Madoff case were treated in the US and UK, across broadsheet and tabloid papers which represented both liberal and conservative ideologies, I think there are several major takeaways.

First, as Unnever et al had noted in their work on public opinion, there is a high level of “faith” in capitalism, intransigent faith that is resistant to challenges or attempts at paradigm shifts. The Madoff case was therefore able to fit into this worldview as an anomaly, its causes (and that of the crisis, although they are distinct) able to be remedied through a reformist approach that puts the onus on individuals within the system and, as the idiom goes, rearranges the deck chairs on the Titanic. Regulation, as we saw in chapter 4, could be ‘fixed’ chiefly by removing the incompetent apples at the Securities and Exchange Commission—not by adding more regulations, nor changing the levels of risk involved securitized products, nor modifying a cultural drive for profit at all costs, or imagining an alternative system entirely. Individual

victimized investors, often blamed for their own gullibility must abide by the dictum *caveat emptor*, and are ultimately accountable for their own due diligence. Punishment of white collar offenders, addressed in Chapter 6, should be increasingly harsh in order to serve as ‘deterrence’ for future fraudsters. Bernie Madoffs are branded as ‘evil’ not only for their own specific wrongdoing, but for endangering faith in the system and exiled.

The consistency of these narratives (with some variation in focus) in the comparative coverage was surprising. Prior to the content analysis, I expected that the UK press, for example, would be more critical of US punitive policies and more attuned to issues of class and inequality. This expectation was proven wrong. Under the conditions of crisis, issues of class and class resentment surfaced in US coverage as well. I predicted that the more left-leaning, “progressive” papers would be more likely to engage in less individualistic attributions of guilt and make more systemic critiques to challenge free market capitalism. However, this was generally not true of the US papers. Only the UK’s press coverage, specifically *The Guardian*, was more open to challenging the logic of the free market system, but in limited fashion due to its history of more class conscious politics, the presence of a major socialist party, and higher union density.

The similarities between the two countries’ narratives about the Madoff were by far more prominent than any disparities. The convergence that has been taking place between the two countries as they have adopted neoliberalism since the Reagan/Thatcher era, suggests also a convergence in the collective consciousnesses in the UK and US public, an acceptance of Margaret Thatcher’s dictum “There is no alternative,” so that competing discourses are marginalized. As Anton Antonowicz of the *Daily Mirror* noted,

AA: The fact of the matter is, for quite some time now as we know with the near collapse of trade unions and so forth... Big Boom in London, money awash, workers

rights certainly stripped.... capitalism d[oesn't] have to pretend to offer a kind face any longer...

Yet, the message derived from the analysis in this book is not merely one of a stagnant replication of the status quo. It also shows how the Madoff case brought out in a broad and international audience a sharp level of consciousness about social inequality, the global capitalist system, shortcomings in regulatory system and the way risk is structured. It made this possible through the exemplification of these issues in a very human, "Shakespearean" tale, one that brought financial crime out of the realm of the indecipherable, uninteresting and esoteric. As I have shown in Chapter 5, through Madoff there was a remarkable display of class resentment and increased awareness of class inequalities, say, in the criminal justice system. Madoff helped break through the mystification of wealth as the product of *only* hard work and diligence in pursuit of the American Dream. Thus, there is a very rich possibility: that of financial crimes becoming vehicles to engage a broad audience and through which to discuss, to address and take action on a wide range of issues such as those touched on in this book.

In his "Prevention vs. Punishment: A comparative study of white collar crime prosecution in the US and the UK," Daniel Huyhn makes an important conclusion:

What the mass media brings to the war against white collar crime is transparency, the dissemination of knowledge to the public. In doing so, the media plays a part in prevention...[it] has the power to draw national significance to any situation. Their traditional role as public watchdog needs to broaden into a more assertive public spotlight drawing...attention to potentially damaging corporate scandals and calling for action. By reporting in detail and frequently about certain corporation actions, the

public will scrutinize the corporation's actions and perhaps prevent catastrophic damages by stopping corporate crime at its early stage...¹

Unfortunately, as James Bone of *The Times* (London) and James Doran of *The Guardian*, *The New York Post*, and *London Times* noted, media and public attention to white collar fraud often fluctuates and is forgotten in times of relative economic prosperity:

JB: periodically with the business cycle people feel that something's wrong with the system then the system starts doing well again and people forget about it.

JD: Business is a curious thing. When people are making money they don't care-- whether or not, they just don't. [William Cobbett] was quoted as saying "I defy you to agitate a fellow with a full stomach." When they are making money they don't care how it's how it's coming to them....I don't think enough attention is being put on financial crime. I don't think newspapers take it as seriously as they ought... I really like writing about financial crime and I don't fill the newspapers with my stories everyday but, you know, it's a very complicated business, fraud. Or it seems to be a complicated business it's actually all very simply and you know we haven't done enough to demystify financial crime and that's a sin because people will continue be sucked in.

The social sciences have been complicit in what Doran identifies as a lack of doing enough to demystify financial crime. It is time for this 'sin' to be rectified. The harm done by corporate crime in direct economic costs alone is estimated at seventeen to thirty one times greater than street crime. Holtfreder's recent study states that 'white collar crime' result[s] in

annual losses in excess of \$250 billion, compared to estimates of 17.6 billion for losses accrued due to personal and household crimes.”²

The inadequacy of research on white collar crime as opposed to violent or drug-related crime is well-accepted. “The relative lack of attention to white collar crime has continued, in spite of what can be seen as its increasing significance”³ If discussion of white collar crime occurs, it is siphoned off from the primary discussion, almost as an idiosyncratic point of interest. In criminology texts, white collar crime is inevitably the penultimate or last, very thin chapter. This lack of attention is noticeable in the United Kingdom as well, where white collar researchers are even scarcer than in the United States. Croall points to the *Oxford Handbook of Criminology*, a publication deemed representative of British Criminological literature. Only one chapter of thirty-two deals with white collar crime, and *The British Journal of Criminology* “has not featured strongly” these crimes.⁴ Contemporary students of sociology and criminology appear to be continuing this trend, even after the crisis of 2007-2008 and major and highly visible corporate and white collar scandals like Enron, Tyco, Worldcom, and the Bernie Madoff Ponzi scheme. A ProQuest search of 2.7 million dissertations and Masters’ theses using the terms “white collar crime OR financial fraud OR financial scandal OR financial crime” in 2010 produced a meager 47 documents.

In times of economic boom when fraud receives less attention, it might indeed be difficult to attract attention to white collar crime. But now, following the economic crisis of 2007-2008 and post-Bernie Madoff is an ideal time for social scientists to recommit themselves to the study of financial wrongdoing.

It may be true that, as noted researcher on white collar crime, Gilbert Geis states, “The field of white-collar crime...is particularly resistant to experimental work.”⁵ There are practical

reasons for this lack of study, but there should also be solutions devised to help fill in our lack of knowledge in many instances. One hurdle to quantitative assessments is that basic statistics about white collar crime are not as readily available as those dealing with street crime due to myriad issues. In the United Kingdom, for instance, white collar crimes are excluded from the BCS, a victim survey.⁶ Organizations other than the police are involved with the apprehension and litigation/prosecution of white collar crime. Since police records comprise a rich source of statistical information, researchers are thus made dependent upon loosely linked (or unlinked) agencies for their data, which might also be made less available. “There is no truly reliable way to measure the incidence of the many diverse forms of white collar crime, from antitrust violations to violations of environmental law to Medicaid fraud to employee embezzlement.”⁷

Leaving statistics gathering to the side, there is little empirical, qualitative research on the etiology of white collar crime—probing what leads individuals like Bernie Madoff to engage in such behavior. Perhaps this is because sociologists, like the majority of Americans in Unnever’s study, are prone to thinking that white collar criminals offend due to some type of internal dispositional problem. In other words, while we may search for structural/societal reasons for why street criminals offend, there is a tendency to attribute economic crime to ‘badness,’ something that is inherent in the individual and hence, in less need of sociological analysis. There is a greater tendency to want to empathize with those who are victim of structural impediments such as poverty than to try to understand the criminal actions the “1%.”

Consequently, unlike with street crime, there have not been strong attempts to discern the structural factors which facilitate and encourage this behavior, nor to understand from the point of view of the offender why he/she engaged in the crimes. In their recent article “Why do they do it: The Motives, More, and Character of White Collar Criminals,” Bucy et al try to give answer

to this question by asking the perceptions of *prosecutors and defense counselors* about the motives of white collar criminals.⁸ I can hardly imagine that this type of research would be considered sufficient to understanding the motives of those, say, involved in drug offenses or homicides. Another article from 2012 by Stadler and Benson, which at least attempted to address the issue of why white collar offenders deviate, relied on interviews from offenders conducted in 1986.⁹ Surely, almost thirty years is enough time for another round of interviews to account for changed socio-historical circumstances.

Part of what's needed then, in studies of financial/white collar crime is for researchers is the notion advanced by sociologist Max Weber of *verstehen*—focusing on the meaning white collar offenders attribute to their actions, attempting to understanding behavior from their point of view. A reason that has been cited for this lack of research is the inability of sociologists to gain access to persons possessing greater than average power, resources, and education for the purpose of interviews, questionnaires, ethnographies and the like. While certainly there may be some challenging methodological issues, it is not impossible. There is no literature to suggest that attempts have even been made which failed. Social scientists have to undergo some self-reflectivity to see there is a willingness to keep, wittingly or not, pathologizing the poor (mostly persons of color) because they are convenient subjects of study with comparatively little power to resist going under the microscope of scientific inquiry.

Importantly, there has also been little or no theorizing about how responses to white collar/ financial crimes from the public, the media, and politicians are culturally embedded and therefore can give important indicators of underlying patterns--what these discourses reveal about society, the relationship of normative attitudes/discourse to punitive policies, and the ways

in which historical/economic phenomena like business cycles serve to bring out such cultural patterns.

A final oft-cited barrier to researching white collar crime which I wish to challenge is that of the sheer complexity of certain types of white collar crimes, especially financial crimes. As journalist James Doran noted earlier in regards to journalists, it is *because* financial crime can appear abstruse and complex, especially to the general public, that it is even more imperative post-Crisis for social scientists to analyze and present research which demystifies and makes transparent these crimes, which makes which help cut through the technicalities to explore the more readily understandable social forces at work.

To borrow the language of the Occupy Movement, focusing on the crimes of the “99%” is important work. But I suggest that it is time to begin a “Sociology of the 1%” as well, giving more of our attention to financial crime—its etiology, impact, structural determinants, cultural, political, economic and discursive responses. “We usually spend our time looking down, not up, the social structure when analyzing criminal behavior,” Jock Young writes.¹⁰ Such work “looking up” is imperative. It will empower social movements and the general populace to resist the conditions that enable such fraud, and help them realize the difficult ideological struggles they must wage against deep ‘faith’ in capitalism. It will educate and demystify. It will help all, too, move past simplistic descriptions of financial criminals as ‘evil,’ and greedy, or make individual offenders like Bernie Madoff accountable for the pernicious structural problems with free market capitalism.

Notes

¹ Daniel Huynh, "Preemption v. Punishment: A Comparative Study of White Collar Crime Prosecution in The United States and the United Kingdom," *The Journal of International Business & Law* 9 (July 24, 2000): 105-136.

² Kristy Holtfreter, Shanna Van Slyke, Jason Bratton and Marc Gertz, "Public Perceptions of White-collar Crime and Punishment," *Journal of Criminal Justice* 36 (2008): 50-60.

³ Hazel Croall, *Understanding White Collar Crime*, Open University Press (Philadelphia 2001).

⁴ Ibid.

⁵ Gilbert Geis, "White Collar Crime: What is it?" *Current Issues in Criminal Justice* 3 (1991): 7-24.

⁶ Hazel Croall, *Understanding White Collar Crime* (Philadelphia: Open University Press 2001).

⁷ David O. Friedrichs, *Trusted Criminals: White Collar Crime in Contemporary Society* (New York: Wadsworth 1996).

⁸ Pamela H. Bucy, Elizabeth P. Formby, Marc. S Raspanti, and Kathryn E. Rooney, "Why Do they Do It?: The Motives, Mores, and Character of White Collar Criminals," *St. John's Law Review* 82 (Spring 2008): 401-572.

⁹ William A. Stadler and Michael L. Benson, "Revisiting the Guilty Mind: The Neutralization of White-Collar Crime," *Criminal Justice Review* 37 (December 2012): 433-436.

¹⁰ Jock Young, "Bernie Madoff, Finance Capital, and Anomic Society," in *How They Got Away With It: White Collar Criminals and the Financial Meltdown* eds. Susan Will, Stephen Iandelman, and David C. Brotherton, (New York: Columbia University Press, 2013.)

Epilogue: Madoff on Madoff

From: MADOFF, BERNARD L (61727054)

Colleen,

I must tell you that I feel your project is of great importance....I [am] convinced that something must be done to better understand how individuals such as I get into the situation I am in. It seems that this is a missing link in the potential solution to the crisis that grips the financial landscape. It is much easier to simply claim that there are just bad seeds and nothing can be done about it. I know in my mind I do not fall into this category. It would be so much easier for my own peace of mind to just believe this. Instead, I spend every day trying to understand how I allowed myself to do what I did. Yes, I am guilty of my crime. I never attempted to deny this. Yes I was pushed into it with the help of others, but that does not get at the root of the problem nor does it offer any prevention. It is unfortunate that these are the facts of life in our judicial system. The prosecutor only wants to prosecute and build a case that will enable a win. The judge never receives the necessary facts and conditions that created the case. What makes it worse is that in financial crimes there is little understanding of the financial landscape....can go on forever, but you get my point...

When I began work on this book, I did not intend to seek Bernie Madoff's participation. There was, of course, the perceived difficulty of access. He had only given a limited number of interviews to journalists like the New York Times' Diana Henriques and the Financial Times' David Gelles and Gillian Tett while incarcerated. Beyond this, there were also questions leveled at me of how to incorporate any thoughts he might have on his case and its reportage into the study without sacrificing some measure of 'neutrality' or 'scholarliness.' However, when it was suggested that the connection with Madoff could be made and that he in fact would be interested in contributing to my project, I became increasingly convinced of the significance of including him in the book not only as an object, but as a subject. He was, after all, the man at the very epicenter of the social phenomena I have analyzed. Importantly, he had committed a historic act of deviance for which few in the media or public had sought an explanation beyond some type of internal attribution of criminality. As my conclusion in chapter 7 calls for social scientists to engage in more research that attempts at a criminological *verstehen*, understanding transgression from the point of view of the offender. "The social science literature contains only scattered

evidence of what it means, feels, sounds, tastes, or looks like to commit a particular crime,” Sociologist Jack Katz notes. I seek to extend the work of those social scientists like Jack Katz investigating at the ‘seductive,’ emotional qualities of crime from the point of view of the offender, and James Coleman, who seeks to bridge the gap between social psychological theory and social structural theory on white collar crime. This seemed an ideal opportunity to at least make a gesture towards that here.

It is important to make the methodological note that the interactions described in this epilogue came in the months following the conclusion of my research, after the interviews with reporters, after the content analysis was performed and arguments formulated. Madoff was given my contact information, and I received a system-generated message from the email program used by the Bureau of Prisons, Corrlinks, asking permission for him to contact me. The message noted “by approving electronic correspondence with federal prisoners, you consent to have the Bureau of Prisons staff monitor the content of all electronic messages exchanged.” The first brief but courteous letter from Madoff asked me to give more details about my project and about me. He expressed some skepticism towards those who would attempt to write about him, given his negative experience of the media. He added “I have limited my correspondence to those that deal with the education of business students.” I described the work involved in this book and its aims, my institutional affiliation and also offered a few personal details that served to give a modicum of commonality: We both had grown up on Long Island, attended Hofstra University and graduated with degrees in the social sciences--albeit some 40 years apart. He expressed interest in the work, and agreed to consider any queries.

E-mail (and, in one instance, handwritten) letters were exchanged on a weekly and sometimes bi-weekly basis. I presented Madoff with a formal series of questions, but the correspondence format also allowed for more free-flowing discussion of topics including why he committed the fraud and its history, the role of regulation in the financial services industry, his hopes for the Harvard Business School Project in which he was participating, the problems of Wall Street culture, policies and politics, his painful feeling of the loss of his family.

It is not my purpose by discussing my interactions with Bernie Madoff here to psychoanalyze him. As a sociologist, I am not qualified to do so, and attempts at this have already been made. It is not my aim to challenge his accounts or those of others about the facts of the crime and its evolution; that has already been the subject of well-authored research, and its outside of the scope of this book. Nor, at the same time, is my intent to present his words as objective truth. What I do wish for this epilogue is for the subjective experience of involvement in a major financial crime and its aftermath to be better understood and for the possibility of structural facilitators to such behavior to be acknowledged. Jack Katz anticipated criticisms to his work *The Seductions of Crime: Moral and Sensual Attractions in Doing Evil*, which I also expect to mine, wherein he explores even ‘senseless murder’ from the perpetrator’s point of view. In his introduction, he counters this criticisms aptly: “Morally as well as sensually, it is likely that some readers will feel personally victimized by [my] effort to convey the offender’s experience...[but] a trip to ‘the other side’ does not have to be a permanent change in spiritual address.”

The discussions I’ve documented have been arranged according to themes roughly corresponding to those covered in the book, but are not dictated by them. First, the topic of

media coverage of Madoff's crime is presented, followed by the question of why Madoff committed the crime and the role of Wall Street's Culture of Competition. Our conversations on Regulation and policy, and, lastly, loss, follow. I have kept Madoff's capitalization of emphasized words to preserve the tenor of the letters; however minor typos have been edited. Also to distinguish more clearly between the text and his comments, I have italicized his responses except for the formal questionnaire, where his initials **BLM** are used.

On the Media

After my first message detailing the nature of my work, it was with some sense of urgency that Madoff replied with about his experience of the media reportage.

Dear Colleen,

Due to my shaky health situation, both physical and mental I find that it [is] best to take advantage of periods that I am up to corresponding without my depression or anger coloring my thoughts. With this in mind I feel that I best start giving you some background information...

At the moment of my arrest I was instructed by my attorneys to make no comments to the media about anything which I followed and only fueled their anger and speculation. My face quickly appeared on the cover of New York Magazine as the Joker character with the caption of MONSTER. The article was a scathing assortment of lies and character assassinations by my clients. A feeding frenzy of the media began and they camped outside my apartment house waiting for me to jump out of the window. Every network positioned their satellite tracks outside making it impossible for my wife to leave the house. This media frenzy also covered my family and my sons could not leave their houses without being harassed by reporters and at my sentencing I stood up and turned around to face my victims to sincerely apologize and felt that I clearly showed the remorse that I felt. Of course this was ignored by everyone and I was then

subjected to the lies and cries of the victims that were there to speak. All of which were anything but the desperate and homeless victims they claimed to be....

When I arrived at prison I discovered that the NY Post as well as NY Magazine had sent letters to all the inmates soliciting ANY stories about me for payment to their commissary accounts (Clearly illegal). Knowing this they offered to give the bribe to the inmates family who could then sent the money to the inmates. As expected this started a flurry of misinformation and fantastic stories.

The information that constantly appeared in the press was so distorted and vicious...the most hurtful article concerned the funeral of my son Mark in the NY Post and other papers. The headlines shouted that BERNIE REFUSES TO ATTEND HIS SON'S FUNERAL. The sad fact was that the prison had told me that I could not get approval to attend for public safety reasons. Colleen, I hope this information proves helpful. Bernie.

After this emotional introduction, I sent a more structured questionnaire to tap into his experience with the media and his case's reportage.

CE: How much did you follow media coverage of your case? Which newspapers, magazines, online news sources, or television programs?

BLM: I read the WSJ and the NY Times as well as the nightly news.

CE: Have you followed financial crime cases in the past in the media? Which ones? What aspects of those cases did you think were the most significant or memorable?

BLM: Just what appeared in the above papers. Insider trading were of the most interest to me. Also hedge fund cases like [the] Long Term Capital blow up.

CE: How much do you think economic recession influences the attention that is paid to white collar crime in general and to your case in particular?

BLM: The damage done by the recession and the 2008 financial crisis created a great deal of pain and anger and the public as well as the media were looking for a scapegoat. As you are aware my crime had nothing to do with causing the financial crisis. It was however a direct reflection of the culture of Wall Street and the banking system and hedge funds. It was easy to put a face on the crisis which was mine.

CE: Do you think Americans used your case as a way of talking about the crisis in a way that was comprehensible?

BLM: My crime seemed easy for people to understand as opposed to the securitization products that were really responsible for the crisis. Very few people had the ability to understand the real cause of the crisis. And in my case the Trustee and the prosecutor fanned the fires with lots of statements and claims that were never documented with evidence to this day. The actual loss figures had no reality at the start and they were aware of this. However they continued to include the false profits in their loss claims even though other industry people stated there figure was grossly misleading.

CE: We often hear that objectivity is the goal of journalism. Do you think that the media has the goal of objectivity when dealing with white collar crime cases? With your case?

BLM: I rarely found the media to be objective. Certainly not in my case.

CE: How do you feel about the portrayal of the SEC? Was it fair?

BLM: The portrayal of the SEC was unfair. The Trustee made constant claims of all the red flags. He had little understanding of the strategy and how the industry functioned. The facts were that I had numerous Wall Street professionals and senior heads of trading desks that were well capable of analyzing the strategy and in fact followed the trades with daily trade confirmations. While it is true that I could not have been able to handle the full amount of capital in the strategy. The actual amount of money that I had under management was never made public. The SEC was also led down numerous blind alleys by one particular whistle blower who claimed that I was Front running. When the SEC did investigate this claim It became quite obvious that I was not doing this. Where the SEC failed was in the lack of experience in their examiners who never followed up on the Custody issue which was a basic audit procedure SEC suffers from a lack of funding that is crucial with today's complex markets.

CE: How would you describe the narratives that were written about your case?

BLM: The narratives were fair considering the seriousness of the crime.

CE: If you could rewrite any of the coverage of your case, what would you wish to add or correct?

BLM: There was also no acknowledgement of the assistance I provided in recovering 10 billion dollars from my large clients for the benefit of my victims. Nor has little attention been given to the fact that all the claims could have been sold a number of major banks and funds for 75 to 85 cents on the dollar more than a year ago to recoup their principal. There has also never been a follow up by Diana [Henriques]' NY Times article on the

15.5 billion foreign bank settlement which the Trustee claims never took place .I have in fact confirmed that this settlement did occur when I gave a deposition down here to those very clients attorneys.

CE: Which news outlets do you think most shaped public opinion on your case?

BLM: I have found all the news outlets lacking in their financial coverage in general.

CE: What do you think are the biggest challenges to regulators and law enforcement who wish to apprehend financial crime today? Do they have adequate resources to be able to stop the types of white collar crimes that we see emerging?

BLM: The whistle blower rewards and the wire taps will play a major role. There has to be a complete overhaul of the regulatory mind set and the removal of the too big to jail and fail concept.

“Why” and Wall Street’s Culture of Competition

Madoff, underneath my questionnaire on the media and his case, wrote an addendum:

I find it interesting that there was little if any coverage of the question that people that were familiar with me could not fathom ,which was the why did Bernie do this. He certainly didn't need the money or prestige. His net worth and success was well established without managing hedge fund money. This was a question that the SEC could not understand as well as the NASD (FINRA). Although I tried my best to explain the circumstances that caused my problem...I do realize that I chose not to go public to any great extent with the explanation at the

time. That being said it seemed that everyone including the media would rather ignore this subject and stick with the MONSTER theory of Bernie just being a crook which fed the appetite of the public. They chose to do this even though it made no sense.

Indeed, the question of why Bernie Madoff engaged in his fraud, as I have shown in my analysis of the coverage, did not enter frequently enter the discourse. Several letters suggest that the “why” is still a question which he is attempting to reconcile his answers with alternative explanations offered by psychologists and professionals.

Colleen,

It is painful knowing the suffering I caused to people who had trusted me, the devastation I caused my family and the knowledge that I caused the death of my son. This is always on my mind. Especially when I try and understand how I was able to stay sane (if in fact I was), once I came to realize that I was never going to recover. Everyone wants to know this, including myself. I know all about COMPARTMENTALIZATION and DENIAL. But I still can't accept this. Every attorney and other visitor has told me that there must have been some other explanation that caused me to go off the tracks. I have heard everything from blackmail to my family, the Mafia, the Colombia drug cartel. Any of these would have been easier for people that knew me to accept. I keep telling them that the sad truth is just that I made a tragic mistake in trying to accommodate a few large and very close clients in a tax strategy that put me in a financial squeeze I could not recover from and didn't have the courage to admit that by doing this I had jeopardized my entire business and life. Everyone asks Why would Bernie do this. He didn't need the money. He had all the success and respect in the world, and so on. I realize now that it is impossible for even people I believed were my friends and knew me that they can't accept the fact that I never intended to steal from anyone. I had simply made the mistake of thinking my

actions were a temporary situation that I could correct in time. Unfortunately the culture of Wall Street and the very nature of being a market maker that requires risking huge sums on a daily basis and had been successful doing so, has played a role that few understand. I am not offering this as any justification.

Madoff would give the specifics of his actions and circumstances in the 1970s and 80s that led to the beginning of the Ponzi, which he claims began in the early 1990s, in an eight page handwritten letter. He writes he had been successfully helping wealthy American and European clients with low risk investment strategies in the 1970s and early 80s involving arbitrage (such as in convertible bonds and preferred stock). However, he began to come under pressure in 1980 by US clients to devise a strategy that would allow them to be taxed not at the high short-term rate at which his current strategies' profits (of 20%) were being taxed, but at a lower long-term tax rate. This change began a process of injecting more risk, as the new portfolio of equities 'required an up market...which, although [he] was bullish at that time, there was certainly no guarantee of that happening.' Luckily, at least for a while, the market went up and Madoff's clients were able to bank in on the riskier investments. Another degree of risk was taken on when Madoff claims the IRS modified its rules regarding long term equity taxation. Gradually, with changes in the IRS' policy on long term taxation of gains, he felt he had to devise more 'creative' methods of hedging that were more of a gamble, using Over The Counter(OTC) options rather than standardized options. He involved some of his European clients as 'contras' to the trades of the US clients, trying to please the two sides, and with the understanding from both sides that they would commit to the options even though the agreement was not standardized.

Unfortunately, this time, after a few years the 1987 market crashed and Madoff's US clients were spooked into thinking they would lose their profits, and went against their agreement and selling their positions, leaving Madoff's European clients in a precarious position. Rather than suing ("that would hurt the reputation of everyone"), Madoff took over the positions, but required the US clients to be responsible for any losses. Those same clients 'greed began to take the upper hand, Madoff says, and they made outside investments that began to do poorly. Madoff worried that they might not be able to honor their agreements to cover his losses, and so he once again engaged in a now famous investment plan: the Split Strike Conversion Strategy, a 'basket of 35 equities hedged with index options on the S&P 100.' According to Madoff, his success in using Split Strike Conversion subsequently began attracting higher-risk European hedge funds.

I was concerned with the reputation that European hedge funds had as "Hot Money" investors. Translated as they would flee at the first sign of poor performance. I was assured that if I would commit to a long term commitment to keep their money, they would bring in the desired type of investors. Although my success to date with the SSC [split strike conversion] strategy was good, the amounts of money I was investing was limited. I decided to forge ahead and things went well. More monies started to flow in as word got out that Bernie had a new strategy for hedge funds and high net worth clients.

Again, though, as with the 1987 crash, the recession in the early 90s and the Gulf War led to a downturn in the market. He writes: *I started to find it difficult to employ the strategy and had to sit with the money in U.S. Treasuries waiting for the market to become receptive. This led to the funds pressing me to get into the market to trade... I foolishly convinced myself that I should short the strategy to the clients losing the spread between the yield on the Treasuries and the*

expected spread on a successful S.S.C. trade. I thought this would be only a short term Trade which could be made up once the market became receptive to actually accomplish a real long trade. The rest is my tragic history of never being able to recover....

Madoff's insistence that "I had simply made the mistake of thinking my actions were a temporary situation that I could correct in time" and that Wall Street culture played a role in his crime fits remarkably well with the findings of Donald Cressey from his mid-20th century study of white collar embezzlers, and the work of Coleman. As Coleman describes "Most of the embezzlers interviewed by Cressey [told] themselves that they were just borrowing the money and would soon return it." Adopting a symbolic interactionist perspective, then, can be useful in looking at the way those who commit offenses construct the situation through 'techniques of neutralization.' In other words, the rationalizations which are not necessarily post-facto fabricated excuses, become ways to enable the commission of the offense. The offense becomes sanitized, made permissible in the mind of the offender and his/her moral universe.

Equally important to note are the more structural factors that contributed to the techniques adopted by Madoff: what Coleman and others have identified as the Culture of Competition. A culture of competition, urging the pursuit of wealth and success at all costs and making failure unthinkable, a blight on one's reputation and sense of personhood, is reflected through Madoff's words that the culture of Wall Street had an impact on him that few could fathom.

Interestingly about Madoff's letter explaining his gradual 'entrapment' in the Ponzi, and which should merit more study amongst others who have committed financial crimes, is that he does not only mention pressure to succeed and reluctance to admit failure. He specifically talks about the experience of being in a market maker and thus dealing with large amounts of *risk* on a

daily basis. His tale is one of taking on more and more amounts of risk: first, moving from low-risk forms of arbitrage to riskier investment strategies, and second, involving riskier clients. The amount of risk that can be taken through the market place has only expanded since the 1980s neoliberal turn and deregulation. How do market makers and others involved with high risk transactions through employment perceive risk, and does this risk change over time? Does risk taking behavior on the market correlate with other risk taking behaviors? Coleman's analysis of Wall Street's Culture of Competition does not directly address risk taking in a new era of 'casino capitalism.'

Madoff would expand on the culture of Wall Street's influence, and also how his criticism of that culture was distorted and ridiculed in the media:

[In one of my prison interviews with Charles Gasparino of Fox News] ... I explained that I felt that the culture of Wall Street was terribly corrupt and dangerous. I went on to say that I am not holding this culture solely responsible for my own behavior or as an excuse. Certainly this is a generalization and there are many people on Wall Street that are honest and follow the rules. My point was more about offering a statement of my 50 years of experience and a major problem that has to be corrected if possible ...

Gasparino promptly went on to write in his newspaper that Bernie Madoff ...BLAMES his problems on the culture of Wall Street....I certainly don't need to give any further illustration of the corruption on Wall Street after all the news that has been covered in the past 4 years.

I asked him how he thinks Wall Street Culture should be changed, given his involvement for so many years in that culture and the perceived negative influence of that culture. He waxed pessimistic.

Changing the culture of Wall Street is very difficult in today's world. I certainly lack the knowledge to handle this. Look at our current gov't and political campaigns with all the lies and corruption. How would you expect Wall Street to be different...

And in a separate letter...

There is the GREED factor of making money. Both the greed of investors and the firms and their employees and with the often forgot fact of life in investing in the market. For every winner there is a loser a zero sum game. The person who buys a stock believes it is going to appreciate and the person selling that same stock to him is of the belief that it is going lower. The buyer often feels he possesses information that he alone possesses or realizes

Regulation

In 2007, Bernie Madoff was featured in a taped roundtable discussion on the modern stock market. He claimed, only now in retrospect with remarkable irony “In today’s regulatory environment it’s virtually impossible to violate rules and this is something the public doesn’t really understand. It’s impossible for you , for a violation to go undetected, certainly not for a considerable period of time. And when you consider the volume of trading...when you look at the scope of the trading that goes on today in Wall Street and you look at the infractions they’re relatively small primarily because of the regulation....”

In our interactions, however, Madoff assumed a different narrative. He is speaking as someone who has the task of offering correctives and advice, someone who was in some way responsible for helping stop the abuses for which he was incarcerated. For instance, when I asked him if he believed Wall Street to be overregulated, he replied:

I don't feel Wall Street is over regulated. It is absolutely necessary. I do feel that a good deal of its regulation is misdirected. It was more effective when self regulation was practiced.

Of course we certainly screwed that up at the end and it had to be discontinued which was after the billion dollar fine due to the collusion investigation involving NASDAQ traders keeping spreads wide and manipulation....In my early years as a member of the self regulatory bd. there was a better ability to spot and understand the problems and dangerous practices. This whole area of securitization was obvious to everyone with any experience and the claims that the management and general counsels knew what was going on is an insult to the intelligence.

He expressed support and even some measure of sympathy for those at the Securities and Exchange Commission:

The SEC embarrassment came from not doing an independent verification of the Assets which was due to the lack of experience of the examiners and the attorney. Yes they must take responsibility but they have to have the compensation and culture to attract and RETAIN their employees rather than it being the current stepping stone to Wall Street. ...The SEC has taken so much heat because of me. It was impossible for them to have believed that I of all people would have put both firm, my family and they themselves in this catastrophe. The fact that the so called self acclaimed whistleblower Harry Markopolous subjected them to such ridicule is as pathetic as he is....

I am more than ashamed that it was my reputation with those very regulators established over my many years of industry service that made them hesitate to believe i was doing anything illegal. I am ashamed that it was my unique knowledge of the workings of the operation side of the industry that helped me conceal my wrongdoing. It is unfortunate that i have often said that the regulators are no match for those in the industry that can lead them astray...

On Punishment

Bernie Madoff continually reiterates that he is responsible for his actions, is remorseful and not attempting to rationalize his involvement. At the same time, however, he maintains a sense of the injustice of a 150 year sentence, or at the least its futility, of its inability to correct the problems which he sees as having led to his crime:

From the moment I arrive in prison I received letter after letter saying that putting me in prison was a terrible waste of resource. People clearly understood that my 50 years of unique experience and accomplishments on Wall Street could be better served in helping to bring to light and correct what was wrong with my industry. Although I fully realized this was a fantasy that would never be permitted in the current environment of mob psychology more interested in punishing a poster boy of Wall Street. In reality [the] letter writer[s] were correct. As it turned out prison was no correct[ive]. As loss of my family was the greatest punishment anyone could give me. The question that now has to answered is why and how did all of this happen. Not only to me but to wall street in general. why is this behavior is so rampant on wall street.

His daily engagement with financial news serve as platforms for which he attempts to point out in several letters the double standards in the criminal justice system, and also the lack of focus on structural issues by the media.

Colleen,

This whole situation is quite complicated. There is no question that ALL the parties are responsible. The reason I feel so strongly about Wall Street's role is because you can't really expect Washington or for that matter the prosecutors to understand the products. It is

not that you have to be a rocket scientist to realize how dangerous they were but when you see a situation like the Goldman Sachs and John Paulson case where the products were actually designed to fail and everyone had to know this, then there is no excuse for no prosecution. the problem is that this is not a new or even recent culture. It dates back a century.

Two additional letters brought specific cases in the news to my attention:

There is an interesting op-ed in the WSJ today Monday 11-26 "Where are the criminals". The thrust of the piece is that the prosecutors are having no success bringing criminal charges against the individuals at the firms.... They have had to be satisfied with financial settlements without admitting any guilt. The piece really goes on to put the blame on the Washington Beltway for creating the problem with their easy money policy to get the mortgages. While I certainly agree that the Gov't was a major culprit in creating the foreclosure situation. This does not deal with the fact that it was Wall Street and their creative, to use a nice word, SECURITIZATION products packaged with fraudulent mortgages that they were well aware would fail and then knowingly sold to their clients with zero regard for the consequences. The WSJ seems to forget that the firms had a fiduciary role to their clients. This logic by a respected publication is a complete disgrace and illustrates my own frustration of both the media as well as the gov't and Justice Dep't.

Here is a great example of the absolute double standard of the U.S. Justice system.

I was listening to NPR today and they were covering the \$1.9 billion settlement of the HSBC bank case. They were interviewing a law professor from Notre Dame who was a past U.S. Attorney and had served in the Justice Dep't responsible for investigating money

laundering fraud. He was absolutely incensed by the fact that the gov't did not bring criminal charges against the banks senior officers and had decided to only fine them an amount that is a complete joke considering the billions (much more than the billions involved in my case) that they clearly laundered for the Mexican drug cartels as well as the laundering they handled for numerous nations like Iran and Syria that was also in violation of the U.S. sanctions agreements. He went on to say that the evidence that was found by both the gov't and the Senate committee that investigated was overwhelming and implicated the top officers of the bank as well as employees. An example was that they removed the codes on the documents to avoid detection. They also instructed the banks of the countries that were involved with them in Mexico and Iran how they should cover up as well.

He said that if it wasn't for the recent Senate committee revealing the Justice dep't failure to prosecute they would not have even fined them. When asked why they failed to prosecute they claimed they were afraid it would ruin the bank, The professor felt this was completely lame, and a disgrace.

HSBC is the same bank that was a client of mine and had acted in an unbelievable number of complicit exercises, yet to be found guilty in Picard's suits.

On loss and redemption

The general tenor of the letters that Bernie Madoff and I exchanged rarely included personal details. However, his feeling of loss for his family as being his greatest punishment emerged on various occasions—his hurt for having lost his son Mark to suicide, his family's general unwillingness to speak to him, his inability to see them.

I'm going to offer you some unsolicited advice. If you are lucky enough to find someone to fall in love with and have children, cherish every moment with them. The toughest thing I have to deal with is not having them in my life any longer.

While serving his term in Butner correctional, he has given few interviews, but has been engaged with the students of Harvard Business School through a professor. He says this helps keep him occupied, and feels that his experiences both as a successful market maker and as someone who committed an immense fraud can be of use to future business people.

You are free to quote me at your risk of being abused for giving me a voice, Bernie Madoff would write in one of his letters. I think the risk is worth it.

Appendix A: Interviewees and their affiliations

Anton Antonowicz

The Mirror's US correspondent.

Binyamin Appelbaum

Washington Post staff writer, currently Washington correspondent for the *New York Times*.

Erin Arvedlund

Financial journalist who worked *Barron's*, *The Wall Street Journal*, the *New York Times*, *The Moscow Times* and Porfolio.com. She is also author of *Too Good to be True: The Rise and Fall of Bernie Madoff*.

Alex Berenson

New York Times journalist.

James Bone

London Times journalist

Christina Boyle

New York Daily News staff reporter

Peter Chavkin

Attorney at Mintz Levin for Ruth Madoff

Andrew Clark

Deputy Business Editor of *The Times* (London). Previously business editor of *The Observer* and has worked for *The Guardian*, *The Daily Telegraph*, *Sunday Business* and the *Sydney Morning Herald*.

James Doran

Wall Street bureau chief for the *The Times* (London) and freelance journalist who has written for *The Guardian*, *The Observer*, *New York Metro* and the *New York Post*

Alexandra Fread

The Times (London)' US Business Correspondent

Stephen Foley

Associate Business Editor for *The Independent*, currently Markets Correspondent for the *Financial Times* .

David Gelles

The US Mergers and Acquisitions Correspondent for the *Financial Times*.

Zachary Goldfarb

Staff writer at the *Washington Post* who has covered financial regulation and government investigations into corporate wrongdoing.

Peter Henning

The New York Times' "Dealbook" contributor, Wayne State University Law School professor, and former Prosecutor at the Justice Department for the Security and Exchange Commission's Enforcement Division.

Diana Henriques

Financial reporter for the New York Times and author of *Wizard of Lies: Bernie Madoff and the Death of Trust*

Serge Kovaleski

National correspondent for the *New York Times*

Tom Leonard

US correspondent at the *Daily Mail*

John Marzulli

Federal court reporter for the *New York Daily News*

Tomoeh Murakami Tse

New York-based financial reporter for *The Washington Post*

John Nester

Chief Spokesperson at the Securities and Exchange Commission

Ed Pilkington

New York correspondent for *The Guardian*.

Gary Silverman

Financial Times US deputy managing editor, previously US news editor

Leslie Wayne

Business and Finance reporter at the *New York Times*

Kaja Whitehouse

Business reporter at the *New York Post*.

Tom Zambito

Court reporter for the *New York Daily News*

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