



# Finance and fake news

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For a brief moment, Donald Trump's departure from the White House also seemed to mark the end of an era that the president represented like no other: the age of fake news.<sup>1</sup> Emblematic was Trump's use of Twitter, where he persistently bombarded his opponents with short messages, the veracity of which did not seem to matter. When the helicopter took off with the loser of the presidential election, some hoped that the tidal wave of political lies and conspiracy theories would disappear with him.

In his most recent book, Joseph Vogl effectively quashes these hopes. He reconstructs the socio-economic mechanisms that lead to the structural discrediting of knowledge and the corresponding glorification of mere assertion, interpreting these as nothing less than the tectonics of our time. Vogl presents a *brief theory of the present*. His intention is to convince his readership that the surge of 'made-up facts' is by no means a mere superficial phenomenon but instead marks a veritable structural change in capitalism. Even a media supernova like Trump is, at best, a symptom of this change.

Vogl notes that the diagnostic term for the reconstruction of this structural change is 'information' and adds that the circulation of pure information has become the core of capitalism today (p. 157). This assertion is, admittedly, not particularly innovative, since observations about the rise of what is termed cognitive, knowledge-based, digital, or – even more to the point – information or surveillance capitalism, have been in vogue for years, and all of these establish the presumed dominance of information in one way or another. Vogl, however, uses 'information' to refer neither to mere data nor to knowledge. Instead, pieces of information are propositions (such as 'I am America's president'), which do not convey knowledge as such. They gain epistemic authority only through verification and licensing. Factual assertions, after all, are usually subject to demands of justification where they are communicated, i.e., where they intervene in social interactions. If a claim can be substantiated by reference to observations, argumentative derivations, or other social certification processes so that it is considered valid, the asserted fact is accepted as a fact – as *knowledge*. Mere *information*, on the other hand, means "knowledge minus proof and justification" (p. 59).

Vogl claims that there has been a widespread process of deconstructing justificatory procedures that has changed capitalism. He detects this process in the rise of the financial economy and the digital economy. Both fields build their business on recursive feedback loops

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of pure information. According to Vogl, this is not merely an economic process. It is also highly relevant in terms of social theory and politics, for this change is linked to the rise of the regulatory regime of the market, which becomes a “universal evaluative agency” that is privileged “vis-à-vis other instances and institutions of knowledge” (p. 119). In other words, the generation of knowledge through elaborate assessments of circulating information is replaced by the market competition of unverified factual assertions. Such ‘opinion markets’ have invaded the public sphere thanks to the force of digitalisation and thus endanger the political cohesion of heterogeneously composed societies by producing resentment. The logical link between capital (value creation in the financial and digital industries) and resentment (sentiments endangering democracy) is established via the genealogy of a media substructure through which both capital accumulation and public communication now function as markets of pure information. Let’s look at this fascinating argument more closely.

The fact that Joseph Vogl knows his way around financial markets, for example, is easily justifiable information that has already been critically examined both within and outside academia and is thus well established. In 2010, Vogl published *The Specter of Capital*, a book on the rise of the financial sector as the lodestar of capitalist value creation that has been broadly discussed and much-cited since (Vogl, 2010/2014). In 2015, he followed up with *The Ascendancy of Finance*, a study of the co-constitution of financial and political power in the course of the emergence and development of modern statehood (Vogl, 2015/2017).

In the first part of his new book, *Capital and Resentment* (2021), Vogl again outlines the rise of finance since the 1970s as a process of socio-economic structural change. He does not attribute financialisation to a mere deregulation of the financial sector, however; rather, Vogl argues that it is a result of the establishment of global financial governance (p. 21), which serves to increase the profits of a few capital owners acting outside of democratic rule. A key pillar of this order are the independent central banks. As enclaves protected against democratic interference, they safeguard market operations and their distributive effects. For Vogl, this financial regime constitutes a new form of (state-like) power (p. 22). This particular kind of power is responsible for the next shift in capital accumulation, the emergence of digital capitalism. Digital platforms have not only gained prominence due to burgeoning financial capital; conversely, financial capital has only really been able to develop thanks to the development of network technologies. In particular, however, both industries operate on the same business model, namely capitalising information through market mechanisms.

As regards the financial system, the argument is well known. In the general enforcement of formulas for calculating derivative prices (keyword: Black-Scholes), Vogl sees a change in investment practice: instead of economic fundamentals about companies (for him, this seems to be justified knowledge), the predicted development of their share price and their derivatives now becomes decisive (for Vogl, this is self-referential information). This pricing practice makes market prices self-affirming in a kind of feedback loop: a firm is worth as much as others will be willing to pay for it in the future. For Vogl, this turns financial markets into opinion markets (p. 56). The feedback form then becomes the model for the digital industry. Platform companies such as Google or Facebook have built their business model on the production, distribution, and exploitation of pure information.

This entails two steps: First, the communication platforms seek advertising-relevant data from their users, which are aggregated and, when processed into so-called Big Data, make correlations observable. Correlations are attractive to advertisers. The mere correlation of data points, usually an automated process, is without doubt an obviously profitable management of pure information; this is capitalism based on the abandonment of elaborate reasoning procedures, or so Vogl argues (pp. 136-7). Second, to generate enough data, the platforms

provide their users with pleasant news that motivate them to stay in the network and disclose further information. In Facebook's news feed, information is offered under the pretext of neutrality, which is neither checked for seriousness nor for accuracy but obeys selection criteria such as novelty and fit with the respective interest profiles of users. Consequently, in this algorithmically formatted public sphere, there is a constant circulation of repeating information patterns, which seem to validate themselves, as it were, through their market success, namely, the demand of platform users. Digital capitalism thus lays the axe to the tree of knowledge.

All of this has consequences for democracy, which ultimately depends on the public sphere for its political decision-making processes. This public sphere has migrated to the platforms of Facebook and Co. (p. 141), Vogl argues, finding itself exposed to the business models that he characterises as the marketing of free speech. And because media perception and communication always mean the construction of a world for the *animal symbolicum*, the pricing mechanisms of the financial markets have become an entire "paradigm" for the constitution of social reality (p. 142).

Here the platforms safeguard themselves via a special legal status. Protected by the freedom of the press and freedom of opinion in their home country, the USA, the platforms were able to successfully present themselves as neutral information intermediaries. Nevertheless, they act as editors and gatekeepers. In fact, the extraordinary informational selective power of communication platforms has rapidly turned them into genuinely public (and thus political) arenas whose status as purely private ventures has receded into the background (p. 123). The spheres of the rule of private property (*dominium*) and the authority of the state (*imperium*), commonly seen as competitors, now coincide; the platforms thus appear to Vogl, in an admittedly pointed description, as "para-state" authorities (p. 117) akin to those in finance. Former tasks of the *imperium*, such as community rule-making and monitoring, are being transferred to the platforms, which are to decide independently whether their users' content conforms with regulations or not (p. 125).

The digitalised public sphere is highly fragmented internally due to feedback loops of information. Social media have had to face this criticism from many sources, not just Vogl. Such 'bubbles' or 'echo chambers' reinforce resentment. Subjects charged with resentment form their identity in sharp demarcation from others, cultivate their powerlessness, perpetuate a propensity to be offended, and cultivate a form of concretism that values the immediate and attributes the causes of one's discomfort to (concrete) culprits rather than (abstract) circumstances (pp. 161-62). This blocks differentiated criticism of social conditions and promotes hatred of elites and foreigners. Because it disregards complex causalities and focuses on inequalities for which others are always held responsible, resentment must, according to Vogl, be identified as a structural affect that stabilises capitalism (pp. 166-71).

This arrangement between a mode of communication and its media-technological underpinning Vogl terms "structural populism" (p. 174). Apparently, certain communication strategies and their organisational basis – the platform – complement each other so effectively that a perpetuation of mutually affirming clusters of opinion occurs, which simultaneously fuels their polarisation. In this way, media biotopes are formed in which the populist fiction of the immediacy of the sovereign 'will of the people' can impart itself with almost uncanny appeal. How insignificant, laborious, and deplorably slow, on the other hand, do the procedures of democratic will-formation in heterogeneous and complex societies appear? Where the intense desire for such directness and immediacy finds itself frustrated, the gap between expectation and experience in which resentment thrives increases (such as

when Joseph Biden was inaugurated as the 46th president, despite the storm on the Capitol, and countless tweets about election fraud and the machinations of dark forces).

The book impresses above all due to its scope. The author must be credited for an analysis that combines the themes of financialisation, digital capitalism, and the political dimension of fake news. It can also be read as an immensely important critique of increasingly specialised social sciences, which (much like the communication bubbles in social media) continue to split into smaller circles of experts. Unfortunately, this all too often obscures the resemblance and coherence of macro-phenomena, even though sociologists in particular know (or should know) that everything is connected to everything else. Apparently, sometimes an impulse from the outside is needed, in this case from cultural and literary studies, so that structural aspects of capitalist societies can once again be grasped in their totality. The book is worth reading thanks to this insight alone.

Vogl's focus is as daring as it is inspiring, because it concentrates on the performance of certain capital utilisation structures, that is, on their world-generating power and effect. It is precisely in this respect that family resemblances between financial and digital processes of value creation are laid bare. Vogl's book offers a materialist cultural study that, as is made clear by the literature it draws on and refers to, is in conversation with economic sociology and political economy; if these disciplines want to remain state of the art, then they would be well advised to listen to what Vogl has to say.

The book thus also corrects the tendency to imagine issues of economic power as a tussle between the domain of private property (*dominium*) and the domain of social claims on that private property and its returns (*imperium*). This makes economic decision-making powers and privileges appear as a zero-sum game where the reins of capitalism are held and guided – depending on the historical mood – either by one (private) or the other (public) hand. Financial companies have always found themselves in a special systemic role. They were providers of infrastructure rather than simply a part of the economic *dominium*. In a globalised and financialised world, growing space for finance to shape itself has accordingly meant the ability to help shape the *imperium*, not just freedom of 'the markets' (i.e., private decisions about the use of private property). Likewise, the 'freedom' of digital platforms can by no means be merely considered protection of the *dominium*. Rather, because these platforms provide the communicative infrastructure for social self-observation and self-assurance, they always also shape the *imperium*. Questions of power in economy and society cannot be assigned to two competing fields – as was the founding impulse of this journal. Instead, *dominium* and *imperium* are distinguished at best in historical moments, as effects, to use Vogl's language. The author's emphatic reference to the extent to which communities of the present are always shaped by the freedom of capital to shape its own modes of accumulation is therefore indeed crucial for a *theory of the present*.

Vogl's book outlines how we might grasp the causal interactions between different fields, each with their own complexity, in order to illuminate power relations in contemporary society. The explanation of a systematic discrediting of knowledge by financial and digital economics, however, is based on an ambitious heuristic. Vogl's thesis, as I understand it, is that in financial and digital markets, but also in arenas of public decision-making, the circulation of mere standpoints has become dominant. A "finance-economic evaluation logic" infects the business model of digital platforms, a process culminating in the deconstruction of "rules of liability and justification of all kinds" in public discourse (p. 177, emphasis added). This diagnosis presupposes that it makes sense to examine all these different fields in terms of their epistemology – and to measure them against the same standards. 'Justification' of information then always seems to mean *scientific* justification, i.e., the social examination of

its Platonic truth content. Unsurprisingly, financial markets are no place for such judgements, as Vogl convincingly demonstrates. And why should they? Financial investments refer to the future, which is in principle not open to epistemic judgements. Due to the increasing weight of financial value creation processes, this independence of cognitive judgements is now said to have seeped into the public sphere via digital platforms. This influence, however, is documented predominantly by association.

Vogl shows the rise in importance of finance, in general, but also and especially in connection with the rise of digital platforms. That we are dealing with a common theme here, namely the deconstruction of knowledge induced by the rise of finance, is evidenced by the apparent similarity of 'judgement' in the different practical contexts. But why even suggest that legitimate epistemic judgements (the justification of information thereby becoming knowledge) have historically played, or normatively should play, a role in these finance-infected contexts – the digital economy and democratic decision-making? In particular, this seems to presuppose that public discourse has previously been (or should be) an arena of knowledge. Morally, of course, I am in favour of this, but why should one analytically assume that we might be dealing with processes of epistemic judgement at all? Without this presumption, however, one cannot speak of a deconstruction of "rules of liability and justification of all kinds" (p. 177), which in turn is the basis for claiming a causal relationship between finance and fake news or capital and resentment.

The concept of justification, like the concept of legitimisation, might be better used as a context-sensitive and descriptive category of analysis. One could argue that the 'legitimacy' of an institution should refer to the (consenting) behaviour of actors, not to the correspondence between the institution and a particular normative claim. Accordingly, 'knowledge' would then be any information that has gone through a validation process recognised in a particular practical context or within a reference group. In a descriptive sense, an investment is validated by its return, Google's PageRank algorithm by effective promotional communication, or the Fake News by the authority of the Telegram app. In all these contexts, one can then very well distinguish between 'knowledge' and mere 'opinions' *within* the practice or group. There are certainly internal verification procedures in place that allow the 'local' distinction between justified information and arbitrary opinions. For example, when someone invests against the Black-Scholes-Merton forecast (which would count as financial *knowledge*) due to 'gut feeling' (which would be *opinion*), or if a certain conspiracy narrative receives broad approval in a right-wing Telegram channel while another is brusquely rejected. One could take this differentiation seriously as a sign of a 'local' order of justification and could empirically investigate its underlying rules. Rather than self-validating information, as Vogl has it, it would seem that validated knowledge continues to uphold a categorical difference to non-validated and thus falsifiable statements. Of course, one can state that all of this does not meet the standards of philosophical epistemology (and does not touch on the universal questions of 'true' and 'false' that Vogl seems to have in mind), but is this not a normative critique that could have been made more explicit as such? In short, I would have liked Vogl to reflect more sharply on his own observational standpoint, especially in a book about universal justification procedures.

Nonetheless, the main value of Vogl's analysis of current power relations with regard to the organisation of capitalist accumulation remains unaffected by my queries. Finance and digital industries have not simply established themselves as niches of markets freed from social influence because states have scaled back their claims to sovereignty. Rather, armed with the episteme of neoliberal ideology, private corporations have themselves acted as shapers of the polity. This presumption of sovereignty should motivate the *demos* to reclaim

the *imperium* – at the very least when, through reading *Capital and Ressentiment*, it becomes clear to what extent it is itself sabotaged by it.

In the book's final paragraph, Vogl's knowledgeable, original, and highly stimulating arguments culminate in a kind of apocalypticism. With an eschatological tongue-lashing, he points to the unbroken dominance of the resentment machines, speculating that we are living in a historical "pre-war era" (p. 182) because Facebook and Twitter, as the children of Goldman Sachs, so to speak, are now destroying the social fabric. Such a bold ellipsis would have warranted a few more explanatory words, especially since Vogl, as demonstrated in the second chapter of his book, has a keen sense of the performativity of ideas and any analysis of contemporary developments. However, we must concede that the helicopter's departure from the White House offered us what was at best a spectacle on the surface of the circumstances. What matters, without question, are insights into the structures determining such events.

## Notes

1. A longer version of this review first appeared in German on *Soziopolis.de*, March 25, 2021. Page numbers refer to the original German edition (Vogl, 2021). All direct quotes are my own translation, except for those taken from Chapter 6, which were translated by Neil Solomon for Polity Press. The English translation of the entire book will be published by Polity next year (Vogl, 2022). I would like to thank Nina Boy and Carola Westermeier for their valuable advice.

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