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From Memes to Marx:

Social Media as the New Frontier of Ruling Class Dominance

Eberhard Zangger

A Thesis in the Field of Archaeology and Anthropology

for the Degree of Master of Liberal Arts in Extension Studies

Harvard University

March 2024

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Abstract

This master's thesis aims to examine whether the complex nature of today's internet-based communication can be reconciled with twentieth century sociological systems theories, especially those of Niklas Luhmann. The question is whether the impact of social media tends to support or refute existing social theories.

The digital age (from about 1980 onwards) has brought about new forms of communication that are strongly influenced by neoliberal economic policies and (from about 2005 onwards) increasingly by social media. Like analog mass media, the new media provide information and entertainment. Both forms of communication also have in common that they are financed by advertising. Unlike established media, however, the content in social media is created by users and is therefore free of charge for platform operators. Consequently, there is no quality control in the form of an editorial filter. The key to business success for platform operators is that users generate a stream of data about their behavior and preferences. Platform operators collect this user-specific data and distribute it commercially. The data allows advertisers to target their campaigns to specific populations. In addition, online-marketing specialists can measure the success of these campaigns with outstanding resolution. As a consequence, the budget available to campaign – together with the lead time – are decisive for success. This applies to sales promotion, but also to political campaigns, for example in the run-up to elections. Because of these targeted campaigns, the behavior of large sub-societies, as well as public opinion, are shaped – to an extent that has never been reached before – by the

ruling class as only they have the budgets that are necessary for success. Multinational corporations, influential organizations, extraordinarily wealthy individuals, and autocratic leaders determine topics of conversation and public opinion.

Societal systems theories of the twentieth century are not transferable to the twenty-first century as communication does not follow natural laws. On the contrary, structures prevailing in nineteenth century capitalist economic systems, which Karl Marx in particular dealt with, have been resurrected in the present day. This was possible because the platform operators have succeeded in developing monopolies in their respective segments. Thus they are leveraging out the market that would be necessary for a capitalist economic system to function properly. Thanks to social media, the ruling class controls both the state and public opinion to a previously unimaginable degree. An age of digital feudalism has dawned.

Author's Biographical Sketch

Eberhard Zangger is a communications consultant with a focus on technology and science-related companies and organizations. He holds a master's degree in geology from Kiel University, Germany, and a PhD in geology from Stanford University. His research explored the historic interrelations between protohistoric cultures and landscapes in the Eastern Mediterranean region before transitioning to corporate communications. Initially, he served as a senior consultant in a PR firm and later assumed the role of Director of Corporate Communications at a public fibre-optic telecommunication company. In 2002, Zangger founded science communications GmbH, an agency based in Zurich, Switzerland. In 2014, he established the foundation Luwian Studies to support research in Aegean protohistory.

Acknowledgements

This master's thesis is the final leg of a unique intellectual tour de force that my education at the Harvard Extension School has provided me over a period of just over three years. I am grateful to my instructors, Gloria Y.A. Ayee, David Carrasco, Jack Demick, Peter Der Manuelian, William Fash, Rowan Flad, and Jason Ur, for their deep insights, inspiring presentation, and thought-provoking analysis of foreign and past cultures around the globe. The dedication, care, and tolerance of teaching assistants Pedro Morales, Joshua Walton, Andrew Deloucas, and Don Parker made the study of archaeology and anthropology a uniquely enriching and thoroughly enjoyable experience despite the demanding curricula.

Thanks to the breadth of the program, I was exposed to social and economic anthropology in the middle of my studies. James Herron's lectures were a revelation and sparked my interest in the study of contemporary societies. Richard Joseph Martin as Research Advisor and Erin Schroeder as Teaching Assistant taught me how to write and organize essays and theses. I consider it a great privilege to have Jim Herron as my Thesis Director. If ever there was a role model for me as a teacher and a person, he is it.

For a good three years, my life has continued under extraordinary circumstances. My colleague Alessandro Monachesi did the lion's share of the clerical work without a word of complaint, for which I am very grateful. My faithful clients have generously tolerated and passively supported my increasing absorption in academic matters. Most of the illustrations for this thesis were created in the studio of Guido Köhler. I would like to

thank him and Alen Guberinic for their always obliging and extremely competent support over many years.

My greatest thanks go to my partner Regula Sigg, who not only patiently endures the permanent state of emergency of being with me, but also supports me with all her strength and at the same time offers me a loving home.

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Chapter I.

Introduction

In less than two decades, a profound societal transformation has taken place in the economically prosperous regions of the world whose populations are largely connected via the internet (Seeliger and Sevignani 2021, 30–31). The further course of this development cannot yet be foreseen. What is meant is the triumphant advance of social media, which represent "the convergence of information and communication" (Schaffer 2020, xv). Social media connect almost 5 billion people worldwide in the summer of 2023.[1] On average, users spend two and a half hours a day on social media, on about eight different platforms. This engagement equates to an astounding 5.7 years with an average lifespan of 73 years. In the U.S., 81 percent of adults own smartphones and spend more than two hours a day on social media platforms, with this time extending to as much as three hours for Generation Z (Grau 2022, 64). Fifty-three percent of social media visits in the U.S. lead to Facebook.

The social systems theories of the twentieth century could neither predict nor explain this development. Only Jürgen Habermas managed to add a chapter on contemporary online communication to his seminal 1962 work *The Structural Transformation of the Public Sphere* at the ripe old age of 93 (Habermas [1962] 2021; 2022). Although it is undeniable that the social fabric has changed profoundly in the last

[1] Wong, Belle. 2023. "Top Social Media Statistics and Trends of 2023." *Forbes*, last modified May 18, 2023, accessed September 1, 2023. https://www.forbes.com/advisor/business/social-media-statistics/.

twenty years, it has not yet been possible to map this development in terms of systems theory. However, the effects of digitization are vividly discussed (Rachlitz et al. 2021).

This master's thesis addresses these questions: has social media brought about a new social order, and can this phenomenon be placed in a systems theory framework by extending existing models?

The first social systems theory can be traced back to Talcott Parsons; it was later completely redesigned by Niklas Luhmann, whose comprehensive model claims universal applicability. Luhmann's systems theory is thus used here as the point of departure in an attempt to accommodate social development after his death in 1998. The original hypothesis of this master's thesis was that Luhmann's chronological development of the social order over three stages could have a fourth one added to it, which might be called "attention-based differentiation." In this social order, the number of followers, shares, and likes determines social status.

In the course of research for this thesis, however, it became apparent that communication in the age of social media can by no means be represented in a theoretical model because it does not follow natural patterns. Not all, but certainly most topics and discussions in social media are purposefully launched and manipulated, as has been evident since the sensational political events of 2016, Brexit and the U.S. presidential election (Zimmermann and Kohring 2020, 33). Manipulations are mainly orchestrated and amplified by influencers, automated bots, trolls, and bogus news portals. Intelligence analysis suggests that the implementation of such tactics requires a significant financial investment, typically falling under the purview of multinational corporations, ultra-wealthy individuals, and autocratic regimes. The ultimate thesis presented here is

therefore that social media cannot be mapped in a systems-theoretical way, first, and second, that the dominant narratives are determined by the ruling class. Thus Karl Marx's view of a ruling class dominance through media and state mechanisms becomes relevant again for today's society.

Definitions

The term social media includes websites and mobile apps that enable users to network with each other and create and share content. The content created by users generates a permanent and unlimited exchange with others, and the resulting online dialog can be described as many-to-many communication.

Social theories provide the scientific basis for understanding social interaction and attempt to develop an overall picture of the social order, not just specific aspects of interaction in social groups. Social theories thus design concepts within which social processes and phenomena can be understood, interpreted, and explained. Unlike the natural sciences, there is no universally accepted basic theory in the field of sociological theories today.

Social order (social organization) refers to the basic characteristics of a society, including its economic form, social structure, and religious or ideological orientation (Wagner and Zipprian 1989). Social order includes all types of relationships within a society – legal, economic, religious, and ethical. Possible economic forms include capitalism, socialism, and feudalism. Social structures include class order, for example – and ideological orientations include bourgeoisie, fascism, or anarchism.

An internet meme is the combination of a pithy image, video, or animated graphic and a concise invented text, often representing a parody that spreads quickly via social

media. The term was coined by evolutionary biologist Richard Dawkins in 1972 to describe units of culture that compete and are either passed along or not (Lanier 2018, 130).

Chapter Overview

1. Introduction: The research question of this thesis, the preliminary thesis, and the concluding thesis.

2. The Parsons Paradigm: An explanation of Talcott Parsons' systems theory, upon which Niklas Luhmann later built his work.

3. Luhmann's Lens: The core elements of Luhmann's systems theory, including the various forms of society and critiques of Luhmann's models.

4. Turbulent Decades: The political and economic changes of the last decades summarized and related to technological and social development.

5. Mainstream Media Matrix: A discourse on the workings of established mass media in the context of existing theoretical models.

6. Social Media Synthesis: Social media collect and sell personal data; this distinguishes them from conventional mass media.

7. Initial Findings – Taking Stock: Preliminary conclusions, including that system theories are no longer fully applicable to today's world.

8. Elites and Echo Chambers: Mechanisms and modalities that determine the actions of the ruling class and largely shape public discourse.

9. Resonances and Synthesis: Placing the lessons learned within the sphere of action of other major societal models.

10. Outlook – Paths to the Future: The differences between managing the current state and designing the future.

Chapter II.

The Parsons Paradigm

Until the seventeenth and eighteenth centuries, the Western world was characterized by traditional estates. Then, however, a new social order gradually emerged that granted individuals greater freedom of choice. Philosophers, most notably Thomas Hobbes, John Locke, Jean-Jacques Rousseau, and Immanuel Kant, sought to underpin the emerging social contract with theoretical concepts (Münch 2020, 26). These early explanatory models still failed to consider that social order is ultimately a collective good from whose use no one can be excluded. However, this collective good does not come about through individual utility calculations. Hobbes pointed out how unstable a society would be if it were primarily oriented toward the achievement of individual interests (Münch 2020, 27). Even if individuals are committed to the common good, their contribution remains insignificant in the aggregate (Münch 2020, 27). Therefore, society depends on so-called "moral entrepreneurs" who think and act for others and reduce their entry costs by building a functioning sanctioning apparatus.

During the twentieth century, Talcott Parsons (1902–1979) is considered the most influential sociologist for the time between the end of WWII and ca. 1970. After studying economics in Germany for two years, he introduced the European way of sociological thought in the U.S. (Münch 2020, 24). His first major work, *The Structure of Social Action* (Parsons 1937, 53–56), shows how the precursors of the European social sciences agreed on a voluntaristic theory of action, which henceforth provided the theoretical

framework. At the center of Parsons' theory is action because it is only through action that the regularities given in structures become visible. Therefore, the systems theory developed by Parsons is at its core a theory of action. He already substantiates it in his first major work and refines it step by step during his life (Münch 2020, 46). Parsons distinguishes between a sphere of instrumental-rational (utilitarian) self-interested action and a sphere of categorical-normative commitment (Parsons 1937). The latter is essential because social order is only possible if there is a generally valid consensus of values and norms. This creates a sense of belonging that characterizes and stabilizes the civic communities of modern nation-states. Within these communities, citizens have individual political, social, and cultural rights that they mutually recognize and respect. Each individual inevitably belongs to different social groups, for example, ethnic, religious, or neighborhood communities. Moreover, each individual also participates in identity-creating social integration by fulfilling their civic duties (Kaube and Kieserling 2022, 33). The state provides a social order and determines how citizenship is acquired and what rights can be claimed with it. Although the organization of society follows the jurisdiction of the nation-state, this has no influence on sociological relationships, since the latter are natural laws that are not limited to national reference groups (Kaube and Kieserling 2022, 73).

In his 1951 book *The Social System* Parsons expanded the previously dual scheme consisting of actor and situation by considering the environment as a third component. This model became so dominant that for a time it was considered the only valid view in sociology (Münch 2020, 25). Parsons called it structural-functional systems theory. It claims that individuals orient themselves to given norms and values, which in turn

prescribe individual goals for action (Parsons 1951, 167–168). Here, the term "structure" refers to system elements that are independent of fluctuations in the interactions between the system and the environment (Parsons 1976, 167–169). In contrast, "function" is the dynamic component of a social system, i.e., the social processes. Thus, structural-functional systems theory starts from social systems with their specific structures on the one hand, and on the other hand explores the functional performances that are necessary for the continued existence of the social entity (Kneer and Nassehi 2000, 36). The object of sociology is not isolated actions of individuals, but the structural and functional aspects of the context in which actions are performed within a given social system. Accordingly, the reciprocal enabling, reinforcing, and feedback conditions between environment, structure, function, and action generate a cybernetic model of thought (Kneer and Nassehi 2000, 30–31). In it, actions appear as results of the system context produced by these actions.

Later, Parsons expanded his previously tripartite scheme, consisting of personality, social, and cultural systems, to include a fourth element, the behavioral system. Thus was born the AGIL model, in which the general action system is divided into four domains. Each system must adapt to its environment to some degree in order to persist; Parsons calls this "adaptation" (A). The personality system is an expression of goal-setting and self-actualization, which Parsons calls "goal-attainment" (G). The social system aims at "integration" (I), while the cultural system ensures the maintenance of latently existing structures and thus provides the cultural matrix ("latent pattern maintenance:" L). Each subsystem fulfills a specific function within the action system and at the same time provides specific services for the other subsystems. Society can be

understood as a complex system of interconnected functional subsystems. The interactions between the subsystems do not consist of economic exchange but rather of interdependencies (Münch 2020, 33). Action remains the central element of social relations. Every action touches the four AGIL components. Accordingly, the levels of the social system are economy/money (A), political power (G), social influence (I), and value attachment through cultural tradition (L) (Rosa, Strecker, and Kottmann 2018, 165–167).

In his subsequent works *Societies: Evolutionary and Comparative Perspectives* (Parsons 1966) and *The System of Modern Societies* (Parsons 1971), Parsons examines the development of modern social systems from an evolutionary perspective. He distinguishes four main stages of social evolution: primitive, archaic, classical, and modern. Accordingly, the evolution of society occurred through defined stages of development from primitive societies (such as the Australian and African natives) to archaic societies (such as ancient Egypt and Mesopotamia), through forms of historical intermediate societies (China, India, Roman Empire, Islamic Empire) and "seed-bed societies" (Israel and Greece) to the system of modern Western societies. In the Roman period, a rational and reliable legal system is developed, which for Parsons embodies an important aspect of Western civilization leading up to Enlightenment thought (Amin 2004, 5). Parsons applies the four AGIL dimensions to each of these stages of development (Halpern 1967, 678). He argues that societies become increasingly complex, specialized, and adaptive in response to changes in the environment. As part of this development, "evolutionary universals" such as bureaucracy, money, and law increase in importance.

In the Enlightenment, a universalistic value system with concrete civil and human rights emerges. Compared to the pre-existing traditional society of estates, this creates a new basis of legitimacy for the social order (Münch 2020, 42). The modern bourgeois polity has superseded traditionalism and the limited integrative capacity of estates society, just as modern capitalism has overcome traditional economic activity within the guild order. In this way, a higher degree of adaptability and resource management could be achieved. Parsons sees Western civilization as the highest form of development of modern society, with the U.S. embodying the most dynamically developed society. These he regards as "total" or "whole societies" – a "kind of social system in any universe of social systems that achieves the highest degree of self-sufficiency … in relation to its environment" (Parsons 1966, 9). Parsons recognizes the political controlling authority of society in the rational bureaucracy. He assumes that the social order is based on a consensus of values accepted by the general public, which is firmly anchored in social life and acquired bindingly by the actors in the course of socialization (Kneer and Nassehi 2000, 35).

Like Enlightenment philosophers, Parsons' argument neglects the issue of exploitation and enslavement of subjugated colonies to finance the rise of modern Western society (Charles Wade Mills 1997, 97). His historical knowledge is considered superficial (Müller 1969, 145), and his deductive approach has not convinced. It is ultimately a conceptual framework that he fills with historical developments to interpret both together from his perspective.

With *A Paradigm of the Human Condition*, Parsons concludes his life's work. He returns to Kant and the order of human existence that he had laid out at the very

beginning of his career in *The Structure of Social Action*. He argues that the broad spectrum of individual life designs does not result in a structured order of life. This order is only possible under transcendental conditions in which scientific knowledge, constructions of meaning, ethical principles, and aesthetic sensibility form the framework (Münch 2020, 32). Only a few days after a commemorative event for the 50th anniversary of his doctorate in Heidelberg, Parsons passed away after a lecture in Munich.

Talcott Parson's comprehensive theoretical model combined with his many years of teaching at Harvard established a school of thought that persisted for about 25 years. As Parsons' immediate students ended their careers due to retirement, interest in the model also waned (Stichweh 2020, 260). The main criticisms of Parsons' theory are the high level of abstraction including pattern variables, action systems, and functional imperatives, which prevent applying the model to real-world scenarios. In addition, critics say the model emphasizes the maintenance of social stability and gives too little consideration to conflict and social change (Dillon 2020, 156–157). From today's perspective, Parsons' theory is outdated because it does not take enough account of inequality and social justice and attempts to justify the Western claim to superiority, which dates back to Enlightenment principles.

Chapter III.

Luhmann's Lens

This master's thesis starts out by scrutinizing Niklas Luhmann's theory of social systems, an approach based, among other things, on biological and philosophical models as well as on observations in everyday life (Luhmann 1987). The thesis attempts to combine systems theorical considerations with the author's 25 years of professional experience as a consultant for strategic corporate communications. Early on, the author incorporated Luhmann's theoretical considerations into everyday operations. The original goal was to reverse this approach here and use the insights gained from consulting in corporate communications to adapt and update certain aspects of Luhmann's model. However, this attempt ultimately fails, which is why the original scope of the thesis was expanded. The second part focuses on the mechanisms by which communication in social media is controlled, the role played by the business models of the major technology corporations, and who in the end finances them (and why). Notwithstanding this, the discussion begins, as originally planned, with system-theoretical considerations.

Niklas Luhmann was born in Lüneburg, Germany, in 1927; his education at a humanistic high school was interrupted in 1944 by compulsory military service. After a brief spell as a prisoner of war, Luhmann studied law in Freiburg in 1946–1949. He then worked for almost a decade in the public administration of Lower Saxony, primarily in the Ministry of Culture. In his spare time, Luhmann occupied himself with sociological and philosophical works. In the process, he developed a reference system with a card

index box that helped him make thematic connections between the publications he read (Luhmann 1992, 53; Kneer and Nassehi 2000, 10). He continued to operate this "Zettelkasten" throughout his life.

A profound break in Luhmann's life occurred when he took a leave of absence in 1960/61 to study administrative sciences and sociology at Harvard (Stichweh 2020, 240). There, Luhmann was primarily concerned with the systems theory of Talcott Parsons, the world's leading sociologist at the time. Luhmann wanted to understand how Parsons' grand theory was constructed, and how and why it ultimately failed (Luhmann 1987, 133, note 66; Kneer and Nassehi 2000, 10). Luhmann criticized Parsons' approach because it inadequately covered the subject matter of sociological considerations. In Luhmann's view, a theory of social systems would have to take into account not only structures and processes, as well as order and integration, but also conflict and change. Despite this critical approach, Luhmann advocated the retention of the systems theory paradigm. He shared Parsons' radicalism of theoretical thinking, which earlier sociologists had not yet employed. Parsons' and Luhmann's approach combined ultimately had a lasting impact on the entire discipline (Stichweh 2020, 242).

Luhmann sought to overcome the limitations of Parsons' theory by consistently using the tools of systems theory, generalizing, and reformulating them (Kneer and Nassehi 2000, 37). In this way, a more comprehensive model emerged in which the basic sociological type of operation shifted from action to communication (Luhmann 2013, 9; Krause 2001, 34–37; Knudsen 2010). While Parsons related the concept of structure to patterns of arrangement (social groups, factories, etc.) that subsequently trigger functions (hence "structural functionalism"), Luhmann considered structures to be the result of

functional relations; he thus turned the relationship between function and structure on its head. This is why he initially called his approach "functional-structural theory" (Kneer and Nassehi 2000, 37; Stichweh 2020, 242), but later he consistently used the term systems theory.

Luhmann gradually developed this model over a period of 40 years. Finally, in 1997, his 1700-page German-language standard work *Die Gesellschaft der Gesellschaft* (Luhmann [1998] 2021) appeared, which was published in two volumes in English translation as *Theory of Society* (Luhmann 2012; 2013).

Luhmann's 1984 book *Social Systems* is considered his most important work (Luhmann [1984] 2021; Kneer and Nassehi 2000, 34). The title emphasizes that social actions interact with each other and are thereby clearly distinguished from an external environment (Kneer and Nassehi 2000, 46). Luhmann had been successively elaborating the central concepts of this new approach since the 1960s and 1970s; the resulting book is considered the most careful presentation of the basic concepts of social systems theory to date. In hardly any other theory is the problem of social order outlined so concisely, clearly, and abstractly (Rachlitz et al. 2021, 57).

Luhmann's model provides a comprehensive and general theory of society (Lee 2000, 324)[2] that claims validity for both social microsystems, such as intimate relationships, and macrosystems, such as legal and political systems. Social systems thus cover a broad spectrum from conversations between two individuals to interactions in families and businesses, to news coverage in individual media. The mass media as a

[2] Seidl, David, and Dennis Schoeneborn. 2010. "Niklas Luhmann's Autopoietic Theory of Organisations: Contributions, Limitations, and Future Prospects." *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.1552847.

collective and the entire economy of a society are also social systems. Like other systems, social systems are composed of operations, and in this case the characteristic, constitutive mode of operation is communication (Luhmann [1998] 2021, 81–87). The structures of communication exhibit similar forms in almost all social systems. Social systems are therefore communication systems; thus sociology or social science is synonymous with communication science (Berghaus 2022, 61, 73).

A central concept for understanding social systems in Niklas Luhmann's theory is autopoiesis. Coined by Chilean neurobiologist Humberto Maturana, the term is composed of the Greek words *autos* (self) and *poiein* (to make). It describes the fact that living beings constantly produce elements that make it possible to maintain themselves (Kneer and Nassehi 2000, 48). A cell, for example, represents an autopoietic system that ceaselessly produces components necessary to maintain its organization at the molecular level, including proteins, nucleic acids, lipids, glycosides, and metabolites, but also cellular components such as mitochondria (Kneer and Nassehi 2000, 50; Berghaus 2022, 50–53).

At the heart of Luhmann's thesis is the claim that social systems consist entirely of communication and that they function through autopoiesis, that is, they self-replicate in an ongoing, non-goal-directed autocatalytic process (Luhmann 2012, 52–53). Autopoiesis is irreversible; systems cannot start over or deviate completely (Berghaus 2022, 56). A fertilized jay egg can develop exclusively into a jay and not into an eagle. The jay can also live only as a jay and not as an eagle (Berghaus 2022, 59).

This concept of autopoiesis can be transferred from biological to psychological and social systems. Like biological systems, mental and social systems have gradually

emerged and become increasingly differentiated through coevolution (Luhmann [1984] 2021, 92; Berghaus 2022, 54–55). An example of this is the evolution of printing from its invention and manual origins to today's electronic mass media. At the same time, society has evolved in aspects such as the economy, technology, and population growth, thereby changing the environment with which the press/media interact (Berghaus 2022, 55).

Cybernetics (Greek: control theory) is another integral part of Luhmann's systems theory. It describes the relationship between the controller and the controlled, and the way in which the controlled reciprocates the influence of the controller. In classical cybernetics, this phenomenon is called feedback effect (Kneer and Nassehi 2000, 23). In systems theory, feedback effects occur when processes influence other processes, which can have a significant impact on the development of societies. Classical causal theory is not able to cover social interactions because processes in physics always presuppose the same ecological conditions in the form of natural laws. This makes such causal processes predictable, calculable, and consequently plannable. In contrast, self-organizing processes determine their initial conditions by the process itself. Thus, the cybernetic way of thinking represents dynamic, self-reinforcing processes without reducing the overall process to causal relationships between isolated phenomena. The self is perceived as a system rather than an individual phenomenon – it is a comprehensive aggregation of individual elements and their interrelationships (Kneer and Nassehi 2000, 24).

Luhmann characterizes what is in communication conventionally described as a sender-receiver pair as two information-processing entities (Luhmann [1984] 2021, 191; Berghaus 2022, 35); however, he rejects the sender-receiver metaphor as useless because of its exaggerated ontological implications. The idea of possession, giving, and receiving

proves insufficient for understanding communication (Luhmann [1984] 2021, 193). In contrast, Luhmann rigorously distinguishes between utterance, information, and communication (Luhmann 2012, 53). Utterance refers to dispersal, such as distributing a press release or a direct mail piece. Although such measures are technically referred to as marketing communication, they do not constitute genuine communication. Information, the way Luhmann defines it, refers to the deliberate transmission of content that actually concerns the recipient or has even been expressly ordered by him, e.g., a statement requested by a journalist that can be quoted verbatim. Actual communication, however, only takes place when there is a two-way exchange at eye level. A commander giving orders to his troops is not communicating, he is making utterances.

Certain aspects resist communication. Luhmann says that trying to communicate sincerity will inevitably be counterproductive because it indicates that an underlying doubt about sincerity exists and also raises the question of why such doubts are justified in the first place (Luhmann and Fuchs 1989, 128; Berghaus 2022, 94). The principle can be applied to other concepts as well. A law firm that emphasizes its competence on its website gives the appearance that this is in question.

For Luhmann, communication is not defined by what is shared, but by the sensation of difference, namely the understanding of the difference between information (pull) and utterance (push). The other person has communicated something to me that could have been quite different – and thus is fundamentally open to doubt (Luhmann 2012, 45; Berghaus 2022, 94–95). A connection can be based on either dissent or consensus; as far as communication is concerned, both are equivalent (Berghaus 2022, 106). Thus, in contrast to conventional wisdom, according to Luhmann the goal of

communication is not substantive understanding. Communication is not successful when it achieves agreement, but when it occurs and entails follow-up communication (Berghaus 2022, 90). “As a single event, it cannot occur. All communication presupposes other operations of the same type to which it can respond and which it can stimulate” (Luhmann [1998] 2021, 190).

Since human brains are not directly connected with each other, communication occurs indirectly through spoken, written, or transmitted words. The perception of message exchange is a product of thousands of years of sociocultural evolution. Luhmann presented a theoretical concept that he calls double contingency (Luhmann 2012, 199). The term circumscribes two unknown systems that observe each other and are aware of this mutual observation yet remain self-contained black boxes. Consequently, observation is limited to input and output. Companies, for example, observe (and evaluate) each other in the form of annual reports and balance sheets. In this way they distinguish themselves from competitors as well as from the surrounding environment. The mass media also evaluate and reflect their performance, for example in the form of print runs and audience ratings (Berghaus 2022, 43–47). From a systems perspective, both these observations and their results are ultimately only constructions.

> The theory of operational constructivism does not lead to a ‘loss of world,’ it does not deny that reality exists. However, it assumes that the world is not an object but is rather a horizon, in the phenomenological sense. It is, in other words, inaccessible. And that is why there is no possibility other than to construct reality and perhaps to observe observers as they construct reality (Luhmann [1995] 2017, 15; trans. EZ).

At the same time, the relativity of the observer position in modern society ensures that the lifeworld is not perceived as a singular social space but as polycontextual, with each context being the result of observations (Luhmann 1986, 185–186; Kneer and

Nassehi 2000, 143). In contemporary mass media, the observer position becomes emblematic of modern society (Berghaus 2022, 173).

According to Luhmann, three particular types of social systems can be distinguished, these are interaction systems (Luhmann 2012, 287), organizational systems (Luhmann 2012, 95), and societal systems (Luhmann 2012, 40; Kneer and Nassehi 2000, 42), with the societal system representing the most complex form and being solely relevant to the discussion here. Because a variety of actions occur in social systems that are not produced by interactional or organizational systems, society is more than the sum of all interactional and organizational systems (Kneer and Nassehi 2000, 43).

> Not all social systems are formed according to the formula interaction, not all social systems according to the formula society, and certainly not all according to the formula organization. Therefore, the theories assigned to these system types also have only a limited scope. None of them captures the entire social reality. Even the comprehensive system of society contains the other system types within itself but is therefore not yet their prototype (Luhmann 1975, 13; trans. EZ).

Hierarchical Social Order: The Authoritarian State

Luhmann distinguishes three evolutionary stages of the primary social order of differentiation, which can be understood as a temporal sequence, but which nevertheless also occur side by side (in the sense of the simultaneity of the non-simultaneous). The simplest type of differentiation are social systems in archaic societies such as African or Australian aborigines, Luhmann called this “segmentary differentiation” (Kneer and Nassehi 2000, 122). This social order is rarely referenced by Luhmann and does not play a role in the further discussion here.

Luhmann referred to the second stage of the primary social form of differentiation as “stratificational differentiation” (Luhmann [1998] 2021, 655–659; Türk 1995, 156;

Hellmann 2003, 128; Miura 2022), it reflects a hierarchical order with a vertically determined social structure, i.e., communication takes place top down. This social order, also referred to here as the authoritarian state, is historically the most successful, for example in the form of courtly society in the medieval feudal state. Because of the roles of its members, this form of society is strictly hierarchical; what matters is not what is said, but who says it – whether the person is at the top or bottom of the hierarchy (Kneer and Nassehi 2000, 126). The clear and well-defined authority and power structure of hierarchical systems with their defined roles for individuals based on their function (for example, peasant, cleric, or noble) allows for a high degree of control and predictability. Yet, compared to the original, segmentally differentiated social order of primitive peoples, the vertical differentiation of society is characterized by a massive increase in complexity.

Vertical differentiation is based on a religiously grounded interpretation of being in the world, according to which each person is assigned a specific place following divine counsel (Lovejoy [1933] 1985, 377; Luhmann 1981, 182–185; Chernilo 2007, 151). Regardless of rank, all are subject to the primary code of redemptive religions between the poles of salvation and damnation (Kneer and Nassehi 2000, 127). In pre-modern, stratified societies, morality had the function of stabilizing membership in the particular stratum predetermined by the social order (Kneer and Nassehi 2000, 128).

The transfer of advantages or disadvantages from one functional system to another is the phenomenon outlined by the term social class (Kaube and Kieserling 2022, 177). The hierarchical society, with its sharp intra-societal demarcations, generates stable identities with concrete roles and tasks. At each level of society, people identify

themselves unreflectively and without alternative by their status. This assignment of individuals to a social class affects their entire existence. The unequal subsystems of society, i.e., the classes, are held together "by a basic societal symbolism of hierarchy and direct reciprocity" (Luhmann 1980, 29).

The hierarchical social order corresponds to the authoritarian state, a model of the state in which public affairs are regulated almost exclusively by a ruler and an aristocratic, military, or bureaucratic leadership group assigned to him (Miura 2022). The political idea underlying the authoritarian state, that all power resides with the state, that the state guarantees security, and that the citizen as subject is apolitical and acts purely in private, can be traced back to the political philosophy of Thomas Hobbes. Hierarchical social orders still exist today in sub-societies, for example bureaucracies (including the university system), governments, military, shipping, and corporations. Any creative interaction potentially threatens the structural framework of the hierarchical society. An example of this would be contemporary China.

Heterarchical Social Order: The Negotiation State

In the hierarchical social order, ultimately disappointed expectations eventually lead to forms of differentiation and thus to change or upheaval (Hofmann 2007, 36–39). In consequence, a new social order emerges, which Luhmann calls a functionally differentiated society; here it is also referred to as the negotiation state (Luhmann 1990b, 49; Crumley 1995, 3). It is the primary form of differentiation in modern society during Luhmann's lifetime, the era of the social market economy (Kneer and Nassehi 2000, 131). The relatively impermeable strata of hierarchical society are replaced by a heterarchical order based on the respective social functions. The latter are exclusive and

cannot replace each other. Politics and law become detached from each other; the economy is decoupled from religion and morality, and economic relations are fully monetized (Luhmann [1998] 2021, 723). Science also experiences the differentiation of its own code (Luhmann [1992] 2015); in the private sphere, a familial code and a special love code emerge (Luhmann 1982, 163 and 183).

Modern society requires persons to belong to different subsystems at the same time; it has become multicentric and no longer offers any privileged place that provides an interpretation of the world that is binding for all perspectives (Kneer and Nassehi 2000, 142). As status in one system (economics, science, politics, law) does not fully translate into status within another, it comes about that some rich people are spectacularly uneducated and some criminals have supreme influence, while Nobel Prize winners shine their own shoes, as Luhmann put it (Kaube and Kieserling 2022, 176).

Persons can no longer be assigned solely to a subsystem that provides stability and security in the form of multifunctional units. Such mixed existences were almost impossible for pre-modern societies because the intra-societal demarcations ran parallel to self-identification. If I were a peasant, this identification symbol anchored in the social structure was sufficient for me to locate myself in society, both in relation to my peers and even more so in relation to those who are above me in the hierarchy (Kneer and Nassehi 2000, 158). With the transition to a functionally differentiated society, the conditions of inclusion change radically.

In a heterarchical societal structure, power is dispersed as suggested by Crumley (1995, 4). These structures are malleable, made up of interconnected entities. The ties between these entities form a network of intertwined connections, fostering cyclical

pathways instead of strictly hierarchical ones. This means that any entity can have authority over, or be under the authority of others, contingent on specific situations, ensuring no single entity has an overarching dominance. Heterarchies are therefore best described as networks of actors. Solidarity in the hierarchical social order, which was based on belonging to a defined group, is replaced in the heterarchical system by the principle of inclusion. The individual no longer participates in social communication by being assigned to only one social subsystem; rather, each individual must have legal capacity, be able to be educated in a school, be able to raise a family, receive medical care when needed, be able to participate in economic transactions, and be able to exercise or at least control political power. Universal inclusion is idealized with value postulations such as freedom and equality; in reality, of course, it is by no means optional or equally distributed, but it is no longer pre-regulated by society's form of differentiation (Luhmann 1980, 31; Kneer and Nassehi 2000, 159).

In a heterarchical regime decisions emerge from the exchange of arguments and perspectives, therefore the transition from a hierarchical to a heterarchical social order led to a further increase in communication that required a greater number of specialists, including marketing and PR strategists, web designers, lobbyists, and others.

In most social groups, both systems identified by Luhmann – hierarchical and heterarchical order – coexist. Aboard a research vessel, scientists, technicians, officers, and crew members interact on a level playing field, sometimes for months at a time without a view of land. In an emergency, such as when a nearby ship is in distress, the previously egalitarian exchange on board abruptly shifts to a highly authoritarian form in which "the captain's orders are law." Unconditional obedience follows strict orders. A

clichéd depiction of such a swift transition from a heterarchical to a hierarchical social order is often seen in thriller films when a crisis is assessed in the White House Situation Room. At some point, the exchange of arguments between the chiefs of staff is over, all perspectives have been presented, and a decision must be made. All eyes turn to the president.

The effect of social media cannot be easily mapped with the help of Luhmann's three levels of differentiation (segmentary, stratified, and functional). It could therefore be argued that the emergence of social media has brought about a fourth social differentiation. In order to grasp the principles of communication in the digital age, an "attention-driven differentiation" must also be distinguished. This describes today's "medialized" social order in which communication and changes in social relationships are increasingly aligned with the time constraints, selection criteria, and role requirements of the mass media (Imhof 2006, 205). In this way a "popularity state" emerges alongside the authoritarian state and the negotiation state. While in the authoritarian state, social class and thus status determines social success, and in the negotiation state, argumentation and communication are the factors that shape success, in the popularity state success is defined by the number of followers, shares, likes, and ratings in social media.

Since the term mediatization is occupied by historical studies, a standardized use of the term "medialization" is preferred (Imhof 2006, 191–92). Medialization refers to the appropriation or exploitation of media in areas where this was not previously common. In the context of medialization, a change in perception takes place. In the first step, the perception of reality is shifted: what is real is what appears in the media. In the second

step, events are created for camera and microphone: reality becomes the product of media. Traditional cultures are fundamentally changed by this permanent self-perception from an external perspective. Social change then takes place on the basis of mass media content and specifications.

Criticism of Luhmann

The systems theory developed by Luhmann was supposed to live up to the claim of being universally valid. It has not quite been able to fulfill this expectation; there are several reasons for this. First, the work is too extensive to be grasped in its entirety by a single person. Luhmann is credited with over 70 books and nearly 400 scholarly publications. In addition, the texts are so far removed from natural language that it is impossible to have immediate access to them (Kneer and Nassehi 2000, 12). Luhmann had chosen jurisprudence as a course of study because the systematic approach to legislation corresponded to his pattern of thought, as he said in a television interview.[3] He cultivated the convoluted language of lawyers as a trademark, claiming that it is precisely the non-understanding at first glance that forces the understanding at second glance (Kneer and Nassehi 2000, 13).

A fundamental criticism of Luhmann's systems theory, which is still valid today, concerns latent circular reasoning. Social theory formulates certain observations about social systems, while at the same time these observations apply to the theory itself. That is, the theory conceives its object in such a way that it is itself part of the object (Kneer and Nassehi 2000, 44). Furthermore, Luhmann's model tends to shift causes and

[3] YouTube: "Vorsicht vor zu raschem Verstehen," Niklas Luhmann über Unterscheidungsvermögen (1994), accessed August 28, 2023. https://www.youtube.com/watch?v=DKOO1Kum7MQ.

consequences of a phenomenon into each other and, in parallel, to equate function assertions with explanations. Hans Joas and Wolfgang Knöbl use an allegorical example to illustrate this: the inclusion of pets in a family fulfills important functions; it teaches family members responsible behavior and improves access to nature. However, it would be absurd to claim that canaries or turtles evolved evolutionarily because they were meant to fulfill this function for the family (Joas and Knöbl 2004, 92). The assumption that what is happening right now is functional for the survival of a larger whole corresponds to a "functionalist prejudice" (Joas and Knöbl 2004, 92). The concatenation of cause and effect typical of functionalism would only be valid if genuine feedback processes could be demonstrated. Evidence for such functional relationships, however, is rare in the social science literature (Joas and Knöbl 2004, 93).

From the beginning, severe objections to Luhmann's theory of social systems came in particular from Jürgen Habermas, the youngest representative of Critical Theory. In the late 1960s and early 1970s, the dialectical dispute between the two sociologists led to Luhmann being perceived by the public primarily as anti-Habermas (Kneer and Nassehi 2000, 11). The controversy over partly opposing theoretical models resulted in a book, *Theory of Society or Social Technology* (Habermas and Luhmann 1971; Harste 2021). The first chapter of the book corresponds to Luhmann's lecture at the Frankfurt Sociologists' Day in 1968, which had as its central theme "Late capitalism or industrial society?" From today's perspective, it is clear how closely the reception history of Luhmann's work is linked to the student revolt at the end of the 1960s. Although Luhmann himself was alien to the revival of Critical Theory and Marxism at that time, his audience was largely composed of the supporters of this new movement. This created

the impression that Luhmann and his endeavor were politically conservative (Stichweh 2020, 241). However, the immediate successor to his chair in Bielefeld, Rudolf Stichweh, says that if one consistently employs reception history it suggests that Luhmann's work inherited Marxism (Stichweh 2020, 241).

In the 1980s, Luhmann's functionalist theory explaining prevailing social trends received widespread public attention with its mix of far-reaching theses and empirical evidence (Bender 2000, 33). This heyday of systems theory and postmodernism faded in the 1990s, partly because the major upheavals of the time, including the collapse of the Soviet Union and the end of the Cold War, were not covered by Luhmann's model. Therefore, doubts arose about the model of the functionally ordered, systemically closed world (Bender 2000, 34).

Luhmann was not concerned with tracing but with identifying causal relationships (Joas and Knöbl 2004, 359). Despite the wealth of available material, he was unable to conclude the project of a universally applicable sociological theory of society transcending disciplinary boundaries (Kneer and Nassehi 2000, 154). His model had great influence on a generation of mainly German and Italian sociologists and is frequently cited today by his former students, especially in connection with individual observations. As an all-encompassing explanatory model, however, it has fallen behind because it has structural flaws and does not incorporate the social developments of the last 25 years. Luhmann's model is only partially applicable to today.

Chapter IV.

Turbulent Decades

Sociological systems theory claims to provide a comprehensive, coherent model for all forms of sociality. It describes the fundamental aspects and principles of the complex relationships of social interaction, beginning with relationships of two, through families, organizations, sub-societies, and society as a whole. However, if we consider the global social and political developments of the last 50 years, it becomes clear that the sociological systems theory developed since 1960 neither anticipated the broad spectrum of recent developments nor can it explain them in retrospect.

The powerful position of social media today can only be understood from their genesis; they are a product of technological progress, benefit from political leeway, provide impetus to the economy, and steer society in a particular direction. In this respect, it is helpful to briefly review the most important stages of political, economic, social, and technological development in recent decades.

The Emergence of Neoliberalism

For three decades after World War II, the U.S. and other industrialized countries experienced striking economic growth, benefiting different segments of society. The economic growth was accompanied by remarkable improvements in education, health care, and overall life expectancy (Acemoglu and Johnson 2023, 36). The 1970s were then marked by the Cold War and disarmament negotiations, the Vietnam War and the peace movement, the Watergate scandal, and the resignation of U.S. President Richard Nixon.

The economy of the 1970s stood out because of the oil price shocks and the first beginnings of a globalized economy. A post-industrial society emerged in the U.S. and Western Europe, as manufacturing industry lost importance while new jobs were created in the service sector. In Europe, the first ecologically oriented political parties formed, some of which are involved in governments today, including in Germany.

The 1980s brought the end of the Cold War under the political leadership of Mikhail Gorbachev. The fall of the Berlin Wall in 1989 symbolized a turning point. The explosion of the nuclear reactor in Chernobyl heightened environmental awareness, while the AIDS epidemic shaped the intimate sphere. Conservative parties gained ground in Western countries. The election of Margaret Thatcher in 1979 and Ronald Reagan in 1980 marked the formal consolidation of neoliberal economic policy, which was, however, further advanced by later democratic and social democratic heads of government such as Bill Clinton (from 1993), Tony Blair (from 1997), Gerhard Schröder (from 1998), and Barack Obama (from 2009). The main pillars of neoliberal policies are well known: reduction of state intervention in the economy and elimination of trade barriers, deregulation, privatization, tax cuts for companies and the wealthy, flexibilization of the labor market, and limitation of social spending under the imperative of personal responsibility and self-help.

Globalization had already begun earlier and was promoted by neoliberal-minded politicians and business leaders. It was clear that this process would produce winners and losers. The winners included the lower income classes in the then developing countries such as India and China. The losers were the manufacturing workers in Europe and North America (Fig. 1). They were promised that they would be compensated in the form of a

profit tax. This promise was not kept – on the contrary. Due to increasing tax competition between countries, the biggest profiteers were taxed less and less (Zucman 2023). In financial markets, politicians granted private equity firms a reduced tax rate, about half that on regular income in the United States (Buchter 2023, 85). Thus, market-driven globalization has increased inequality and devalued national identities, fostering populist movements.

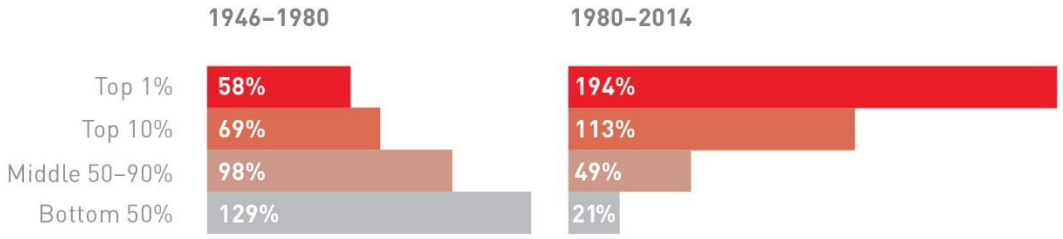

Figure 1. Post tax income growth by U.S. income group.[4]

Before 1980, low-income sections of the population were at an advantage; after 1980, it was mainly the wealthy who benefited.

Behind politicians' motivation to embrace neoliberalism was the reasoning that economic policies not in line with the interests of business leaders were doomed to fail and would harm both the population and politicians, as Vivik Chibber has vividly illustrated:

> The fundamental source of bias is that the state is structurally dependent on private investment for its very reproduction. Whatever else it does, whichever policies it seeks to promote, it has to first ensure that the profit-making opportunities of capitalists are secure. And a central element of securing those opportunities is the responsibility of creating a political

[4] "Instagram: ProgressForThePeople" *Income Growth Over Time*. Last modified February 7, 2022, accessed August 29, 2023. https://www.instagram.com/progressforthepeople/.

> environment that owners of capital find friendly to their needs and designs. This obliges state representatives to respect capitalist interests, regardless of what their own programmatic goals are, whatever their political ideology happens to be (Chibber 2018a, 20–21).

Today, neoliberalism has lost its persuasive power. Economic growth in Western countries hovers around two percent, which in Switzerland is roughly equivalent to immigration (i.e., it possibly results from immigration). Only the fortunes of the richest families have experienced growth, while poorer and weaker segments of the population have been further disadvantaged.

> The absence of social rights affects poorest people most: those who produce and prepare our food, deliver our packages, care for our children and elders. But even two working parents in a moderately well-off family will see their salaries eaten by the costs of education and health care, their time consumed by chauffeuring children in places without public transportation (Neiman 2023, 129).

Thus, although the economy has become more efficient since 1980, almost only the previously wealthy have benefited (Chibber 2018b, 7). In the U.S., the wealth of the ruling class increased by 88 percent between 1983 and 2016, while the bottom 80 percent of the population got nothing (Fig. 2). Of U.S. citizens, 70 percent say they do not have sufficient reserves for retirement, and 71 percent say they cannot pay their bills (Chibber 2018b, 6).

Concurrent with the rise of neoliberalism occurred the PC revolution. Its driving force was a so-called killer application, the spreadsheet VisiCalc, first launched in 1979 for the Apple II computer, addressing a market which was then captured by Lotus 1-2-3, only to be eventually superseded by Microsoft Excel. Spreadsheets make it possible for business calculations to be performed by non-experts with no prior knowledge. Middle managers are usually expected to make objectively justifiable decisions. The one-

dimensional figures of a spreadsheet are considered more meaningful than the experience gained in decades of study and professional life, which can hardly be expressed in numbers.

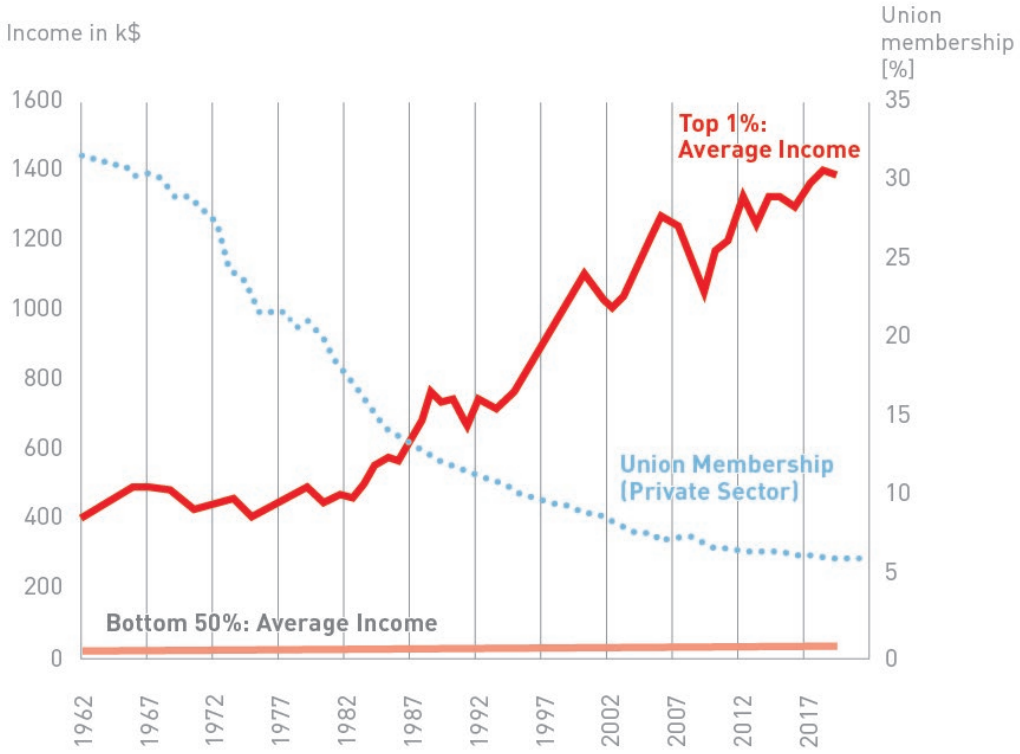

Figure 2. Top 1 percent income increase since 1962.

Over the past 60 years the bottom 50% of average income have not benefited noticeably (After Domhoff 2023, xi).

In the 1990s, accelerated globalization caused international trade to continue growing. The emerging markets in China and India expanded rapidly. At the same time, financial markets gained strength. Republics were breaking away from the former Soviet Union. While working at CERN in Geneva, Tim Berners-Lee introduced his invention,

the World Wide Web, in 1991 (Berners-Lee et al. 1992). The internet, whose potential as a distribution channel was initially underestimated even by powerful insiders such as Bill Gates,[5] triggered another technological revolution. By giving rise to a completely new type of distribution system it prepared the ground for the dotcom boom. Retailing of products largely shifted from stores in downtowns or shopping malls to online warehouses in the countryside. Services such as airline bookings, hotel accommodations, private rentals, and cab rides could be exchanged across global platforms without the providers themselves having any infrastructure beyond a server farm.

After 2000, the terrorist attacks of September 11, 2001, brought the "War on Terror" and with it the U.S. invasions of Afghanistan and Iraq. The rise of growth markets in Brazil, Russia, India, and China (BRIC) changed the global economic landscape, with the Chinese economy now fully integrated. After the bursting of the dotcom bubble in 2001/2002, the financial markets, and with them the global economy, came crashing down for a second time with the subprime crisis of 2007/2008. Toward the end of the decade, the economic insecurity of low-income segments of the population and fears of increased immigration reinforced a trend toward populist political movements, especially in Europe. Worries of the consequences of climate change also spread.

The Rise of Social Media

The rule of thumb named after engineer Gordon Moore, according to which the complexity of integrated circuits regularly doubles within one to two years while the cost

[5] During the Comdex trade show in 1994, Bill Gates allegedly said: "I see little commercial potential for the internet for the next ten years." Weinberger, Matt. 2026. "The dumbest things Bill Gates ever said." *Business Insider*, last modified April 17, 2016, accessed September 1, 2023. https://www.businessinsider.com/the-dumbest-things-bill-gates-ever-said-2016-4?op=1&r=US&IR=T.

of IT components remains the same, forms an essential basis for the digital revolution. Without any increase in costs, the performance of the computers increased. In parallel, the capacity for data transmission and storage also grew by a factor of millions within a few decades, leading to an upheaval in IT architectures. The PC revolution in the 1980s had given rise to server-client structures connected via local networks. Due to the now low-cost and high-performance data transmission, these systems were increasingly replaced by cloud infrastructures. Processors, databases, and data storage were once again located, as they were in the days of mainframes, in specially cooled, highly secure premises equipped with emergency power supplies, commonly referred to as data centers.

As bandwidth became highly available and affordable, more and more cloud-based interaction platforms emerged. E-commerce by companies like Amazon led to a destruction in retail that continues today. Then, vis-a-vis online news portals and platforms for selling and exchanging products and services, the first social media emerged: Myspace (2003), YouTube (2004), Facebook (2005), and Twitter (2006). The development of social media permanently changed communication, personal relationships, and the dissemination of information.

Just as the PC was born out of the harmless tinkering of two tech-savvy developers (Steve Jobs and Steve Wozniak), and the internet out of an equally well-intentioned and bona fide effort to facilitate communication between scientists, the birth of social media (in this case, Facebook) was marked by a sincere effort to bring Harvard University students closer together via an electronic platform. The technological upheavals of the past few decades, then, began with innocuous or noble goals. In the early form of social platforms like Myspace, there was a bulletin board where users could

create and share content. These were often music clips to draw the attention of other users. Next came live journals, which then became blogs where users could create their own content and gradually build a reader base. In the beginning, it was often mothers, so-called mommy bloggers, who commented on their blogs about children and lifestyle topics (Schaffer 2020, 10). Over time, they were able to compensate for the effort they put into their blogs with banner ads from certain brands. Once the new devices (PCs), applications (spreadsheets), and platforms (internet and social media) became established and appealed to a large enough number of users, desires and business models to take full advantage of the newly opened potential inevitably emerged. In the case of spreadsheets, these were the possibilities for monitoring business performance; in the case of the internet, the possibilities for distribution and advertising; and in the case of social media, the possibilities for creating individual personality profiles of users, segmenting them into groups according to their behavior and characteristics – and thus being able to send advertising specifically to certain groups and to lookalikes, i.e., people with similar profiles.

The post-2020 period was marked by the Covid 19 pandemic. Many countries suffered from mass layoffs, bankruptcies of SMEs, and recessions. Forced home-working boosted virtual collaboration, which transformed the labor market, retail, and real estate. Today, the companies operating cloud infrastructures are among the most valuable in the world. A market capitalization of more than a trillion dollars has been achieved by Alphabet (search engines), Amazon (server farms and online trading), Apple (consumer devices, music and video streaming), Meta (social media), Microsoft (operating systems and standard applications) and Nvidia (processors). Like the financial sector, this industry

has also managed to largely escape state control, leading to demands for regulation, data sovereignty control, and content monitoring.

The Generation Mix

These profound political, economic, technological, and social upheavals of recent decades, which are only briefly touched on here, have created four differently socialized generations on the labor market.[6] First, the baby boomers (birth cohorts 1946–1964), who currently still dominate the corporate world but will reach retirement age in these years. They are considered the richest and most privileged generation – in the UK, one in five boomers is a millionaire.[7] In France, boomers own 60 percent of the wealth, and in the U.S., 70 percent. In no generation is the use of social media growing as fast as among baby boomers; in the U.S., they are also the generation that spends the most time in the gym.

Generation X (birth cohorts 1965–1980) was the first in which women outnumbered men at universities. This generation grew up with the PC. It no longer adopted traditional gender roles and ensured equal opportunities for women in the labor market. The age group between 40 and 60 is traditionally also in a sandwich situation between pediatrics and geriatrics. They still must take care of their own children while at the same time caring for their elderly parents.

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[6] Severin, Christin. 2023. "Kleines Glossar der Generationen nach Eliza Filby." *Neue Zürcher Zeitung*, last modified July 6, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/die-generation-z-bewegt-sich-auf-dem-arbeitsmarkt-wie-auf-tinder-ld.1743409.

[7] Asgari, Nikou. 2019. "One in five UK baby boomers are millionaires." *Financial Times*, last modified January 9, 2019, accessed September 1, 2023. https://www.ft.com/content/c69b49de-1368-11e9-a581-4ff78404524e,

Millennials/Generation Y (born 1981–1996) are considered the best-educated generation of all time, but they lack extensive work experience. A large proportion of millennials grow up knowing that they will inherit substantially from their parents' generation, the boomers. Those to whom this does not apply have difficulty acquiring home ownership because they lack the necessary equity.[8] This creates a two-class society within a generation.

Generation Z (birth cohorts 1997–2012) is considered highly fluid because they no longer turn to one financial backer but pursue different careers in parallel. Accordingly, they draw their income from different sources and remain relatively independent. Generation Z's education was affected by isolation in the pandemic; however, many coped well because they tend to live more secluded lives than previous generations. They drink less alcohol, use fewer drugs, and have less sex. They are aware that their behavior is constantly monitored.

[8] Dickert, Chris. 2023. "Visualized: The Decline of Affordable Housing in the U.S." *Visualcapitalist.com*, last modified May 18, 2023, accessed September 1, 2023. https://www.visualcapitalist.com/sp/the-decline-of-affordable-housing-in-the-us/.

Chapter V.

Mainstream Media Matrix

Social relations are sustainably shaped by influential persons, which distinguishes the latter as leaders. It is already said of the Trojan War that the Greek kings had no choice but to form a united army because public opinion demanded the attack. The Boston Massacre of March 5, 1770, was recorded in a famous engraving by Henry Pelham and Paul Revere which included various propagandistic exaggerations and distortions of the event (Messer 2017, 525).[9] The engraving was copied tens of thousands of times and distributed to the population. This agitation helped to inflame the mood of the population, which laid the ground for the American War of Independence. Napoleon had also already established a press office, which he called the Office of Public Opinion, and whose task was to fabricate political currents to order (Packard 1957, 140).

In the 1930s, the National Socialists in Germany developed an elaborate propaganda apparatus under the leadership of Joseph Goebbels. At the same time, the graphic designer Hans Domizlaff laid the foundation for the emergence of branding technology with his central work "*Die Gewinnung des öffentlichen Vertrauens. Ein Lehrbuch der Markentechnik*" (Winning the public trust. A textbook of branding). He says that advertising was originally only a means of attracting public attention (Domizlaff [1939] 1992, 9; Friebe 2007, 81) and describes a medieval market with craftsmen who

[9] Roos, Dave. 2023. "How Paul Revere's Engraving of the Boston Massacre Rallied the Patriot Cause," *History*, last modified June 20, 2023, accessed September 1, 2023. https://www.history.com/news/paul-revere-engraving-boston-massacre.

have earned a reputation built on dignity and righteousness only to then compete with snake oil vendors who hawk worthless tinctures in an unrestrainedly pushy manner indifferent to contempt and the consequences of their own worthlessness (Domizlaff [1939] 1992, 12).

In the run-up to the 1950 congressional campaign, an article appeared in *The New York World-Telegram* with the headline, "Puffer's Take Over GOP Campaign." According to this article, politicians had begun to employ the cunning advertising techniques "that American mass production uses to sell cars, bath salts, and lawn mowers" (Packard 1957, 141). In the 1952 campaign, the Democrats took a beating, possibly because the GOP had already relied on propaganda experts. Vance Packard, in his 1957 book *The Hidden Persuaders*, addresses the manipulative techniques politicians use to solicit votes. He simultaneously questioned the morality of using these techniques, quoting University of Michigan economist and social researcher Kenneth Boulding: "A world of invisible dictatorship is conceivable that still makes use of democratic forms of government" (Packard 1957, 140). Packard already analyzed the subliminal tactics based on depth psychology with which the American public was manipulated in the postwar period.

Manufacturing Consent

The modern standard for classifying the functioning and impact of the mass media was set in 1988 by the book *Manufacturing Consent – The Political Economy of the Mass Media* by Edward S. Herman and Noam Chomsky (Herman and Chomsky [1988] 1994), which was based on many years of studies of the functioning of the media. According to this inquiry, the function of the mass media is to communicate certain values, beliefs, and

rules of behavior to each individual, thus integrating them into the institutional structures of society. Since wealth is concentrated in the world and, at the same time, great conflicts exist, systematic propaganda is necessary for the fulfillment of this task (Herman and Chomsky [1988] 1994, 1). The mass media are run by managers who report to the owners, all of whom are extraordinarily wealthy individuals. Inevitably, the owners are intertwined with large corporations, banks, and government institutions; they share with them important interests that serve to maintain power and influence. Such interconnections, by their very nature, also influence news selection (Herman and Chomsky [1988] 1994, 14).

In order to operate economically, the mass media must concentrate their resources where press conferences are held or where relevant news, rumors, or indiscretions can be expected on an ongoing basis (Herman and Chomsky [1988] 1994, 18). These include important government institutions and large business enterprises. In 1971, a survey by the *Armed Forces Journal* found that the Pentagon maintained a public relations program 16 times larger than that of the largest publishing house in the U.S. (Herman and Chomsky [1988] 1994, 20). The Pentagon and, for example, the State Department's Bureau of Public Diplomacy are supported by taxpayers, so citizens ultimately pay to be inundated with propaganda that gives public acceptance to the interests of the defense industry and other powerful groups in the polity (Herman and Chomsky [1988] 1994, 22).

The huge bureaucracies generate a steady flow of information, the course of which is perfectly attuned to the needs of the news organizations (Herman and Chomsky [1988] 1994, 19). By providing ready-made content, the ruling class and the large bureaucracies lower the production costs of the mass media, which results in an indirect subsidy

(Herman and Chomsky [1988] 1994, 20–21). In return, these reliable and reputable suppliers (and sponsors) gain privileged access to the opinion makers. Those who do not have it (artisans, SMEs, independent researchers) have to struggle to receive media attention and are always dependent on the capriciousness of gatekeepers. Information from such alternative sources is *prima facie* less credible and can therefore easily provoke criticism and objections. This necessitates scrutiny and costly research, thus increasing the effort and expense of journalistic activity (Herman and Chomsky [1988] 1994, 19). Hence, for reasons of economy and convenience, the mass media are more and more confining themselves to the role of court reporters.

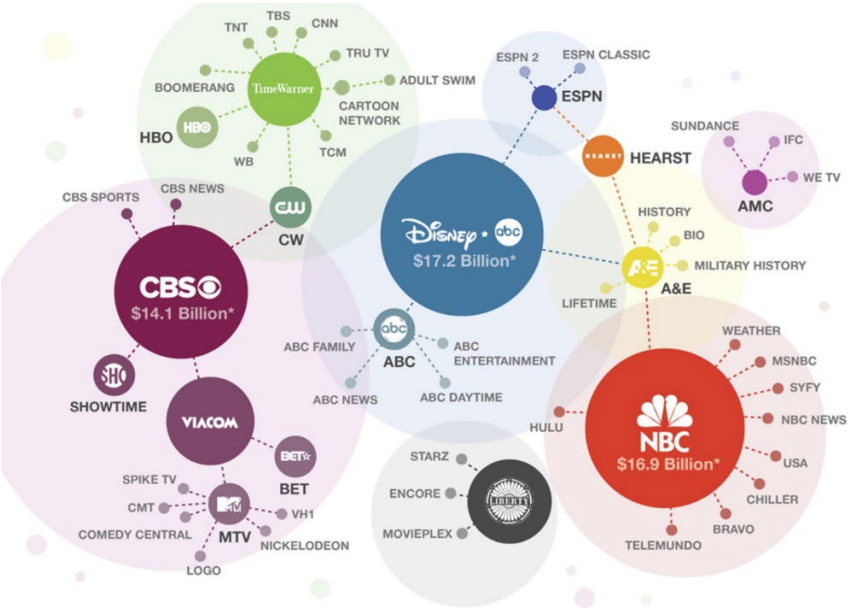

Figure 3. Owners of big TV networks in the U.S.[10]

Behind the apparent diversity lies only a handful of holdings.

[10] "FeelTheBern: *Who owns the big TV networks?*" Accessed August 29, 2022. https://feelthebern.org/bernie-sanders-on-media-ownership-and-telecommunications/.

Herman and Chomsky emphasize the concentration of ownership among media corporations and its impact on the content of media coverage (Fig. 3). The ruling class in the U.S. uses mass media to shape public opinion and fabricate "consent" for its policies and ideologies. The existing dependencies are levers that allow the powerful to use relationships for rewards and as leverage to further expand their personal influence over the population. Those who criticize such institutional dependencies were already dismissed as conspiracy theorists by established commentators at the time of Herman and Chomsky's study some four decades ago (Herman and Chomsky [1988] 1994, xii). These trends toward consolidation and oligarchy have intensified since *Manufacturing Consent* appeared. After extensive mergers and acquisitions, six corporations now control 90 percent of the U.S. media.

> Why is it that the mainstream media sees politics as entertainment, and largely ignores the major crises facing our country? The answer lies in the fact that corporate media is owned by, well, large multinational corporations. These powerful corporations also have an agenda, and it would be naive not to believe that their views and needs impact coverage of issues important to them.[11]

Luhmann on Mass Media

Niklas Luhmann has devoted several individual works to the study of different sub-societies, including a book on the mass media (Luhmann [1995] 2017). He argues that the mass media belong to the series of subsystems that have become increasingly differentiated during their evolution from early forms to modernity. Mass media form their own social system and as such are a functional system of modern society (Berghaus

[11] Bernie Sanders. 2017. "How Corporate Media Threatens Our Democracy." *InTheseTimes.com*, last modified January 26, 2017, accessed November 5, 2023. https://inthesetimes.com/features/bernie-sanders-corporate-media-threatens-our-democracy.html.

2022, 189). Luhmann defines mass media as institutions of society that use technical means of reproduction to disseminate communication. These include books, magazines, newspapers, radio, and television. They do not include lectures, theatrical performances, and exhibitions, because the decisive factor is "that no interaction among those present can take place between sender and receiver" (Luhmann [1995] 2017, 10).

In journalism and communication studies, the notion occurs that the processes between the media as sender and the audience are not communication because of their one-sidedness. Luhmann contradicted this interpretation. In his view, mass media processes are also communication processes. The purpose of the media system is the "dissemination of communication;" it serves "mass communication" (Luhmann [1995] 2017, 10). According to his definition, the three-part selection process of communication involves instances that can be social systems or individuals. The role of sender can be a publisher, a television station, the media system as a whole, or even an individual journalist; the role of receiver can be both an individual recipient and an audience group (Berghaus 2022, 192). Like the other subsystems, mass media function autopoietically, that is, in such a way that one operation can always be followed by another. Mass media aim at continuity. They always report, print, and transmit in such a form that follow-up communication is guaranteed.

The mode of operation of the mass media is based on selection, including condensation, confirmation, generalization, and schematization, in a way that is not found in the outside world about which communication takes place. Only communication, or rather the system of mass media, gives meaning to facts.

> What has been identified is either transferred to a schema or it is associated with a known schema. It is labeled, and thus confirmed, in such

> a way that it can retain the same meaning for other recourses in other situations (Luhmann [1995] 2017, 53; trans. EZ).

In this way mass media focus on the construction of reality and the self-description of society for society (Berghaus 2022, 195). Thus, in addition to reality, a second, fictional or staged reality is created that reinforces existing knowledge stocks – what one knows anyway – of individual users. Luhmann emphasizes the doubling of reality that takes place in the observed system of mass media. It communicates about something other than itself. Thus, it is a system that can distinguish between self-reference and other-reference. For this purpose, recognizable fragments from reality are adopted, so that existing knowledge is re-impregnated and refreshed. At the same time, however, the entertainment world also stands out from familiar knowledge because it purposefully ignores, trumps, overcomes, or alienates reality (Berghaus 2022, 236). When viewing the staged worlds, recipients are encouraged to permanently compare the fictional worlds with their own real reality. The blending combination of the familiar on the one hand and the free deviation from it on the other, conjure up such comparison (Berghaus 2022, 237).

> The mass media cannot simply take themselves for the truth. Consequently, they have to construct reality, and in contrast to their own reality they have to construct another reality … If all cognition must be elaborated on the basis of a distinction between self-reference and other-reference, it is at the same time true that all cognition (and thus all reality) is a construction (Luhmann [1995] 2017, 13–14; trans. EZ).

With Luhmann, the question is not how do the mass media distort reality by the way they present it. This would presuppose an ontologically existing and objectively ascertainable reality. Scientists may well be convinced that they recognize reality better than it is presented in the mass media committed to popularization. In the end, however,

they too only compare their own construction with another. The question, then, is: how do mass media construct reality (Luhmann [1995] 2017, 16)?

Luhmann emphasizes that mass media keep society awake by generating a constantly renewed readiness to reckon with surprises and disturbances. He emphasizes that there is no place for this unrest function in Parsons' theoretical architecture (Luhmann [1995] 2017, 35 note 25). News and reports would have to be artificially elaborated, because it is completely unlikely that anything new, surprising, interesting, or newsworthy will happen every day. Sufficient organization is required for the ongoing acquisition of information. Luhmann refers to the English playwright Ben Jonson, who pointed out as early as the seventeenth century that the serial production of news virtually proves that it must be a fraud (Luhmann [1995] 2017, 39). The need for topicality leads to the concentration of news on individual cases – incidents, accidents, disturbances, and incursions (Luhmann [1995] 2017, 49). In the representation of society, inconsistencies and ruptures are emphasized above all, while uniformity, consensus, repetitive experiences, and stable frameworks tend to recede into the background. Through such introspective perspectives, society drives itself to constant innovation. It produces challenges that call for solutions, and these solutions in turn present new challenges that call for further solutions (Luhmann [1995] 2017, 97).

A considerable part of the material for the mass media comes from the fact that they mirror themselves in themselves and treat that in turn as an event (Luhmann [1995] 2017, 40). Thus, even the expression of an opinion can be treated as news. Overall, mass media communication aims at creating preconditions for further communication that do not have to be specifically co-communicated (Luhmann [1995] 2017, 83). Mass media

build a background knowledge from which further communication can proceed (Luhmann [1995] 2017, 84).

Communication within and through mass media is invariably tethered to the frameworks it has at its disposal (Luhmann [1995] 2017, 141). One of the most fundamental and ubiquitous characteristics is that as mass media processes and presents information, it simultaneously introduces a realm of self-created ambiguity, which then demands even more extensive information to address it (Luhmann [1995] 2017, 102). It is incumbent on the media to provide us recipients with world knowledge. To do so, they produce thematically structured statements about reality that can then be assumed to be known in society. In this way, they create a shared "background knowledge," a "social memory" on which society can base all its communication (Berghaus 2022, 246). In the process, cinema and television ensure that…

> …all occurring reality can be multiplied as cliché and reproduced for secondary experience with a guarantee of fidelity to the original. Visual and aural reproduction, which were so strikingly separated by writing, merge. The guarantee of reality that language had to give up, because everything that is said can be contradicted, thus shifts to the moving, optically/acoustically synchronized images (Luhmann [1995] 2021, 305; trans. EZ).

Luhmann assumes that film and television can only depict reality if the film process lasts exactly as long as the original event. This creates the impression of congruence between real reality and filmed reality and thus a feeling of a concrete, direct, as it were natural relationship to the real original – comparable to the relationship to the concrete surrounding situation in immediate experience.

> Reality is secured purely temporally by the requirement of real-time simultaneity of filming and happening … You cannot film anything before it happens or after it has happened (Luhmann [1995] 2021, 152; trans. EZ).

> A film can only be recorded when what is filmed actually happens – neither before, nor after … As a consequence of that real time dependence, however, a certain credibility bonus remains; for one does not have the time for complex manipulations or their control, neither while recording nor while watching the film (Luhmann [1995] 2021, 306; trans. EZ).

For instance, a photographer can only capture a marathon if they are present and working during the event. Recreating scenes from the marathon at a later date would be costly and absurd.

News and reports are representations in mass media that make the specific claim to disseminate truth, or to provide information with a claim to truth. News provides information that is dependent on current events and has a distinctly temporary, transient nature. Reports, on the other hand, are the information not dependent on daily events with truth claims as the context of news (Luhmann [1995] 2017, 52–54; Berghaus 2022, 205). The information supplied does not satiate people, on the contrary it makes them long for new information. "More and more and faster and faster" becomes the principle of reporting (Berghaus 2022, 202). In a sense, the impact of news parallels that of earning money, as increased income often fuels a heightened desire for further monetary gains.

Luhmann meticulously explores the meaning and impact of advertising (Berghaus 2022, 218–226). He emphasizes that in contemporary society there are no clear authorities – such as the nobility, urban centers, or intellectual elites – that could provide standards for determining which constructions of reality are considered correct, exemplary, and culturally appropriate for collective adoption. Today, this role has been taken over by the mass media and especially by advertising. They offer orientation. Luhmann asks: How can one recognize what is modern and tasteful in today's world? The answer lies in advertising.

> Taste then in turn serves to structure desire. The consumer, whether he buys or not, reacts in the same way as others, without a direct imitation of others being necessary. This, too, is related to the fact that there is no longer a productive upper class from which one could read off what 'works' and what 'does not work.' Rather, it is the other way around: that the upper class itself is guided by the dictates of advertising in terms of what it desires and considers worthy of presentation; not least because the market offers nothing else at all, but only differentiates according to price (Luhmann [1995] 2017, 63; trans. EZ).

Indeed, few individuals wish to appear outmoded or lacking in taste. People derive certainty in their choices regarding taste and fashion from advertising, which now fulfills a taste-substituting function.

How Corporate Communication Works

Leaving systems theory considerations, it makes sense to briefly illuminate how the mass media are employed by enterprises – along with their marketing and PR agencies – to increase their visibility and generate attention for their products. Active media relations, however, serves more than just the purpose of increasing sales. Depending on the industry, recruiting may be more important to a company than attracting new customers. Furthermore, active communication creates transparency about one's own business activities and thus builds trust. The more reserved and discreet a company communicates, the more opaque and mysterious its business conduct appears. For example, the strategy of total secrecy has not paid off for Glencore and has therefore been abandoned. The trust cushion that communication creates builds empathy, which in turn reduces the potential damage if there is a business disruption or miscommunication. Much of corporate communication serves the purpose of providing some form of background information for journalists to reduce the likelihood that they will spread

misinformation. The damage caused by negative reporting is many times greater than the positive effect of benevolent media coverage.

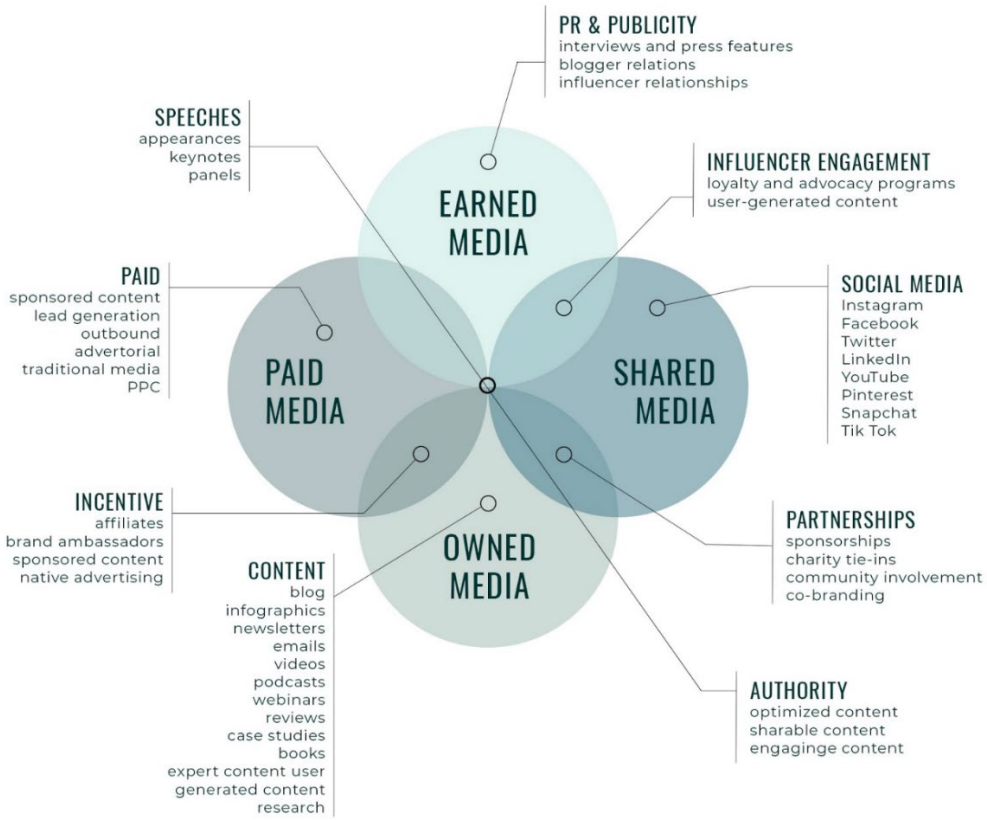

Figure 4. The PESO-model of corporate communications.[12]

The currently prevalent way to visualize the elements of corporate communication.

An up-to-date concept for describing the structures and possibilities of PR and marketing communication measures is the so-called PESO model (Fig. 4).[13] This

[12] "SimplySianne: *What is the PESO Model and How it Can Help Your Marketing*." Last modified January 15, 2020, accessed August 31, 2023. https://simplysianne.com/what-is-the-peso-model-and-how-it-can-help-your-marketing/.

[13] Sparrer, Curtis. 2021. "Paid, Earned, Shared And Owned Media: Making PESO Work For You." *Forbes*, last modified July 6, 2021, accessed August 31, 2023. https://www.forbes.com/sites/forbescommunicationscouncil/2021/07/06/paid-earned-shared-and-owned-media-making-peso-work-for-you/?sh=113879bdc38e.

distinguishes between the pillars paid media, earned media, shared media, and owned media (thus "PESO"). "Paid media" is synonymous with advertising. Today, it is particularly important to place one's own products as high up as possible in internet search results. Paid posts on Facebook also have a wide reach. The effectiveness of this advertising has made Alphabet and Meta the largest and richest corporate giants in human history (Stark and Pais 2020, 48). Advertising in the form of ads in newspapers and magazines and clips on radio and television still exists, of course, but it provides much less revenue to the media today than in the pre-internet era (Fig. 5). A special form of paid advertising are advertorials or native advertising. These articles are similar in appearance to editorial articles in newspapers and magazines, but the content is determined entirely by the advertiser. Because advertorials can (and should) be misconstrued as editorial pieces, they must be labeled as paid advertising in most jurisdictions. Studies have shown that 77 percent of media consumers do not realize that native advertising is paid advertising (Grau 2022, 43).

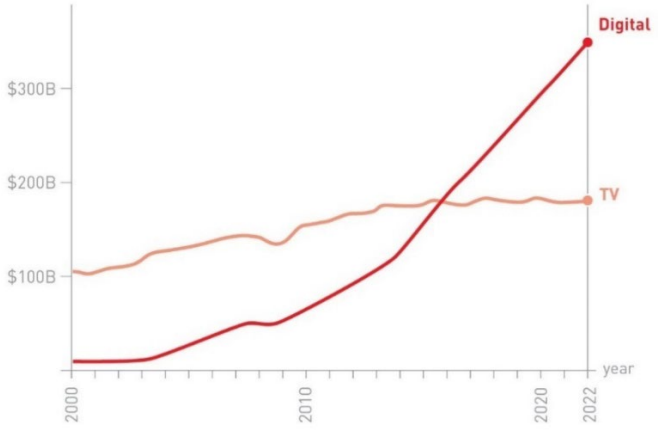

Figure 5. Global amount spent on digital and television advertising.

After Neal Schaffer (2020, 17).

“Earned media” is equivalent to public relations (PR) which is coverage of a company’s offering in the editorial section of the media. As a result of job cuts in the editorial departments of newspapers and magazines, many journalists have switched to the PR industry. The journalists who remain in the editorial offices can now choose which PR agents they want to collaborate with. The procedures vary from country to country, but almost always involve some give and take in the form of financial compensation. For example, PR consultants enter so-called media partnerships for their clients, that regulate which editorial articles on which topics appear and when. In return, the company agrees to run advertising in one form or another, thus contributing to the publisher’s revenue.

The S in PESO stands for “shared media” and essentially means social media – this type of communication is at the forefront of the discussion here and will therefore be dealt with in detail in the following chapter.

“Owned media” corresponds to content marketing. Its task was described by Jeff Cannon (1999, 42): “In content marketing, content is created to provide consumers with the information they seek.” Especially in the market for business-to-business products and solutions, it is essential that suppliers provide comprehensive information about customer benefits and the uniqueness of their offerings. A small business owner looking for a current customer relationship management (CRM) software solution will probably first enter the relevant term into a search engine and then come across portals comparing different applications. With a narrower selection of products, the prospective customer will then probably watch YouTube videos to get to know the products better. Since the purchase of such a program represents a significant intervention in business processes,

the prospect is also likely to look at blog articles and perhaps attend a webinar to learn more about the application of their choice. It is therefore essential for vendors to have a presence on these various communication channels. They create most of the necessary content with the support of specialized agencies. First and foremost, this includes their own website with its product descriptions, photos, graphics, videos, white papers, and customer success stories, as well as posts on social media, including LinkedIn. Furthermore, it includes search engine optimization (SEO) of the company's website so that it appears as high as possible in organic (non-paid) search results.

Chapter VI.

Social Media Synthesis

The preceding review has shown how public opinion is shaped by mass media and how communication on these channels is predetermined by the inherent processes of news production on the one hand and by the interests of the owners of the major media corporations on the other. In the historical outline, it was also shown how today's dominant social media emerged between 2003 and 2006 from harmless and well-intentioned tinkering by tech-savvy pioneers. Due to their advantages for users, the great entertainment effect and the fact that they are free of charge, social media quickly achieved stellar user numbers – even without being supported by concrete business models.

The importance of social media platforms, led by Facebook, can be attributed to several factors that distinguish them from traditional mass media. First, content on social media is predominantly user-generated, eliminating the editorial filters common in traditional media, and making the information less biased in the conventional sense. Second, these platforms are inherently multimedia, as most posts combine visuals with text and hyperlinks, giving them an advantage over traditional media. Third, communication in social media takes place in real time. Since the value of a message depends crucially on the timing of its transmission, and social media enables instantaneous exchange, this is also a decisive advantage over mass media. Whoever communicates first sets the tone. Today, videos circulating on social media are often

picked up later by television news. Fourth, these platforms are designed from the outset to enable interaction between users and to encourage user interaction through commenting, liking, and sharing. Such user engagement not only increases entertainment value, but also provides some quality control and strengthens credibility. Misinformation and inaccuracies are often corrected by the community in the comments. Fifth, the inherent global reach of social media platforms enables unfettered international communication. And finally, these platforms offer users the opportunity to maintain their anonymity by using pseudonyms.

Those advantages over conventional mass media, however, do not explain how platform providers became so rich. Meta Platforms Inc., Facebook's parent company, is ranked 31st in Forbes' list of largest companies by revenue with its over 86,000 employees, $117 billion in revenue and $21 billion in profit in fiscal year 2022.[14] Four years after Facebook's founding, Mark Zuckerberg, Facebook's co-founder and CEO, hired Sheryl Sandberg from her position as vice president of global online sales and operations at Google. Sandberg became Facebook's chief operating officer (COO) and head of the company's advertising business (Acemoglu and Johnson 2023, 368–371). She was No. 2 in the hierarchy and responsible for making the company profitable. She stepped down from that position in August 2022. Today, her name appears almost nowhere in the extensive Wikipedia entry about Facebook.

Sandberg brought from Google the experience in collecting user data on the one hand and in selling this user data for commercial purposes on the other. Facebook's platform collects 570 data points about each user, currently about 3 billion people, when

[14] Murphy, Andrea and Hank Tucker. 2023. "The Global 2000." *Forbes*, last modified June 8, 2023, accessed September 1, 2023. https://www.forbes.com/lists/global2000/?sh=38cc635a5ac0.

a new user account is created (Kaiser 2019, 79). From user behavior, it is possible to determine and quantify the personal attitudes, purchasing power, political views, and values of each user. In particular, the Likes awarded on Facebook reveal a lot about the user's attitude. A scientific study has shown that as few as ten Likes are enough for a computer model to be able to classify the person in question better than a work colleague. After receiving 70 Likes, the software gains an understanding of an individual that surpasses that of a friend. At 150 Likes, it exceeds the comprehension of a family member, and with 300 Likes, it even outstrips the knowledge one's partner might have (Youyou, Kosinski, and Stillwell 2015).[15] Consequently, the personalized information (user profile data) gathered by social media enables extremely precise categorization and segmentation of users. The platforms' business model rests on selling this user-specific profile data so that advertisers can target consumers according to their needs (one-to-one marketing). For a fee, around 40,000 independent external Facebook developers had access to the private data of all users for a long time (Kaiser 2019, 155–156). Facebook itself also works with personality profiles and, as early as 2014, offered both segmentation and the possibility of targeting look-alikes, i.e., users with similar interests and personality traits (Kaiser 2019, 157).

Influencer Marketing

The essential link between business and social media today is influencer marketing (Martinez-Lopez et al. 2020). Influencers are influential people – defined as

[15] Tinker, Ben. 2018. "How Facebook 'Likes' Predict Race, Religion and Sexual Orientation." *CNN*, last modified April 10, 2018, accessed November 5, 2023. https://www.cnn.com/2018/04/10/health/facebook-likes-psychographics/index.html.

anyone with an audience and the platform, who has weight with their followers and uses them to promote brands and products (Schaffer 2020, 59). The content is blogs, posts, and podcasts, but mostly videos. These are distributed via Instagram, TikTok, or YouTube, the most important social media platforms for influencers (Grau 2022, 21). Celebrities, industry experts, bloggers, and everyday people who have established a trusting relationship with their followers partner with brands to recommend their goods. Because influencers often target a specific audience, brands can introduce their products and services to the intended audience without much wasted coverage. Principals have tools and metrics to analyze campaigns in terms of engagement rate, clicks, conversions, and reach. The Italian fashion brand Moncler managed to trigger 2.6 million video submissions and 7 billion views with a single TikTok Challenge.[16] The fact that demand for luxury products has doubled in recent years (Keusch 2023) is likely largely due to influencer marketing (Kalender 2021). Influencer marketing is more prevalent in Southeast Asia and China than it is anywhere else in the world (Schaffer 2020, xvi).

It happens from time to time that people form a close relationship with brands, for example, some motorcyclists with Harley-Davidson. As a rule, however, consumers are more interested in having a relationship with people rather than brands (Schaffer 2020, xviii; Grau 2022, 11 and 33). Social media appears to enable such a relationship in virtual form. Research shows that 92 percent of people trust a friend's recommendation and 82 percent of consumers say they very likely follow the recommendation of an influencer (Schaffer 2020, 9). This insight has changed the interaction between brands and their

[16] Sin, Max. 2023. "Influencer Marketing: Making Luxury Relatable for Gen Zs." *Luxuo.com*, last modified August 8, 2023, accessed August 30, 2023. https://www.luxuo.com/culture/influencer-marketing-making-luxury-relatable-for-gen-z.html.

audiences. User-generated content is now at the center; it enables people to form relationships, build community and increase commitment. In this respect, it was natural for brands to seek proximity to particularly popular content providers on social media. Initially, paid advertising by content creators on social media was called "sponsored social," but today it's called influencer marketing.

Among the first strategic users of social media were PR agencies, which no longer wanted to place their clients only in newspapers, radio, and television broadcasts, but also in online media. They were soon joined by media agencies (advertising intermediaries) because they recognized the potential of influencers in the marketing mix (Grau 2022, 20). Then marketplaces emerged to mediate between brands and influencers. While there were around 190 marketplaces and agencies specializing in influencer marketing in 2015, by the end of 2019 their number had risen to 1100 (Grau 2022, 21). Influencer marketing agencies match clients with influencers who are suitable for their products. They arrange order processing, payment, and measurement of results. Some even take over the production of the entire campaign. If young people today pay particular attention to their external appearance, if young women wear more makeup, artificial fingernails, and eyelashes than they did just a few years ago, and if cosmetic surgery is booming even for people under 30, this is likely due to influencer campaigns.

Influencers include celebrities and reality stars, but the vast majority are individuals with no specific track record (Grau 2022, 43). For Instagram, these are categorized according to their reach (Fig. 6): nano-influencers (1–10 K followers), micro-influencers (10–50 K), mid-level influencers (50–100 K), macro-influencers (0.5–1 million), and celebrities (>1 million). Micro-influencers, with their smaller fan bases,

have a high level of commitment, know many of their followers personally, and are therefore particularly credible (Schaffer 2020, 11). A survey showed that many brands prefer to use micro- and mid-level influencers (Grau 2022, 45). The number of professional influencers is estimated at two million (Grau 2022, 55); between 3 and 37 million people worldwide consider themselves creative content providers.[17] Millennials and Generation Z in particular follow influencers and their recommendations. One poll of 3,600 shoppers across the U.S., Europe, and Australia, showed that 61 percent engaged with an influencer every day, while 35 percent did so several times daily (Schaffer 2020, 13). A striking 90 percent of these respondents claimed to be motivated to buy a product after seeing an influencer's endorsement, with 80 percent following through to purchase by clicking on the suggested link or image.

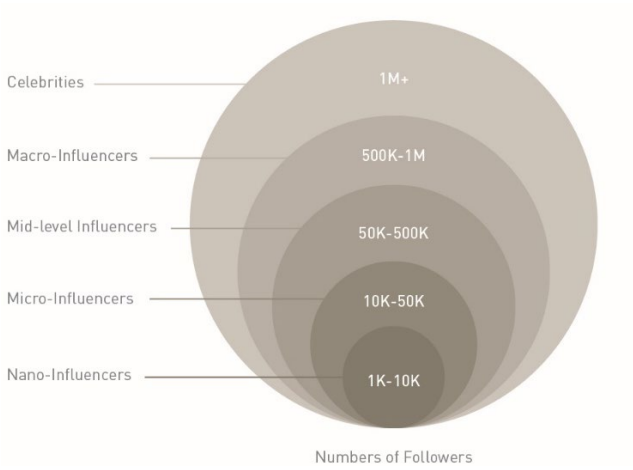

Figure 6. The tiers of influence in Instagram.

After Neal Schaffer (2020, 63).

[17] Wise, Jason. 2023. "How Many Influencers are There in 2023?" *Earthweb*, last modified April 6, 2023, accessed August 28, 2023. https://earthweb.com/how-many-influencers-are-there/.

In recent years, marketers have thus shifted their budgets from traditional channels, such as newspaper ads and television commercials, to digital channels, such as search and display ads. They spent about $121 billion on these digital channels in the U.S. in 2020, representing 54 percent of total ad spend. The global market for influencer marketing is estimated to be worth $21.1 billion U.S. in 2023;[18] it is the fastest growing part of the marketing mix. Influencer incomes, however, are generally modest. Only the top 3 percent of content creators on YouTube earn over $17,000 a year in ad revenue, requiring 1.4 million views per month (Grau 2022, 55). Real riches are limited to a few individual top earners. A study published in 2020 by the University of Lucerne found that 68 percent of 124 female influencers surveyed in Switzerland receive less than 1,000 Swiss francs a month for their work on social networks;[19] the median monthly salary in Switzerland was 6,665 Swiss francs in 2020.[20]

Influencer marketing doesn't always lead to success. When transgender influencer Dylan Mulvaney in June 2023 proudly announced on Instagram that Bud Light had printed her face on some cans, it sparked outrage among customers who feel antipathy toward anything considered woke. Budweiser subsequently put two executives responsible for publishing Mulvaney's Instagram post on leave, which in turn drew sharp

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[18] "Influencer Marketing Market Size (2016–2023)." *Oberlo*, accessed August 28, 2023. https://www.oberlo.com/statistics/influencer-marketing-market-size.

[19] Hunziker, Malin. 2023. "'Für eine Million Klicks bekommt man so zwischen 4000 und 20000 Franken' – wie Schweizer Influencer ihr Geld mit Instagram, Tiktok und Youtube verdienen." *Neue Zürcher Zeitung*, last modified March 20, 2023, accessed November 5, 2023. https://www.nzz.ch/finanzen/schweizer-influencer-lukrative-geschaefte-aber-auch-hohe-risiken-ld.1728791.

[20] Ricardo, João. 2023. "6665 Franken: So hoch liegt der Medianlohn in der Schweiz." *SRF*, last modified March 28, 2023, accessed August 28, 2023. https://www.srf.ch/news/schweiz/lohnerhebung-2020-6665-franken-so-hoch-liegt-der-medianlohn-in-der-schweiz.

criticism from some LGBTQ advocates who saw it as a capitulation to the backlash.[21] In social media, a popular slogan these days is "Go woke, go broke."[22] Gilette lost $8 billion in market capitalization after it alienated its target male audience with woke ads in 2019. Walt Disney's stock price has halved in the past two years.

The online news platform VisualCapitalist.com lists current problems and challenges in the context of mass media including developments that mainly or exclusively regard social media. A prominent example is the phenomenon of context removal. Content distributed via social media is often reduced to the most compelling and intuitive framing. This simplified representation often lacks contextual information and therefore can distort understanding of the narrative being presented. For example, during the initial phase of the Russian invasion of Ukraine, "images" of destroyed tanks were repeatedly shared on social media that were actually from the 2008 Caucasian War. Experienced users of social media have made a habit of checking second opinions in the comments added to the post. If these do not contain links to external sources, the news should be treated with caution. Failure to make such checks risks untrustworthy or even fake posts going viral and reaching millions of people – a phenomenon known as the "rumor cascade." In addition, there are concerns that algorithmically driven recommendation systems could lead users to make more extreme statements on social platforms. Due to increasingly fast feedback loops, these processes can escalate within a few hours.

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[21] Riedel, Samantha, Abby Monteil, and James Factora. 2023. "Everything You Need to Know About the Bud Light and Dylan Mulvaney Fiasco." *Them*, last modified August 14, 2023, accessed August 28, 2023. https://www.them.us/story/dylan-mulvaney-bud-light-drama-explained.

[22] Levin, Benjamin. 2023. "Go Woke, Go Broke: 8 Examples of Companies Facing Consequences." *Rigorous Themes,* accessed August 28, 2023. https://rigorousthemes.com/blog/go-woke-go-broke-examples-of-companies-facing-consequences/.

The Emergence of Surveillance Capitalism

The scale of surveillance and manipulation through social media became undeniable through the scandal surrounding Cambridge Analytica, the company whose management admitted interfering with the U.S. presidential elections in 2016. In 1989, even a few years before Tim Berners-Lee invented the World Wide Web, brothers Nigel and Alex Oakes had founded the nonprofit think tank Behavioural Dynamics Institute (BDI).[23] The founders were friends with investment banker Paul David Ashburner Nix (1944–2006), the father of the later CEO of Cambridge Analytica. BDI is an association of about 60 academic institutions and hundreds of psychologists (Kaiser 2019, 25). BDI's activities focus on how human behavior can first be understood and then influenced through communication.

Strategic Communication Laboratories (SCL Group) emerged from BDI just one year later as a UK-based commercial spin-off. Nigel Oakes was CEO and Paul Nix investor, along with other Conservative Party donors. The private company served behavioral research and strategic communications; company executives positioned it as a "global election management agency." SCL Group used data mining and data analytics to tailor communications to specific audiences to drive behavior change (such as voting decisions) for customers. The stated goal was to get certain leaders abroad into political office. Over the course of its 28-year existence, SCL Group has exerted influence in more than 200 elections in some 50 countries around the world. Listed were actions in Afghanistan, Colombia, India, Indonesia, Kenya, Latvia, Libya, Nigeria, Pakistan, and the Philippines (Kaiser 2019, 10). The company's owners and executives are said to have

[23] "Powerbase.info: Behavioural Dynamics Institute." Last modified March 21, 2018, accessed August 28, 2023. https://powerbase.info/index.php/Behavioural_Dynamics_Institute.

had close ties to the royal family, the Conservative Party, and the military in the United Kingdom. In addition, SCL supported U.S. and NATO military intelligence and information warfare in Iran, Libya, and Syria.[24]

SCL had campaigned for Nelson Mandela in the 1994 African National Congress elections. The tangible impact on the outcome of one of the most important elections in South Africa's history prompted Mandela to recommend SCL.[25] After the September 11, 2001 attacks, the U.S. Department of Homeland Security, NATO, the CIA, the FBI, and the U.S. State Department sought SCL assistance.[26] Alexander Nix, then 28, joined the SCL Group in 2003.

The pioneer in the use of social media for digital communications in election campaigns was the U.S. Democratic campaign in 2007 and 2008, which made Barack Obama the 44th U.S. president in January 2009. Obama's team used MySpace, YouTube, Pinterest, Flickr, and finally Facebook, which was founded in 2004. Barack Obama personally set the tone of the election campaign. He forbade any form of discrediting both his Democratic rivals in the primaries and his Republican opponent in the main election campaign (Hendricks 2010; Kaiser 2019, 77).

The successful use of social media on the Democratic side in the 2008 U.S. election campaign led to the establishment of several companies offering this approach commercially and tending to support the Democratic Party in the U.S. Thus, the

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[24] Haefliger, Markus M. 2018. "Die smarten Datendiebe." *Neue Zürcher Zeitung*, last modified March 22, 2018; accessed November 5, 2023. https://www.nzz.ch/international/die-smarten-datendiebe-ld.1368409.
[25] Kroll, Andy. 2018. "Cloak and Data: The Real Story behind Cambridge Analytica's Rise and Fall." *Mother Jones*, last modified June 2018, accessed June 26, 2023. https://www.motherjones.com/politics/2018/03/cloak-and-data-cambridge-analytica-robert-mercer/.
[26] Rebala, Pratheek. 2018. "The State Department Hired Cambridge Analytica's Parent Company to Target Terrorist Propaganda." *Time*, last modified August 21, 2018, accessed June 26, 2023. https://time.com/5372923/cambridge-analytica-state-department-terrorist-propaganda/.

Republicans found themselves under pressure to move. At SCL Group, Alexander Nix was pushing the idea of creating an independent company that would use manipulative methods to help Republicans win. Nix first turned to political strategist Steve Bannon, who had already co-founded the far-right website Breitbart News in 2007, which he himself described as "the platform for the Alt-Right." Bannon then devised the name Cambridge Analytica and became a board member of the company, which was founded in 2013. The other two Cambridge Analytica board members were self-made billionaire Robert Mercer, also a right-wing conservative, and his daughter Rebekah;[27] Alexander Nix became CEO. The explicit goal was to operate exclusively for Republicans in the U.S. (Kaiser 2019, 71). Senator Ted Cruz was one of the first notable clients (O'Neil 2018, 35).[28]

In his sales presentations, Alexander Nix always emphasized how different Cambridge Analytica's approach is from classic advertising. The latter floods people with a massive barrage of blanket, uniform messages in the hope that a small proportion of those thus reached will begin to take an interest in the advertised product. This form of blanket advertising is imprecise; it goes hand in hand with a tremendous scattering loss. This is the way to establish brands but not to influence the behavior of the public. Its communication is strictly top-down.

With the help of big data and analytics, the approach can be turned on its head, so that advertising takes place from the bottom up. The first prerequisite for success is the

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[27] "Wikipedia: Cambridge Analytica." Last modified August 26, 2023, accessed August 28, 2023. https://en.wikipedia.org/wiki/Cambridge_Analytica.

[28] Davies, Harry. 2015. "Ted Cruz using firm that harvested data on millions of unwitting Facebook users." *The Guardian*, last modified December 11, 2015, accessed August 28, 2023. https://www.theguardian.com/us-news/2015/dec/11/senator-ted-cruz-president-campaign-facebook-user-data.

collection of an arsenal of personal data about everyone. Alexander Nix stated that Cambridge Analytica had 2000–5000 data points of person-specific information for every person over the age of 18 in the U.S. It was subsequently revealed that the company had improperly accessed data from as many as 87 million Facebook users, encompassing both Likes and personal posts.[29] The second requirement for success is the analysis of this data to create personality profiles.

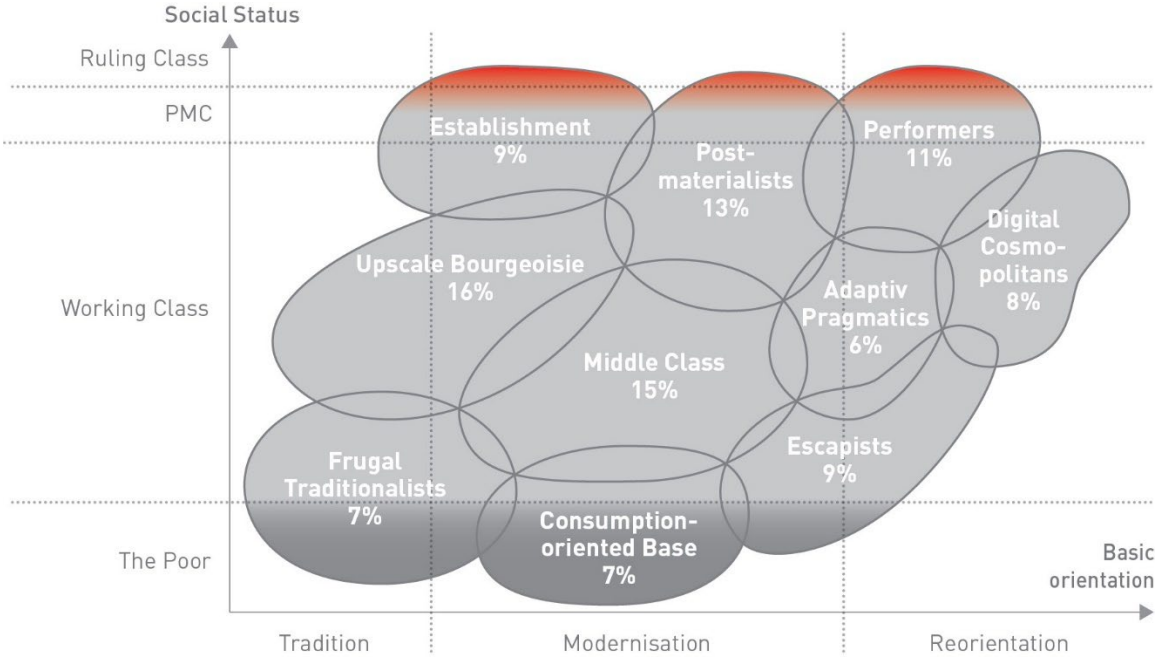

Figure 7. Social situation and basic orientation in Switzerland in 2019.

Class definitions on the ordinate reflect segmentation in the U.S. Sinus Institute, Berlin.

[29] Westby, Joe. 2019. "'The Great Hack:' Cambridge Analytica Is Just the Tip of the Iceberg." *Amnesty International*, last modified July 24, 2019, accessed August 28, 2023. https://www.amnesty.org/en/latest/news/2019/07/the-great-hack-facebook-cambridge-analytica/.

In the past, marketing measures ranged from newspaper and magazine advertising to television ads, direct mail, and personal sales representatives. The target audience was divided primarily along demographic lines. For example, women between the ages of 20 and 30 with a household income of at least $35,000 could be targeted. Demographic data, however, are today considered insufficient. For example, one could pick out two real-life men who were both born in the UK in 1948, are both married, both have children, are both wealthy and successful in their jobs, and both enjoy spending their vacations in the Alpine region. One is King Charles, the other Ozzy Osbourne – two fundamentally different characters.

To bring about a more precise segmentation of the population, companies such as the Sinus Institute in Berlin have been offering serious support for segmenting customers in the consumer market for decades (Fig. 7).[30] The institute plots the social situation on the vertical and the basic orientation on the horizontal in an XY diagram. This results in a row of "establishment," "postmaterialists," and "performers" for the Swiss population in 2019 in the uppermost, i.e., wealthiest, stratum. The middle row is made up of the "upscale bourgeoisie," the civic "middle class," and "adaptive pragmatics" as well as "digital cosmopolitans." The lowest-income bottom line is formed by "frugal traditionalists," the "consumption-oriented base," and finally "escapists." Such segmentation makes perfect sense, for example, to capture the potential TV audience and target it according to its needs. The individual segments of the population can be outlined with adjectives and illustrated with portrait photos, pictures of their characteristic living room furnishings and collages of the brands to which they are oriented. The value

[30] "The gold standard for target group segmentation," Sinus Institute, accessed August 28, 2023. https://www.sinus-institut.de/en/sinus-milieus.

attitudes of the milieus can also be clearly distinguished (Fig. 8): status, fairness, "performance and success" in the top tier; stability, security and confirmation, adaptation as well as "shape and change" in the middle tier; and "homeland and tradition," resignation, and entertainment in the bottom tier. These segmentations differ from country to country and change over time.

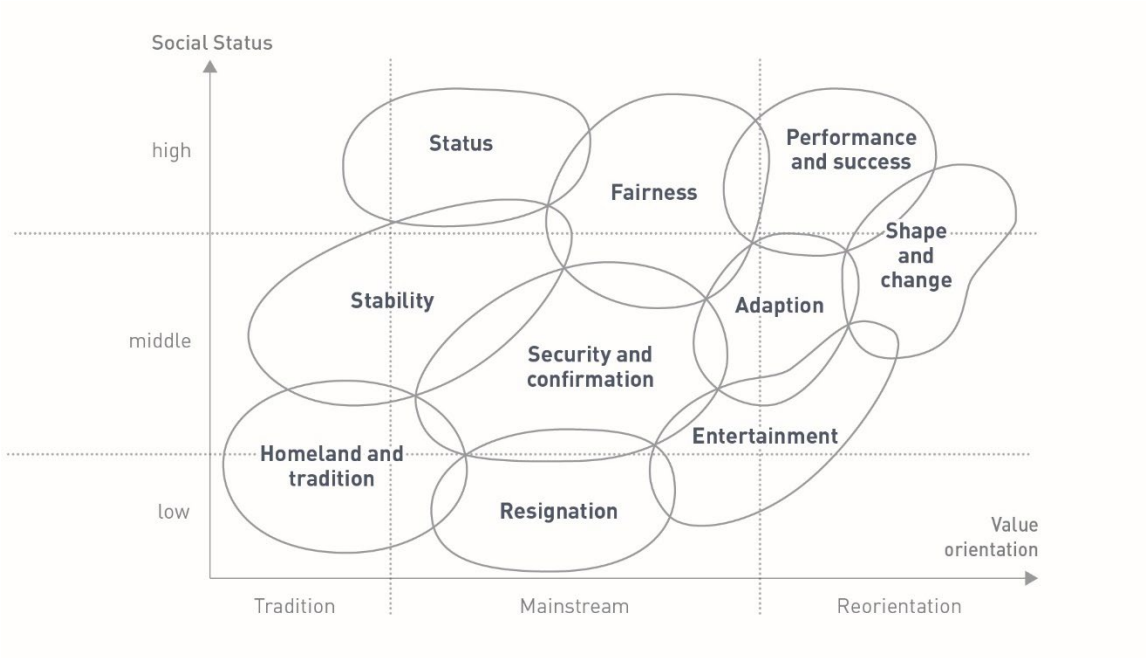

Figure 8. Clear values according to milieus.

Sinus Institute, Berlin.

The conclusion of the research is that people expect, want, and make different futures, and that trends are realized only in interaction with the desires and fears of the respective populations. Understanding the target-group-specific effects and origins of trends enables future-oriented strategies for products, brands, and communication. In the case of the Sinus Institute example mentioned above, only two parameters (social

situation and basic orientation) generated a very differentiated picture. With only three parameters (red, yellow, blue) 50 million colors in the RGB color space can be distinguished and described with individual values.

The data scientists at Cambridge Analytica distinguished six (!) parameters per person recorded. The system used in-house to distinguish personalities is called OCEAN scoring. This is an acronym for a system derived from personality testing and matching data points from academic behavioral and social psychology. First, for each individual, the degree is determined in terms of openness (O), conscientiousness (C), extroversion (E), agreeableness (A), and neuroticism (N) (Kaiser 2019, 85). In a second step, thanks to this scoring, it was possible to analyze the electorate in the primary election states of South Carolina and Iowa in the fall of 2015. In South Carolina, experts distinguished four personality types within the "Persuadables" group: "Stoics," "Carers," "Traditionalists," and "Impulsives" (Kaiser 2019, 175). Where the data set was too imprecise, specially designed online quizzes and contests helped to gather the information that was still missing (Zuboff 2019, 280).[31] The target groups segmented in this way could be combined with demographic data for additional enrichment. In the third and final step, which Alexander Nix called psychography, predictive algorithms were used, which ultimately made it possible to estimate people's future behavior.

The U.S. presidential election in particular demonstrates the potential for manipulation through algorithmic analysis of user data. Although Donald Trump himself is not considered computer-savvy, his 2016 campaign had a social media center of

[31] Scott, Mark and Anabelle Dickson. 2018. "Cambridge Analytica Created Own Quizzes to Harvest Facebook Data." *Politico*, last modified April 17, 2018, accessed August 28, 2023. https://www.politico.eu/article/cambridge-analytica-facebook-data-brittney-kaiser-privacy/.

excellence in San Antonio with the code name "Alamo." That team included a group of experts from Cambridge Analytica. The company spent around $100 million in a few months on digital Trump ads alone, most of it on Facebook. With such sales volume, a higher level of service is imperative; Facebook described its work with the Trump campaign as "customer service plus" (Kaiser 2019, 193). It was a similar story with the other social media platforms. When Mark Zuckerberg was later asked in an interview to what extent social media contributed to the election of Donald Trump, he responded after a brief hesitation, "It's tremendously complex."[32]

However, reaching people combined with retrieving and collecting information about them, as well as the subsequent segmentation, are only preparatory steps for the decisive interaction, namely the change to "continuous behavior modification" (Lanier 2018, 6). The technical term for this is micro-targeting. Thanks to data modeling, algorithms can be developed that predict the behavior of individual users when they receive messages that have been created precisely according to their personality profile (Kaiser 2019, 25). The total package of these measures was the actual business model of Cambridge Analytica: manipulation that leads users to think and act differently than they had done before.

Once the target groups are determined, individual voters are bombarded with messages that address their individual needs. Brittany Kaiser, once a business development manager and later a whistleblower for Cambridge Analytica, describes the exact procedure in her book *Targeted* (Kaiser 2019, 176). The group of voters referred to as "Stoics" received messages with patriotic content, in which terms such as tradition and

[32] Netflix documentary "The Great Hack," 2019.

values appeared. In this case, a group of U.S. Marines raising an American flag offered itself as an image. Those who belonged to the group of "Carers" received completely different messages. In warm tones, buzzwords such as community, honesty, and society appeared, while the images showed families. The group of "Individualists" was addressed differently again. Here, the focus was on determination and protection: "America is the world's only superpower. It's Time We Acted Like One," was such a message (Kaiser 2019, 176).

European countries have more restrictive data protection policies than the U.S. Countries such as Great Britain, Germany, and France do not grant the same freedoms in data mining. Notwithstanding this, Alexander Nix pitched to former French President Nicholas Sarkozy back in September 2015. That same year, he met with representatives of Angela Merkel's party, the Christian Democratic Union (CDU), to support Merkel's upcoming candidacy for reelection as German Chancellor (Kaiser 2019, 144).

So leading politicians knew the person Alexander Nix, as well as the company Cambridge Analytica and its specific business model long before Donald Trump's election campaign. They were eager to exploit these novel services in their own interests and made no effort to protect the electorate from the misuse of their personal data. Media reports about Cambridge Analytica's questionable business model began surfacing in December 2015. At the height of the scandal, 35,000 media reports appeared – in one day.

Cambridge Analytica's involvement in the run-up to the Brexit vote also created a splash. The headquarters of the UK Independence Party (UKIP) founded by Nigel Farage had provided Cambridge Analytica with raw data on voters. As part of a pro bono proof-

of-concept preliminary study, the company's analysts distinguished four segments among those who welcomed leaving the EU: "Eager Activists," "Young Reformers," "Disaffected Tories," and "Left Behind's." The latter were particularly predisposed to be manipulated with messages addressing their fears around increasing globalization and immigration (Kaiser 2019, 137).

The public has been given the impression that Cambridge Analytica was an isolated case. This impression is deceptive. Data analytics firms were already mushrooming in the wake of the successful Obama campaigns in 2008 and 2012. Among the largest are Blue State Digital, BlueLabs, NGP VAN, Civis Analytics, and HaystaqDNA (Kaiser 2019, 99). Other providers include Rocket Fuel and Lotame. Alexander Nix himself founded SCL Gov as a new subsidiary and Emerdata as a new holding company (Kaiser 2019, 294). Targeted Victory is the name of another micro-targeting company; America Rising a company that serves to research opposition figures. Also funded by the Mercer family is SCL partner AIQ, with which Cambridge Analytica was "sharing data on a daily basis for all kinds of clients" (Kaiser 2019, 204). Facebook itself hired Definers Public Affairs to launch a campaign against George Soros.[33] Another Cambridge Analytica copycat is Big Data Dolphins (Kaiser 2019, 205). BridgeTree also prided itself on routing large Facebook and LinkedIn data sets (Kaiser 2019, 221). Finally, the Koch brothers also founded a grassroots network and basic data company i360.

[33] Wong, Julia Carrie. 2018. "Facebook Policy Chief Admits Hiring PR Firm to Attack George Soros." *The Guardian*, last modified November 22, 2018, accessed November 5, 2023. https://www.theguardian.com/technology/2018/nov/21/facebook-admits-definers-pr-george-soros-critics-sandberg-zuckerberg.

Investigative journalists from the editorial offices of various media outlets have joined forces in the non-profit investigative newsroom Forbidden Stories. These include the Israeli daily *Haaretz*, the British *Guardian*, the Austrian *Standard*, the Swiss *Tages-Anzeiger* and the German magazines *Der Spiegel* and *Die Zeit*. After months of worldwide research, these media published extensive articles on February 18, 2023, about systematic election manipulations directed by an Israeli firm with the code name "Team Jorge."[34] This firm, based in the retort town of Modi'in, located between Tel Aviv and Jerusalem in the barren Israeli hill country, maintained contact with Cambridge Analytica for years.

Media reports outline the company's business model in terms of disinformation, propaganda, and cyberattacks. It involves setting political agendas on behalf of clients, manipulating debates, cold-calling whistleblowers, discrediting targets, and influencing election results. The cost of election shifting is reported to range from $6 million (*Neue Zürcher Zeitung*) to $15 million (*Der Spiegel*). The company says it has only three rules: it does not interfere in politics in Israel or the U.S., and it does nothing against Vladimir Putin. Four leaders of the company are known by name to investigative journalists; they are all former specialists in the Israel Defense Forces and veterans of the Israeli intelligence services.

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[34] Megiddo, Gur, and Omer Benjakob. 2023. "The People Who Kill the Truth." *Haaretz*, last modified February 18, 2023, accessed November 5, 2023. https://www.haaretz.com/israel-news/security-aviation/2022-11-16/ty-article-static-ext/the-israelis-destabilizing-democracy-and-disrupting-elections-worldwide/00000186-461e-d80f-abff-6e9e08b10000.
Buschek, Christo, Maria Christoph, Jörg Diehl, Roman Höfner, Heiner Hoffmann, Max Hoppenstedt, Roman Lehberger, et al. 2023. "How a Covert Firm Spreads Lies and Chaos Around the World." *Der Spiegel*, last modified February 20, 2023, accessed November 5, 2023. https://www.spiegel.de/international/world/inside-the-covert-firm-that-spreads-lies-and-chaos-around-the-world-a-3c55e1cd-7d61-4cf8-8321-999da1996aa8.

The exact approach of Team Jorge is not described in the media reports and is probably not known to the journalists. It is said that the customer only has to define targets or target persons, Team Jorge designs a suitable strategy and deploys the necessary means and people. Apparently, the personal mail or chat accounts of government officials could be hacked. Access to the Telegram account of a high-ranking Kenyan government official could be proven. Team Jorge is said to be able to "use fabricated scandals, campaigns of lies, influenced voting, and other dirty methods" to prevent voters from casting ballots, foment unrest, create chaos, and thus prevent orderly elections. Team Jorge has developed its own technology, Advanced Impact Media Solutions (AIMS), for manipulating social media platforms. With its help, an entire army of fake profiles with photos of real people stolen from real profiles can manipulate completely different internet platforms. While the company claims not to be involved in U.S. politics, the journalists found about 20 different campaigns using AIMS avatars to promote the continued operation of nuclear power plants in California.

Fake influencers first post a stolen profile picture and then retweet posts from established media for a while to remain inconspicuous. Only gradually do they begin targeted influence in the sense of their client. According to their own statements, Team Jorge is said to have manipulated 33 national votes. Interventions in Indonesia, Nigeria, Bosnia, and Kenya are mentioned. Around half a dozen intelligence services are also among the clients. Links to Russia are ubiquitous. No state has used disinformation as systematically as a weapon in recent years as Vladimir Putin's Russia, media reports say. However, it is not clear from these whether Russia is the client of campaigns launched by Team Jorge.

What is certain is that comparable structures have been set up in Russia in the same style. Hackers attributed to Russian intelligence stole compromising documents during Hillary Clinton's presidential campaign and subsequently arranged for their publication. It is said that Putin had a troll factory set up in an office building in St. Petersburg with about 1,000 employees whose task is to systematically disintegrate Western societies (see below). Their ultimate goal was and is to get Donald Trump into the White House. The oligarch and former Wagner militia leader Yevgeny Prigozhin confirmed in early 2023 that he had financed the St. Petersburg fake news factory.[35] In addition, the Internet Research Agency, an umbrella organization for troll factories, and the Patriot Media Group with numerous alleged news portals such as *Nevskiye Novosti* and *Politics Today* are said to have belonged to Yevgeny Prigozhin until July 1, 2023. After his aborted mutiny, they have allegedly been dissolved.[36] Prigozhin is said to have died in a plane crash on August 23, 2023. His fake news distribution empire continuous to operate.[37]

Kremlin-directed troll armies and information warriors have processed 120 million Americans with polarizing fake news, a special investigator found years after the campaign. Hundreds of alleged online news portals have been set up on which fake news reports are multiplied to pretend to the search engines' crawlers that these opinions have

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[35] Krever, Mick and Anna Chernova. 2023. "Wagner chief admits to founding Russian troll farm sanctioned for meddling in U.S. elections." *CNN*, last modified February 14, 2023, accessed August 28, 2023. https://edition.cnn.com/2023/02/14/europe/russia-yevgeny-prigozhin-internet-research-agency-intl/index.html.

[36] Koval, Ilya. 2023. "Prigozhin's troll factories in Russia: What's next?" *Deutsche Welle*, last modified July 13, 2023, accessed August 28, 2023. https://www.dw.com/en/prigozhins-troll-factories-in-russia-whats-next/a-66194462.

[37] Staff, Toi. 2023. "Russia, China and Iran are backing Hamas online – report." *The Times of Israel*, last modified November 6, 2023, accessed November 12, 2023. https://www.timesofisrael.com/russia-china-and-iran-are-backing-hamas-online-report/.

been picked up frequently and are therefore relevant (Fig. 9). This creates echo chambers that fool bots and algorithms.

One of the main targets of Russian disinformation is Germany. Some 700 cases of fake news and conspiracy theories have been spread in Germany between 2015 and 2021 – more than in France, Italy, and Spain combined – according to a European External Action Service database. Dozens of German MPs have reportedly been attacked, sometimes successfully, by the "Ghostwriters" group, which appears to be controlled by Putin's military intelligence service.

Figure 9. Panoramic view of Russian propaganda channels.[38]

A large number of portals creates echo chambers for fake news.

[38] "9gag: *A nice panoramic of Russian propaganda channels*." Accessed August 28, 2023. https://9gag.com/gag/a04xovB.

Propaganda researcher Samantha Bradshaw and her team at Oxford University found evidence of propaganda and disinformation about politics being spread through social media in 81 countries (Bradshaw, Bailey, and Howard 2021, 2). A total of 65 companies offer manipulation campaigns and computer propaganda as a service since 2018 (Bradshaw, Bailey, and Howard 2021, i) some of these companies are secretly controlled by the state. The Computational Propaganda Research Project's research report includes the largest global database on disinformation campaigns, the Cyber Troops Inventory. Among the biggest companies in the industry are Eliminalia, DarkMatter, and NSO with its Pegasus spy software, which autocratic regimes use to monitor human rights activists or journalists.[39]

A U.S. intelligence report released on October 20, 2023, reveals that Russia is deploying its spy network, state media, and social media to destabilize global confidence in the electoral process and asserts that Russian officials, including those in the Kremlin, find such influence operations valuable and effective.[40] The report, disseminated to embassies in around 100 countries, accuses Russia of attempting to degrade public confidence in election integrity by using covert and overt methods, including intimidation by security agencies and the spread of false voting fraud claims through various media. Targeting at least 11 elections in nine democracies between 2020 and 2022, and employing subtler tactics in an additional 17 democracies, Russia aims to incite instability and question the legitimacy of democratic elections.

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[39] Mäder, Lukas. 2021. "Firma hinter der israelischen Spionagesoftware Pegasus landet auf einer Sanktionsliste." *Neue Zürcher Zeitung*, last modified November 5, 2021, accessed November 5, 2023. https://www.nzz.ch/technologie/spyware-pegasus-usa-erlassen-sanktionen-gegen-herstellerfirma-ld.1653620?reduced=true.

[40] *Guardian*: "Russia working to undermine trust in elections globally, US intelligence says." Last modified October 20, 2023, accessed October 29, 2023. https://www.theguardian.com/world/2023/oct/20/russia-spy-network-elections-democracy-us-intelligence.

In a confidential situation report, the Office for the Protection of the Constitution warns that individuals are becoming more important for spreading Russian propaganda and disinformation via social media. "What we've seen so far is definitely just the beginning," says Samantha Bradshaw. "The golden age of state disinformation only began with the internet,"[41] and the era of disinformation wars is just beginning. A huge industry is emerging that exists in secret purposefully working to bend the truth to suit its patrons (Briant 2016, 1). "When too many people can no longer distinguish between facts and lies, it becomes easier for despots to spread their dystopian worldviews."[42]

One company that has not yet been mentioned in media coverage is Cycurity Vision Ltd, which claims to specialize in compliance and competitive intelligence.[43] It was formed in March 2013 through the merger of A.H. Intel System and KYCINT. Founders, as is often the case with Israel-based micro-targeting firms, were former high-ranking Mossad officers. A company brochure describes its operations as "social network influencing and lobbying projects." Cycurity relies on Twitter. In the target country, the Twitter personality profiles of several thousand opinion multipliers are identified; these may be politicians, journalists, or other leaders. Algorithms are then used to determine around ten times as many people in the same country who have similar personality profiles. A Twitter dialog is then gradually established only with these look-alikes (not with the actual multiplicators) in manually created tweets by employees hired specifically for this purpose. As usual, the messages are initially general and innocuous. Only over

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[41] Buschek, Christo, Maria Christoph, Jörg Diehl, Roman Höfner, Heiner Hoffmann, Max Hoppenstedt, Roman Lehberger, et al. 2023. "How a Covert Firm Spreads Lies and Chaos Around the World." *Der Spiegel*, last modified February 20, 2023, accessed November 5, 2023. https://www.spiegel.de/international/world/inside-the-covert-firm-that-spreads-lies-and-chaos-around-the-world-a-3c55e1cd-7d61-4cf8-8321-999da1996aa8.
[42] Ibid.
[43] "Cycurity." Accessed August 28, 2023. https://www.cycurity.com/.

time are the targets gradually manipulated. Because this elaborate dialogue takes time and workforce, work on a mandate must begin 18 months before the day of the election or referendum. The order volume is $2 million; the management quotes the success rate as 100 percent.[44]

Public announcements by Facebook and Twitter in 2019 and 2020 attest that social media companies have meanwhile taken steps to combat cyber abuse of their platforms. Accordingly, over 317,000 accounts and pages were banned (Bradshaw, Bailey, and Howard 2021, i). Then in 2021, Facebook advertised in full-page newspaper ads titled "Support research – it's possible with Facebook," referring to a collaboration with Ludwig Maximilian University in Munich, where a "Data For Good" Program had been established. However, the ad was described by communications scholar Otfried Jarren as a "perfidious PR measure" because Facebook denies any access to data for scientific and public purposes (Jarren 2021, 7).

Summarizing the state of knowledge regarding Cambridge Analytica, Harvard professor Shoshana Zuboff writes:

> These practices produced outrage around the world, when in fact they are routine elements in the daily elaboration of surveillance capitalism's methods and goals, both at Facebook and within other surveillance capitalist companies (Zuboff 2019, 281).

It cannot be emphasized enough: large-scale manipulations are "routine elements" of social media interactions. They have undermined democracy to such an extent that it no longer exists. The result of elections and referendums is solely determined by the size of the budget dedicated to manipulation – and perhaps by the skills of the firms commissioned to do this.

[44] Based on personal conversation with the managing director of Cycurity in June 2016.

Intelligence Activity

There is an additional channel that has a significant impact on public opinion: propaganda produced by state intelligence agencies. In this respect, too, technological advances have changed the principles fundamentally over the past 20 years (van Minnen 2018, 206). In the U.S., the Intelligence Community (IC) consists of 18 federal agencies with a total of about 100,000 employees (Fig. 10). In 2021, these intelligence agencies possessed a combined budget of about $85 billion. Stanford professor Amy Zegart writes in her recent monograph on U.S. intelligence agencies that this figure is larger than the GDP of half the countries in the world (Zegart 2022, 82). A security clearance, and thus access to classified information, was held by about 4 million people in the U.S. alone in 2017 (Zegart 2022, 149). Former U.S. intelligence officials estimate that 2–3 million people worldwide are now engaged in espionage, with the focus of most on the U.S. Zegart 2022, 146).

U.S. policy attitudes toward intelligence changed significantly after serious unexpected attacks. These were, first and foremost, the attack on Pearl Harbor in 1941, the terrorist attacks of September 11, 2001, and the manipulation of the 2016 U.S. elections. In response to 9/11, the NSA launched various intelligence-gathering programs. These included recording the time and duration of phone calls made in the U.S. Some 1.7 billion phone calls, e-mails, tweets, and text messages are intercepted daily (Zegart 2022, 99). Internet users sent 294 billion e-mails, posted 500 million tweets, and 350 million photos on Facebook every day in 2019 (Zegart 2022, 5). The reasoning behind the surveillance of communications was to track who known terrorists were connected to. Former intelligence official Edward Snowden revealed this surveillance

program in 2013. Because the NSA was created as an organization to gather intelligence abroad, this activity was contrary to its original mission (Zegart 2022, 211).

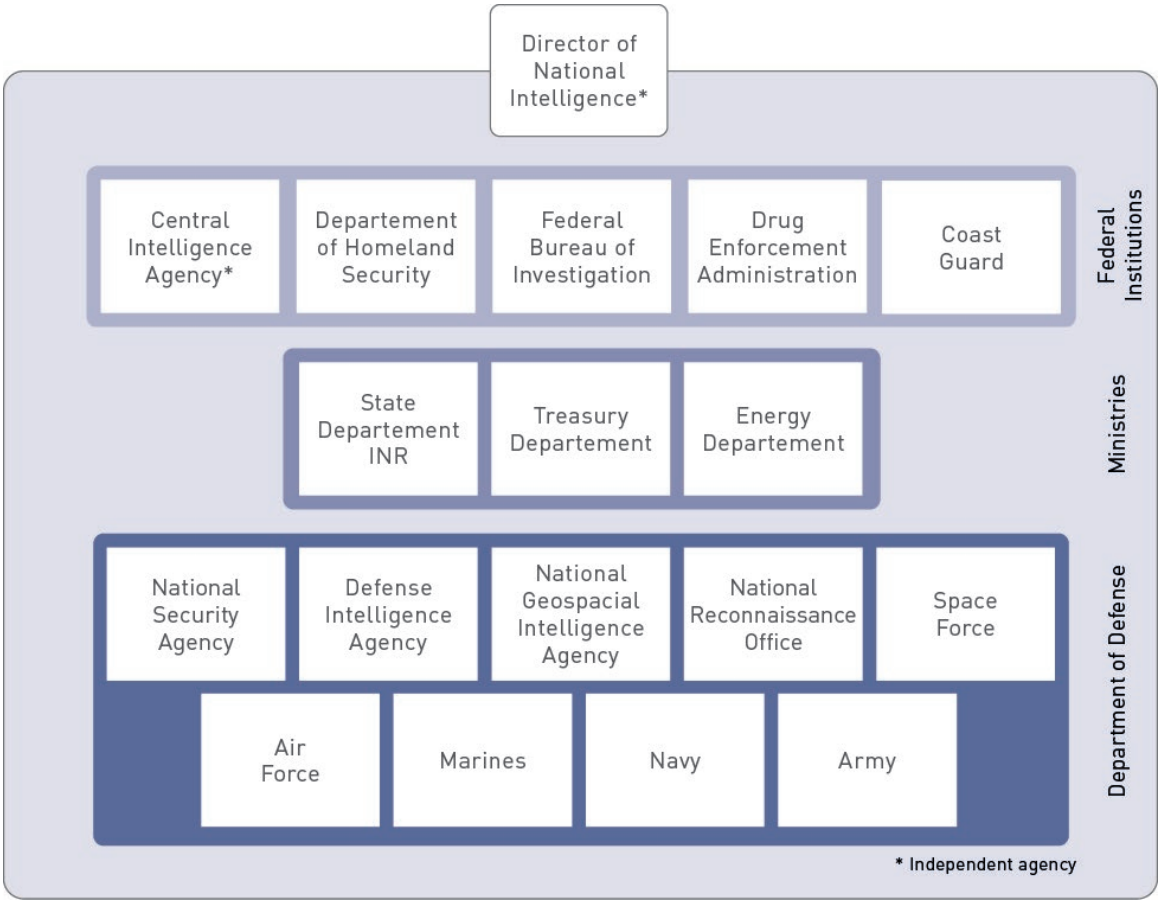

Figure 10. U.S. intelligence community.

After Amy Zegart (2022, 73).

Gathering information is one task of intelligence agencies; disseminating information in the sense of propaganda is another. Propaganda is defined as "a process by which an idea or opinion is communicated to another person for a specific persuasive purpose" (Taylor 2003, 7). Crucial to considerations of the evolution of social relations

over the past 20 years is that “covert propaganda impairs the audience’s ability to make informed judgments about the credibility of the information source” (Briant 2015, 91). What is new about this development is that propaganda via the internet and social media today reaches audiences it did not target before. Wars are no longer decided by military strength alone, but also by the possibility of recognizing the behavior of the other side in advance and changing it accordingly (van Minnen 2018, 205–206).

In the 2003 Iraq War, the U.S. succeeded in painting a comparatively positive picture of the war of aggression with journalists who were embedded with the troops and accompanied them in action. However, it turned out to be a debacle that Iraq did not have the weapons of mass destruction that the U.S. intelligence services had suspected. The propaganda work of the secret services had been successful; the reconnaissance work, on the other hand, had failed. The subsequent clarification also included the commissioning of a study by the National Research Council in which academic experts, including some from the social sciences, participated. This allowed political scientist Amy Zegart to spend two and a half years studying “how the intelligence community might improve its thinking about thinking” (Zegart 2022, 136).

In the last two decades, hybrid warfare has gained ground in which a whole portfolio of non-military means of conflict is used in addition to military strikes, including above all disinformation and propaganda campaigns, but also cyberattacks (Linvill and Warren 2020, 447). Exactly who is behind these attacks often cannot be determined, or only after lengthy research. Since the largest propaganda and sabotage campaigns coincide with periods of Russian aggression, it stands to reason that a causal

link can be established.[45] Many of the drastic events that have shaped politics and social development in the U.S. and Europe in recent years are placed in a relationship with Russian influence. Foremost among these are the manipulation of the 2016 Brexit referendum and the influence on the 2016 U.S. presidency, including the hacking of Hillary Clinton's mail servers. – In any attempt to understand recent developments in society it is imperative to take covert intelligence interventions into account.

Russian state media coverage of natural disasters and social unrest in Western countries has been part of the propaganda strategy for decades (Pomerantsev 2016, 174). Meanwhile, the format of communication has been adapted to the practices of digital ecosystems. What used to be broadcast on the evening news is now disseminated in the form of livestreams and memes (Bradshaw, DiResta, and Miller 2022, 2). After Donald Trump's inauguration in January 2017, in addition to Russia's largest international television network RT (formerly Russia Today) and the established Russian state-linked news media outlets Sputnik, other state-funded Russian broadcasters (Soapbox, In The NOW, the video portal Ruptly and its daughter-company Redfish) emerged. An in-depth content analysis of over 2000 Facebook posts pertaining to the BlackLivesMatter (BLM) protests in the U.S. during summer 2020 indicated a stark difference in representation. RT and Sputnik largely circulated adverse narratives, portraying demonstrators as aggressive and emphasizing the inconsistency in U.S. racial politics. Conversely, emerging media platforms like Soapbox, In The NOW, and Redfish showed support for the BLM cause, using engaging video formats to underscore the theme of racial prejudice in the U.S. (Bradshaw, DiResta, and Miller 2022, 3).

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[45] Häsler, Georg. 2023. "Wir erlebten den ersten Cyberkrieg." *Neue Zürcher Zeitung*, last modified July 10, 2023, accessed November 5, 2023. https://zeitungsarchiv.nzz.ch/read/2837453/2837453/2023-07-10/7.

Besides overt propaganda operations Russia employs three intelligence agencies which in parallel conduct cover operations abroad.[46] The Russian Military Intelligence Service GRU under the leadership of Igor Kostyukov is credited with particularly aggressive operations in foreign countries. These include sabotage operations, spying on journalists, and influencing the public with propaganda campaigns. Named hacker collectives include Unit 74 455 (aka group "Sandworm") and APT 28 (aka "Fancy Bear" or "Sofacy Group"). The French open-source research organization OpenFacto published a study in 2022, according to which the GRU can be traced to the InfoRos news agency, which in turn controls 1341 online news portals.[47]

In parallel, the foreign intelligence service SVR operates under the direction of Sergei Narishkin. Its sphere of activity includes classic political and economic espionage, such as elaborate operations that target government agencies, political organizations, think tanks, NGOs, and research institutions. One of its well-known hacker collectives is the group APT 29 (aka "Cozy Bear"). Also active abroad is the FSB domestic intelligence service headed by Alexander Bortnikov. The groups Gamaredon (aka "Primitive Bear") and Turla (aka "Snake") are assigned to him.

Some of the principal methods used by Russian intelligence services for many years have been described by Russian author and journalist Vladimir Yakovlev (Aro 2022, 129–130). He studied journalism at Moscow State University, where as part of the study program selected students are offered training in the methods of combat

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[46] Mäder, Lukas. 2023. "Stromausfälle und Manipulationen: wie Russland mit Cyberangriffen gegen westliche Staaten vorgeht." *Neue Zürcher Zeitung*, last modified February 4, 2023, accessed November 5, 2023. https://www.nzz.ch/technologie/russische-cyberoperationen-was-der-kreml-unternimmt-und-wie-es-funktioniert-ld.1703051.

[47] "The GRU's galaxy of Russian-speaking websites." *OpenFacto*, last modified January 27, 2022, accessed August 28, 2023. https://openfacto.fr/2022/01/27/the-grus-galaxy-of-russian-speaking-websites/.

propaganda. The techniques taught there were originally intended for use against enemy soldiers, but they are now also used against civilians. One of the methods is called "rotten herring." This involves attaching a bad smell to a target by spreading false and scandalous accusations, which then trigger a public debate. The second approach is called "the big lie" and is basically a step up from the first, in which the allegations are so unbelievable that they are unlikely to be considered fictitious. An example is the conspiracy theory that Hillary Clinton belongs to a pedophile ring. The third approach is called the "40–60 method" or the "60/40 principle." This approach was developed by the Nazi propagandist Joseph Goebbels; since then it has become the golden rule of propaganda. In this process, 60 percent of the information is selected in such a way that it corresponds to the interests of the enemy and could well be factually correct. The trust thus created is then abused with the remaining falsified 40 percent (Aro 2022, 130).

Bots, Trolls, Web Brigades, and Cyber Attacks

Manipulative messages are spread using bots, which are computer programs that perform largely automatic repetitive tasks without relying on interaction with a human user. One example of bots are the web crawlers of internet search engines, i.e., automated scripts that visit websites and evaluate their content. In addition to such "benign" bots, "malicious" bots also exist, for example for collecting e-mail addresses for advertising purposes (spambots). Software gaps on servers are also systematically spied out by bots to find vulnerabilities for hacker attacks. About 15 percent of all traffic on Twitter and roughly half of all internet traffic is brought about by bots.[48] Bots serve a predefined

[48] "YouTube: Social Bots explained: how do Social Bots work?" *Deutsche Welle*, last modified 2019, accessed August 28, 2023. https://www.youtube.com/watch?v=G0skVFvn5sk.

purpose, such as dividing society. They search social media for predefined keywords and can like and share posts. In this way, certain topics and opinions may appear more important, and the popularity of a person, a movement, a product, or a company is artificially increased in a fully automated fashion. It is reported that on the day before the 2016 U.S. presidential election, some 400,000 social media bots accounted for up to 20 percent of political discussions on social media. Wikipedia claims:

> The impact of social bots has grown so much that they are now affecting society through social media, by manipulating public opinions (especially in a political sense, which is considered a sub-category of social bots called political bots), stock market manipulation, concealed advertisements and malicious extortion of spear-phishing attempts.[49]

Computer scientist Florian Gallwitz has been scientifically studying bots for several years. He has closely examined hundreds of accounts counted as "social bots" in peer-reviewed studies and found not a single "social bot" among them. The accounts mostly showed no traces of automation and were thus predominantly operated by human users.[50] Accordingly, the Russian manipulations of social media discussions would be less due to automated scripts than to manually produced posts.

In net jargon, a person who disrupts the conversations of others in a discussion forum, newsgroup, or chat room, thus sparking a verbal dispute, is called a "troll." The content of troll posts is usually irrelevant or digressive; what counts is the emotional provocation intended to stir up conflict within the community. Trolls have become

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"Report: 47 Percent of Internet Traffic is From Bots." *Security Today*, last modified May 17, 2023, accessed August 30, 2023. https://securitytoday.com/articles/2023/05/17/report-47-percent-of-internet-traffic-is-from-bots.aspx.

[49] "Wikipedia: Social bot." Last modified October 20, 2023, accessed November 5, 2023. https://en.wikipedia.org/wiki/Social_bot.

[50] Gallwitz, Florian, and Michael Kreil. 2021. "The Rise and Fall of 'Social Bot' Research." *SSRN Scholarly Paper*, last modified April 9, 2021, accessed November 5, 2023. https://papers.ssrn.com/abstract=3814191.

known primarily in connection with Russian web brigades as tools of the state for influencing public opinion in online forums and comment sections of news websites.[51] This form of state-controlled internet manipulation has existed since at least 2003,[52] and the organizations have had changing names at various times, including "Agency for Internet Research," "Federal News Agency," "Internet Research Agency" (IRA), and finally "Glavset." The activities of the web brigades, which basically serve the purpose of disseminating the view of the Russian government, were first described in an article in the magazine *Westnik*. Characteristic of its approach is strict adherence to Vladimir Putin's positions, discrediting of government opponents and repetition of certain phrases. The organization operates with hundreds of freelancers who engage in artificially generated grassroots initiatives (astroturfing) using predetermined buzzwords. In addition, it runs dozens of its own "news agencies" and "news portals."[53]

The cyberattacks of the Russian secret service FSB were first noticed in Estonia in 2007. At that time, the government under Toomas Hendrik Ilves had a Soviet war memorial, which the population understood as a symbol of the brutal occupation, moved from the center of the capital to a military cemetery. This led to violent protests by the Russian minority. Then, on May 9, the day of the Red Army's victory in World War II, there was a massive cyberattack in the form of a DDoS ("distributed denial of service") attack. In this kind of digital assault bots send digital garbage from all over to deliberately

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[51] "Wikipedia: Russian Web Brigades." Last modified August 18, 2023, accessed August 28, 2023. https://en.wikipedia.org/wiki/Russian_web_brigades.

[52] Polyanskaya, Anna. 2003. "Как снова убивают Галину Старовойтову" (How Galina Starovoitova is being murdered again), last modified June 11, 2003, accessed August 28, 2023. https://web.archive.org/web/20180817192722/http:/www.vestnik.com/issues/2003/0611/win/polyanskaya.htm.

[53] Scholl, Stefan. 2023. "Prigoschins Trolle packen aus." *NZZ am Sonntag*, last modified July 22, 2023, accessed November 5, 2023. https://magazin.nzz.ch/nzz-am-sonntag/international/mitarbeiter-von-jewgeni-prigoschin-berichten-ueber-dessen-fake-news-methoden-ld.1748537.

cripple media, banks and government websites. What is remarkable is not only the date of the attack, but also its duration – it started at midnight and lasted 24 hours until ten seconds before midnight. This suggests that a group of cybercriminals was paid to be active for exactly one day.[54]

Trolls also became particularly active after the anti-government and anti-Putin protests of 2011, apparently as a countermeasure by the government. When Russia annexed the Crimean Peninsula in 2014 and triggered the initial war in eastern Ukraine, covert operations and cyberattacks by Russian intelligence services increased massively. At the time, they were aimed at sabotaging Ukraine's infrastructures, including its financial system and energy supply. A flood of pro-Russian commentary filled the social networks and comment sections of international media outlets such as *Forbes Magazine* and *The Guardian*, as well as major German news portals. This action both influenced public opinion and intimidated journalists. In parallel, supposed Ukrainian "information portals" emerged, but in reality, they were operated from St. Petersburg.

Finnish investigative journalist Jessikka Aro visited a large troll factory in St. Petersburg several times in 2015. She describes how the employees inside it worked two 12-hour shifts, spreading propaganda news around the clock, so that they could cover all the world's time zones (Aro 2022, 159). The employees' work consists of a mixture of comment writing and social media management, with much of the commentary being political in nature. The bots are used to "like" certain terms en masse to promote them in search engine algorithms and thus generate more attention on social media platforms. Bots have also taken control of operations on Twitter to manipulate both supporters and

[54] Häsler, Georg. 2023. "'Wir erlebten den ersten Cyberkrieg.'" *Neue Zürcher Zeitung*, last modified July 10, 2023, accessed November 5, 2023. https://zeitungsarchiv.nzz.ch/read/2837453/2837453/2023-07-10/7.

opponents of Putin's propaganda. When anti-Muslim protests erupted outside the Islamic Da'wah Center in Houston on May 21, 2016, they were fueled by a "Heart of Texas" Facebook account run from St. Petersburg. At the same time, the Russian trolls also organized a counter-protest at the same location (Facebook account "United Muslims of America"), thereby inciting both sides to violence.[55] This was revealed by a congressional committee on intelligence oversight (Zegart 2022, 251).

In the days leading up to the Brexit referendum in June 2016, the troll army from St. Petersburg is believed to have deliberately flooded social networks with controversial articles. At least 400 Twitter accounts were used for this campaign, and some 3,800 Russian accounts tweeted the keyword "Brexit" a total of 4,400 times on the day of the referendum, 1,100 of which were under the hashtag #ReasonsToLeaveEU.[56]

A real turning point in terms of political and public awareness of the troll factory effect came with the 2016 U.S. presidential election (Linvill and Warren 2020, 447). Amy Zegart summarizes the predictions regarding the expected election outcome as follows:

> Four models tracked by *The New York Times* gave Republican candidate Donald Trump a 15 percent, 8 percent, 2 percent, and less than 1 percent chance of winning against Democratic candidate Hillary Clinton. Even statistics guru Nate Silver put the odds of a Trump victory at just 29 percent (Zegart 2022, 111).

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[55] Geraghty, Jim. 2018. "If Your Voters were Persuaded by Bad Russian Ads, They Were Never Your Voters," *National Review*, last modified February 19, 2018, accessed August 28, 2023. https://www.nationalreview.com/the-morning-jolt/if-your-voters-were-persuaded-by-bad-russian-ads-they-were-never-your-voters/.

[56] Field, Matthew, and Mike Wright. 2018. "Russian Trolls Sent Thousands of Pro-Leave Messages on Day of Brexit Referendum, Twitter Data Reveals." *The Telegraph*, last modified October 17, 2018, accessed November 5, 2023. https://www.telegraph.co.uk/technology/2018/10/17/russian-iranian-twitter-trolls-sent-10-million-tweets-fake-news/.

Former Cambridge Analytica executive Brittany Kaiser says Donald Trump's participation in the presidential campaign was ultimately aimed at boosting his corporate conglomerate. Trump planned to launch a media conglomerate with Robert Mercer as the main investor. The presidential campaign was intended to serve as a trial balloon and help gather data on the target audience (Kaiser 2019, 118–119). Accordingly, Donald Trump himself did not expect to win – it was the activities of Cambridge Analytica and other targeted marketing firms combined with the effect of Russian troll factories that brought him the presidency.

In addition to the manipulation of public opinion through interventions on behalf of foreign governments, there is a clear risk of hacker and cyberattacks on vital infrastructures. In December 2015, electricity failed over a large area in western Ukraine. Russian military intelligence is believed to have directed the action via the internet. This is considered to be the first cyberattack that resulted in a power outage. Information and cyber operations by Russia during the 2016 U.S. presidential election took place over several phases, including preparation, which involved identifying potential vulnerabilities in IT systems, penetrating and infecting computers, and finally executing the mission, such as by stealing information. A striking case was the penetration of the servers of the Democratic Party of the U.S. by two Russian hacker groups – Fancy Bear (APT28) and Cozy Bear (APT29). The security firm Crowdstrike discovered the infiltration in May 2016, and soon after, Democratic Party documents and e-mails allegedly stolen by a hacker called Guccifer 2.0 surfaced on the internet. The publication of the stolen information led to significant media attention and influenced public opinion.

One of the most spectacular cyber operations of the Cozy Bear hacker group is the attack on the customers of the SolarWinds company, which was revealed in December 2020. SolarWinds makes and sells network management software. The attackers had infiltrated the company's servers as early as September 2019 and had built a backdoor into the software to bypass the security measures of the attack targets, SolarWinds' customers, mostly well-protected U.S. government agencies. Beginning in March 2020, the attackers hid their clandestine backdoors to the servers in SolarWinds' software updates. The malicious software was then installed by about 18,000 customers worldwide, yet the attackers were only interested in specific organizations. Affected entities included parts of the Department of Defense and NSA, the Nuclear Security Administration, and the Federal Aviation Administration. Cybersecurity Agency e-mails and court records, including sealed ones, were also affected.

In the context of the Russian invasion of Ukraine in February 2022, a cyberattack occurred with widespread impact on digital infrastructure across Europe. The operator of the Viasat communications satellite reported a disruption on February 24, 2022.[57] Thousands of modems across Europe, not just in Ukraine, failed, causing interruptions in satellite communications. This cyberattack appeared to have been planned long in advance. The attackers are believed to have penetrated the network controlling the satellite and modems on the ground via poorly protected remote access. From there, they were able to install malware on the satellite modems via the built-in update function, rendering these devices unusable. Up to 30,000 devices across Europe were affected.

[57] Matt Burgess. 2022. "Viasat communications satellite reported a disruption on February 24, 2022." *Wired*, last modified March 23, 2022, accessed October 22, 2023. https://www.wired.com/story/viasat-internet-hack-ukraine-russia/.

Internet connections were interrupted, and wind turbines could no longer be controlled remotely. In May 2023, based on intelligence, the U.S. and the U.K. officially concluded that "almost certainly" the Sandworm group of the Russian military intelligence agency GRU was the possible perpetrator.

Prospects

New technologies have opened the door to a wide range of manipulation possibilities. There have always been fakers and detractors in the past, but social media has given them a much bigger impact (Bolz 2023, 12). Even accurate information, when it comes from secret sources and is unexpectedly made public, carries significant political risks. The internet has become a highway for misinformation where anyone can post self-invented conspiracy theories and spread them on social media via hashtags, where they are then amplified by bots to ultimately reach the mainstream media. Conflicts are specifically fueled, with the processes happening fully automatically, triggered by a single click of a mouse (Zegart 2022, 37). Social media has become a weapon for spreading misinformation across the board to confuse the public.

Perhaps because the public has now realized that they can no longer trust the news, interest in news is rapidly declining in Western countries. In response to the question, "How interested are you in news, if at all?" in 2023, 46 percent in Switzerland said they were very or extremely interested in news.[58] Three years earlier, the figure was 59 percent. The trend is similar to that in the neighboring German-speaking countries of Austria and Germany, whereas in France, the UK, and the U.S., interest has declined

[58] Reuters Institute Digital News Report 2023. Accessed August 28, 2023. https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2023.

even more sharply. For people aged 55 and over, television is the main source of information (41 percent). Among young adults aged 18 to 24, social media (41 percent) are already more important than news sites (37 percent).

At the time of writing, technologies described as artificial intelligence (AI) are once again revolutionizing business and society. It is becoming apparent that AI-driven social bots will interact and operate on social media platforms in a similar way to humans (Hajli et al. 2022, 1238). Extrapolating the development of the last 20 years into the future, it can be expected that society, which is already largely segregated, will become even more fragmented and even more extreme, and that fraud and manipulation of stock markets will continue to increase.

Chapter VII.

Initial Findings: Taking Stock

By mid-2023, more than half of humanity is connected in one form or another via social media. The use of these platforms poses numerous dangers and risks, both for individuals and for society as a whole.[59] The study of social development in the intensely internet-connected world has shown that the surveillance and influence of billions of people by the technology giants is permanently shaping sociological conditions on such a large scale that it is justifiable to speak of social engineering. Users have become caught up and entangled in a complex web that is essentially an addictive behavior-modification apparatus, as Lanier (2018, 126) argues. The structures that have emerged have made attention a measure of success and, as a result, the pursuit of attention has become a dominant force. Those who receive particularly high levels of attention attain role model status and consequently set the tone for large segments of society with their beliefs, behavior, and style.

Research shows that 62 percent of Facebook users in 2013 did not know that Facebook was manipulating their newsfeed (O'Neil 2018, 183). Thus, it reveals a deep-rooted ignorance of how technology is used to influence human emotions and perceptions. Internet search results are considered accurate and unbiased by 73 percent of

[59] Tanner, Elleana and Alejandra Barba. 2022. "Young adults in California experience alarming rates of anxiety and depression, poll finds." *Los Angeles Times*, last modified September 30, 2022, accessed August 28, 2023. https://www.latimes.com/california/story/2022-09-30/young-adults-california-alarming-rates-of-anxiety-depression-suicidal-thinking-survey-finds.

Americans (O'Neil 2018, 184). A prominent example of the effect of a campaign to spread misinformation is the false belief that former U.S. President Barack Obama was a Muslim – a view held by over 43 percent of Republicans in 2015 (O'Neil 2018, 194).

The combination of big data and social media has fostered the rise of a tech-savvy cyber mafia (Lanier 2018, 34–36), whose economic success has rendered democracy and politics in the traditional sense impossible (Lanier 2018, 107). Individuals are trapped in echo chambers and filter bubbles in which their ability to understand the complexity of the world remains severely impaired (Lanier 2018, 125). Memes, originally a philosophical concept, have become mere vehicles for viral content (Lanier 2018, 130). Mathematical models are viewed as unchallengeable gods and have acquired the ability to self-perpetuate, define their own reality, and justify their outcomes. Foreign actors use this technology to intervene in political processes by driving social division (Lanier 2018, 121).

Cathy O'Neil (2018, 3) highlights the danger of what she calls "Weapons of Math Destruction." It is the nature of algorithms to favor efficiency, which can be easily quantified, over fairness, which cannot be mathematically captured, inevitably leading to a disproportionate increase in unfairness (O'Neil 2018, 95). Such a system proves corrosive to social cohesion and democracy as a whole in the long run. The dissemination of targeted misinformation and manipulation carried out via social media undermines collective knowledge.

As exaggerated and negative statements attract much higher attention than positive reports, heated debates arise, causing society to fragment into increasingly

polarized factions. In the context of social media, this creates a toxic environment that threatens both individual autonomy and social cohesion.

> We cannot understand the political mess that social media has created without recognizing the profit motive based on targeted ads, which makes these companies prioritize maximizing user engagement and sometimes rage. Targeted advertisements, in turn, would not have been possible without the collection and processing of massive amounts of data (Acemoglu and Johnson 2023, 371).[60]

It would be a fatal mistake to view digital platforms merely as tools or technologies. Rather, they have become social spaces in which a uniquely large number of users have established themselves and, moreover, developed specific patterns of behavior. The global scope of social spaces and the speed of information transfer, but especially the depth of personal information disclosed by network participants, have ultimately brought about a new social order. Trends toward harmonization, for example, regarding prevailing opinions (conventional wisdom or mainstream thinking), fashion trends, music hits, or social movements, and the opposite, increasing polarization and rapidly spreading domestic conflicts, would be inconceivable without social media in the form and vehemence manifested in society today.

Assessing Luhmann's Social Systems Theory

Luhmann seemingly anticipated these developments as effects of increasing dependence on technologies. In his *Essays on Self-reference* (1990a) and *Theory of Society* (2012; 2013), he examined the transformative effects of digital technologies on communication and society. He questioned whether computers could replace human

[60] Daron Acemoglu and Simon Johnson. 2023. "The Antidemocratic Turn of Technology, and How We Turn It Back." *Porchlight*, last modified June 28, 2023, accessed November 5, 2023. https://www.porchlightbooks.com/blog/changethis/2023/power-and-progress.

communication, pointing out that they must treat knowledge as form and recognize what others do not know. He also emphasized that the self-perception of modern society must take into account the rules inherent in mass media. Luhmann argued that digital communication could disrupt the triad of utterance, information, and understanding that characterizes modern society, posing a threat to society's communication system. Moreover, it could render traditional means of communication such as truth, love, money, law, education, and power ineffective because of the ambiguity inherent in digital communication. In essence, Luhmann warned of a possible reality in which digital technologies could obscure the nature of communication so that we are no longer aware of its true form and effect (Iuli 2020, 139–141).

The thesis put forward here, however, diverges from Luhmann's model in that he never emphasized the importance of a ruling class in terms of Marxist theory. Furthermore, Luhmann saw a certain independence of the different subsystems of society, whereas the thesis presented here questions this autonomy and the self-referential character of social subsystems to some extent. Luhmann's theory also tends to focus on a small-scale, in that it is particularly concerned with the context of specific social systems, whereas the thesis advocated here emphasizes the interests of multinational corporations and the cross-border influence of political intervention. Luhmann puts forward a value-neutral analysis of how systems work – this deficit in the attribution of responsibility has been at the heart of the debate between Niklas Luhmann and Jürgen Habermas – and to some extent in the discussion between Noam Chomsky and Michel Foucault (Neiman 2023, 65–66).[61] The concern expressed here about the concentration of power, on the

[61] "Wikipedia: Chomsky–Foucault debate." Last modified June 14, 2023, accessed on August 29, 2023. https://en.wikipedia.org/wiki/Chomsky%E2%80%93Foucault_debate.

other hand, can be understood as an explicit suggestion to correct existing systems in terms of ethical principles.

A few essential discrepancies to Luhmann's system-theoretical model become apparent. First, Luhmann explicitly included in his definition of mass media that there is no interaction between sender and receiver, i.e., between journalist and reader. Social media, however, enable and promote precisely this interaction, so they cannot be described as mass media in Luhmann's sense. Second, the basic elements of Luhmann's social system theory – the self-referential codes and the principle of selectivity – ostensibly develop their potential only in an uncorrupted environment. Social theory thus presupposes an idealized "natural" state in which interactions occur unimpeded and in optimal form. According to Luhmann…

> …modern society exists and organizes itself through the interaction of a series of functionally autonomous, specialized subsystems – politics, law, science, art, education, etc. – that establish themselves autologically by applying self-referential codes carrying the principle of selectivity by which they organize and reproduce themselves, their own organization, and their own elements recursively, as communication, from an environment that […] knows no communication (Iuli 2020, 133).

Third, social media in their current form also do not correspond to what Niklas Luhmann defined as a network, i.e., a loosely linked collaboration with conditioned trustworthiness. According to Luhmann, networks are characterized by the absence of central planning, control, and information. These elements arise at different points and cannot be coordinated by a single authority. Loosely coupled cooperation requires a "conditioned trustworthiness" (Rachlitz et al. 2021, 67) based on identifiable interests and repeated probation. Since network partners act independently, there are no

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YouTube: "Debate Noam Chomsky & Michel Foucault – On human nature." Recorded October 22, 1971, accessed on August 29, 2023. https://www.youtube.com/watch?v=3wfNl2L0Gf8.

formalized rules about who should interact with whom, when, and in what form. – In social media, however, interactions are highly determined by self-interest and accordingly manipulated and manipulative. In contrast to Luhmann's definition, there are definitely formalized rules about who interacts when and with whom in what form. Behind this are sophisticated algorithms of the platform operators, which enable their advertising customers to address target groups very precisely. Success is ultimately determined first and foremost by the size of the marketing budget used and secondly, at best, by the sophistication of the strategy. In any case, the winners are the platform operators and, in most cases, the brands. Influencers can be counted among the losers, because they ultimately produce the content for the tech corporations at great expense, without which their platforms could not even exist, and are only compensated to a small extent for this. The biggest sufferers, however, are the actual users of social media, who are generally unaware of the extent to which they have become the plaything of corporate interests and manipulation.

Disturbing Developments in the Economy, Politics, and Society

When the deductive method fails to explain social processes with the help of theories, inductive methods must be used to draw general conclusions from individual observations. It was social democratic heads of government, most notably Bill Clinton in the United States, Tony Blair in the United Kingdom, and Gerhard Schröder in Germany, who supported market-driven globalization while tolerating an increasing capture of the economy by financial market capitalism (Sandel 2022, 35). The subsequent explosive growth of the financial sector was accompanied by a steady decline in investment in the real economy. The trickle-down effect once heralded by Margaret Thatcher failed to

materialize. Adair Turner, the head of the U.K.'s Financial Services Authority, notes that the increasing complexity of the financial system in the developed world has not made the real economy more stable. Instead of creating economic value, it has probably actually drained profits from the real economy (Sandel 2022, 345). Systemic changes have transformed the economy so that speculative transactions in the marketplace are rewarded both financially and with social prestige, while at the same time the dignity of labor is increasingly diminished.

Thus, the financial industry, along with the technology industry, has generated the largest profits in recent decades because it has been able to escape government regulation and today is even largely immune to government intervention (O'Neil 2018, 90). Because of this, investors and top executives have been able to accumulate wealth in these two industries. With this comes incalculable risks to the rest of society. In spasmodic cycles, failed bets by speculators have triggered economic crises, each destroying immense values. The distressed banks and corporations then had to be bailed out with taxpayer money, giving additional validation to the general motto of turbo-capitalism, "privatize profits, socialize losses." The bank bailout during Barack Obama's tenure sparked anger and ultimately populist backlash on both sides of the political spectrum that permanently overshadowed Obama's presidency. On the left, the Occupy Wall Street movement formed while Bernie Sanders was running for president. On the right, the Tea Party movement emerged, leading to the election of Donald Trump (Sandel 2022, 36), who continues to set the tone for the Republican Party.

In the study "Social Media as a Bank Run Catalyst," researchers demonstrated that conversations on social networks amplified classic bank run risk.[62] Social media played a role in both the bankruptcy of Silicon Valley Bank and the sudden takeover of Credit Suisse. In the case of Credit Suisse, an Australian television journalist had reported on Twitter in October 2022 that credible sources were talking about a major international investment bank being on the brink. The remark attracted a lot of attention on the internet and became a self-fulfilling prophecy.[63]

The rise of neoliberalism was accompanied by a transformation of the parties on the left side of the political spectrum, i.e., the Democratic Party in the U.S., the Labour Party in the United Kingdom, and the Social Democratic Party in Germany. These parties lost their traditional base in the working class and lower middle class. Instead, they now more strongly represent the interests of academics. As a result, important moral considerations have been dropped from public debate; instead of ideology, the focus has been on economic efficiency, with decision-making virtually exclusively in the hands of elites, leading to increasing alienation of broad segments of the population (Sandel 2022, 37 and 41). The losers of neoliberalism were told that they had caused their situation themselves. Thus, the low-income classes were not only economically disadvantaged but additionally humiliated, while strategies to fight poverty were entirely absent.

In the U.S., the United Kingdom, France, and parts of Germany, the focus of employment has shifted away from production to administrative services in the low-wage

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[62] Cookson, J. Anthony, Corbin Fox, Javier Gil-Bazo, Juan Felipe Imbet, and Christoph Schiller. 2023. "Social Media as a Bank Run Catalyst." *SSRN Scholarly Paper*, last modified July 13, 2023, accessed November 13, 2023. https://doi.org/10.2139/ssrn.4422754.

[63] Rasch, Michael. 2023. "Ist Social Media ein Fall für die Bankenaufsicht?" *Neue Zürcher Zeitung*, last modified July 20, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/bundesbankchef-nagel-bankenaufsicht-koennte-social-media-ueberwachen-ld.1748079.

sector.[64] Large companies, in turn, regulate the oversupply of labor in the low-wage sector with algorithm-driven optimization programs. The victims of algorithmic segmentation are again mostly poor and powerless people. They no longer have a voice in a society based on purchasing power.

Instead of alarm bells ringing with politicians when they first learned about manipulation possibilities in elections by companies like Cambridge Analytica, they themselves became the most eager customers of such microtargeting services. Indeed, the development of political campaigns using big data and the algorithmic identification of similar targets is now apparently essential (O'Neil 2018, 187). George W. Bush won the 2000 U.S. presidential election by a margin of only 537 votes in Florida.[65] Under the conditions that prevail today, a single Facebook algorithm could have produced a different result. By understanding specific voter demographics and their desires, campaigns like Obama's in 2012 were able to target millions of similar voters (O'Neil 2018, 190). This approach was further advanced by Hillary Clinton's campaign, which used a microtargeting startup to create a political version of a customer management system (O'Neil 2018, 191).

Ultimately, it is usually a handful of electoral districts in the "swing states" and, in turn, only a small number of undecided voters in these that decide who wins the election. This group is inundated with messages through microtargeting, while the rest of the voting population goes largely unheeded. The majority is justifiably disappointed and

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[64] Ribi, Thomas. 2023. "Interview mit Andreas Reckwitz: 'Das Versprechen der Moderne ist brüchig geworden.'" *Neue Zürcher Zeitung*, last modified June 11, 2023, accessed November 5, 2023. https://www.nzz.ch/feuilleton/fortschritt-das-versprechen-der-moderne-ist-bruechig-geworden-ld.1741052?reduced=true.

[65] Kettle, Martin and Duncan Campbell. 2000. "Florida declares Bush the winner after recount." *The Guardian*, last modified November 27, 2000, accessed November 13, 2023. https://www.theguardian.com/world/2000/nov/27/uselections2000.usa1.

feels marginalized within the existing system because their voting behavior is already expected and therefore not considered to contribute to the decision (O'Neil 2018, 196). The electorate is divided: One part does not question the processes and willingly allows itself to be manipulated; another part has capitulated and said goodbye to voting because elections are understood as ostentatious enactments designed to maintain the illusion of participatory influence. Thus, there is an increasing alienation between democratic ideals and the reality of sociopolitical processes.

Mounting Inequality

The processes described above have led to an explosion of inequality during the last decades. An extremely thin population density at the top of the income pyramid has been able to secure its own advantages and pass them on to its children (Sandel 2022, 39). The median income of working-age men in western countries is lower today than it was 40 years ago (Sandel 2022, 37), but inequality goes beyond the purely financial. The disproportionate pay of certain elite occupational groups leads to arrogance at the top of society. A study by a team of sociological researchers from the Netherlands, the United Kingdom, and Belgium showed that college graduates hold many prejudices against people with less education without realizing it – and without realizing the negative consequences such prejudices have for social cohesion (Sandel 2022, 153–154).

Ordinary workers no longer have bargaining power because they can be easily replaced (O'Neil 2018, 128). Thus, with the loss of purchasing power comes a loss of social esteem. This triggers justifiable fears of descent and existence. Instead of recognizing the desperate situation of the precariat and seeking solutions, Hillary Clinton

labelled those affected as "a basket of deplorables."[66] In order to be noticed at all, counter-movements such as the *Gilets Jaunes* and nationalist parties such as the Front Nationale in France and the AfD in Germany have formed. The strength of Donald Trump's voter base also has its roots in these frustrations. "Class cluelessness has become class callousness," concludes Joan C. Williams (2017, 130).

In some countries, including the U.S., the education system is designed to further reinforce tendencies toward a distinct class society. Algorithms have also made inroads in assessing the quality of universities and teachers. Cathy O'Neil has examined the role of algorithms in the education system in more detail and concludes that the ranking system of universities in the U.S. causes them to have to make significant investments in order to move up in the competitive analysis. This drives up costs and tuition. A college education has thus become unaffordable for many people, further deepening the social divide (O'Neil 2018, 60–65).

At prestigious universities like Princeton and Yale, more students come from the top income percent of the country than from the bottom 60 percent combined (Sandel 2022, 21). SAT scores correlate with family incomes; the white working class in particular is underrepresented (Sandel 2022, 262). Colleges themselves have done little to increase the percentage of students from low-income families (Sandel 2022, 271). A student from a wealthy family is 77 times more likely to attend an Ivy League university in the U.S. than a child from a working-class family (Sandel 2022, 266).

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[66] Katie Reilly. 2016. "Read Hillary Clinton's 'Basket of Deplorables' Remarks About Donald Trump Supporters." *Time*, last modified September 10, 2016, accessed October 22, 2023. https://time.com/4486502/hillary-clinton-basket-of-deplorables-transcript/.

Success is generally preordained in the existing system, as individuals from wealthy families enjoy disproportionately large advantages. Notwithstanding this, members of the elite claimed to have earned their professional successes through individual effort in the spirit of meritocracy. People without an academic education are constantly urged to improve their circumstances by obtaining a university degree. First, it does not correspond to reality that children from working-class families generally get better job prospects through a university degree (Armstrong and Hamilton 2013, 209–214). And second, such reproaches seem more insulting than inspiring.

The academically educated, meritocratic elites advocate integration in terms of gender identity, skin color, and ethnicity. However, instead of producing a dynamic, mobile society, this has resulted in a system of privileged inequality that is reinforced by higher education.

In 1931, in the middle of the Great Depression, the American author James Truslow Adams created a modern myth, the American dream, in the last pages of his hymn of praise *The Epic of America*. America's gift to humanity was "that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement" (Adams 1931; Cullen 2003). Adams saw this American dream endangered even then, because "money making and material improvements" had displaced moral virtues.

The vision of a society in which every individual, regardless of background, has the potential to prosper through effort and achievement stuck. Given that social mobility in the U.S. is lower than is generally believed, the attitude that individual effort ultimately brings about social advancement is illusory today. While productivity and purchasing

power rose in unison in the four decades before the advent of neoliberalism (1940–1980), wages stagnated in the period that followed (Fig. 11). The decline in purchasing power and the loss of workers' social status are the direct consequences of the political strategies of the ruling parties and elites (Sandel 2022, 32).

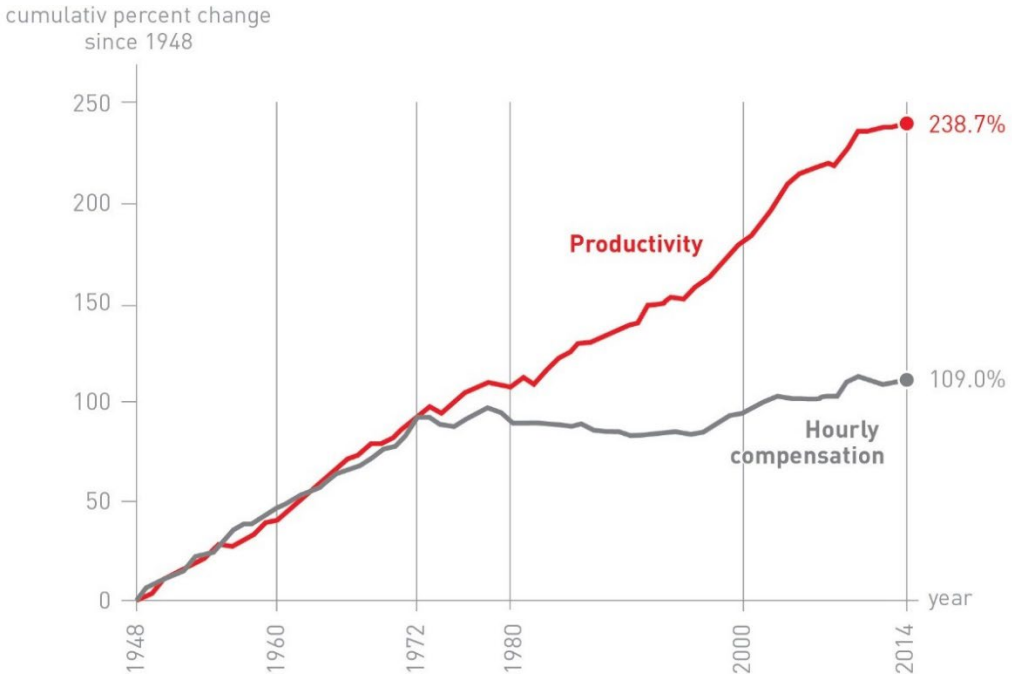

Figure 11. Disconnect between productivity and average workers' compensation.[67] *Globalization contributed to the fact that wages hardly rose after 1972.*

The ideology of meritocracy, which regards individual success as an earned achievement, accompanied the rise of neoliberalism. A protagonist of this economic

[67] "Economic Policy Institute: *Disconnect between productivity and typical worker's compensation, 1948–2013*." Last modified June 3, 2015, accessed August 29, 2023. https://www.epi.org/publication/congressional-testimony-the-erosion-of-collective-bargaining-hurts-workers-wages-and-benefits/.

order, former British Prime Minister Margaret Thatcher, expressed her conviction in a memorable interview in 1987 as follows:

> [People] are casting their problems on society and who is society? There is no such thing! There are individual men and women and there are families, and no government can do anything except through people and people look to themselves first.[68]

The meritocratic ideal is also evident in the composition of parliaments, where the percentage of academics is well above that of the population. In the U.S., 95 percent of congressmen and 100 percent of senators have academic degrees, even though two-thirds of adult Americans do not have college degrees (Sandel 2022, 155–156). Parliaments no longer represent the composition and affairs of the population (Sandel 2022, 162). This has alienated the established parties – particularly the center-left – from their traditional clientele, the working population. As a result, a divide is opening between the working class and the professional-managerial class (PMC), with their above-average incomes, and society is increasingly polarized along educational lines. A politics that is close to the people and creates acceptance, however, does not necessarily require an academic education. Rather, it requires practical wisdom and a concern for wanting to improve the common good.

When the interests of the working class and lower middle class are no longer represented politically, democracy is at risk. Xenophobia increases, far-right parties gain power, and autocratic personalities gain popularity. The processes are obvious, yet moderate politicians and parties do not seem to grasp them and continue to court corporations and elites. Charles Lindblom said just over 20 years ago:

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[68] Thatcher, Margaret. 1987. "*Interview for* Woman's Own *('no such thing [as society]')*." Margaret Thatcher Foundation, accessed November 5, 2023. https://www.margaretthatcher.org/document/106689.

> It is a frightening possibility: the rise of a new underclass consisting of millions of people with insufficient skill or capital to offer the required quid to win the necessary quo (Lindblom 2001, 256).

On May 14, 2022, Payton S. Gendron, then 18 years old, of Conklin, a small town north of Scranton, Pennsylvania, drove more than 200 miles northwest to attack customers at a supermarket in a predominantly black neighborhood of Buffalo on Lake Erie. The assassin killed ten people and injured three others. He filmed his attack with a helmet camera and beforehand posted a manifesto on the internet with racist and anti-immigrant views, stating that in his view the white population of the U.S. was in danger of being replaced by people of color.

A little over a year later, the victims' relatives launch two lawsuits against the corporations Alphabet and Meta because their social media enable echo chambers in which violent ideologies are reinforced.[69] Both massacres and lawsuits against the tech giants proliferate.[70] The role played by networks such as WhatsApp, Telegram, and Snapchat in crisis situations was again demonstrated by the riots in France in June 2023. The momentum of the events was further fueled by real-time coordination and reporting and the wider dissemination of images and videos via social media, ultimately reaching traditional media around the globe.[71]

An enduring consensus can be observed in the annals of sociological thought, ranging from the foundational works of Karl Marx to the contemporary reflections of

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[69] McKinley, Jesse. 2023. "Are Google and Meta to Blame for the Racist Massacre in Buffalo?" *The New York Times*, last modified July 23, 2023, accessed November 5, 2023. https://www.nytimes.com/2023/07/23/nyregion/google-meta-buffalo-shooting.html.

[70] Kang, Cecilia and Natasha Singer. 2023. "Meta Accused by States of Using Features to Lure Children to Instagram and Facebook." *The New York Times*, last modified October 24, 2023, accessed November 1, 2023. https://www.nytimes.com/2023/10/24/technology/states-lawsuit-children-instagram-facebook.html.

[71] Voss, Pauline. 2023. "Die Revolte als Tiktok-Challenge." *Neue Zürcher Zeitung*, last modified July 4, 2023, accessed November 5, 2023. https://www.nzz.ch/international/gewalt-in-frankreich-wie-die-taeter-soziale-netzwerke-nutzen-ld.1745531?reduced=true.

Erik Olin Wright (Wright 2019, 35) and Vivik Chibber (Chibber 2022, 154–157). According to this view, the ruling class determines both state structures and the mechanisms of action of media apparatuses. The exponential growth of technological progress over the past two decades has further reinforced these fundamental structures.

Big Tech Assumes the Role of Nineteenth Century Capitalists

On August 16, 2023, the results of a groundbreaking comprehensive investigation were published in the form of a book, showing how the large technology corporations have taken capitalist principles to extremes over the past 20 years by exploiting their monopoly position, while at the same time largely undermining democracy. The media scientist Martin Andree succeeded in determining the actual traffic on the internet with the help of a complex experimental set-up as part of a research project supported by the EU (Andree 2023). The study examined specific user behavior of 16,000 people and evaluated many billions of impressions on the 16 million domains that are live in Germany.

The book that has just come out is the first coherent account and an unprecedented overview of the use of digital platforms (such as Facebook, WhatsApp, Google) and activities (e.g., search, online shopping, social media, content browsing). Yet, it is limited to Germany and published in German. The data were collected across all device types (such as PCs, smartphones, and tablets) and diverse usage profiles. Such a coherent, all-encompassing view of digital media based on a uniform data basis did not exist previously. The book bears the programmatic title: "*Big Tech must go! Digital corporations are destroying democracy and the economy – we will stop them*" (Andree 2023; trans. EZ).

The overwhelming share of all online traffic takes place on only a very few platforms, first and foremost YouTube, Facebook, Instagram, Google, and WhatsApp (Fig. 12). Paradoxically, the global and vastly rich internet turns out to be "a gigantic graveyard of unused content" (Andree 2023, 29). The data analysis shows that the digital landscape is dominated by a handful of corporations (GAFAM = Google [Alphabet], Apple, Facebook [Meta], Amazon, and Microsoft), to an extent that was previously unimaginable. Alphabet and Facebook receive more than one-third of all digital attention; the top 7 providers account for more than half of all digital traffic. The hundred most visited websites generate 71.8 percent of all online traffic. The websites ranked 101–500, receive only 14 percent of traffic. Even less frequented sites are practically meaningless – all websites between rank 10,000 and 131,993 together account for about 2 percent of total traffic. On more than 99 percent of all domains, the study could not prove any visitor access (Andree 2023, 30–31). If the uneven distribution is transferred to the calculations used to determine the Gini coefficient, online traffic in Germany achieves an incredible value of 98.8. The internet has been monopolized (Andree 2023, 32).

The situation can be clearly visualized with the aid of a diagram showing a ranking of all content available on the internet, i.e., websites, platforms, apps, online stores etc. (Fig. 12). The Y axis indicates the cumulative usage time that each offer in Germany receives. The horizontal axis reflects the rank of the respective offer, for positions 1 to 131,993. The chart shows how much internet traffic volume is in the hands of a few providers – these make up the peak right next to the Y axis. The four market leaders (Alphabet, Meta, Apple, and Amazon) are responsible for about 45 percent of all traffic. This dominance encompasses entirely different markets, including video-on-

demand (YouTube), e-commerce (Amazon), social networks (Facebook), messaging (WhatsApp), banking, games, e-mail, etc.; in other words, all the forms of use in the digital universe. A few millimeters further, the curve is already approaching zero.

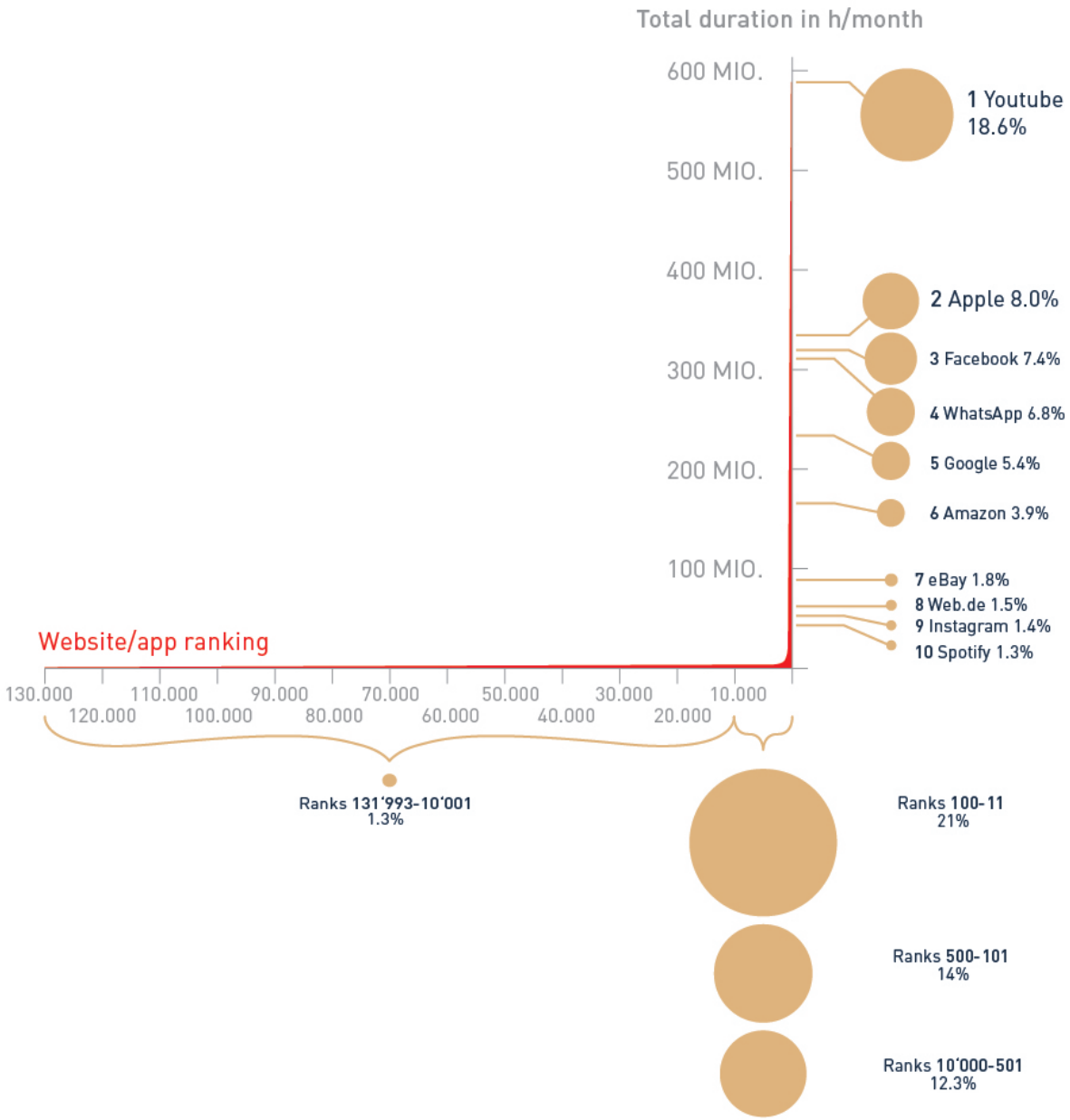

Figure 12. Cumulative amount of time spent on websites.

The red line is a curve indicating the ranking of websites based on time spent on them.

Since traffic on the internet stands for attention, which acts as a currency and is in fact compatible with money, because advertisers will follow traffic, it is obvious that only the digital corporations make a lot of money on the internet.

> The platforms of digital corporations thus function like black holes with an insurmountable pull, attracting more and more traffic and thereby systematically draining the free internet dry (Andree 2023, 34; trans. EZ).

Users provide the content for free that fills the feeds; they feed the platforms with data about their behavior and give them the attention that big tech monetizes through advertising. Users do all the work – big tech cashes in (Andree 2023, 34).

A total loss has already occurred in the field of digital media because analog media have now been all but displaced (Andree 2023, 45). In 2029 analog media will only receive a share of 25 percent of total public attention. Technology companies determine what news is presented to the public and the status of various political messages within their platforms (Andree 2023, 16–17). Political discourse is already today in the hands of platform operators and will be much more so in the future. Society worldwide is at the mercy of a handful of powerful digital gatekeepers. Big tech has become what the Rockefellers and Carnegies were in the nineteenth century: capitalist exploiters who pretend to always want only what is best for the public, while their main focus is to maintain a dominant position on the market.

Chapter VIII.

Elites and Echo Chambers

The insinuation that the ruling class determines the structures of politics and the economy and is supported in this by the media, which it largely owns, naturally requires argumentative justification. Who exactly is this ruling class? How is it composed? What are the structures in detail? And how do they operate?

A sociological consideration of the ruling class would do well to begin with *The Power Elite* by C. Wright Mills, first published in 1956 (Charles Wright Mills 1956). The sociologist scrutinizes the structure of power in the mid-twentieth century U.S. He identifies a small group of elite leaders in three institutions in particular, the military, corporations, and the political sphere. These make decisions that ultimately affect the entire population. Mills argued that power comes not so much from the person as from his or her role at the top of the institution, i.e., the role as president of the U.S., the role as chief executive, or the role as general (Charles Wright Mills 2019, 376–377). The powerful change their leadership positions in the command centers of these institutions, a process that has since been paraphrased with the metaphor of a revolving door.

The Situation in the U.S.

Mills was writing about the 1950s, the Eisenhower era, over whose term personal income increased by 45 percent (Gautney 2023, 5). Mills believed that intellectuals should, whenever possible, take up social problems relevant to today and that they should

publish their work, at least in part, in everyday language understandable to lay people. Elsewhere, he reviews a book by Franz Neumann, a member of the early Frankfurt School (Charles Wright Mills 1942, 432). Neumann had worked out how the relationships between the military, business, and the party in Nazi Germany all ultimately worked to shape authoritarian rule. Mills analyzed these processes out of a concern that an incipient authoritarianism was emerging in the U.S.

Karl Marx says that the elites form a ruling class; he implies unity of values and certain agreements, which today are considered conspiracies and dismissed as untrustworthy. In fact, there is a certain consensus in the ruling class regarding fundamental aspects of social organization, such as the hegemony of the state or the sanctity of neoliberalism. In part, consensus arises from comparable socialization, which often includes private boarding schools and elite universities (Armstrong and Hamilton 2013, 136–142; Khan 2021, 196–198). But it is not enough simply to have been to one of these schools; rather, one must belong to the elite circles within the elite schools. As in the animal kingdom, where stable odor and coat color convey a sense of belonging, members of the upper class also orient themselves toward one another. Alexander Falk, scion of a German publishing house, is said to have inherited 50 million euro. Within a few years, he turned it into a 250-million-euro deficit. Ultimately, his father-in-law offered to pay off the debts.[72] The exclusive private schools, sailing and polo clubs of the upper class not only inculcate a certain attitude, but they also provide fertile ground for building one's own networks – and help to forge romantic relationships within one's own social class. It is worth noting that in the mid-twentieth century, class consciousness was

[72] Schmalholz, Claus G. 2005. "Viel Familiensinn." *Manager Magazin*, last modified November 7, 2005, accessed November 1, 2023. https://www.manager-magazin.de/magazin/artikel/a-375789.html.

virtually absent from American society, except for the upper class (Charles Wright Mills 1956, 30).

Mills' work provoked fierce criticism both in academic circles and in the control centers of power. A review that tends to be sympathetic comes from Paul Sweezy (1956). The latter underscores the importance of recognizing that events in the U.S. are influenced to a large degree by the decisions of a comparatively small group that feels accountable only to its own inner circle. "Someday American social scientists will acknowledge the debt they owe to Mills for having been the first among them to proclaim in no uncertain terms that the king is naked" (Sweezy 1956, 23). In a way, this prophecy has come true, because today Mills' work is seen in a positive light. The first German translation appeared in 2019, that is 63 years after the original edition.

Sweezy emphasizes that Mills does not view the presence of wealth as reprehensible, but rather implies criticism that the powerful use their influence to maintain a system that denies comparable benefits to other strata of the population. In his view the roles of the elite are by no means predetermined. On the contrary, the actors certainly have room for maneuver in their decisions, the framework of which is determined by the social structures in which they move and by previous developments. Harry Truman was free to decide in August 1945 whether to order the dropping of two atomic bombs, thereby extinguishing the lives of a quarter of a million people. Sweezy (1956, 30) quotes the famous opening passage from Karl Marx's *Eighteenth Brumaire*:

> Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given and transmitted from the past (Marx [1852] 2016, 9; trans. EZ).

One can turn to any page in Mills' book and will most likely get stuck in it and find points of connection to the present. For example, he writes: "The people in the middle strata of the corporate hierarchies are mainly specialists" (Charles Wright Mills 2019, 208). In fact, it is striking that members of the professional managerial class are encouraged to become as specialized as possible. In contrast, one will hardly find a member of the ruling class who has acquired distinction as an expert. On the contrary, the training courses of the World Economic Forum, for example, tend to be geared to keeping an eye on the big picture.

The significance of Mills' book is underscored by the fact that in 2023, 67 years after its publication, a "remake" entitled *The New Power Elite* appeared. It is written by Heather Gautney, a sociology professor and longtime advisor to Bernie Sanders. The author begins by saying that in democratic societies today, many people feel they live in a world where someone else is pulling the strings in the background – "and in this feeling they are quite right" (Gautney 2023, 1). She says Mills' book in many ways anticipated the erosion of social values and power dynamics then led to the storming of the Capitol on January 6, 2021 (Gautney 2023, 2).

The prevailing inequality can be described with a few fast facts. While average wealth in the U.S. increased by only slightly more than five percent between 1990 and 2020, billionaires' wealth grew by more than 1,000 percent over the same period (Gautney 2023, 3). Three billionaires alone have more wealth than the entire bottom half of the populace (Gautney 2023, 3). Amid the coronavirus pandemic, over one million people in the U.S. lost their lives and several million lost their jobs. In just 19 months, 745 U.S. billionaires increased their collective wealth by $2000 billion. At the same time,

the incomes of 99 percent of the world's people fell. During the pandemic, workers faced a collective loss of $3.7 trillion in income, with women and Gen Z experiencing the most significant losses.[73] During the same time span, the world's billionaires got $3.9 trillion richer.[74] Nearly 100 million people across the globe were driven into poverty during the pandemic.[75] In just 2021, the U.S. witnessed the tragic loss of over 100,000 individuals due to drug overdoses (Gautney 2023, 2).

The New Power Elite explains how the ruling class amasses wealth and power. The author considers the structuring of global capitalism and, in particular, the rise of finance capital. In contrast to Mills, Gautney says that political, military, and cultural institutions should not be considered autonomous from market forces. Rather, their primary function is to serve the interests of capital. The structures that exist today have been purposefully created. Gautney explains the profound changes in the structures of social institutions and political life as resulting from the rise and consolidation of neoliberal economic ideology. Beginning in the 1970s, the focus of the global economy increasingly shifted to financial markets, exponentially increasing Wall Street's influence on the lives of average people. Behind this restructuring was technological innovation, new financial products, immoral lending, and high-risk speculation. The billionaires at the top of the income pyramid have shown that it is impossible to accumulate such a large

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[73] Kaplan, Juliana. 2021. "Workers lost $3.7 trillion in earnings during the pandemic. Women and Gen Z saw the biggest losses." *Business Insider*, last modified January 25, 2021, accessed August 28, 2023. https://www.businessinsider.com/workers-lost-37-trillion-in-earnings-during-the-pandemic-2021-1?op=1&r=US&IR=T.

[74] Kaplan, Juliana. 2023. "Billionaires made $3.9 trillion during the pandemic – enough to pay for everyone's vaccine." *Business Insider*, last modified January 26, 2021, accessed August 28, 2023. https://www.businessinsider.com/billionaires-made-39-trillion-during-the-pandemic-coronavirus-vaccines-2021-1?op=1&r=US&IR=T.

[75] Toh, Michelle. 2021. "The pandemic pushed nearly 100 million people in poverty." *CNN Business*, last modified December 26, 2021, accessed December 27, 2023. https://edition.cnn.com/2021/12/26/business/global-poverty-covid-pandemic-intl-hnk/index.html.

fortune without exploiting workers, evading taxes, abusing state resources, and establishing monopoly power (Gautney 2023, 227). Behind many of the problems in the U.S. is an insatiable drive by only a few individuals for profit and accumulation of wealth. The role of the state would be to mitigate the excesses of capitalism through regulatory measures such as tax policy, thus protecting workers from exploitation and allowing them to enjoy some relative prosperity (Gautney 2023, 225).

President Reagan fought vigorously not against poverty, but against the poor. In his view, poor black women were "welfare queens" and unemployment was a matter of choice (Gautney 2023, 29). Reagan reduced the highest income tax bracket from 70 percent down to 28 percent; but introduced an income tax on Social Security benefits. The U.S. national debt increased from $286 billion in 1960 to $31,400 billion in 2023,[76] raising the question of what the enormous sum of over $31 trillion was spent on, and whether that money was sustained to improve infrastructure, health care, safety, and education. In the U.S., all income groups pay about 28 percent in taxes on their income, however, billionaires pay an average federal individual income tax rate of just 8.2 percent.[77] The 25 richest U.S. Americans paid a tax rate of just 3.4 percent between 2014 and 2018, the richest individuals even much less (Fig. 13).[78] So, relatively speaking, the state takes less from the rich than from the poor (Zucman 2023).

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[76] Kostandi ,Christina. 2021. "Timeline: 150 Years of U.S. National Debt." *Visual Capitalist*, last modified December 16, 2021, accessed October 22, 2023. https://www.visualcapitalist.com/cp/timeline-150-years-of-u-s-national-debt/.

[77] Office of Management and Budget. 2021. "New OMB-CEA Report: Billionaires Pay an Average Federal Individual Income Tax Rate of Just 8.2%," *The White House*, last modified September 23, 2021, accessed August 28, 2023. https://www.whitehouse.gov/omb/briefing-room/2021/09/23/new-omb-cea-report-billionaires-pay-an-average-federal-individual-income-tax-rate-of-just-8-2/.

[78] Eisinger, Jesse, Jeff Ernsthausen, and Paul Kiel. 2021. "The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax." *ProPublica*, last modified June 8, 2021, accessed August 28, 2023. https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax.

The nation's interests were even more poorly served during the presidency of George W. Bush. Under his aegis, corporations and the wealthy have received trillions of dollars in tax cuts and a near doubling of the national debt (Gautney 2023, 54). Gautney describes how later health care reform under President Barack Obama resulted in Turing Pharmaceuticals, for example, raising the price of a standard treatment for parasite infections from $13.50 to $750 per tablet (Gautney 2023, 59). While vulnerable people die because they can no longer afford the medicines they need, the CEOs of pharmaceutical and health insurance companies are among the highest paid people in the world, earning tens of millions annually (Gautney 2023, 59).

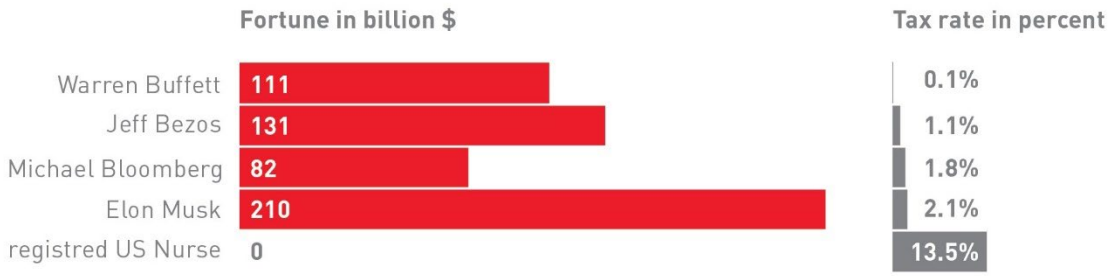

Figure 13. Tax rate in percent in relation to total assets.[79]

Workers without assets pay much higher tax rates than billionaires.

> Had Obama lived up to his promises to substantively address problems of wealth and income inequality, end U.S. wars, and guide the state toward the interests of the many rather than the few, he might have helped to mitigate America's livability crisis and stave off the Far Right's rising tide. In doing just the opposite, he handed the keys to the White House over to reactionary forces, the kind that emerge when people feel talked down to, misled, and desperate (Gautney 2023, 64).

[79] Cao, Sissi. 2021. "Leaked IRS Data Exposes Exactly How Little Tax America's Top Billionaires Pay." *Observer*, last Modified June 8, 2021, accessed October 22, 2023. https://observer.com/2021/06/bezos-musk-billionaire-tax-evasion-irs-data/.

Obama's remedy for the worst economic crisis since the Great Depression was a tax cut for the rich.

The Structures that Lead to Inequality

Since 1967, there has been an excellent overview of the interconnections between the ultra-rich, corporations, and politics in the U.S. in the form of the book *Who Rules America?* by G. William Domhoff. This monograph was updated repeatedly over the decades. The eighth edition, still written by Domhoff, appeared in 2022, with a title that now also yields the answer to the question: *Who Rules America? The Corporate Rich, White Nationalist Republicans, and Inclusionary Democrats in the 2020s*. In June 2023, the author added a preface to the latest edition that covers the most recent events (Domhoff 2023).

Accordingly, the constellation of the power elite can be schematically sketched with a Venn diagram (Fig. 14). This consists essentially of three main groups. In the first place, there are the ultra-rich families, owners of enterprises, and shareholders of others. The second group is made up of high-ranking corporate executives. The third group consists of policy experts. Overlaps occur at the center between these three circles – and this is where the centers of power are located. As Ehrenhalt (1992, 230) noted, a politician's ambitions often shape his or her career more than their current position. These ambitions are expressed in the way individuals gravitate toward the center of the diagram (Domhoff 2023, 87–88). Driven by the desire for higher office or wealth, politicians become entangled in both the corporate world and the upper-class society because only in this way are they able to build networks and gain access to the resources that are essential for further career advancement. Thus, politicians rise from the local to

the national stage, where they increasingly meet influential people in the power elite; this development occurs independently of their original political orientation.

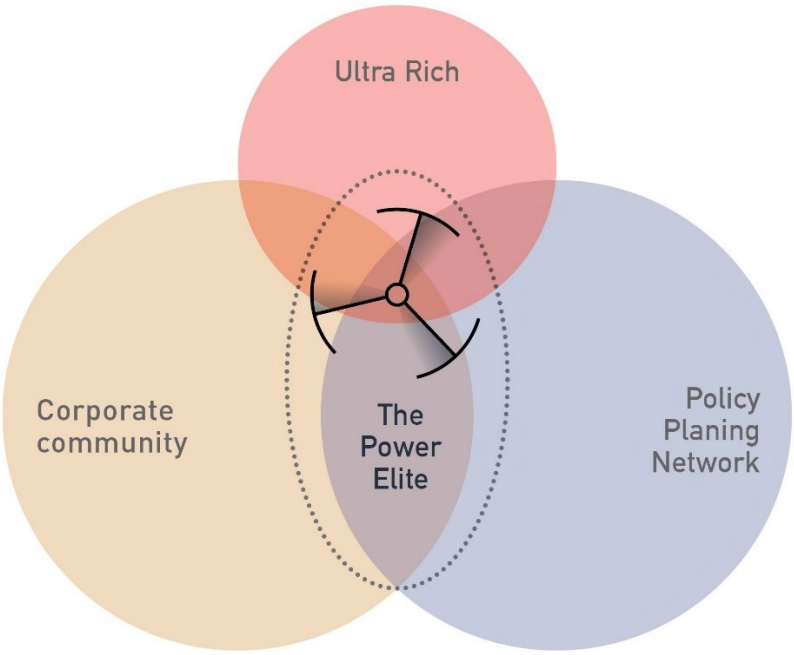

Figure 14. The power elite.

The Venn diagram (after Domhoff 2023, 87) shows how a leader can be a member of 1–3 different networks and change positions within the power elite through a "revolving door."

The diagram also helps to show that there are many at the middle levels who do not belong to the inner circle of the power elite. In the case of the upper class, the non-career-seekers are the jetsetters and lounge lions who simply enjoy their wealth and independency. In the corporate world, virtually all middle management is excluded from the power elite. The same is true for civil servants, experts, and external consultants in the policy planning sphere. Every now and then people in these circles come into brief personal contact with the power elite, without the latter showing any great interest in the

former, for the simple reason that contacts with experts on the periphery provides no leverage to advance one's own influence. Those who belong to the power elite have actively sought this position and will, as a rule, be eager to move further toward the center of power. At social events they tend to scan the room looking for people who are more powerful than they are themselves.

Over generations, members of the upper class have developed a habitus that they share within their social class and are determined to pass on to the next generation (Domhoff 2023, 61–66). For about 100 years, there was a catalog of 60,000 families in 13 cities in the U.S. (called "The Social Register") that made it easier for members of the upper class to find their way to each other (Domhoff 2023, 61). For a long time, the *Who is Who?* also helped. Members of the ruling class never speak of social class, yet they are keenly aware of its importance. The upper class has created living spaces that are exclusively accessible to them. These include, for example, gated communities on the outskirts of big cities, elite private schools, and exclusive clubs, some of which charge six-figure annual dues (Domhoff 2023, 67). Schools play a particularly important role, as they help to pass on the class structure to the next generation (Domhoff 2023, 63; Khan 2021, 14 –16). A veritable national subculture of the upper class is cultivated in boarding schools. There, adolescents come together with peers from all over the country and can forge friendships that may last a lifetime. Most prominent politicians of the twenty-first century have emerged from these elite institutions. Only Hillary Clinton graduated from a public high school and was then able to transfer to a prestigious college.

In terms of corporate leadership, members of the upper class generally keep a low profile. By contrast, the CEOs of the large corporations are successful in their efforts to

advance into the upper class. They do this with the help of stellar salaries. In 1965, for example, the CEOs of large companies earned about 21 times as much as the average employee. By 1989, the ratio had increased to 61 times; by 2019, it was 320 times, and by the end of 2021, the figure was 399 to 1 (Domhoff 2023, x).[80]

William Domhoff also graphically illustrates the institutions and levels of hierarchy that the ruling class uses to influence the design of government policy guidelines so that they are targeted to the specific needs of the wealthy. The power elite is convinced that the government is the only challenger to its dominance over corporations. That is why it has created a tightly bound and complex policy planning network. However, there is no unanimity within the ruling class on policy guidelines. Hence, there are certain limits to coordination among the various institutions and organizations because their objectives differ from one another (Domhoff 2023, 109).

Among the institutions with which the ruling class surrounds itself, and which serve as command executors, are first and foremost family offices for the management of the family's own assets. Furthermore, the super-rich generally have foundations, often created in the early twentieth century to optimize income and inheritance taxes (Domhoff 2023, 88–90). These foundations give families and their companies the ability to dispose of funds that would otherwise have been paid as taxes. Thanks to the foundations, a third way is created between business and government, through which, for example, research, education, and the arts can be supported, as well as the needy, old properties, and exotic gardens (Domhoff 2023, 88–90). However, foundations also influence the drafting of

[80] Bivens, Josh and Jori Kandra. 2022. "CEO Pay Has Skyrocketed 1,460% since 1978." *Economic Policy Institute*, last modified October 4, 2022, accessed November 5. 2023. https://www.epi.org/publication/ceo-pay-in-2021/.

new policy directives, particularly because funds flow from them to think tanks. From 2003 to 2011, a total of 1,260 foundations distributed more than $1.9 billion across 10,549 separate grants to 41 of the leading think tanks and specialized policy discussion organizations.[81]

Think tanks are nonprofit organizations where experts from different disciplines conduct research on specific issues that might offer an alternative to current policy. In sociology, these institutions are referred to as "boundary organizations" because they combine aspects of science, politics, economics, and the market (Medvetz 2012, 113). In foundations and think tanks, bright minds work to develop a broad range of measures that are then discussed with business leaders in four or five exclusive policy discussion groups (Domhoff 2023, 92–93). The directions that are worked out are naturally in line with the philosophy of the owning family and as a matter of principle are favorable with respect to the business models of the in-house companies. Especially in times of an ongoing global economic crisis, the foundations, think tanks, and political discussion groups have moved closer together, forming a general network for policy planning (Domhoff 2023, 120–125).

In implementing the measures outlined above, it helps that the power elite is additionally supported by a formidable lobby. In 2011, 373 former members of Congress worked for either lobbying or PR firms (Domhoff 2023, 148).[82] The latter handle the coordination and execution of communications campaigns with the help of their networks

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[81] Domhoff, G. William, Clifford Staples, and Adam Schneider. 2023. "Interlocks and Interactions among the Power Elite. The Corporate Community, Think Tanks, Policy-Discussion Groups, and Government." *WhoRulesAmerica.net*, accessed September 1, 2023. https://whorulesamerica.ucsc.edu/power_elite/interlocks_and_interactions.html.

[82] OpenSecrets. 2012, "Revolving Door." Accessed September 1, 2023. https://www.opensecrets.org/revolving/.

and extensive media outlets. All large media companies belong to members of the upper class and are closely intertwined with other large corporations. Nevertheless, the opinion-forming process at the interface with the public relies on widely ramified networks. In the U.S., 200,000 employees work for public relations firms, many of them former journalists. This industry generates a turnover of 14 billion dollars (Domhoff 2023, 117).

When it comes to media and their need for expertise, the significance of political networks influencing policymaking and opinion formation becomes particularly clear. Media networks present nonpartisan analyses by renowned experts from think tanks (Domhoff 2023, 127). These experts are also available to journalists for background discussions to build up and deepen their knowledge of the relevant topic. Interviewees also include leaders from the business community who, through their ongoing participation in political forums, are considered authorities on specific topics. The fact that the core messages conveyed are in line with the interests of the respective companies will come as no surprise to anyone.

The wealthiest representatives in the U.S. government were part of the cabinet under Donald Trump (Domhoff 2023, 168–171). The Secretary of Education came from a billionaire family and advocated for limiting the role of public schools. In one of the most significant unlawful acts by a presidential hopeful in over a century, there were allegations regarding the acceptance of data that came from the hands of Russian intelligence agencies.[83] Russia's interference in the 2016 election was specifically aimed at minimizing the votes of the African-American community for Democrats. This

[83] Saletan, William. 2021. "A New Report Adds Evidence That Trump Was a Russian Asset." *Slate*, March 18, 2021, accessed October 22, 2023. https://slate.com/news-and-politics/2021/03/trump-russian-asset-election-intelligence-community-report.html.

campaign was later confirmed by Treasury Department documents. Some of Trump's team admitted their guilt, were legally prosecuted, or served prison sentences.[84]

How to Become Ultra-Rich

In the U.S., 42 percent of members of Congress switch to lobbying when they are no longer representatives. For senators, the figure is as high as 50 percent.[85] Seventy-eight percent of members of Congress have a family member who is a lobbyist. Members of Congress thus make policy decisions that affect investments within their families. A senator earns $174,000 per year, but his or her average wealth grows by $1.6 million per year.[86]

Well-known politicians in Germany who have continued their careers as lobbyists include former Chancellor Gerhard Schröder, former Foreign Minister Joschka Fischer, and former Defense Minister Karl-Theodor zu Guttenberg. In Germany, a lobbying scandal came to public attention in the spring of 2023, revealing a glimpse of the mechanisms used to maintain power and redistribute wealth. In the Ministry of Economy and Climate of Green politician Robert Habeck, State Secretary Patrick Graichen served as the minister's right-hand man. Patrick Graichen was previously the managing director of a think tank and lobbying organization called Agora Energiewende for seven years.

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[84] Mazzetti, Mark and Michael S. Schmidt. 2021. "Biden Administration Says Russian Intelligence Obtained Trump Campaign Data." *New York Times*, last modified April 15, 2021, accessed September 1, 2023. https://www.nytimes.com/2021/04/15/us/politics/russian-intelligence-trump-campaign.html?searchResultPosition=1.

[85] Lazarus, Jeffrey. 2016. "Which members of Congress become lobbyists? The ones with the most power. Here's the data." *Washington Post*, last modified January 15, 2016, accessed August 28, 2023. https://www.washingtonpost.com/news/monkey-cage/wp/2016/01/15/which-members-of-congress-become-lobbyists-the-ones-with-the-most-power-heres-the-data/.

[86] *Glusea*: "Top 10 Richest Senators in America 2023," last modified July 14, 2023, accessed October 22, 2023. https://www.glusea.com/top-10-richest-senators-in-america/.

Another think tank, the Öko-Institut, was headed by his brother Jakob Graichen and sister Verena Graichen. Her husband, Michael Kellner, was also a parliamentary state secretary in the Ministry of Economics. The two NGOs jointly published a pamphlet, entitled "Breakthrough for the Heat Pump," which subsequently defined Robert Habeck's policy. It deals with the change of heating systems in single and multi-family houses from (Russian) gas to environmentally friendly heat pumps. Then it turned out that Patrick Graichen had voted in a search committee to give the chief position on the supervisory board of the German Energy Agency (dena) to his friend from school days and best man Michael Schäfer – without having informed the minister of this conflict of interest. After weeks of back and forth, the state secretary lost his post and went into early retirement.

The case becomes more revealing when it is considered who funds the think tanks in which the ministry's policies are ultimately conceived. Agora Energiewende is funded by the European Climate Foundation. This in turn is financed by the Children's Investment Fund Foundation. And behind this is the British billionaire Christopher Hohn. According to Wikipedia, Hohn is a staunch supporter of urgent measures to combat climate change.[87] Hohn and his Children's Investment Fund Foundation are major donors to the climate extremist movement Extinction Rebellion. The TCI Fund, which Hohn manages, makes part of its money by providing mortgages on properties in major cities in North America and Europe. So, where homeowners need to take out mortgages to pay for the modern heating systems mandated by the climate agenda. Those who cannot afford such investments are forced to sell the property. In this case, too, Hohn's hedge fund offers the appropriate solution – by buying out the property.

[87] "Wikipedia: Chris Hohn." Last modified September 3, 2023, accessed November 1, 2023. https://en.wikipedia.org/wiki/Chris_Hohn.

TCI Fund Management Limited

Sundar Pichai
Chief Executive Officer
Alphabet
Mountain View, CA 94043

Cc: Board of Directors

20th January 2023

Dear Sundar,

I have appreciated our recent dialogue concerning Alphabet's cost base. I am encouraged to see that you are now taking some action to right size Alphabet's cost base and understand that it is never an easy decision to let people go.

I argued in my previous letter that Alphabet's headcount has grown beyond what is required operationally. Over the last 5 years, Alphabet more than doubled its headcount, adding over 100,000 employees, of which over 30,000 were added in the first 9 months of 2022 alone. The decision to cut 12,000 jobs is a step in the right direction, but it does not even reverse the very strong headcount growth of 2022. Ultimately management will need to go further.

I believe that management should aim to reduce headcount to around 150,000, which is in line with Alphabet's headcount at the end of 2021. This would require a total headcount reduction in the order of 20%.

Importantly, management should also take the opportunity to address excessive employee compensation. The median salary at Alphabet in 2021 amounted to nearly $300,000, and the average salary is much higher. Competition for talent in the technology industry has fallen significantly allowing Alphabet to materially reduce compensation per employee. In particular, Alphabet should limit stock-based compensation given the depressed share price.

I hope to have further dialogue with you on these matters in due course.

Yours sincerely,

Christopher Hohn

7 Clifford Street, London, W1S 2FT Telephone: +44 (0) 20 7440 2330

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Authorised and regulated by the Financial Conduct Authority

Figure 15. Christopher Hohn demands lay-offs at Google.[88]

"It is never an easy decision to let people go."

[88] Berkus, Josh. 2023. "TCI is demanding that Google lay off more people." Last modified January 24, 2023, accessed August 28, 2023. https://mastodon.social/@lekoarts.

The TCI Fund with Christopher Hohn is an excellent example of how the ultra-rich determine the rules of the game in business for their own benefit. The relevant financial media reported extensively on a letter dated January 20, 2023, in which Christopher Hohn congratulates Google's CEO Sundar Pichai on laying off 12,000 employees (Fig. 15).[89] He said this was a step in the right direction. To right size Alphabet's cost structure, Hohn proposes that another 18,000 employees will be laid off, although of course it is "never an easy decision to let people go."

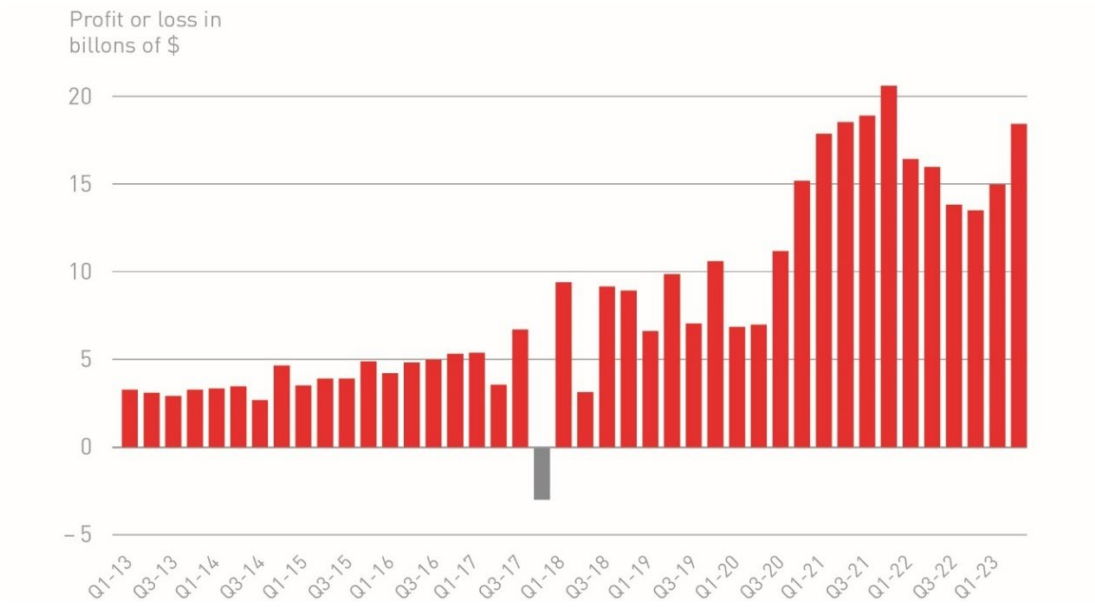

Figure 16. Google's quarterly results over the past ten years.[90]

More than 15 billion dollars profit per quarter.

[89] Ponciano, Jonathan. 2022. "Billionaire Hedge Fund Investor Urges Alphabet To Cut Costs: 'No Justification' For Salaries That Are 'Too High.'" *Forbes*, last modified November 15, 2022, accessed August 28, 2023. https://www.forbes.com/sites/jonathanponciano/2022/11/15/billionaire-hedge-fund-investor-urges-alphabet-to-cut-costs-no-justification-for-salaries-that-are-too-high/.

[90] "Statista.com: *Gewinn bzw. Verlust von Alphabet vom 1. Quartal 2013 bis zum 2. Quartal 2023*." Last modified July 26, 2023, accessed August 29, 2023. https://de.statista.com/statistik/daten/studie/165338/umfrage/gewinn-von-google-seit-2013/.

Hohn also points out that the median employee salary at Alphabet is nearly $300,000, which he considers "excessive employee compensation." The skills required at Google are in demand throughout the IT industry. The amount Hohn calls excessive, of course, refers to annual salary. Hohn himself is said to earn 2 million euro – not per year, but per day. As this is not enough, Google ought to lay off 30,000 employees and reduce the salaries of the rest. Google recorded profits of 10–20 billion U.S. dollars per quarter in the last five years (Fig. 16). In 2022, Sundar Pichai received compensation totaling $226 million.[91]

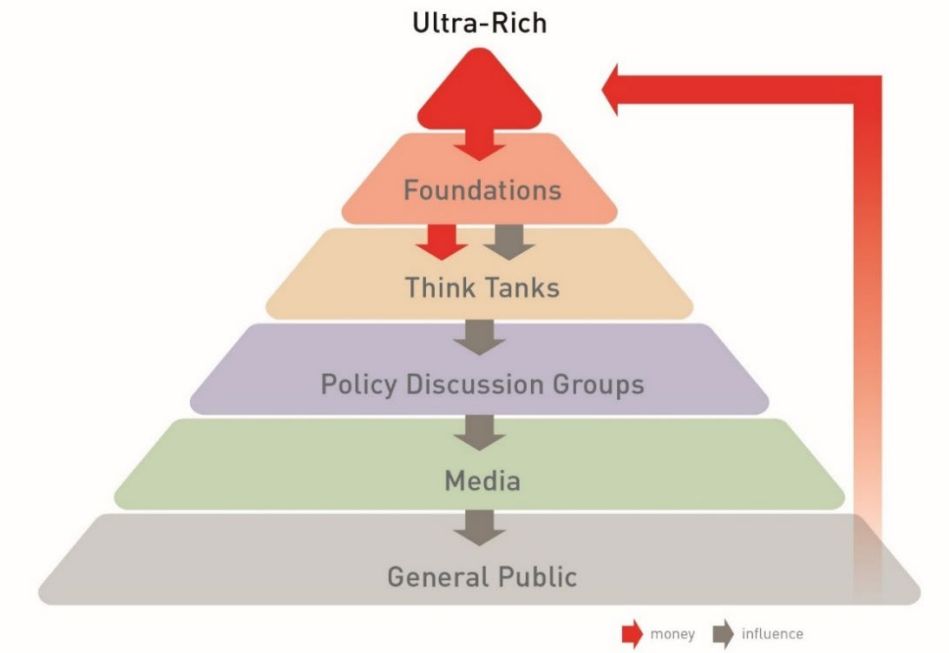

Figure 17. The opinion-shaping network: a vertical cartel.

Inspired by Domhoff 2023, 114, Fig 5.1.

[91] Turner, Nick. 2023. "Alphabet CEO's Pay Soars to $226 Million on Huge Stock Award." *Bloomberg News*, last modified April 22, 2023, accessed August 28, 2023. https://news.bloomberglaw.com/employee-benefits/alphabet-ceos-pay-soars-to-226-million-on-massive-stock-award.

The established structures "involve many different types of institutions in an almost linear progression" that make the ultra-rich rich correspond to a vertical cartel (Keskingören and Halpern 2005, 101). The lowest level is the electorate (Fig. 17). Above that is the level of deputies and ministers. They receive their information from lobbyists who work for think tanks. The think tanks are financed by charitable foundations. Behind the non-profit foundations are billionaires whose fortunes are derived from distinct business models which thrive on the policies advocated by the relevant ministers. This creates a conveyor belt on which funds are transferred from the pockets of the working class and middle class to the bank accounts of the ruling class. Such vertical cartels exist dozens of times per country. The Mercator Foundation of Metro billionaires and the Climate Foundation of Canadian billionaire John McBain are other examples. Economist Gabriel Zucman (2023) said: "For the rest of us, wealth means security in the event of a job loss or in old age. But for the super-rich, wealth is power to influence the dominant ideology, media and politicians."

There is another level of profiteers and this one involves the previously mentioned heat pumps themselves. In April 2023, U.S.-based Carrier Global acquired most of German heat pump manufacturer Viessmann for 12 billion euros. Carrier Global is 86 percent owned by institutional investors such as Black Rock, Vanguard, and The Capital Group. In other words, by the time Robert Habeck, on the advice of the Graichen family clan, has legislated the German people to install heat pumps in the future, the global financial industry has taken over the German heat pump production, diverting 75 billion euro from the German people's wealth thanks to Green Party policies in the interests of the global financial industry.

The German media has not said a word about these structures and processes. A member of the German Bundestag has drawn attention to this in her speech of April 29, 2023. It is Beatrix von Storch, a representative of the right-wing national AfD. Her party is doing better in national polls in mid-2023 than the Social Democratic Party, to which Chancellor Olaf Scholz belongs; despite the fact that the AfD makes sure that its closeness to Russia is not outshined by anyone.[92]

The second largest philanthropic organization in the world (after the Bill and Melinda Gates Foundation) is George Soros' Open Society Foundation (OSF). Born in 1930 in Hungary, Soros studied under Karl Popper at the London School of Economics. He then based the name of his foundation on Popper's standard work *Open Society and its Enemies*. George Soros has signed over three-quarters of his private fortune, around $32 billion, to the OSF. For years it has supported the election campaigns of Democratic parliamentarians and district attorneys in the U.S. Soros also founded the Central European University in Budapest in 1991, but it had to move to Vienna in 2018 due to pressure from Viktor Orbán's government.[93] OSF supports the so-called HRC Foundation, an influential lobby group that developed the Corporate Equality Index (CEI). According to its criteria, large companies are judged every year on how they perform, measured in the "CEI Credit Score," which is also referred to as "the woke

[92] Maksan, Oliver. 2022. "Die Russlandliebe der AfD hat viele Gründe." *Neue Zürcher Zeitung*, last modified January 19, 2022, accessed November 5, 2023. https://www.nzz.ch/international/treue-verbuendete-die-afd-will-sich-in-ihrer-naehe-zu-russland-von-niemandem-uebertreffen-lassen-ld.1665206.
[93] Burri, Erika. 2023. "Ein schweres und schwerreiches Erbe: Alexander Soros folgt seinem Vater." *Neue Zürcher Zeitung*, last modified June 17, 2023, accessed November 5, 2023. https://www.nzz.ch/international/alex-soros-wer-ist-der-neue-chef-der-open-society-foundation-ld.1742398.

credit score."[94] It is because of this score that so many large companies today strive to appear as woke as possible.[95] A bad score causes the Woke Investor Fund to put pressure on the management. This is done, for example, through the actions of activists on the street. It may also be that advertising campaigns are stopped, and suppliers come under pressure. The HRC's wokeness score now applies not only to companies, but also to states, municipalities,[96] and even schools.

Over the past 20 years, no one has profited more from new media communication structures and processes than French entrepreneur Bernard Arnault. According to Bloomberg, he has a fortune of 210 billion euros, more than tech giants Elon Musk or Jeff Bezos.[97] Arnault tops the Forbes list of the world's richest people since May 2021.[98] The name of his group LVMH reflects the initials of the fashion company Louis Vuitton and the spirits manufacturer Moët Hennessy, the latter produces the champagne Moët & Chandon. Today, the group owns 75 brands, including Tiffany jewelry, TAG Heuer watches and Birkenstock sandals (Fig. 18), but also media enterprises such as *Le Parisien* and the economy journal *Les Echos*. In Zurich's Bahnhofstrasse, one of the world's fanciest shopping streets, an estimated one-fifth of the shops are leased to flagship stores

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[94] *The Adviser Magazine*: "Corporate Equality Index 2023 – New Criteria for the Woke Credit Score." Last modified May 2023, accessed October 22, 2023. https://theadvisermagazine.com/market-research/economy/corporate-equality-index-2023-new-criteria-for-the-woke-credit-score/.

[95] Walt Disney Corporation. "Disney Earns Top Score in HRC Foundation Corporate Equality Index." Accessed August 28, 2023. https://thewaltdisneyc »ompany.com/disney-earns-top-score-in-hrc-foundation-corporate-equality-index/.

[96] Human Rights Organization. "Municiplity Equality Index 2022." Accessed September 1, 2023. https://www.hrc.org/resources/municipal-equality-index.

[97] Patel, Tara. 2023. "Arnault's Wealth Soars to $210 Billion, Leaving Musk in the Dust." *Bloomberg News*, last modified April 13, 2023, accessed August 28, 2023. https://www.bloomberg.com/news/articles/2023-04-13/arnault-s-wealth-soars-to-210-billion-leaving-musk-in-the-dust#xj4y7vzkg.

[98] Dawkins, David. 2023. "Bernard Arnault Becomes World's Richest Person as LVMH Stock Rises." Forbes, last modified May 24, 2021, accessed August 28, 2023. https://www.forbes.com/sites/daviddawkins/2021/05/24/bernard-arnault-becomes-worlds-richest-person-as-lvmh-stock-rises/

of LVMH brands – without it being obvious to customers that they all belong to one group. Group sales have increased six-fold over the past 20 years, from 12 to 80 billion euro.[99] At the same time, profits have increased twentyfold, from 700 million to 14 billion euro. Profit margins are 35 percent for spirits and 40 percent for fashion and leather goods.[100] Today, LVMH is responsible for 20 percent of global luxury goods sales, with a market capitalization of around 416 billion euros. It is by far the most valuable group in the euro zone.

Engagement with LVMH's brands is largely through social media, with it targets being millennials and Generation Z, who spend more time on these platforms than other generations. Celebrities and influencers exemplify in online videos which brands and products are hot right now. When all non-essential stores had to close in Germany and Switzerland in April 2020 due to the Covid 19 pandemic, hoarding purchases led to a sellout of toilet paper. Then, when retail stores reopened a few weeks later, lines of people, some a hundred meters long, formed outside the luxury boutiques of Tiffany, Gucci, and Louis Vuitton. Retailers installed infrastructures to cope with the rush, setting up bistro tables, supplying catering, and permanently reserving a contingent of seats in neighboring cafés for waiting customers as social media influencers had triggered binge shopping. Bernard Arnault's group understands like no other how to use the opportunity of advertising in the new media to its advantage. Louis Vuitton now earns more money with streetwear products such as T-shirts or sneakers than with haute couture (Keusch

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[99] LVMH: "Financial Indicators." Accessed October 22, 2023. https://www.lvmh.com/investors/profile/financial-indicators/#groupe.

[100] Martel, Andrea. 2023. "Traummargen bei Cartier und Co. bescheren Richemont ein Rekordjahr." *Neue Zürcher Zeitung*, last modified May 12, 2023, accessed November 14, 2023. https://www.nzz.ch/wirtschaft/traummargen-bei-cartier-co-bescheren-richemont-ein-rekordjahr-ld.1737775.

2023a). Between 2019 and 2021, Generation Z increased its share of global spending on luxury products from 8 to 17 percent.

Figure 18. The realm of brands within Bernard Arnault's LVMH Group.[101]

Successful social media advertising and dream margins have made Bernard Arnault the richest man in the world.

Bernard Arnault alternates the position as the richest person in the world with Elon Musk every now and then. The latter neither co-founded Tesla nor gave the company its name. Tesla was founded in 2003 by the American inventors and engineers

[101] Keusch, Nelly, and Janique Weder. 2023. "Louis Vuitton, Dior, Tiffany: LVMH hat Luxusprodukte massentauglich gemacht." *Neue Zürcher Zeitung*, last modified April 16, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/louis-vuitton-dior-tiffany-lvmh-verdient-milliarden-mit-luxus-ld.1732993.

Martin Eberhard and Marc Tarpenning – Musk joined later as an investor.[102] Tesla's economic success would not have been possible without systematic subsidies in the billions. Subsidies, in turn, are a form of reallocation of financial resources from the working class and middle class to the super-rich. Musk is in the process of building an empire that rivals those of villains in James Bond movies. The problem is that in the real world, there is already plenty of competition on the villain side, yet no James Bond is in sight.

When Elon Musk acquired Twitter, one of the leading social media platforms, for $44 billion in October 2022, the new owner's actions initially seemed erratic and irrational. The acquisition, however, is an important component of a strategy that has been pursued for decades. The goal is to build a general-purpose app that presents audio and video content in addition to traditional text and image messages and acts as a platform for payments and various online services.[103] Musk replaced the well-established and appropriate logo of a chirping light blue bird with a featureless abstract X. The domain "x.com" was the name of the predecessor of the payment service Paypal, which Musk founded in 1999. The X appears in the name of Musk's space company SpaceX, one of Musk's nine children is called X by his parents (his name is X Æ A-Xii), there is a Model X at Tesla, and Musk's AI company is called xAI.

The ultra-rich acquire influence through media. Elon Musk bought Twitter, Amazon-founder Jeff Bezos bought *The Washington Post*. Media mogul Rupert

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[102] Ohnsman, Alan. 2021. "Tesla Had 5 Founders. Why Did Only Two Get Really Rich?" *Forbes*, November 10, 2021, accessed October 22, 2023. https://www.forbes.com/sites/alanohnsman/2021/11/10/tesla-had-5-founders-only-two-got-really-rich/.
[103] Keusch, Nelly 2023. "Twitter: Neuer Name sorgt für Kritik und Spott." *Neue Zürcher Zeitung*, last modified July 26, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/aus-dem-twitter-vogel-wird-ein-x-kann-ein-so-umfassendes-re-branding-funktionieren-ld.1748786?reduced=true.

Murdoch, who is also one of the richest and most powerful men in the world, shows how closely capital, media, and politics are linked. For more than half a century, Murdoch has actively pursued conservative policies through his newspapers and television channels along the lines of the figureheads of neoliberalism, most notably Margaret Thatcher and Ronald Reagan. Murdoch supported David Cameron as well as Donald Trump and Ron DeSantis. After Trump was elected to the White House in 2017, Murdoch's Fox News became his court broadcaster. New York investigative journalist Allan Dodds Frank, who has been watching Murdoch for decades, said the latter had "jettisoned the old-fashioned idea that journalism has to be objective." [104]

[104] Mink, Andreas. 2023. "Rupert Murdoch: Die Propagandamaschine." *NZZ am Sonntag*, last modified March 5, 2023, accessed November 5, 2023. https://magazin.nzz.ch/nzz-am-sonntag/international/rupert-murdoch-die-propagandamaschine-ld.1728953?reduced=true.

Chapter IX.

Resonances and Synthesis

The aim of this master's thesis is to attempt to reconcile political, economic, and social developments in the Western world between about 1980 and 2023 with sociological systems theories, especially those of Niklas Luhmann, in a draft sketch. At its core, the question is whether today's internet-based communication, characterized primarily by social media, can be embedded in a systems-theoretical approach. In other words, the question is whether the social order of the digital age is a confirmation or a refutation of existing social theories.

From today's perspective, it is not possible to theoretically model social interactions in their entirety, primarily because social media, even more than traditional media, exploit and manipulate their users for economic purposes. Users do not sufficiently recognize these interrelations. They benefit from the free offer, the linking to each other, the high entertainment value and the feeling of togetherness that arises when many like-minded people exchange views on the same current topics. Users seem to admire rather than question the fact that the operators of the platform have become the richest people in the world within a few years.

In the age of social media, existing theories of social systems cannot be extended and updated to account for social developments. The understanding of privacy, ethics, and democracy that twentieth century sociological models attempted to capture has been severely compromised by the misuse of mathematical analysis. As processes are manipulated, they cannot be represented in models. Just as the mechanism of an internal

combustion engine fails when sand is added to the fuel, or just as a calculator produces garbage on a hot stove, so do systems theory models, and thus democratic processes, fail under the influence of the multiple manipulations that now dominate communication in social media.

Luhmann is aware of the weaknesses of the model he has developed. He makes this clear by saying, "What we know about our society, indeed about the world we live in, we know through the mass media. This is also true for sociologists…" (Luhmann [1995] 2017, 9) and then sarcastically adding that the media actually provide non-information that we cannot recognize as such because we are constantly inundated and distracted by new waves of information (Bolz 2023, 18). The invention of social media has not changed this principle – on the contrary, it has reinforced it. Today, it is hardly possible to form a neutral opinion on a complex of topics without having knowledge from personal observation. Most of what is communicated via mass media and social media consists of targeted information and thus pursues specific interests and intentions.

If Luhmann concludes that sociologists have not succeeded in developing an adequate theory of society (Luhmann 1998, 1132), this is all the more true for the quarter century since his death, during which political, economic, social, and technological developments have continued to grow in complexity. The relationships described by Luhmann help to identify and visualize the interdependencies of communication. However, they cannot depict the intended complex system in its entirety. Luhmann's models remain primarily applicable to the partial aspects of social relations from which they are derived, so there is a circular argument here.

The Leverage of New Media

The speed with which adoption of the various mass media platforms grew after their introduction is a testament to the power of these technologies. Radio reached 10 million users in the U.S. some 38 years after its invention in the late 1890s. In totalitarian Germany, the new mass medium of radio was immediately appropriated by the government for the dissemination of state propaganda. Television caught on much more quickly and reached 10 million households in the U.S. 10 to 15 years after its commercial launch. With the Internet, it took about seven years until 10 million people used it worldwide. Facebook only needed two years and Twitter one year to reach that number. When ChatGPT was launched in November 2022, 10 million users were reached within five days. The younger a technology, the faster it spreads and the less time there is for the introduction of regulatory controls.

The new media have in common with long-established mass media that they both serve to inform, entertain, and generate revenue through advertising. In addition, there is external control over the content of both media. As early as 1950, it was estimated that almost half of the content of the best newspapers and almost all of the content of the lesser newspapers in the U.S. came from PR agencies (Lindblom 2001, 219). Under the chapter heading "Persuading the Masses," Charles Lindblom writes:

> The problem posed by the steady flow of seductive communications from market elites, then, is not that they decide for consumers what they are to buy. It is that they degrade the mind or, more precisely, degrade the human capacity to use the mind... The second assault is obfuscation. As we see it about us, sales promotion and political persuasion deal heavily in images and slogans. They often intend to confuse rather than clarify, giving not a reason to choose but a reason-overriding impulse (Lindblom 2001, 217–218).

In the mass media, the topics for editorial pieces are selected by experienced department heads or during editorial meetings. The articles themselves are the work of professional journalists. Both the editorial content and the television or printed advertisements that accompany it are identical for the entire audience, i.e., they are not tailored to the individual. Within the mass media, the rich and powerful are incentivized to be more visible, both as good business and as a distraction from more serious problems (Sweezy 1956, 29).

In the new media, content is created by users for free. There are therefore no costs for an editorial team on the provider side. Quality control is limited to detecting possible infringements. A tacit barter transaction underlies the business model. Users receive services free of charge. In return, providers are allowed to spy on them through the collection and analysis of data on user behavior (Lanier 2018, 101). This data is then sold by the platform operators to advertisers and propagandists. In contrast to the established mass media, people are thus permanently monitored and evaluated. The goal is always to feed users dynamically optimized stimuli to engage or change, whether it is content or advertising. Advertising of the past has now been replaced by targeted continuous behavior manipulation (Lanier 2018, 6). Companies can target their brands and politicians can target themselves or the ideologies they advocate to groups of potential customers or voters and can analyze the success of their campaigns in high resolution (Andree 2023, 134). Much of the campaigning is aimed at selling products, increasing sales, and thus wealth (as in the case of Bernard Arnault's luxury brands). This may be one reason why there has been such a dramatic increase in the wealth of the super-rich in such a short period of time, while at the same time the debt levels of the working

population are at an all-time high. In the U.S., credit card debt topped $1 trillion for the first time in August 2023.[105]

What is important is how dominant social trends are created and managed. The appreciation of luxury goods even among young people, the manipulation of political votes and elections, the increasing division of society by fomenting polarized viewpoints and the targeted dissemination of misinformation – it has been shown that these social developments are the result of targeted interventions in the social exchanges of large sections of society and are part of the arsenal of a small group of the rich and influential. Ordinary users are fobbed off with worthless quid pro quos such as fleeting attention and mind games (Lanier 2018, 30). Just as the Aztecs once received worthless glass beads from Spanish colonizers in exchange for gold.

What then is the role of the journalist today? Science journalists meet at a world conference once a year. In March 2023, it was held in Medellín, Colombia. When the conference was held in Lausanne, Switzerland, in June 2019, the author attended from start to finish to get an idea of what principles science journalism is based on today. The conference drew 1360 participants from 82 countries, 59 percent of whom were women.[106] Some 180 sessions and other events were held, with 336 speakers in total. The organizers were able to attract 101 companies and organizations, which contributed to the total revenue of 2.89 million Swiss francs. It is striking that not a single event dealt with a humanities or social science topic. Behind all the topics presented was an economic

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[105] Saphir, Ann. 2023. "US credit card debt tops $1 trillion, overall consumer debt little changed." *Reuters*, last modified August 8, 2023, accessed August 30, 2023. https://www.reuters.com/world/us/us-household-debt-largely-unchanged-q2-credit-card-balances-jump-ny-fed-says-2023-08-08/.

[106] Olivier Dessibourg. 2020. "WCSJ2019 concludes with final report from a successful and inspiring conference." Last modified January 23, 2020, accessed October 28, 2023. https://mailchi.mp/5f7a1da3b83a/wcsj2019-concludes-with-final-report-from-a-successful-and-inspiring-conference.

interest in one form or another. In a way, the conference came across as a kind of evangelization. The predominantly young journalists were taught which topics are currently of interest and thus in demand. Conversely, it is obvious that the journalists are eager on their own to fit into the existing schemes. "Young people always want to conform to what is expected of them and not go their own way," says social anthropologist Xiang Biao.[107] In other words, the dominant models of thought are not being challenged. Instead, pre-formulated beliefs are propagated by the industry and brought to the public's attention.

From what is known about electoral manipulation, it can be concluded that it is carried out primarily on behalf of and for the account of billionaires, such as Bob Mercer in the 2016 US election campaign, and autocratic rulers, such as Vladimir Putin after the annexation of Crimea in 2014. Their effect is to strengthen the position of other billionaires – in both cases Donald Trump – to shape public opinion either in partisan interests or to advance particular agendas in the public debate. The effect of these interventions is well known and not even denied by influential politicians. "I have a very simple message for Russia. We know what you are doing," said then-British Prime Minister Theresa May in a speech at the Lord Mayor's Banquet on November 13, 2017.[108] Her words reflected the West's general concern about Russia's interference in the Brexit vote and in elections around the world, aimed at undermining free social order.

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[107] Büchenbacher, Katrin. "'Chinas Jugend hat das Gefühl für den Sinn des Lebens verloren.'" *Neue Zürcher Zeitung*, last modified August 17, 2023, accessed November 5, 2023. https://www.nzz.ch/international/china-jugend-auf-der-suche-nach-arbeit-und-dem-sinn-des-lebens-ld.1751629.

[108] Mason, Rowena. 2017. "Theresa May accuses Russia of interfering in elections and fake news." *Guardian*, last modified November 14, 2017, accessed August 30, 2023. https://www.theguardian.com/politics/2017/nov/13/theresa-may-accuses-russia-of-interfering-in-elections-and-fake-news.

The problem is not any particular technology, but using technology to manipulate people and concentrate power in ways that are so disturbing as to threaten the very survival of civilization (Lanier 2018, 38). Intensive surveillance, data collection, and manipulation of social media potentially leads to a "digital dictatorship," as has already been established in China with the social credit system. Paradoxically, this is exactly the opposite of what many expect from the impact of the web and social media on political discourse and democracy (Acemoglu and Johnson 2023, 341).

What has Become of Open Argumentative Debate?

What follows is an examination of the extent to which the social development of the last two decades has been anticipated by theories of other sociologists and political scientists – beyond Talcott Parsons and Niklas Luhmann – or is echoed or contradicted in their theories. A few particular guiding themes serve as a hook for this discussion. First and foremost is the open argumentative debate that was characteristic of the heterarchical social form of the social democratic era before neoliberalism. The protagonist of the primacy of a balanced discursive exchange of arguments for more than six decades has been the sociologist Jürgen Habermas. His postdoctoral dissertation in political science offers a comprehensive analysis of the historical rise (and decline) of the "bourgeois public sphere," which Habermas causally derives from the preceding monarchically shaped "representative public sphere" (Habermas [1962] 2021, 58). He begins with the ancient Greek city-states, in which the sphere of the *polis* is common to the free citizens (*koine*), while remaining strictly separate from the sphere of the *oikos*, which is proper to each individual (*idia*) (Habermas [1962] 2021, 56). This dichotomous concept of a sharp division between the public and the private was lost, according to Habermas, in the

European Middle Ages, only to be rediscovered in the Renaissance and to persist to the present day, with monarchy being the dominant social form of premodern Europe (Habermas [1962] 2021, 57).

Habermas describes the emergence of mass media from the Chartist movement, a political labor movement in the United Kingdom in the first half of the nineteenth century. Its organ, *Cobbett's Weekly Political Register*, founded by William Cobbett in 1802, reached a circulation of over 50,000 (Habermas [1962] 2021, 257). In the 1830s, the so-called Penny Press followed with circulations between 100,000 and 200,000 copies. Parallel developments occurred in Paris and the U.S. In 1883, publisher Joseph Pulitzer acquired the *New York World* and made it the spearhead of tabloid journalism. Sensational, sports, sex, and scandal reports boosted daily circulation to one million copies. In the process, the mass media-expanded public sphere lost its political character; instead, broad segments of society were re-educated to a consumer mindset (Habermas [1962] 2021, 258). Content had to be depoliticized in order to maximize circulation.

According to Habermas, mass media have always produced only a pseudo-public, as communication runs in only one direction while the audience remains mute (Habermas [1962] 2021, 261). In the end, publicity is only a staging in the mass media. This illusion obscures the fact that, in Habermas's view, mass media are inevitably a revival of a form of feudalism. When the public sphere is claimed for advertising, the result is that private individuals as private owners act on private individuals as audiences (Habermas [1962] 2021, 284) what has become an established idiom as the "technique of consent" (Bernays 1947, 114). Conformity takes the place of publicly discussed facts oriented toward publicly presented persons and a form of monarchical representation returns that takes on

feudal features, while the bourgeois public sphere is characterized by public relations of private individuals and associations. Habermas recognizes and describes these connections as early as 1962 (Habermas [1962] 2021, 263). They may have contributed to his having become exposed during the Student Uprising.

Habermas presents an idealized vision of democratic communication with a public sphere as an area of social life in which individuals can engage in rational-critical debate and public discourse free from the control of the state and the economy. He emphasized the importance of dialogue, mutual understanding, and consensus in communication and argued that communication should be free from strategic manipulation and domination. This ideal has been completely invalidated by the now reality of communication via social media, which is characterized by manipulation.

There has been a lifelong controversy between Jürgen Habermas and Niklas Luhmann. A major point of contention was whether sociology should merely provide a description of society according to functional premises, or whether it should also contain a moral component and hold out the prospect of a society utopia free of domination. Luhmann argued that the former is required to achieve the latter (Habermas and Luhmann 1971, 398–405). As long as sociology is present-oriented, it also remains bound to the respective initial situations and can only make limited valid statements. Validity can be increased by sociology seeking a greater abstraction of social dynamics. This by no means excludes a moral evaluation of contemporary events; rather, the moral component is removed from the function of sociology to the realm of politics and ethics.

For Habermas, on the other hand, the sober technical-cybernetic vocabulary of Luhmann's systems theory indicates that it was concerned with describing and managing

the actual state of people, not at all with reducing domination and injustice. Behind the attempt to justify the reduction of the world's complexity as the highest point of reference of social scientific functionalism lies the theory's unacknowledged commitment to issues that conform to domination, to the apology of the existing for the sake of its preservation (Habermas and Luhmann 1971, 170; Kneer and Nassehi 2000, 45).

Jürgen Habermas recently published a pamphlet entitled *A New Structural Transformation of the Public Sphere and Deliberative Politics* (Habermas 2022), in which he continues to cite what he considers to be the authoritative Kantian tenor that every individual deserves equal respect in his or her inalienable individuality and should be treated equally (Habermas 2022, 12–13). He does not mention, however, that these basic rights never applied – neither in Kant's time nor today – to the enslaved part of the world (Neiman 2023, 43).

Habermas sees politics and society as rooted in the rule of law. Its system of basic rights must give citizens the awareness that they are participants in the exercise of democratically legitimated rule, and at the same time provide a certain idealizing surplus. Citizens need confidence...

> ...that their votes count equally in democratic elections, that things in legislation and jurisprudence, in governmental and administrative action, are grosso modo correct, and that, in the case of doubtful decisions, there is usually a fair possibility of revision (Habermas 2022, 17; trans. EZ).

This trust is no longer justified, however, because of the extent of manipulation. Disregarding these effects, Habermas argues that the right political goals and the best problem-solving strategies emerge when profiled opinions compete in the form of issues, contributions, and information. The informative quality of these contributions determines

the weight of the will of the citizens of the state, that is, the rulers, within the political system.

Habermas does see that contributions are deliberately injected into the public sphere through the information channels of political parties, interest groups, and PR agencies, as well as civil society actors and intellectuals (Habermas 2022, 23–24), but he does not address the consequences of this infiltration. Instead, he assumes that citizens should be able to perceive a dispute over opinion as a consequence of competing for the better reasons.

The thesis advanced here that social media reinforces ruling class control demonstrates how the ideals outlined by Habermas are undermined and subverted in today's digital landscape. Rather than serving as a democratic space for open discussion, topics on social media are predetermined by elites. The principles of rational dialogue and honest communication emphasized by Habermas have been completely undermined by the deliberate manipulation of discourse by the powerful. This manipulation is a distortion and degradation of the public sphere. It reinforces power imbalances and limits the potential for genuine democratic dialogue. Therefore, the thesis advanced here stands in stark contrast to Habermas's ideal of communicative action. The dynamics that have emerged can be understood as another structural transformation of the public sphere, with social media serving to expand the influence of the ruling class.

The Contrast Between Functional and Causal Mechanisms

The functionally-structured society propagated by the systems theory models of the second half of the twentieth century (Parsons, Luhmann, Habermas) has been replaced by a much simpler causally linked form, organized more along the lines of the

feudalistic social order of the nineteenth century, due to the supremacy of technology giants. The mechanisms of this development can also be causally inferred.

The epitome of a super-rich person to this day is John D. Rockefeller (1839–1937), the first billionaire in world history. He owed his fortune to the fact that the Standard Oil Company, founded by him and partners in 1870, controlled 90 percent of U.S. refineries and pipelines, giving it a virtual monopoly. A similar pattern was followed by the so-called PC revolution that took place a century later. IBM, the market leader in the 1970s in terms of office automation, was pliant regarding the contract for an operating system to run open architecture personal computers that was drafted by influential attorney William H. Gates, Sr. in 1981. This compliance may also have been due to Gates Sr. wife Mary Maxwell Gates' good relationship with IBM's then-CEO John Opel. The contract meant that the startup of their son was granted a quasi-monopoly for the operating system of the PC – a constellation that is still valid today. Thanks to the sums thus obtained, William Henry Gates III was able to force all relevant competitors out of the market, not only with respect to operating systems, but also with regard to the vast field of office applications. As a result, Bill Gates – like John D. Rockefeller before him – became the richest man in the world (with few interruptions from 1995 to 2017, according to Forbes).

Not only had the Microsoft Disk Operating System laid the foundation for the digital revolution, but the business practices of co-founder Bill Gates were to serve as a blueprint for the rise of the tech giants for at least half a century. Looking at the market today, it turns out that the platform operators almost exclusively own monopolies or near-monopolies in their respective segments. Microsoft Corporation still controls operating

systems and office applications, Adobe Inc. image processing and graphics programs, Alphabet internet search and video-on-demand (YouTube), Meta social media (Facebook and Instagram), Z (Twitter) messenger services, and Amazon online retail. This has created a situation that is similar to that of the Rockefellers. The monopolists can unilaterally determine conditions. The market, which would be indispensable for the functioning of a capitalist economic system, has long since been undermined. An age of digital feudalism has dawned. As a result – and this is the concluding thesis of this master's thesis – the trends of neoliberalism in the last 20 years strikingly mirror the processes and models described by Karl Marx. Social media have transferred Karl Marx's thought structure into the present, according to which the ruling class controls both the state and the media.

The following summary of Karl Marx's conception of history and society is based on the essays by Albert Einstein ([1949] 2009) and Paul Sweezy (1956). In his system of ideas, Karl Marx combined the philosophy of the Enlightenment with the analysis of the capitalist economic system of the nineteenth century. He described humanity as the result of a long evolutionary process (Sweezy 1956, 7). In their initial stages, societies functioned according to the principles of pure subsistence, without surplus production. This epoch, which spanned several millennia, was characterized by cooperation, camaraderie, and conflict, but without any form of exploitation. The social communities functioned in the form of a primitive form of communism.

As specialized crafts developed, modest surpluses of certain goods began to be produced. Usually, the entire village community produced one or two trade goods, which could be cloth, pottery, ores, or wood. These products were transported to the regional

trade centers, where they served as a means of exchange for goods that could not be obtained in one's own village (Zangger, Aşınmaz, and Mutlu 2022, 137–139). Ultimately, a different way of doing business and a fundamental shift in power relations in the region resulted from this form of regional trade. On the one hand, goods produced in surplus could be shipped abroad via long sea routes, where they fetched a much higher price due to their exclusivity (Mull 2022, 41). On the other hand, rulers could seek dominion over territories and then demand tribute from the subjugated territories in the form of a share of their goods production (Aubet 2013, 99–103). A ruling class emerged that lived off what was not produced by the rural population. The latter continued to practice subsistence agriculture, which they combined with simple pre-industrial production, losing their autonomy.

In this now hierarchical society, a constant tension arose as the elites strove to increase the surplus through innovative production methods, while the subalterns strove to secure a larger piece of the productive pie to improve their quality of life. This inherent class antagonism led to an evolutionary change in the economic framework that covered a broad spectrum: from the chains of slavery to the shackles of serfdom to the commodification of wage labor (Sweezy 1956, 7). In addition to a market for products, a market for labor was also emerging. A society characterized by private ownership of the means of production and by commodifying wage labor is called capitalist.

Capitalism emerged between the sixteenth and nineteenth centuries, making it a relatively recent economic system in the context of a cultural development that dates back some 10,000 years. In capitalist societies social organization is based on markets and exchange: Markets trade in products, labor, and services. In order to turn a

sufficiently large number of people into wage workers, they had to be excluded from the means of production, especially from land ownership. Thus, at the beginning of capitalism there was always an attempt to deny the majority access to the means of production, usually by force. This has been the case with the dispossession of the indigenous peoples of Central and North America. The class structures and political institutions that exist in the U.S. today are both a result and a feature of capitalist economics (Chomsky 2017, 18–23).

The economy is governed by rational calculation and strategic action because market exchange is impersonal and instrumental. There are only winners and losers, no overriding values such as right or wrong. Market exchange is indeed an important form of economic organization, according to the substantivist approach of economic historian Karl Polanyi (Polanyi 1957, 266). However, it is a recent development related to the rise and spread of capitalism.

Capitalism has undeniably increased industrial and economic output, but it is structured primarily to make a profit rather than to benefit society. The capitalist elite, the owners of the means of production, are inherently interested in profit maximization; improving collective welfare per se is not their primary focus. Mechanization of labor operations helps reduce labor costs, but this also reduces the purchasing power of the working class. Moreover, in order to accumulate even more capital, the capitalists often cut back on their own consumption. This creates a peculiar scenario in which productivity increases noticeably, but consumption power decreases at the same time. Marx calls this an inherent contradiction of capitalism. The balance between production and consumption is constantly disturbed.

Sweezy (1956, 8) describes Marx's plea for a system change from profit-oriented production to use-value-oriented production. He envisioned a revolutionary shift toward communal ownership of the means of production and strategic economic planning – a paradigm he and his followers eventually called socialism (Sweezy 1956, 8). According to Marx, socialism appealed because it promised collective prosperity and social progress. His belief was that the benefits of this system would be so obvious that change would be inevitable. A prerequisite for this, he said, was that workers unite and become politically engaged (Marx and Engels [1848] 2021, 166).

Albert Einstein emphasized that the emergence of most great civilizations can be traced to conquests. These conquests ushered in an era in which the victors established themselves as the superior class, both legally and economically. Class divisions crystallized in society through the monopolization of areas such as land, religious authority, and education. This stratification developed in conjunction with the value system, becoming a permanent social framework. As Einstein noted, such paradigms have profoundly and often subliminally shaped the social behavior of generations (Einstein [1949] 2009, 55).

Private wealth is often concentrated among a limited number of individuals. This is partly a consequence of competitive dynamics among capitalists and partly due to technological progress and the increasing division of labor, which favor the growth of larger production units over smaller ones. As a result, an oligarchy of private capital is emerging that exerts enormous influence that even democratic political structures have difficulty regulating effectively, partly due to the authority of this new elite.

Members of legislative assemblies are often elected by political groups that are largely funded or influenced by private capitalists. Over time, this creates a significant gap between the electorate and the legislative body. This leads to a scenario in which elected representatives do not truly represent or protect the interests of marginalized segments of society. In addition, under the given circumstances, private capitalists have direct or indirect control over the main channels of information such as the media, broadcasting, and educational institutions. This makes it difficult, if not impossible, for the average citizen to form an unbiased opinion and to exercise his or her political rights (Einstein [1949] 2009, 60).

Einstein argues that technological progress does not reduce the workload but tends to increase unemployment. Competition among capitalists, in conjunction with the profit motive, results in market instability and inevitably economic depression. Not only is labor wasted, but there is a "crippling of the social consciousness of individuals," which he called the worst evil of capitalism (Einstein [1949] 2009, 60). Einstein was convinced that the only way to eliminate this serious evil was to build a socialist economy. This would have to go hand in hand with building an educational system oriented toward social goals.

The Rise of Charismatic Rule

Key aspects of Max Weber's social theory can also be applied to the Internet age. Weber distinguishes three main forms of legitimate rule in his 1922 posthumously published work *Economy and Society* (Weber [1921] 2009, 220–221):

- Traditional patriarchal rule through the belief in the inviolability of orders and powers of rule that have existed since time immemorial.

- Legal rule through a formally correct statute.
- The charismatic rule, typically of a great demagogue, a prophet, or a war hero.
- Charisma is a gift of grace, a gift bestowed on people by God out of benevolence.

It is expressed in the power of the mind and speech, heroism, revelations, or magical abilities. The exceptionality of the charism causes personal devotion of the followers. The basic prerequisite for the claim to leadership is evidence through successes and/or miracles that lead to the welfare of the subjects. Charisma is not the property of a personality. It is the result of a social process of attribution in an extraordinary situation. When success fails to materialize, the rule falters (Weber [1921] 2009, 223). This is the reason why no Egyptian pharaoh ever admitted to being defeated in a military conflict; otherwise, he would have disappointed the gods and inevitably lost their divine support. Weber recognizes charismatic authority as one of the great revolutionary forces in history, although in its pure form it has an authoritarian, that is, domineering, character. Regardless of whether the leader's name is Napoleon, Jesus, or Pericles, what is decisive for the claim to leadership is that the leader's characteristic "was regarded as charisma and had an effect, that is, was recognized" (Weber [1921] 2009, 222).

Of the three types of authority, charismatic authority corresponds to influencer marketing, where people build a following based on their personal appeal. Influencer marketing and social media manipulation are part of the broader social interactions within the capitalist economy. Moreover, it is consistent with Weber's concept of the distribution of power that the ability to influence public opinion is concentrated in the hands of the ruling class. Large corporations and governments that use social media tools

act as legal-rational authorities that exercise their power according to rules and procedures. The use of automated bots and the systematic manipulation of information is a form of rationalization that helps reduce complex social processes to manageable, quantifiable components, similar to Weber's description of the rise of rationalization and bureaucratization in the society of his time. Weber emphasizes that in all three relations of domination, the presence of an administrative personnel is essential to the docility of the ruled; their actions ensure the continued implementation of orders and enforce submission to domination (Weber [1921] 2009, 223).

Weber's thematization of charisma has recently been extrapolated to the internet age by David Graeber and David Wengrow (Graeber and Wengrow 2023, 365–369). For Graeber and Wengrow, internet influencers are a characteristic manifestation of charismatic domination. Kim Kardashian, as a celebrity and businesswoman, embodies the intersection of Max Weber's early twentieth century social theory and twenty-first century social media as a successful celebrity-level influencer. Among 500 celebrities, Kim Kardashian is ranked as the least replicable in the world (Sehdev 2017, 55). She has 75 million followers on X (Twitter) and 363 million on Instagram. Her fashion brand "Skims" received $670 million in venture capital.[109] YouTube celebrities like Kim Kardashian represent the charismatic rule of modernity by setting new standards for social interaction as influencers. Kardashian is so representative of successful communication that marketing coach Jeetendr Sehdev titles the method of successful

[109] Gollmer, Philipp. 2023. "Die Modefirma von Kim Kardashian ist vier Milliarden Dollar wert." *Neue Zürcher Zeitung*, last modified July 21, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/skims-die-modefirma-von-kim-kardashian-wird-mit-vier-milliarden-dollar-bewertet-folgt-bald-ein-boersengang-ld.1748188.

self-promotion on social media, and indeed his entire book about it, *The Kim Kardashian Principle* (Sehdev 2017).

Millennials and their younger siblings find established Hollywood celebrities aloof. The latter have staged themselves for too long with photos that supposedly caught them in flagrante delicto but are in fact highly arranged (Sehdev 2017, 62–63). Perfection today is perceived as boring and only evokes indifference. Kim Kardashian's principle of breaking the rules and creating her own instead means that she stands by her mistakes. When Kim Kardashian walks the streets of Paris with a million-dollar diamond necklace, she is not only flaunting her wealth, but also her right to use violence, because of course she is accompanied by armed bodyguards (Graeber and Wengrow 2021, 364–365). The superiority in terms of the potential use of force is obvious to everyone, even if the bodyguards remain as invisible as possible. Property rights of any kind have always been protected by the threat of force.

Kim Kardashian declares her suburban culture as modern sophistication and flaunts it. She develops the ambition to study law and, like her father, wants to open her own law firm. On her fourth attempt, she passes California's First-Year Law Student's Examination, where the pass rate is 21 percent. She competes against former U.S. Secretary of State and presidential candidate Hillary Clinton in a televised legal question contest, winning by a score of 11 to 4.[110] The existing role model function is extrapolated from appearances and lifestyle habits to professional ambitions and intellectuality.

[110] David Moye. 2022. "Kim Kardashian Beats Hillary Clinton in Legal Knowledge Quiz." *Huffpost.com*, last modified August 24, 2022, accessed October 29, 2023. https://www.huffpost.com/entry/kim-kardashian-hillary-clinton-gutsy-legal-quiz_n_63065dede4b0e323a25b58f6.

Ideology as a Lever of Opinion Formation

Ideologies are an indispensable instrument for legitimizing power relations and thus for maintaining power structures. To some extent, the ideology of a benevolent Internet has become an addiction in contemporary society. Internet users are fascinated by the power of icons, diversity, and entertainment. They do not realize that the colorful interfaces are deliberately modeled on Las Vegas casinos and that behind this masquerade lies systemic exploitation and oppression by big-tech corporations (Andree 2023, 237). In the guise of an "underdog counterculture," a handful of corporations have used the blessings of the internet to amass the greatest accumulation of power and wealth in the history of the Western world (Andree 2023, 240). Billionaires like Elon Musk are admired by the working class through an ideologically transfigured lens. Many of these people gave their votes to Donald Trump. "The most effective oppressor is the one who makes his subjects love, desire, and identify with his power," writes Terry Eagleton ([1991] 2007, xiii). His insights into how ideologies are created, transmitted, and sustained lend context and depth to the theses presented here.

Ideology can be defined as "a set of socially shaped ideas, beliefs, and values that shape a particular culture" and "is always most effective when it is invisible" (Eagleton [1991] 2007, xvi–xvii). It finds expression, for example, in Facebook's 2017 mission statement saying, "This is our challenge. We have to build a world where everyone has a sense of purpose and community. That's how we'll bring the world closer together."[111] A single company ensures that every single person has a sense of purpose because it

[111] Zuckerberg, Mark. 2021. "Bringing the World Closer Together." Facebook.com, last modified March 15, 2021, accessed November 14, 2023. https://www.facebook.com/notes/393134628500376/.

assumes that this was not the case before. “If that is not a new religion, I don’t know what is,” writes Jaron Lanier (2018, 133).

Martin Andree is particularly concerned to emphasize the importance of ideology, which big tech corporations use to manipulate the thinking of billions of users. The chapter “Digital Darth Vader disguises himself as do-gooder” contains a subheading “How ideology distorts our perception” (Andree 2023, 215). Among other things, the author refers to Steve Jobs’ Commencement speech at Stanford on June 12, 2005, because it provides a rare glimpse into the deep-rooted philosophy of the protagonists of the big tech industry. In his speech, Jobs referred to “The Whole Earth Catalogue” of a 1968 hippie community in California. This consisted of a colorful smorgasbord of recommendations for products for new life concepts. Many things that were declared trends decades later, such as “cocooning,” already appeared in it. At that time, the cultural left was rather skeptical about technology. Computers only existed in the form of central mainframes in influential organizations. They were therefore regarded as instruments of the capitalist system. IBM (nicknamed “Big Blue”) had a quasi-monopoly in the field of office automation. The Whole Earth Catalogue then promoted the computer and IT as a means of personal and social development.

Thus, the catalog can be seen as the nucleus of a future-oriented digital worldview that has endured to this day. It ushered in an era of positive views of digital technologies. The same technology that was once seen as symbolizing the alienation of the individual from his or her environment was then regarded as a means of social emancipation against an outdated establishment. Technology became an instrument against capitalism; it offered opportunities for self-development, collaboration, and community building, as

well as a spiritual rediscovery of the networked individual in a free and unbounded digital space. This space represents clarity, ownership, diversity, and accessibility (Andree 2023, 209).

In this way internet thinking became an ideology early on – and every ideology distinguishes between good and evil. Good is the internet, it is free and anarchic; evil are the petrified state structures that want to impose regulation. Good are the networks, they replace traditional hierarchies and old school thinking. Marginalized groups are given a voice through new media, and so power relations shift away from ownership and capital and toward "open source" and a "sharing community" (Andree 2023, 214). The magical powers of an ideology unfold. Corporate CEOs, dressed like us in washed-out blue jeans, crew neck sweaters, and sneakers, create a horror scenario in which government intervention and regulation threaten the free web.

> So why do we let the tech giants get away with it? Because a few early founders once started out as hippies in California garages 30 years ago? Because they therefore have a certain street credibility to present themselves in the masquerade of casual underdog culture? Because they decorate this style beautifully with purpose washing – placing a few good PR stories here and there on topics like sustainability and diversity? We adore them so much that they can do whatever they want. We just love them anyway. There is a mysterious force at work in our brains that systematically distorts our perceptions and impairs our ability to know. This is exactly what ideology does (Andree 2023, 216; trans. EZ).

Karl Marx laid out how ideologies serve to justify power structures by building a systemic illusion through which oppressed individuals are led to believe that their situation of exploitation is normal and justified (Andree 2023, 216). "Ideology" thus describes thought patterns, beliefs, and attitudes that are so ingrained in people that they often cannot even be questioned. As a result, many accept the disastrous constellations instead of questioning them and rebelling against them. A clear indicator of the presence

of an ideology is when the oppressed even adopt and defend the views of their oppressors. In such a situation, oppression appears to most as given, unchangeable, and even desirable, even though alternatives exist. In fact, however, humanity has always had the power to do things differently and to redefine reality.

Chapter X.

Outlook – Paths to the Future

The previous remarks have made it clear how today's social situation in Western countries has emerged from a political and technological change of course that began around 1980. The politically deliberate, lasting changes included the targeted acceleration of globalization and the dismantling of regulations in the financial markets, i.e., neoliberal policies instead of a social market economy. The technological revolution that took place at the same time – today we speak of digitalization – shifted the focus of corporate policy from a long-term strategy geared to values to short-term efficiency gains, which, thanks to the personal computer available at every workplace, are always visible to everyone.

The Monopoly of Power: On the Rise of the Corporatocracy

Increasingly dependent on the goodwill of business leaders, and therefore weakened, politics led to corporate supremacy (Chibber 2018a, 26). If one merges the terms "corporations" and "autocracy" it leads to corporatocracy. This is the name given to a system in which corporations – overtly or covertly – exert significant influence on or control over a country's politics, decision-making and administration. While power is supposed to be in the hands of the people and their elected representatives, in reality there has been a concentration of authority within the corporate sphere. Legislative decisions are no longer the result of democratic deliberation; rather, they result from lobbying and

the financial capabilities of the corporations whose interests they affect. The latter take precedence over the common good. Such a system raises relevant questions about the nature of democracy and governance. If a nation's decisions are disproportionately influenced by corporations, can it still claim to truly represent the voice and will of its citizens?

The rise of lobbying can be quantified. In Washington, there were approximately 11,000 registered lobbying organizations in 2011 (Chibber 2018b, 13–14). It is reasonable to assume that their number has increased significantly since then. In Brussels, there are about 40 lobbyists for every member of the European Parliament. With the help of the revolving door, lobbyists enter politics, while many outgoing politicians become lobbyists. Mitt Romney, candidate for the U.S. presidency in 2012, co-founded a private equity firm. Jon Corzine was CEO of Goldman Sachs before serving as a U.S. senator and then as governor of New Jersey. Steve Mnuchin spent 17 years at Goldman Sachs before becoming U.S. Treasury secretary under Donald Trump. French President Emmanuel Macron previously worked as an investment banker at Rothschild & Cie Banque. Former British Chancellor of the Exchequer Sajid Javid worked in investment banking at Chase Manhattan Bank and Deutsche Bank. Mario Draghi worked at Goldman Sachs before becoming president of the European Central Bank and then Italian prime minister. António Horta-Osório was CEO of Lloyds Banking Group and became Portugal's economy minister in 2023. Nigel Farage, a key figure in the Brexit movement, worked as a commodities trader before his political career. Friedrich Merz, opposition leader in the German Bundestag and leader of Angela Merkel's party, was 2016–2020

supervisory board chairman and lobbyist for BlackRock, the world's largest asset manager.

Financial crime investigators, from the FBI to the Securities and Exchange Commission, have learned over the decades that bankers are virtually invulnerable because of the powerful lobby in finance (O'Neil 2018, 90). Banks are seen as crucial to the economy and, for this reason, are given protection by policymakers. In fact, in Switzerland, for example, two-thirds of the working population is employed by small businesses. The country's economy stands or falls on the vitality of SME, but the revolving door to power is not on their turf. And that's why one of the most pernicious consequences of neoliberal policies combined with digitization has been the emergence of a monopoly of power on the part of multinational corporations, with the big banks and tech giants now largely beyond political control.

One reason for the persistence with which politicians represent the interests of big business is that their country's economy competes with autocracies. Autocratic rulers can extend their leadership indefinitely simply by changing their country's constitution. As a result, they are able to pursue long-term strategies. This ensues above-average economic growth rates. Politicians in Western countries fear that their economies are falling behind. Only gradually is the realization gaining ground that in authoritarian regimes, of course, the figures for annual economic growth are also embellished – they are usually exaggerated by a good third.[112]

[112] Hosp, Gerald. 2022. "Autokraten sind gut für die Entwicklung? Dieser Mythos hat sich endgültig erledigt." *Neue Zürcher Zeitung*, last modified October 22, 2022, accessed November 5, 2023. https://www.nzz.ch/meinung/autokraten-sind-gut-fuer-entwicklung-der-mythos-hat-sich-erledigt-ld.1707072.

When social media were introduced, they did not bring about a democratization in terms of access to information by enabling exchange among like-minded people. In reality, the Internet has long since been restructured into an oligopoly in which the platforms function like a global assembly line that diverts savings from the wallets of the working population to the asset managers of the super-rich. The structures are so robust that sudden changes of any kind (wars, trade wars, economic crises, surprise election results, pandemics) usually only reinforce the trend already in place.

All non-measurable values such as fairness, reliability, credibility, and beauty are neglected in an increasingly algorithm-driven world, as these values are too diffuse for computers and therefore undetectable (O'Neil 2018, 95). Even with simple spreadsheets, a fundamental problem is that they only measure quantity and are no help in assessing quality. Immeasurable damage has been done because middle managers tend to base their decisions on price comparisons. For example, in 2001, the Liechtenstein Landesbank LGT decided to entrust the digitization of tens of thousands of documents to the cheapest provider, who in turn hired at least one employee with questionable credentials. The latter recognized the explosive power of the bank's internal data and promptly offered it for sale to the German Federal Intelligence Service. In the end, Swiss banking secrecy, which had existed since 1934, fell victim to indiscretion (which in itself was rather desirable).

Any form of savings immediately leads to a noticeable increase in the profitability of a company – and thus often to a bonus payment for the responsible manager. Cutting research and development increases profitability, as does cutting marketing expenses.

Thus, technological progress is accompanied by a decline in innovation rather than an increase – in Germany, but not only there.[113]

In any case, the increase in automation from the 1980s onward has led to a strong overweighting of measurable quantifiable variables. This was accompanied by stagnating wages, increasing inequality and the disappearance of middle-class jobs. Digital platforms bring about a redistribution of capital in favor of the ruling class; they also pose a massive threat to democracy. Algorithms are being used to control and influence people – by corporations like Alphabet or Meta as well as by authoritarian regimes like China. Thus, market-driven globalization has increased inequality and devalued national identities, which has favored populist movements.

An Increasing Lack of Purpose for the Working Class

What has been almost completely overlooked in the dominance of global economic issues and the quantification of all possible aspects of everyday life is that different forms of economic organization must necessarily coexist in any society. Capitalism with its specific market and exchange economy is embedded in other forms of social relations. In addition to the principles of the free market economy, there are many factors that are important for the functioning of the economy: the role of the state, non-governmental organizations, charity, and mutual aid among people. These aspects are often not sufficiently considered by economists, which is why the anthropological perspective is so important. For example, companies are not internally organized along

[113] OECD: "OECD Reviews of Innovation Policy: Germany 2022." Last modified October 4, 2022, accessed October 31, 2023. https://www.oecd.org/publications/oecd-reviews-of-innovation-policy-germany-2022-50b32331-en.htm.

free-market lines; they could not function if colleagues charged each other for every handout (Graeber 2014, 122). Hierarchical chains of command alone are not particularly efficient, and when improvisation is required, democratic cooperation becomes indispensable. Research and development are impossible according to market-based exchange logic. David Graeber (2014, 121) says, "One might even call it a scandal of capitalism that most capitalist enterprises are internally communist." Communism is the basis of human coexistence and as such makes a society possible (Graeber 2014, 122). Sharing is among the most enjoyable activities: It includes music, food, alcohol, and gossip. The realization that people are ultimately interdependent is at the core of social peace (Graeber 2014, 126).

Social peace, however, has fallen victim to the uncontrolled rise of inequality in recent decades. The omnipotence of corporations, their direct influence on politics via lobbying, and the ubiquitous use of algorithms to measure, assess, and optimize employees and work processes has led in many countries to an oversupply of low-wage workers whose skills are interchangeable. Workers lack bargaining power because unions have lost their strength. Employers are therefore able to demand ever more absurd working hours without excessive churn. Thus, their profits increase while the lives of their workers become miserable (O'Neil 2018, 128). The workforce is literally trapped, as changing jobs will provide little relief. The unemployed and hourly workers are politically disenfranchised and without a voice. To top it off, they face accusations that they are responsible for their own poverty, poor schools, and crime in their neighborhoods (O'Neil 2018, 202).

Which politician has bothered with anti-poverty strategies? In Germany, the Social Democratic and Green parties are part of the governing coalition. They repeatedly try handouts in the form of so-called helicopter payments to low-wage groups, alongside subsidies for multinational corporations in the double and triple-digit billions. The structural problems remain untouched by such one-off payments.

Another challenge is the lack of appreciation and meaning for the large group of low-wage workers, who are denied justice, dignity, and equal opportunity because politics is primarily oriented toward the particular interests of the elites. That underachieving, aimless, uprooted, and unfulfilled people are the fuel for authoritarian dysfunction was already described by Hannah Arendt (Lanier 2018, 147). Policymakers have so far reacted far too late to the dangers that the technological age poses to the values of democracy and social justice. It is time to abandon the prevailing reactive management of the status quo and make a fresh start on a grand scale. An alternative political project is needed that accommodates a pluralistic society; a system that accepts and embraces the complexity of the world and cultivates ways and opportunities that allow dissenters to interact tactfully and constructively.

Since Time Immemorial, People Have Had the Choice

David Graeber and David Wengrove, in their recently published comprehensive recapitulation of social and economic history, described how the Native American form of society was based on a kind of basic communism: each receives according to his needs, each gives according to his abilities. Native Americans saw themselves as free and happy, but European society as unfree and the people in it as unhappy (Graeber and

Wengrow 2021, 37–41). They viewed European society as cruel because it did not satisfy the basic needs of its members, that is, it had less communist foundations.

In response to what they perceived as "native criticism," prominent European thinkers such as Rousseau, Hobbes, and Marx argued that relinquishing certain freedoms was essential to achieving social progress. This progress, manifested in urban development, civilizational advances, increased productivity, and corresponding complexity, is inextricably linked to the emergence of a complex economy capable of generating large surpluses. The conventional paradigm of social evolution based on this thinking assumes that economic complexity inevitably leads to inequality and domination, i.e., that there is a deterministic relationship between political structures configurations and the nature of livelihood.

This canonical view, which cannot be supported by empirical evidence, is challenged by Graeber and Wengrow. In their view, the forms of inequality and domination that emerged after the innovation of agriculture are not necessarily due to economic development (Graeber and Wengrow 2021, 502). That inequality was inherent in early social communities is also not supported by evidence. Rather, early social structures bear similarities to a basic form of communism in that they were based on an ethos of general reciprocity, in which individuals receive what they need and contribute what they can to the needs of others. This principle of reciprocal altruism is an essential component of the functional dynamics of contemporary society, according to Graeber and Wengrove.

At every point in history, including the present, humanity has had the creative capacity to consciously shape society (Graeber and Wengrow 2021, 502). This is because

people have the power, skills, and awareness necessary to change both their society and their economy. People should not be reduced to the role of passive subjects in their economic systems. In today's social structures, there are a variety of ideologies and lifestyles, which is why liberalism, socialism, nationalism, anarchism, and other political models coexist. Each individual has his or her own, often different, ideas of an ideal society. Traditional models of social evolution tend to underestimate the scope of human creativity and the potential for conscious and deliberate political action. A significant part of history can be interpreted as a constant effort by non-elites to regulate the rule of elites and to create free forms of society. Inequality, then, is not an innate feature of human society, but rather the result of specific institutional arrangements.

In fact, in the fall of 2023, a determination to limit the power of platform providers with regulative measures is emerging. Starting August 25, 2023, the European Union has already adopted a new directive requiring the largest social media platform providers (Facebook, Xr, TikTok) to give their users the ability to disable algorithmic recommendations.[114] From February 2024, this new EU regulation, called the Digital Service Act, will apply to all online services, including Google Search, Apple Store, LinkedIn, Booking.com, and Amazon. The settings are not set by default but can easily be done by unchecking the "Followed" option in the personal profile. Several studies on the impact of not using recommendation algorithms on Instagram and Facebook users' behavior have shown that a chronological sorting of the information flow ("feed") shows

[114] Fulterer, Ruth, and Gioia da Silva. 2023. "Social Media, nur langweiliger: Das muss man über die neue Möglichkeit wissen, bei Facebook, Instagram und Tiktok die KI abzuschalten." *Neue Zürcher Zeitung*, last modified August 9, 2023, accessed November 5, 2023. https://www.nzz.ch/technologie/social-media-nur-langweiliger-das-muss-man-ueber-die-neue-moeglichkeit-wissen-bei-facebook-instagram-und-tiktok-die-ki-abzuschalten-ld.1753047.

less polarizing content and more moderate sources. As a result, the content tends to become duller, so users spend less time on the platforms and the addictiveness factor decreases.

Other legal regulations include that minors under the age of 18 are no longer targeted with digital advertising based on their personal online behavior. In the future, providers must also actively inform users about which posts they have artificially limited the reach of and what the exact reason was, or whether an automated bot or a human made this adjustment. In addition, Meta, Google, and other providers such as Booking.com have offered to build some sort of archive for ads so users can see who served which ads.

In September 2023, the EU published for the first time a report with the results of those platform providers that had already implemented the Digital Services Act in November 2022,[115] while EU Commissioner Věra Jourová stressed the urgency of cracking down on Russian disinformation in light of the upcoming 2024 EU parliamentary elections. According to the report, in the first half of 2023 Google rejected 140,000 out of 160,000 political ads in the EU and prevented €30 million from going to disinformation advertisers. Meta flagged 40 million dubious messages; 95 percent of those were subsequently unclicked by users. TikTok deleted 140,000 misinformation videos. Microsoft blocked 6.7 million fake LinkedIn accounts.

The new European Union guidelines show that it is entirely possible to put the all-powerful big-tech corporations in their place. Possible measures for the regulation of

[115] Schöchli, Hansueli. 2023. "Erste Bilanz im Kampf gegen Fake News." *Neue Zürcher Zeitung*, last modified September 27, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/google-facebook-liefern-rapport-ueber-den-kampf-gegen-fake-news-doch-es-ist-wohl-ein-kampf-gegen-windmuehlen-ld.1758046.

social media have been established for a long time in many other areas of society and the economy. The simplest measure would be direct payment. Today, tech giants generate most of their profits through revenue derived from the manipulative intentions of their large customers. Platform providers could change their business models to generate revenue by paying users directly, as online news portals are already doing (Lanier 2018, 99 and 105). Meta has already suggested on its own to offer Facebook and Instagram in the EU for around ten euros. When used on mobile devices, the monthly price is 13 Euros, as Meta would take into account commissions charged by Google and Apple in the app stores. Direct financing by end users, however, only makes sense if any interference and manipulation by third parties is prohibited. Otherwise, there would be a risk that the tech giants would use both advertisers and end users as a source of revenue, similar to the way public broadcasters in Europe collect fees directly from every household on the one hand, but also profit from advertising on the other.

MIT economist Daron Acemoglu also advocates levying taxes on digital advertising (Acemoglu and Johnson 2023, 413–414).[116] In the same way that water bills are assessed based on consumption, data collection could also be taxed.[117] Technology corporations would then have to pay correspondingly high taxes on the amount of data collected, which would give them an incentive not to simply collect all the data they have access to.

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[116] Fuster, Thomas. 2023. "Star-Ökonom Daron Acemoglu sagt im Interview: 'Google sollte zerschlagen werden.'" *Neue Zürcher Zeitung*, last modified February 19, 2023, accessed November 5, 2023. https://www.nzz.ch/wirtschaft/star-oekonom-daron-acemoglu-technologieriesen-wie-google-sollten-zerschlagen-werden-ld.1726237.

[117] Harris, Tristan. 2019. "Our Brains Are No Match for Our Technology." *The New York Times*, last modified December 5, 2019, accessed November 5, 2023. https://www.nytimes.com/2019/12/05/opinion/digital-technology-brain.html.

Taxes and social security contributions are in any case the main means of equalizing inequality between elites and the precariat. The average tax rate is 8 percent in the U.S. In Switzerland, it is 11 percent, and in Scandinavia, 38 percent. In the U.S., however, many complain that taxes are too high; while citizens in Scandinavia pay taxes without grumbling because they receive first-class social benefits in return. The costs of births, maternity and paternity leave, childcare, preschool, university education and health care are covered by the state; while in the U.S. automation is encouraged with tax benefits. Daron Acemoglu and Simon Johnson argue for symmetrical taxation of capital and labor. That is to say, lower taxes on wages and higher taxes on capital (Acemoglu and Johnson 2023, 414–415). Michael Sandel suggests imposing a tax on high-frequency trading, arguing that it has minimal value to the economy (Sandel 2022, 348). At the same time, payroll taxes could be lowered. This would reduce the cost of labor for both employers and employees. Such an adjustment in taxation would shift the tax burden from labor to speculation, expressing what society considers a valuable contribution to the common good and what it does not.

International free trade agreements are another area largely unaffected by fiscal regulations. The purpose of these agreements is the reduction of trade barriers. Multinational corporations benefit from the agreements because their property rights are guaranteed. Taxation, on the other hand, is not regulated at all (Zucman 2023). In the future, therefore, profits generated abroad would have to be properly taxed.

Another possibility to moderate the power of the platform providers would be that the content would have to be offered in principle via open standards so that it can be used independently of the platform (Andree 2023, 256–263). This measure would make it

possible for a video posted on YouTube, including comments and followers, to be migrated to another platform. In this way, a free market would be restored. There could also be a call for the enforcement of full link freedom on the major platforms. Users would then be allowed to provide external links on every content level of the platform, which is often not possible today because providers want to keep users on their own platform.

Other possible measures Martin Andree proposes include disclosure of information on usage, revenue, profit, and tax payments; payment of the full tax burden in the country of economic performance; disclosure of government interactions and conflicts of interest; separation of business units with conflicts of interest; elimination of active traffic manipulation and penalties for self-dealing; and more (Andree 2023, 256–263). All of these measures would have the effect of significantly reducing the flow of traffic to dominant platforms. As a result, independent providers will have more room to do business.

Finally, a complete ban on social media could also be considered. Many business models and behaviors that were commonplace in the past are now banned because they are a violation of human dignity. These include slavery, organ trafficking, child labor and the abuse of children. The naive use of algorithmic segmentation and manipulation in the (still ongoing) early stages of social media use would then end up on the trash heap of history. Like bloodletting as medical first aid in the nineteenth century or the use of asbestos in the 1970s, it would be a temporary fall from grace. Even a simple ban on disclosure would have a lasting positive impact. In many industries, such as banking, insurance, and telephone companies, such restrictions are taken for granted.

Bidenomics and a Green Field Approach

In addition to the constructive taming of the overpowering technology giants, a change in the active design of economic policy is currently taking place in the U.S.; similar developments can be observed in Germany, China, and India. Governments sought to achieve the neoliberal policy goal of making investment profitable by increasing productivity and curbing wage growth. The package of measures included regressive tax cuts, relaxation of regulations, reduction of subsidies, and public sector absorption of losses from the highly indebted financial sector. The result was an even greater redistribution of profits from the lower income groups to the ultra-rich. Then a series of events caused the global economy to slow down. These included the near collapse of the financial system in 2008, the political shock of Donald Trump's election victory, steadily deteriorating U.S.-China relations, extreme weather events, the outbreak of the Covid-19 pandemic, disrupted supply chains, rising consumer prices, a tight labor market, and a ten-step Fed rate hike through March 2022 (Riley and Brenner 2022, 19; Seaton 2023, 6). Wages continued to stagnate, and precarious employment increased.

Meanwhile, the government's ability to further catalyze change in the private sector has been exhausted (Riley 2023). Consequently, in an economic climate marked by stagnation, the Biden administration turned away from the characteristic policy framework of the Clinton-Obama era and unveiled a distinct purportedly anti-neoliberal economic strategy. These structural changes in the fabric of American capitalism are significant enough to warrant their own designation; Dylan Riley and Robert Brenner propose the term "political capitalism" for it (Riley and Brenner 2022, 6–9). It refers to the economic paradigm in which a state proactively assumes the role of traditional

investment mechanisms to ensure continued private-sector returns on capital. It could also be called a "Quasi New Deal" or "Bidenomics." Ultimately, these are spending increases that inevitably have the effect of fueling inflation, which in turn increases inequality. Malicious tongues are calling this economic policy a new variant of neo-liberalism. The new approach will probably hardly alleviate the ongoing structural crisis, which is characterized by chronic stagnation, but it will certainly increase the national deficit. Jamie Merchant speaks of heralding a "structural transformation of the global economy into a fragmented state-capitalist hellscape."[118]

Dealing pragmatically with the current state of affairs is an unquestioned role for local, regional, national, and international policymakers. But it should never be the only one. In this context, it is helpful to recall one of the principles of Niklas Luhmann's theoretical framework (the constituents remain valid even when the overall paradigm is disproved). According to this, systems can dissolve into their constituent parts and subsequently reform, yet they always remain similar. From a fertilized jay cell always only a jay will develop and no eagle. This means in the last consequence that organizations cannot be reformed fundamentally. Instead of wanting to change them, they would have to be replaced by completely newly created alternatives.

The living world is marked by linear time progressions. Organisms come into being, exist, and die at some point. It is much the same in the world of business. Companies are founded, are more or less successful, and eventually disappear through takeover or cessation of operations. Organizations, on the other hand, are more a

[118] Merchant, Jamie. 2023. "The Economic Consequences of Neo-Keynesianism." *Brooklynrail.org*, accessed November 14, 2023. https://brooklynrail.org/2023/07/field-notes/The-Economic-Consequences-of-Neo-Keynesianism.

reflection of the cyclical nature of time. Their power fluctuates over time. But they never die. Nor can they be fundamentally reformed because they always carry their internal direction and history with them. The university system cannot be fundamentally reformed any more than the armed forces can because both carry with them the burden of centuries of history and have internalized the resulting culture and processes.

IBM, which had become overwhelmingly powerful, especially in mainframes, could not help the PC break through on its own; Microsoft had to do that. Microsoft could not exploit the possibilities of the Internet; Google did that. Google couldn't tap the social media, it took Facebook to do that. None of these companies could help generative machine learning applications break through, it took OpenAI to do that. Despite enormous market power and gigantic budgets for research and development, the major car manufacturers were unable to help the electric car achieve a breakthrough because it would have required a completely new way of thinking.

In this way, something different always emerges alongside the established, which ultimately has a disruptive effect. The fundamental responsibility of politics would be to create the breeding ground for the emergence of such new structures in all areas of society: in the economy, in culture, in research, and especially in governmental organizations. A contemporary of Niklas Luhmann, the science theorist Thomas Kuhn, summed up this principle of the juxtaposition of the management and further development of the existing on the one hand and the search for completely new ways on the other in a particularly vivid way. In his work on the history of science, he distinguished between so-called normal science and paradigm shifts (Kuhn [1962] 1976). Normal science exists when scientists consolidate and gradually expand the existing body

of doctrine through their research. A paradigm shift becomes necessary when open questions cannot be answered with existing methods and tools.

Why are these considerations relevant to the topic under discussion? It must be the task, perhaps the most urgent task, of policymakers not only to manage the status quo, but also to think about completely new approaches in every single area of their own activities, i.e., in every ministry and in every larger organization. What is needed are Red Teams that use design thinking, or whatever one wants to call conceptual planning, to conduct thought experiments on how to reimagine the future on a green field. Such challenges used to be pursued by bright minds in think tanks, but these have largely squandered their relevance by becoming mere lobbying organizations. In concrete terms, this means that the Department of Defense would have to think not only about reforms and the possible use of additional funds, but also about what a defense completely free of legacy burdens would look like in 25 years. Such major reforms have advanced humankind from Solon to Atatürk.

But big-picture thinking has been completely lost – it is not even rudimentarily taught in universities. Politics has abandoned the classical promise of progress and is no longer geared to shaping an open future. It aims primarily at satisfying particular interests, especially since the number of lobbyists who must be satisfied exceeds the number of politicians many times over. The goal of politics is no longer to create better living conditions, but to prevent the worst from happening.[119] However, since technological progress has created a feudal society like that of the nineteenth century,

[119] Ribi, Thomas. 2023. "Interview mit Andreas Reckwitz: 'Das Versprechen der Moderne ist brüchig geworden.'" *Neue Zürcher Zeitung*, last modified June 11, 2023, accessed November 5, 2023. https://www.nzz.ch/feuilleton/fortschritt-das-versprechen-der-moderne-ist-bruechig-geworden-ld.1741052?reduced=true.

politics will probably have to return to its power to creatively shape the future in the grand design. So, in addition to thinking about better management of the current state and proposing ways to adapt, such as different payment models for platform providers or new forms of taxation, we need to think about what our world could look like under ideal conditions. We need disruption in a positive sense, just as digital printing replaced lead type, just as electromobility is about to replace the internal combustion engine, just as the outdated infrastructures of internet-based communication, which have obviously not proven themselves, need to be replaced by completely new structures, the old, outdated organizations must also be replaced by newly created, future-oriented successors. The task of politics – indeed, in the author's view, the primary task of politics – must be to help design such organizations and set-ups in such a way as to ensure internal and external peace, the best possible infrastructures, and excellent education for all social classes.

The problem with any sweeping change is that the disadvantages become immediately apparent to all, while the advantages usually come to fruition only gradually. This is why proposed changes trigger such strong backlash – the more profound the proposed changes, the louder the criticism. In Switzerland, the most serious political interventions of the last three decades (the abandonment of banking secrecy, the lockdown during the pandemic, and the takeover of Credit Suisse) have only been decided by means of emergency legislation or in the dark of night. In all three cases, parliament was no longer part of the decision-making process. German politics followed a similar path. Politicians must escape the influence of lobbyists if they want to introduce fundamental changes.

In order to master the future, democratic societies will have no choice but to rethink their basic framework. The misuse of the Internet has opened deep wounds that will take decades to heal. This includes, for example, the erosion of a common value base between politicians of the different camps in the U.S. It also includes the utterly senseless segregation between the working class and the managerial class, and within each educational class, between people of different skin colors and religions. A civilized and dignified life will only be possible if politicians succeed in putting solidarity and cohesion at the forefront of their efforts.

What the planet and humanity need is massive investment in low-return, low-productivity activities such as care, education, and environmental restoration, writes Dylan Riley (2023). Capital, seeking "value" that such industries struggle to produce, is incapable of doing this. Neither health, nor culture, nor the environment work well as a commodity. Today, thanks to neoliberalism and lobbying, finance has taken the lead in the economy. This leadership position needs to be reclaimed by public benefit-oriented organizations. This is a call to politicians to re-align the distribution of income and profits more closely with the principles of the social market economy. Anything else will either lead to a dead end or to a massive flight of capital. Half-hearted measures run the risk of further undermining the cohesion of society.

However, the thinking required to meet the challenges of the present must be far more comprehensive. In the U.S., the Electoral College calls democracy into question because it is no longer the opinion of the majority that decides, but a small group of voters that is given disproportionate power. Abolishing the Electoral College could restore the democratic principle of equality of votes and would be an important step

toward a more democratic system (O'Neil 2018, 196). The consequences for political parties would be severe but would certainly bring about the inevitable programmatic reboot that could ultimately lead to conducting public discourse without extreme polarization and attempts at manipulation.

And why is lobbying not prohibited outright? In most legal systems, it is forbidden to exert influence on judges because the independence of the judiciary is to be protected and fair trials are to be ensured. Judges are supposed to decide according to the law and their conscience, free from outside influence, be it from politics, the media, or private interests. Lobbying, on the other hand, provides a formal way for those who can afford it to bring their concerns to politicians' attention to influence legislation. It has only proven successful for the ruling class. However, their business models will also collapse if civil society breaks down. Therefore, it is in the interest of everyone – including the capitalists – to ensure social peace and stable conditions and to allow the elected representatives of the people to once again pursue their actual task undisturbed, namely, to shape the future of our society in such a way that the maximum common good is achieved. Ban lobbying – and start all over again.

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