**The Rent-Seeking Propaganda Machine: Data Harvesting by Social Media Firms in the Surveillance Economy.**

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**Abstract**

During 2017 and expanding dramatically in 2018 with coverage in international news reporting, the hitherto benign image of the “machine advertising” social media behemoths Facebook and Google along with their subsidiaries, turned, especially for the former, into a dark night of malign revelations. Facebook, in particular, had given permission for 87 million of its customers to have their Facebook personal page details accessed by a third party academic intermediary – against Facebook rules. The data were then sold on to a political propaganda mercenary firm Cambridge Analytica that specialised in quasi-military psychological operations (“psyops”) adapted for use in electoral propaganda by direct marketing to targeted citizens. Funded ultimately by Robert Mercer a structured financier and machine learning (artificial intelligence: AI) multi-billionaire and right-wing accomplices at Breitbart such as former Donald Trump adviser Steve Bannon, the mercenary hired Victoria, British Columbia, Canada AI firm AggregateIQ to build the Ripon algorithm on which its “Big Data” analytics were performed. Their intention was to distort the Trump and Brexit electoral results to favour right-wing candidates in “swing” constituencies. This was successfully achieved. In what follows, the paper explores the anti-democratic devices of: Monopoly; Surveillance; Invasion of Privacy; Addictive Intent; Propaganda Psychology; and Assumption of Impunity practised by machine advertisers in the digital age.

**Introduction**

There is a long history of favouring monopoly and disfavouring competition in capitalist societies. Thus in nineteenth century Britain the landed class defended their interest in parliament by fighting to retain the domestic “Corn Laws” against the rising commercial and working class interests that favoured lower prices for bread baked from imported competing grain producers who had invested in modern technology. The surprising gestation of the popular drama and narrative of Alexander Hamilton underlines this. Hamilton was responsible for monopoly finance and banking institutions in the post-revolutionary USA, supporting also suspension of patenting law to protect US “infant industry.”

**Monopoly**

In modern guise, most large global corporations do not “compete” in any meaningful way. Rather, like Amazon, which cheapens goods through monopoly sourcing and pricing of goods (which outsources monopsony) this ultimately greatly benefits the “consumer preference” at the expense of competition by smaller suppliers of books and other commodities it trades in. In different ways, Facebook and Google monopolise machine advertising based on their monopolistic practices of harvesting or “eyeball scraping” the websites of their customers to steal personal data from their individual “posts”. This is rent-seeking not innovative behaviour. In a recent book, it is argued:

“In several sectors, the growing influence of large and global firms has increasingly had the effect of slowing down market dynamism and reducing the spirit of corporate experimentation.” (Erixon & Weigel, 2016)

Assessing the experiences of global companies, including Nokia, Uber, IBM, and Apple, the authors explore three key themes: declining economic dynamism in Western economies; growing corporate reluctance to contest markets and innovate; and excessive regulation limiting the diffusion of innovation. At a time of low growth, high unemployment, and increasing income inequality, innovation-led growth is being disincentivised. The key reason for this is as follows. Such corporates increasingly spend their profits not on innovation but on share buybacks and other “rents”. Volkswagen’s and others’ emissions defeat devices were contemporary versions of destroying competition until the competition showed it had already or soon mimicked the “scam”. The authors show that so much were the likes of Kodak and Nokia wedded to their sunk costs in previous technologies that they were reluctant to do anything to protect their diminishing returns from their inherited rents. Thus they were unable or willing to avoid action that could prevent corporate death or near-death experiences. Even Microsoft, that bought the carcass of Nokia, suffered the “innovator’s dilemma” of fearing to destroy the rents from Windows by re-directing software innovation to customised apps and new peripherals. Meanwhile others recognised the corporate value of intellectual property as a protected source of rent that had the advantage of emasculating competitive corporate innovation. Thus, in another recent critique of monopoly:

“...patents and copyrights reward the entertainment and pharmaceutical industries with monopolies known as blockbusters.... (Lindsey & Teles, 2017)

This puts to question whole rafts of academic research in regional and national or technological innovation systems that both (wrongly) equate “patenting” with “innovation” and then commit the further heroic indiscretion of professing that the former leads to the latter. It now seems at least more strongly arguable that patenting hinders innovation because it favours rent-seeking idleness on the part of corporate research labs. An example of how this happens is the well-known process of “regulatory capture”. The inventor of the bagless vacuum cleaner, James Dyson discovered that EU energy standards levels were rigged in favour of German manufacturers. Dyson used freedom of information results to divulge examples of corporate emails and letters to the EU to bias competition law in their favour and to ignore representations from consumer interests. Such rigging of markets was a frequent critique of the so-called “Big 12” EU IT firms in the 1980s who rigged markets to protect monopolies against US and local smaller firm competitive pressures (Ergas, 1987).

These days the issue is much greater and more pervasive while neoliberal era regulation is much slacker that it once evolved positively towards, although there are signs that “big data” regulation and, indeed, monopoly rulings against the oppressive practices of machine advertisers like Google and Facebook have woken up somewhat after typically dilatory “global controller” somnolence. But neoliberal “small state” depredations mean that boundaries between public and private actors have blurred, notably in the UK where prodigious amounts of outsourcing of civil service and public administration has occurred. This reveals outsourcing monopolies like Carillion (bankrupted in 2017) having become over-dependent on government contracts, favours or subsidies and:

“......all have well-paid senior managers extracting rent with little risk (except from their own incompetence, as occurred with Carillion), and thickets of middle-ranking bureaucrats incentivised to resist change.... (Ridley, 2018, 21)

Readers must beware this kind of right-wing, free-market apologising for its past propagandising of “competition.” The inevitability of it leading to monopoly practices that overlap with modern-day corruption simply underlines the hypocrisy of proselytising for even more deregulation and the virtues of small-firm honesty, reliability and efficiency. After all, much small-firm commerce involves being close to the lower-end of the supply chains of the monopolist behemoths under discussion. So they are equally likely to be well-tutored in the tricks of low bidding, questionable auditing and contact stuffing learnt from their clients. Nevertheless, as shown in Cooke (2018) the dangers of incompetent monopolies, parasitic auditing oligarchies like Deloitte, KPMG, PWC and EY, and ill-trained project evaluators as government clients, need guarding against. This is as well as the FAGAMi predators who are already launched on their new future directions in corporate outsourcing by evolving the mechanisms to offer new digital services in AI and Robotics to the still-heavily labour-intensive healthcare systems of the developed and, to a lesser degree, underdeveloped world.

Published data show that healthcare is the most vulnerable service sector currently mainly in the public sector (excluding the US, where the privatised system is nevertheless inordinately expensive). Apple, IBM, Facebook and Microsoft have been acquiring, partnering and appointing renowned healthcare specialist consultants apace in recent years. So it is noticeable how large are late expectations of installing AI in healthcare. But it is also notable how crossover IT to healthcare exists either as contracts have been announced or applied for to experiment on Apple and FB employees as signs of serious intent of moving across into that field (PWC, 2017).

Starting in 2016 with digital corporates like Google, AI acquisition DeepMind contracted with the UK National Health Service for “big data analytics” of patient data. Also IBM’s Watson AI processor now has many contracted AI applications. IBM’s Cognitive Data Analytics division is partnering Mayo Clinic, CVSHealth and Memorial Sloan Kettering (MSK) Cancer Center for applications. Thus IBM’s Watsonframework learns, connects, and store desired data, while MSK’s data analysts train the computer to machine-learn. Other Watson Healthpartners include: Medtronic for predicting hypoglycemic episodes in diabetic patients nearly three hours before their onset, preventing devastating seizures; Apple is contracted for storing and analysing ResearchKit data. Johnson & Johnsonis analysing scientific papers to find new connections for drug development. Meanwhile Under Armouris powering a “Cognitive Coaching System” that provides athletes coaching around sleep, fitness activity and nutrition.

Also a number of new US AI health firms, such as AiCure; AliveCor; Arterys; Babylon; Bay Labs; Clearview; and MediMatch operate in the AI health space. Then in 2017 Amazon announced joining a JP Morgan Chase and Berkshire Hathaway (Warren Buffett) employee healthcare partnership to enter Prescription Drugs distribution markets. Observers see this could be positive for drug costs compared with typical “Big Pharma” generics price-gouging opportunism. Others see it as predictable “rent-seeking” behaviour. In September 2017, Microsoft announced it was setting up a new healthcare department at its Cambridge research facility, as part of plans to use its artificial intelligence software to ­enter the health market. It created the division as part of its commitment to “transform healthcare” using technologies such as machine learning and cloud computing. Research plans ­include monitoring systems that can help keep patients out of hospitals and alert them in a timely manner about problems, and large studies into ­diseases such as diabetes.

 

 **Fig. 1: Apple’s Crossover Healthcare Platform Plan 2014-7**

Finally, 2018 Apple officially announced it was also entering the Healthcare business joining Amazon, IBM and Facebook who, as we have seen are already also in healthcare (Fig. 1).

So what in this digital tech, platform, surveillance economy constitutes monopoly today? The FAGAMi monopolies share many qualities with their Gilded Age, Roosevelt era predecessors, but rely upon a radically different model. Fundamentally, their product is centralization. So, if the days of robber barons openly buying House seats are gone, their modern heirs simply “capture” regulatory agencies and institutions. Simply reflect on Facebook’s Zuckerberg offer in April 2018 to the Senate Committee investigating his personally admitted infractions over gifting Cambridge Analytica 87 million Facebook profiles to try to swing US and UK elections. He was happy to help draft the regulations his transgressions had provoked, and the gerontocracy confronting him seemed pleased. Think further to the UK where the Financial Reporting Council - the regulatory body for audit and accounting – in April 2018 terminated two members owing to press criticism that it had been “captured” by the “Big 4” auditing interest. Hence concentration of resources still leads to outsized political control. The “capturing” claim was premised on the simultaneous attack on the Big 4 (EY, Deloitte, KPMG and PWC) to the effect that, as outsourcers, they had “captured” the UK public administration through the process of privatized “competitive” tendering. “Big fleas have little fleas upon their backs to bite 'em, and little fleas have lesser fleas, and so, ad infinitum” (Swift, J. (1733) *On Poetry: a Rhapsody*).

The term “horizontal monopoly” best captures the most common use of the term, a sprawling company grown through buying up and forcing out competitors. Amazon forced out booksellers like Borders, etc., Google forced out Alta Vista, etc., Facebook forced out My Space, etc., Apple forced out Nokia, etc., and Microsoft forced out IBM, etc. Owners of horizontal monopolies can accrue staggering wealth from the reduction in competition and ensuing market “capture”. The digital tech industry exhibits vertical (like Standard Oil’s use of pipelines to undercut railroad transportation) and horizontal monopolization as well, often simultaneously. Google’s dominance is synonymous with online search itself. The most egregious contemporary case of vertical integration is Apple, which constructed its brand on the consumer’s end-to-end experience, from hardware to software to the stores that sell its products. Unlike their forebears, Facebook and Google pretend to offer services (not products) for free but actually profit from monetising user profiles using “Big Data” algorithms to sell machine advertising to third parties. Amazon is again different, it presents itself as “the everything store,” aggressively pursuing dominance in distribution across the board, from music to food to web hosting

According to Baytosh (2017) there are three options for regulatory action. The first, advocates “no change”. But increasing evidence suggests that the economy is already suffering from the negative impacts of tech monopolization on innovation and income inequality (as noted in Lindsey & Teles, 2017 and Erixon & Weigel, 2016). The second option is to begin the complex process of breaking-up these centralized companies from their anti-competition practices. But, as we have already seen the likes of FAGAMi actually benefit consumers and producers from cheaper or free goods than traditional markets. Amazingly, Christine Lagarde, managing director of IMF stated in 2018 that “break-up” of the “surveillance monopolies” was impossible, a final sign of that institution’s irrelevance (Aldrick, 2018). The final option is to find ways to retain the monopolistic tendencies of these companies but “socialise” control of them (nationalisation) for the public good.

**Surveillance**

So let us explore further ways in which established practices of social and economic illegality and their means of prevention might and probably will, sooner or later, bring about “surveillance capitalism’s” demise. First, with respect to Surveillance, it is instructive that in April 2018 it was announced that a celebrated UK business broadcaster and entrepreneur had taken steps to open a legal case in the UK law courts to prevent Facebook from posting illegal “fake” and fraudulent advertising material on its website. The grounds for this lawsuit are as follows. The action will claim defamation on the grounds that, as a publisher, Facebook is responsible for posting fake advertisements. Martin Lewis, the businessman in question claimed that customers misled by Facebook’s more than fifty fake advertisements had been subjected to fraud to the individual value of £100,000 and damage to the legitimate reputation of the MoneySavingExpert.com brand in question. The owner questions why Facebook and current convention deems he should police Facebook’s illicit practice rather than this being the responsibility of the surveillance monopoly in question. The aim of the court case is for such monopolies to be governed by a system of notification where they have the responsibility to inform the subject if an advertisement to ensure it was both genuine and consented to (Gibb, 2018).

This is the first time the “publisher” rather than “carrier” definition of surveillance marketing had been challenged in a UK court since the US law in question was introduced by the Clinton administration in the notorious “Communication Act” signed off by the President shortly before his second term ended. Such legislation was never mimicked in the UK legal code and like much else in US “digital capitalism” is taken as entitled practice by US firms anywhere informed by the hubristic Ayn Rand “Objectivist” existential boast: “Who will stop me?” (Rand, 1943). To clarify: Rand’s main character in “The Fountainhead” is a modernist architect Howard Roarke whose creative designs are not accepted by the established academy. Rand’s “Objectivist” assumption was opposed to any kind of Determinism and valued the creative contribution of the individual over the collective. It was thus a forerunner of neoliberal dogma, made popular by Clinton-Bush era Fed Chairman Alan Greenspan, progenitor of the “irrational exuberance” of so-called free market economics. The failure of this ideology ushered in the Global Financial Recession of 2008.

Returning to the Publisher-Carrier (or Platform) definition of the role of surveillance capitalist firms like Google and Facebook as well as FAGAMi practice more generally, President Clinton signed-off legislation embodied in Section 230 of the Telecommunications Act of 1996 which defined “network neutrality” as denoting the supremacy of the “carrier” function over that of “publisher” for the Internet. This is a crucial distinction which means that surveillance monopolists are neither liable for trolling nor abuse nor for “fake news” and other socially unacceptable practices. The scale of both Facebook and Twitter, which have 1 billion and 200 million global users respectively, make the task of proactively moderating content almost impossible (as the IMF despairs). But if both sites were classified as publishers and consequently under heavier legal obligation to remove offensive content, the cost and resource required on their part would be extensive. Imagine users charging “a penny a post” for harvesting personal data. Clearly, until the courts get to work and regulators muscle in on the surveillance monopolists either by redefining or nationalising them, little positive can be expected from governments beset by austerity and the persistent effects of the aforementioned neoliberal Great Financial Recession of 2008.

**Invasion of Privacy**

A sign of the airiness or disingenuousness of perpetrators of data harvesting from private (at least) 58 million Facebook posts as manipulated by Cambridge Analytica aided and abetted by Victoria, BC’s Aggregate IQ algorithm coder preparatory to the UK Brexit plebiscite is shown in the following. It was advice from observation of would-be President Emmanuel Macron’s campaign from the former UK Minister of Justice (!), Michael Gove, after he had been terminated by the new UK Prime Minister, Teresa May, consequent on his joint leadership of the successful UK campaign.

“In the spring of 2014 Emmanuel Macron left his job as principal economic adviser to the French president and departed for Silicon Valley intent on building a tech start-up venture. Something I recognise from his adoption of a number of approaches that were used on the Vote Leave campaign..... He then hired a digital campaign firm, Liegey Muller Pons, founded by three Parisians who met working on Obama’s 2008 election and learnt from its use of data analysis. They set up a website for Mr. Macron’s movement, recruited 5,000 supporters, armed them with an app to input the views of voters they would canvass and then handed the data over to another Paris-based tech start up, Proxem. Mr. Macron’s team contacted 100,000 voters and then Proxem used algorithms to determine not just the opinions of the electorate but the intensity with which they were held. Vote Leave employed a remarkably similar approach. But, like Vote Leave, in deploying the tools and techniques of a tech start-up to so comprehensively disrupt the existing order, he has shown us the politics of the future.” (Gove, 2017)

As Gove says, this is exactly comparable to the UK Vote Leave data harvesting of “100,000 voters” to determine not only their unwitting opinions but the intensity with which they were held. All this was done without the former Justice Minister acknowledging or even apparently caring about the probable illegality of invading the privacy of the French electorate “to disrupt the existing order”.

The origin of this new “view of the world” in which democratically agreed norms of non-invasive inquisition of voter or – for that matter – consumer intentions by nefarious means was first knowingly articulated by Scott McNealy, founder of one of Silicon Valley’s once iconic, now defunct, IT firms Sun Microsystems. It became another variety of Silicon Valley geek-speak when McNealy commented that:

“You have zero privacy anyway,” Sun Microsystems chief executive Scott McNealy [famously said in 1999](http://www.pcworld.com/article/16331/private_lives_not_ours.html). “Get over it.” (Popkin, 2010)

Inspired by this, Facebook founder and CEO Mark Zuckerberg famously went on record speaking the same sentiments expressed by the big money data farmers [that came before him](http://www.schneier.com/essay-114.html); “none of the cool kids care about privacy. Neither should you”. “This past December (2009), Google Chief Executive [Eric Schmidt glibly stated](http://gawker.com/5419271/google-ceo-secrets-are-for-filthy-people) in a CNBC interview”, “If you have something that you don't want anyone to know, maybe you shouldn't be doing it in the first place" (Popkin, 2010). So there you have the authoritarian, inquisitorial, surveillance philosophy in a nutshell – “Big Brother is watching you”.

So, in constitutional terms what is the “right to privacy” or “protection against intrusion into personal privacy”? In the US, there is no constitutionally defined “right to privacy”. Rather various Supreme Court decisions and interpretations have ruled in favour of individual protection against state intrusion into privacy, citing at least four constitutional amendments in justification. In this respect, the United States is still far behind European Union countries in protecting privacy in general and specifically online. For example, the “right to be forgotten” ruling by the EU Court of Justice protects both adults and minors. This relative clarity stems from Article 12 of the 1948 [Universal Declaration of Human Rights](https://en.wikipedia.org/wiki/Universal_Declaration_of_Human_Rights), whereby:

“No one shall be subjected to arbitrary interference with his (sic) privacy, family, home or correspondence, nor to attacks upon his (sic) honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.”

Therein lies the fuzziness and generally unsatisfactory nature of presumptions that American law might precede that of local law outside the jurisdiction of origin of the company or party acting as if that presumption were valid. Of course, successive EU Court of Justice rulings as well as member-state judgments against such presumptiousness have been successfully sustained.

One of the egregious features of the libertarian free-for-all that prevails in the homeland of surveillance capitalism is what is called “radical transparency” as practised early in Facebook’s existence. CEO Zuckerberg is quoted on this as follows:

“To get to this point where there is more openness – that’s a big challenge, but I think we will do it. The concept that the world will be better if you share more is something that is pretty foreign to a lot of people and it runs into all these privacy concerns” (Taplin, 2017, 152-153)

 So foreign indeed that it both broke up family relationships as personal secrets were blabbed by Facebook algorithms to all and sundry and, in the form of the hard-to-opt-out Facebook “Beacon” which monetised by blabbing (advertising) users’ latest purchases online. The fall-out from this variant of CEO Zuckerberg hubris included a now familiar apology: “We’ve made a lot of mistakes building this feature, but we’ve made even more with how we’ve handled them” seasoned with a $9.5 million class action legal fine (Taplin, 2017, 153). The fallout from Facebook’s unconcern about selling Facebook data on 58 million users to Cambridge Analytica before Senate and House committees in 2018 was thus well-rehearsed though at this time of writing the scale of any entailed fine remains to be seen. So clearly, unlike Lagarde’s IMF defeatism, the slow, relentless, time-eroding activities of legal contestability in the absence of more radical control of privacy-protection for social media firms is the most realistic way of forcing Facebook and the like to run the gauntlet of public opprobrium and mend their ways.

**Addictive Intent**

Even before Sean Parker in 2017 announced that Facebook was intentionally designed to be psychologically addictive, medical school research conducted from 1938 onwards at Mark Zuckerberg’s Harvard alma mater had already demonstrated some abiding truths: the study found that the strongest indicator of level of happiness was the depth and meaningfulness of a person’s relationships. As one commentator says:

“Facebook both taps into our need for these relationships, and helps nourish them............Facebook analyses any resulting (status) changes on the network whenever a customer switches his or her relationship information,.....tracks this and runs it through a process called “sentiment analysis”....of each person’s level of happiness” (Galloway, 2017, 100-102)

Eventually, billionaire Parker, Napster founder and an early Facebook investor, announced in 2017 that Mark Zuckerberg knowingly created a monster with addictive social media,Parker disclosed how in Facebook's early days, it was designed “to consume people,” their time and conscious attention.

Further confirmation of the suggestibility of humans to behavioural stimulus was provided by behavioural psychologist B.F. Skinner in the 1950s. He observed that lab mice responded most voraciously to random rather than predictable rewards, the former respondents reacted by activating the random reward button far more compulsively. Facebook apparently stimulates such comparable compulsive practice from consumers seeking “likes” from their social networks. At extremes, this behaviour can be commoditised by star YouTube users accessing free “product placement” goods from video posts to up to three million of their subscribers. The apotheosis of this “fetishism” (in the true Marxist sense) is “Life with the Kardashians”. The template for this, at least in the concept of total film-production funding from product-placement, appears to be Peter Weir’s (1998) “Truman Show” as represented by its typical quotes:

“For me there is no difference between private life and public life. My life is the 'Truman Show'. The 'Truman Show' is a lifestyle, a noble lifestyle. It is ... a truly blessed life. Everything on the show is for sale. The actor's wardrobe, food products, to the very homes they live in. And of course all of it available in the Truman catalogue.”

“Hi Christof (Truman creator), I'd just like to say one thing. You're a liar and a manipulator and what you've done to Truman is sick!” . . . (Christof) “I have given the chance for Truman to lead a normal life. The world, the place you live in, is the sick place. Seahaven (a Florida utopia) is the way the world should be. He's not a performer, he's a prisoner. Look at him, look at what you've done to him!”

Critics deemed it an eerie coincidence that TV’s Big Brother made its debut a year after the Truman Show’s release. The sad reality of addictive media and Facebook as representative social media is well-expressed by Ronald Bishop's critique that suggests while The Truman Show disclosed [the power of the media](https://en.wikipedia.org/wiki/Mass_media#Claimed_negative_characteristics_of_mass_media), Truman's life inspires audiences around the world, meaning their lives are controlled by his status. Bishop commented, "In the end, the power of the media is affirmed rather than challenged. In the spirit of [Antonio Gramsci](https://en.wikipedia.org/wiki/Antonio_Gramsci)'s concept of [hegemony](https://en.wikipedia.org/wiki/Hegemony), these films and television programs co-opt our enchantment (and disenchantment) with the media and sell it back to us" (Bishop, 2000).

Any alleged addiction needs to fit certain criteria before being considered pathological behaviour, and there needs to be a substantial amount of research that confirms it. Thus it was announced in January 2018 that video gaming addiction will be listed by the World Health Organisation as a disorder. But more than a direct cause of danger whether through impacting mental or physical health are cases such as the distracted walker observed falling off a cliff as described below by San Diego lifeguard Bill Bender:

“Witnesses stated seeing someone distracted by an electronic device and he just fell over the edge. He wasn’t watching where he was walking; he was looking down at the device in his hands” (Taplin, 2017, 213)

This brings to mind the addictive social media users responsible for motoring deaths on the contemporary road system. One such driver in the UK in 2017 was deemed responsible for a motorway crash which killed eight passengers in an airport-bound minibus, contributing to a police estimate of 140 such deaths in the same year. Currently these accidents are treated as normal in being managed by the course of the law. There were in fact two separate truck drivers, one drunk and a second one - a Fed Ex driver who had been on a hands-free call for nearly an hour when he smashed into the back of the minibus in the fatal crash, a UK law court heard. The driver was on the phone to a fellow lorry driver with his vehicle on cruise control when the crash on the M1 happened. The distracted drivers received prison sentences of 14 years and 40 months respectively; the latter for illegal use of social media while driving.

**Propaganda Psychology**

This “political propaganda” event has proved the most damaging episode in Facebook’s short history and far worse in its fallout effects than anything yet experienced by the other FAGAMi Surveillance Capitalists. Basically, because of CEO Zuckerberg’s and his management subalterns failing to check either their own terms and conditions regarding data sharing or, worse, actual Facebook’s harvested data comprising some (subsequently discovered to be) 87 million posts wrongly allocated to the third party Cambridge Analytica and its algorithm agent AggregateIQ in Canada, such data were made available to be analysed for purposes of identification and manipulation of electoral propaganda sent to targeted individuals in swing-states in the US general election and the Brexit plebiscite in the UK of 2016. Electoral Commissions in both jurisdictions were investigating precisely what laws had been broken, if any – one of the ironies of breaches of secrecy regarding private property for which there appears to be very little legal basis for bringing any lawsuits to court.

However, the reputational damage to Facebook and, by implication, the other “eyeball scrapers” notably Google has been significant. Immediately some £50 billion were wiped of Facebook’s stock market value. But, on the principle that “no news is bad news” the company’s statistics barely registered a dip a few weeks after the Cambridge Analytica scandal even though Zuckerberg had to eat humble pie in Congress, once again hiding behind the “We made mistakes” defence. In true “rent-seeking” style the witness even offered to help the regulators write the regulations governing data harvesting and diffusion. This has been common practice in other unclear arenas where banks and hedge funds routinely second staff to help write the rules for the increasingly automated AI-enhanced Automatic Trading Systems that now dominate Wall Street’s modern financial transactions.

However, the manner in which the combinations of egregious practice in propagandising personal data undermines the democratic process has raised political alarm even if legally little has been done thus far. Thus Facebook and others host Russian robotic trolling algorithms (chatbots) peddling “fake news” on “post-truth” websites. These are charged with targeting of key constituencies biasing

 

 **Fig. 2. The Cambridge Analytica Propaganda Network**

Source: (Author)

jurisdictional results that accordingly bear witness to yet another variant of American populist decadence (Barzun, 2000). The danger of this process, funded by enormously wealthy extreme right-wing political interests, is shown by the connections revealed by investigative journalists such as Carole Cadwalladr (2018; Fig. 2).

Hence Robert Mercer is the billionaire owner of the Renaissance Technologies Hedge Fund. Steve Bannon is a Media Strategist, “Breitbart” founder and was, until terminated, Trump administration ”chief strategist & senior counsellor”. Cambridge Analytica use big data and advanced “psychographics” to grow (220 million US electorate) audiences, identify key influencers, and move people to voting action. They use custom algorithms from AggregateIQ and through rogue researcher Alexandr Kogan acquired harvested data from the Cambridge Psychometrics Institute. Mercer was at IBM and made AI innovation in “natural language processing” (NLP) an input into psychometric modelling for military operations purposes. He made $55 billion in his Medallion fund from trading algorithms used on financial markets. Mercer donated $45 million to right-wing US political campaigns and non-profit organisations. These included Media Research Centre (MRC), Breitbart, Cambridge Analytica, Strategic Communication Laboratories, (SCL Group) etc. SCL does “election management strategies”, “messaging and information operations”.

These are “psychological operations” (psyops) in other words “Mass propaganda that works on people’s emotions”. Psyops is innovated at the Cambridge Psychometrics Institute (CPI) and in the Behavioural Dynamics Institute (BDI) of the University of London now based in London’s Royal Institution. Cambridge Analytica follows users around the Internet and sells them political advertisements. These are unique and “customised” ads built on Facebook “likes” networks. The company assisted “Leave.EU”’s persuasive Brexit campaign. The Information Regulator (UK Information Commissioner’s Office) remained in early 2018 unclear if personal data use for propaganda is legal. But strict ethical rules existed for Cambridge Psychometric Institute data. It is also unclear whether these were followed. CPI researcher Kogan was contacted by SCL who placed a non-disclosure agreement on him. CPI director Jonathan Rust considers “electoral psyops” equivalent to “brainwashing”. In UK electoral practice and conventions it also amounts to intervening in elections, which is illegal.

**Assumption of Impunity**

In early 2018 the notorious multimillionaire copyist and reputed “Britart” installation artist Damien Hirst finally confessed to having plagiarised all his “creative” output, admitting that “all his ideas are stolen” to fellow artist Sir Peter Blake (pop-art author of the Beatles’ “Sergeant Pepper” album cover). His “spot paintings” idea was stolen from New York abstract expressionist and op-artist Larry Poons who first earned prominence in the 1960s with paintings of circles and ovals on solid, brilliantly coloured backgrounds. These works, known as Poons’ “Dot paintings”, later became referenced as “op art”. His influences were fellow New York School abstract expressionists like Barnett Newman and Colour Field painters like Mark Rothko. However his authenticity derived from personal inspiration rather than direct mimicking of original work. Hirst ascribed his “scamming” as having been taught to him by Goldsmiths College, London professor Sir Michael Craig-Martin who quoted Stravinsky’s (1967) reported observation that “A good composer does not imitate, he steals,” re-purposed after Picasso (reported 1965;“When there's anything to [steal](https://en.wikiquote.org/wiki/Theft), I steal”; disputed as “Good artists copy, great artists steal”) both inspired by an 1892 quote in Gentleman’s Magazine (Davenport Adams) and further parsed in 1920 by American poet T.S. Eliot. Many legal and other claims against Hirst’s work testify to its unoriginality based on his lecturer’s cynical “....you do not have to be original. Don’t borrow ideas, steal them....Michael Craig-Martin used to say that” (Sanderson, 2018).

Steve Jobs was the proximate influence upon Silicon Valley’s “stealing” mantra when he quoted Picasso while revering the Macintosh: “Picasso had a saying. He said, ‘Good artists copy, great artists steal’. And we have always been shameless about stealing great ideas.....part of what made the Macintosh great” (Cringely, 1996). But under the new hegemony of Surveillance Capitalism it has been ratcheted up many notches in comparison with the days of XeroxPARC being raided for the GUI, mouse and desktop networking. Where to start, perhaps with the aforementioned Sean Parker and the Napster episode. He began as a convicted delinquent owing to a “hack” he perpetrated on a large US entertainment corporation. With his fellow-hacker Shawn Fanning, he set up Napster the first MP3 file-sharing algorithm. Briefly, it stole CD music from its digital file and was given away on a computer

“Parker, of course, knew they were breaking the law, and his emails admitting that users were infringing copyright were used in the lawsuit filed by the record companies that eventually shut down Napster....which reached seventy million subscribers beforehand (Taplin, 2017, 91)

network. The effects of this on the recorded music industry and its artists was devastating as it crashed from a $20 billion business to one of $7.5 billion in a year. As Taplin (2017) puts it “...Parker......being a convicted corporate hacker .... meant that he could be the inventor of the first technology to steal intellectual property. (p. 92)”. As president of Facebook he introduced alt.right neoliberal PayPal co-founder Peter Thiel, to the Facebook CEO Zuckerberg as founding investor. Needless to say, Thiel is an Ayn Rand aficionado for whom “Who will stop us?” is a kind of decadent badge of honour (on American cultural decadence, see Barzun, 2000).

Moving on from the convicted criminal element of Surveillance Capitalism, it is interesting to examine an academic business school take on the larceny involved in the operations of the FAGAMi (mostly not the last element) of the social media oligarchs. In Galloway’s (2017) critique he begins Chapter 6, entitled “Lie to Me” as follows:

“Stealing is a core competence of high-growth tech firms. We don’t like to believe this, as entrepreneurs hold a special, exalted place in (American) culture. They are spirited mavericks.....The truth is less romantic. (There are) two types of cons. The first is taking – which often means *stealing* IP from other companies and repurposing it for profit....The second is profiting from assets built by someone else....(Facebook after MySpace, Apple after Xerox, Google after AltaVista, Amazon after Videotex) (Galloway, 2017, 158).

One of the first moves made after the “grand theft IPR” event is to foster the falsehood that inveigles other firms, consumers or governments to subsidise or arrange a transfer of value that advantages the incumbents. This is the well-known “rent-seeking” move by which the FAGAMi firms protect themselves.

Rent-seeking includes the vast quantities of corporate resources devoted to government lobbying, as well as direct subsidies by means of which Facebook and other social media get consumers to steal value from their own leisure practices by data harvesting their posts as they engage in user “eyeball scraping” the further to augment profits. In a related field, Tesla can be predicted to enlarge its fight for more “rents” from government subsidies to solar-electric vehicles (on this, especially the US “financialisation” oligarchs’ role in inveigling successive governments to subsidise, rebate taxes and otherwise bias regulation to favour “sub-prime” mortgage “rents”; see Lindsey & Teles, 2017). Their resulting argument is that so vast has the draining of capital from the US economy by high-tech and financialised firms been that it has halted the real innovation gains that should have been expected from normal gross capital formation, to which they add also the origins of the historic “productivity paradox” in economies such as those of the US and UK (see also, on “corporate capture” of innovation investment by “rent-seeking” oligarchies; Erixon & Weigel, 2016).

**Discussion and Conclusions**

In our examination of the central elements of Surveillance Capitalism, namely Surveillance; Invasion of Privacy; Addictive Intent; Propaganda Psychology; and Assumption of Impunity it is plain that the practices of the FAGAMi social media oligarchs have outrun, historical notions of morality, legality, medical propriety (addictive harm), socially mindful inter-personal behaviour, and any sense of open-minded generosity of spirit (as compared to the reification of greed) rooted in prodigious hypocrisy, recklessness, and egoism. This could be predicted from even casual acquaintance with the lawless, objectivist “philosophy” promulgated in “The Fountainhead” and “Atlas Shrugged” with a shoulder-shrug by Ayn Rand. It can be seen quite easily from the foregoing that Surveillance Capitalism is out of control. Accordingly, it is in urgent need of regulation, legal break-up and political action to bring it under control or be socialised by the states in which it operates. Charging the perpetrators of data harvesting for their user exploitation would be a start.

One of the reasons nothing significant has happened mindfully to create controls on this massive form of social deviance is that legislators in the US and UK do not appear to understand the business intentions or the business models by means of which surveillance capitalism’s most egregious practices prevail. The classic humiliation of Sen. Orrin Hatch in 2018’s Senate hearing when he had to have Facebook’s CEO explain to him that the company made profits “by selling ads” is testimony to the problem. While even investigative journalist doyenne Carole Cadwalladr welcomed the fact that CEO Zuckerberg had to endure having to answer dumb questions from “oldies” in public, after stepping out of the social media bubble normally inhabited by the digital oligarchs, was good for him, the Congress hearings were in fact a deeply worrying indication of an incurious not a campaigning democracy.

Finally, it is salutary that a once esteemed global lender of last resort, the IMF, designed by Keynes at Bretton Woods in 1944 should now display such supine leadership that it can only rail against the “impossibility” of reining in the social media giants. IMF has had a baleful reputation in the past in imposing strict policies to constrain perceived as reckless economic practice in less developed and some even more developed countries when it wanted to, often with untold suffering imposed on the citizens of targeted jurisdictions. But an old lesson in hierarchy deems that “weak up, tough down” is the preferred style of the careerist institutional bully. So we cannot expect much guidance on how to manage the globally powerful digital interest from the IMF quarter.

One theme we explored from the outset of this paper was the apparently heretical notion that in this age of apparent abundance of “innovation” the performance of leading global economies has been historically anaemic. This is especially by comparison with the growth performance of innovative economies in the nineteenth and early twentieth centuries. One discovery is that the “surveillance capitalists” are not particularly innovative either, nor is “fintech” the apparent growth arm of the overly “financialised” growth centres of the world economy. They have become classic “rent-seekers” storing up reserves in their capacious bank vaults. But so, we argue have the surveillance capitalists become even greater rent-seeking “free-riders” on the identities their users actually gift them many hundreds if not thousands of times every day by consulting their smartphone devices. Overly subsidised rent-seeking capital storage is bad for innovation as analyses cited in this text show but also it is socially corrosive and democratically undermining for the self-exploited data providers of the voracious social media oligarchs.

Therefore, constraining controls, it must be concluded, will have to come from the citizen level operating with good cases in law to seek to limit the currently unconstrained surveillance capital interest. Beyond that, independent states acting, ideally in concert, will force the social media oligarchs to bend the knee before the dystopian future envisaged by the likes of Wolfgang Streeck. His expectation is that the question “How Will Capitalism End?” is, he argues, being answered by an irresolvable mega-conflict of interests between (Surveillance) Capitalism and Democracy. At present the combination of robotics and artificial intelligence, combined with social polarisation, underconsumption, excessive wealth of elites and increased global insecurity are in numerous different dimensions contributed to negatively by surveillance capitalism itself. Earlier, this paper’s analysis invoked either strong regulation of the kind that broke up Standard Oil, suitably advanced by the supposed augmentation of economic theory and practice of conceptualising today’s over-riding intangible over tangible production and wealth. Or, failing that, democratic political will to govern responsibly will be re-discovered by political jurisdictions once again learning to successfully seek to save democracy from capitalism’s worst depredations.

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