

13. Infinite Circles of Fictionality

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Abstract: Jeremy Bentham's and Hans Vaihinger's classical views on the philosophy of fiction can serve, to some extent, as an introduction to understanding the fictional character of financialization in the current post-consumerist society. A number of speculative circles characterize the fictional unfolding of financialization and its irresistible impact on all dimensions of personal, social, and political life, culture, science, and academia. The post-consumerist financialization is teleologically defined by the system-building concept of financial magic, which has substituted the outdated systematic concept of market and political persuasion, as well as the even less actual exploitation.

Keywords: speculative circles, financialization, financial magic, fiction, teleology

1. A Modern Perspective on Philosophy of Fiction

In the context of the Modern Age, Jeremy Bentham views fiction as an indispensable prerequisite for the functioning of legal and political discourse. According to him, in some cases, even everyday thinking cannot do without fiction. Fiction is created as something unreal, but by incorporating it into a specific discourse, it acquires reality and, moreover, lends unity and sense to all statements¹. Bentham's conception of fiction can be viewed as a classical introduction to this topic and is certainly yet another possible way, alongside Immanuel Kant's critical philosophy, of overcoming Hume's skepticism.

Fiction, according to Bentham, is a natural consequence of the principles of empiricism of John Locke and David Hume, who believe that knowledge consists of simple and complex ideas—Locke—and impres-

¹ E. De Champs, "The Place of Jeremy Bentham's Theory of Fictions in Eighteenth-century Linguistic Thought". *Journal of Bentham Studies*, vol. 2 (1999), 2–4.

sions and ideas—Hume. Simple ideas and impressions are notable for having real references in the sensory world, whereas Locke's complex ideas—causality, necessity, self-identity—are combinations of simple ideas in the mind, but, as a matter of fact, have no direct sensory reference, although this does not cast doubt on their status as real. As for Hume's ideas, they take the form of purely psychological formations—habits, imaginary things, and so on—which have no counterpart in reality.

For Bentham, all abstract concepts (whether Locke's complex ideas or Hume's ideas) contain an imaginary element in the form of fiction, which obviously does not exist by itself. When producing an abstract concept, fiction contributes to the formation of a practically useful conceptual tool—such as the concepts of “duty,” “sovereignty,” and “authority.” Furthermore, within the specific reality and epistemology of judicial practice, the imaginary reality of fiction allows individual precedents to be linked together through a non-existent “imaginary” community.

In addition to the epistemological and ontological grounds, Bentham also sets forth ethical and political grounds for introducing the concept of fiction, viewed from the perspective of utilitarianism. The principle of “the greatest happiness for the greatest number of individuals,” as a kind of fiction, requires that social relations be interpreted precisely in light of this principle, justifying the need to introduce an element of fiction into the sense of all statements, but only on the condition that the fiction contributes to the affirmation of a fundamental utilitarian position.

The epistemological and ethical-political grounds that lead to the inevitability of fiction in Bentham's system are also linked to the specific nature of his logical-linguistic position. He is firmly convinced that individual words and language as a whole, especially public discourse, are not a secondary reflection of some primary, independent reality. On the contrary, language is a relatively active means designed to shape social reality. Consequently, it turns out to be pointless to engage in searching for the meaning of words, as well as the sense of a statement or of a combination of statements, in relation to the reality to which they refer. It is necessary to understand that words always have, to some extent, a metaphorical rather than a literal meaning. In this way, meaning is doubled, since in a metaphor something is always stated directly and something is merely implied. In this doubling, in the form of “statement” and “implication,” something like a primary fiction is generated quite naturally.

The metaphorical meaning of words constantly changes depending on the context in which a given sentence or more complex statement appears, which is how overall contextual sense is conveyed. In creating such overall sense, it is possible and even necessary to introduce elements that do not yet exist in reality, i.e., fictions. Such metaphorical contextual sense inevitably overlays reality.²

Another source through which fiction penetrates reality can be seen in Bentham's understanding of what a definition is. He noted that many general concepts, especially in the fields of law, politics, and ethics, cannot be defined using the classical definition based on a common genus and difference in species. In such cases, it is inevitable to provide an unconventional definition by listing the specific properties of a given term. It is precisely in the enumeration of properties that a convenient opportunity arises to introduce non-existent but pragmatically justified properties that facilitate the use of a given term and enrich the context in which it resides.³

As a result, reality takes on precisely the sense that a given orator, legislator, or politician, more or less consciously, deems necessary to ascribe to it through pragmatically justified fictions. At the same time, unintentional logical fallacies—paralogisms—are universally accepted, as well as often deliberate violations of logical requirements—sophisms. Bentham insists that logic applied in politics and ethics must be replaced by a new “logic of the will,” where the doctrine of fiction and the principle of utilitarianism intersect, or, more precisely, that fictions must be created in the name of “the greatest happiness for the greatest number of individuals.”⁴ In this way, harmful fictions that have become myths, such as the “social contract” and “natural law,” must be overcome and replaced with productive fictions such as “authority,” “universal suffrage,” “the court of public opinion,” and “bureaucracy.”⁵

It can certainly be argued that, according to Bentham, “in every real thing there is something of fiction, and in every fiction, there is something of reality.” This is particularly true in the ethical and political spheres, where fictions contribute to the formation of reality, while at

² Christian, Laval, *Jeremy Bentham: Le Pouvoir des fictions* (Paris: Presses Universitaires De France, 1994), 29.

³ *Ibid.*, 53.

⁴ *Ibid.*, 33-34, 38-40.

⁵ *Ibid.*, 30.

the same time preserving their status as fictions.

Hans Vaihinger, though a recognized connoisseur of Kant, rejects the elegant solution offered by Kantian apriorism to the problems of cognition and empirical reality outlined by Locke and Hume. For Vaihinger, Georg Hegel's solution, which melts the difficulties of British empiricism in the furnace of the speculative spirit, is unacceptable as well. Like Bentham, Vaihinger tackles this task through the concept of fiction, building upon it an entire theory called "philosophy as if." He sympathizes with medieval nominalism, or more precisely with conceptualism, accepting that general concepts are nothing more than imaginary (fictional) assertions that do not correspond to any real individuals.

But such fictions are by no means deprived of sense; on the contrary, they can and must contribute to the formation of the sense of reality, including scientific reality. According to Vaihinger, fictions are divided into semi-fictions and full fictions. The former simply diverge from actual reality, while the latter challenge formal logic. Among semi-fictions, the method of abstraction and artificial classifications occupy a central place, and among them, Carl Linnaeus's classification of species is cited as an eloquent example. Full fictions are represented by the concepts of "infinity," "the Absolute," "the atom," and "a thing in itself." Vaihinger notes with enviable eloquence that "semi-fictions [merely] imply the unreal, full fictions—the impossible. The former avoid complexity by deviating from reality; the latter create new complications and handle data much more freely; for while semi-fiction merely falsifies reality [... in the name of] discovering the truth, full fiction renders reality [unattainable] so that it may be comprehended."⁶

But for him, fictions are an even more universal and indispensable means of knowledge than what Bentham advocates. Knowledge itself is established by Vaihinger as a "means of survival" with a naturalistic-biological undertone, which provides the German philosopher with additional opportunities to insist on the acceptability of fiction as a necessary instrument of cognition and knowledge. Fiction, however, not only shapes knowledge but also dissolves into familiar reality, becoming an inseparable and essential part of it. In this way, fiction ceases to be perceived as mere "fiction" and becomes a "fictional reality," which, above

⁶ Hans Vaihinger, *Philosophy "as if". A system of theoretical, practical, and religious fictions of humanity*, Source: <https://psychosearch.ru/biblio/filosof/hans-vaihinger/518-book-hans-vaihinger-philosophy-of-as-if-part-23>

all else, turns out to be the only reality. Since there can be no question of “authentic reality,” Vaihinger’s “fictional reality” clearly precedes the emergence of the simulacrum, but without the eerie connotations present in Jean Baudrillard’s term.

2. Circular Conceptualization Resulting in Fiction

Philosophical concepts of fiction contribute to an understanding of the actual fictions of the contemporary world, at the threshold of which lies fiat money, famous for not being backed whatsoever. Fiat money both corresponds to and does not correspond to the goods and services it is supposed to mediate and interconnect. In this way, fiat money is both real and fictitious. It relies on the foresight, experience, and, above all, the power of its issuer (described as trust in the issuer), on whom fiat money is entirely dependent.

If we compare Bentham’s and Vaihinger’s attitudes to fiction based on “fiat money” as a term and its referent, then, from the perspective of both thinkers, our money today would turn out to be a fully justified and pragmatically verifiable “fictional reality.” From Bentham’s perspective, however, this would be a useful fiction that has proven its sense, significance, and effectiveness both in contemporary public discourse and in various practical manifestations of that discourse: economic, political, ethical, cultural, and so on. Whereas, from Vaihinger’s perspective, fiat money was fiction only in 1971 during the collapse of the Bretton Woods system of gold-backed currencies, but, after the adoption of fiat money as a universally functioning currency, it became the only possible basis of finance, thanks to which the “fictional reality” embodied in it acquired the status of the sole and, therefore, normative reality.

The modern, increasingly post-consumerist society is characterized by increasing financialization. This term describes the central and even exaggerated role of the financial component in all areas of individual and social life: in friendships, collegiality, and family relationships; in the economy, politics, social activities, mass media, culture, education, and academia. The speculative element of finance is particularly visible in financialization. This refers not so much to the purely financial meaning of the concept or its everyday meaning as an “unfounded judgment,” but rather to its true philosophical meaning as a “grasp of opposites in their unity and self-development.” In the speculative dimension of financialization, the implied unity lies primarily in the interdependence of

fiction and reality. This interdependence creates a paradoxical synthesis that can be justifiably referred to as “fictional reality” in the abovementioned sense of Vaihinger.

In the era of financialization, capital, unlike classical productive capital, has largely achieved self-sufficiency. Classical productive capital in Marx's works, as well as productive capital in general, is subject to a dialectical relationship with labor. Such capital cannot escape the opposite pole represented by labor. The circular unity and opposition between labor and capital follow the master-slave dialectic, as described by Hegel. Karl Marx is still convinced that both trade capital and financial capital can be easily and unproblematically reduced to productive capital. This means that none of the types of capital, including financial capital, can increase on its own without interacting with the workforce. The self-increase of any type of capital is nothing more than the semblance of a converted form.

The principle of classical capitalism can be quite easily described by Hegel's famous sentence (proposition): “S is P” and “P is S.” Hegel's original illustration of this principle concerns divine reality, but its application to capitalism needs a respective paraphrasing, leading to the following mutually dependent and mutually self-elucidating pairs of sentences: “Capital is Surplus Labor” (S–P) and “Surplus Labor is Capital” (P–S). As Donald Phillip Verene and Thora Ilin Bayer have demonstrated, the most significant achievement of the place exchange between the subject and predicate within the speculative sentence is the achievement and manifestation of the concept⁷ that guides this circular exchange of places with a necessary teleological character. In Hegel's *Phenomenology of Spirit*, where the speculative sentence is first introduced, the concept aims at its specific telos, which is finally carried out in “Absolute Knowing.” In the system of classical capitalism, the function belonging to this structuring concept fulfills the notorious “exploitation,” whereas in the consumerist version of capitalism the content of the concept is transformed into the widespread “marketing and political persuasion” in its speculative pair of “Spectacle is Profit” (S–P) and “Profit is Spectacle” (P–S).

The post-consumerist society introduces yet another variation in the line of the means used to gain profit: the pair of speculative sentences dis-

⁷ Thora Ilin Bayer, Donald Phillip Verene, *Philosophical Ideas: A Historical Study* (Stuttgart: ibidem Verlag, 2021), 46-47.

closing the principle of profit and, by this, of the sustainability of the current state of capitalism is: “Money is Power” (S–P) and “Power is Money” (P–S). Fiat money, recognized since 1971, is the proper type of money that is meant in the above speculative circulation. Fiat money has nothing to do with the conglomerate of goods and services it is supposed to correspond to, represent, or ideally substitute. By definition, the above functions are possible only thanks to the trust that fiat money bears within itself. And, by analogy with Descartes’ renowned observation about doubt being just a *modus* of thinking, trust can be easily considered a *modus* of power. All this implies that money makes sense only when it is backed by power, and power is real only if it springs from money. The structural concept that comes as an outcome of this circular interdependence and exchange of places of S and P—of money and power—is nothing else but “the rampant and almighty fiction.”

3. Fiction Navigating Financialization

The concept of exploitation and that of persuasion, embodied in the exchangeability of S and P respectively in “Capital is Surplus Labor” and “Spectacle is Profit,” do not fully disappear. They remain in the background and, to a certain extent, receive a sublated status in the concept of irresistible fiction, acquiring the status of its simple moments. Upon a closer look at “Money is Power,” it becomes clear that the concept of irresistible fiction, which this sentence is called to speculatively disclose, emerges and unfolds, strengthens, and, finally, starts the next circle, due to the teleological interdependence of money and power. This is how the fictional character of fiat and credit money, of stocks, bonds, and all other simple financial assets is guaranteed, thereby securing the opportunity for profit.

When it comes to complex assets, that is, derivatives, the basic asset on which the derivation depends is the above fiction, and the derivative is formed by that fiction circling around itself, following the pattern “Fiction is Deprivation of Reality” (S–P) and “Deprivation of Reality is Fiction” (P–S); apparently, in this way it becomes a squared fiction. This transformation goes further when the role of a basic asset is played by a derivative, and the final asset becomes an even more sophisticated derivative representing a cubed fiction. No doubt, the fictional substance of the derivative unfolds accordingly when it reaches the level of cubed fiction. Moving on this road of concretization of fiction, the simple fic-

tion of the first level could be named “regular fiction,” whereas squared, cubed, the fourth power fictions, and so on, can be named “extraordinary fictions” or “sheer financial magic.” And no matter how limited, unilateral, and predetermined our imagination normally is⁸, it somehow turns out to be in a position “peacefully” and “consistently” to comprehend and digest this obvious absurdity of this financial magic.

In the era of financialization, common to the period of post-consumerist society, the status of financial capital has undergone a radical transformation. As financial instruments, derivatives permeate all areas of social life, managing to impose everywhere their own principles of fictionality. Consequently, in contemporary society, the productive economy takes a back seat—of secondary or even tertiary importance—and its place is filled by so-called “financialization.” This transformation secures a leading role for financial capital at the expense of production and, even more fictitiously, thanks to the predominance of overtly speculative financial transactions.

Because of the infiltration of fictions into the very essence of financial capital, it has gained almost complete independence from labor, production, and distribution. This has led to the realization, to a great extent, of classical capital's innermost “self-sufficiency” dream. Despite this, even in a society entirely dependent on financialization, financial capital is forced to engage in a peculiar type of dialectical relationship: an inevitable circular interaction with the military-industrial complex. Such a dialectic is of a different range than “the master-slave dialectic,” but it has all the features of Gadamer's hermeneutical circle dialectic. Financial capital would not be able to operate with fictions, or rather, it would not be able to unfold its “fictional reality,” if it were not a reflection and, even though invisible, a tangible embodiment of the military-industrial complex.

Money is backed and guaranteed by various forms of power. Within the context of a variety of power, its most significant and money-productive version is military power. At least three circles can be identified behind the component of power in the following speculative sentences: “Military Capability is Money,” “Capital is Surplus Labor,” and “Spectacle is Profit.” The most significant and even primordial is undoubtedly “Military Capability is Money.” It is very difficult, if not

⁸ Todor P. Todorov, “Ashen Worlds: The Poetics of Apocalypse in Climate Fiction,” *Sofia Philosophical Review*, current issue, 289.

impossible, to associate military capability with fiction. Nevertheless, the above speculative formula suggests and demands the fictional character of the military in general and of the military-industrial complex, in particular.

On the other hand, the military-industrial complex could not have emerged in its true form or continued to exist without financial capital, specifically without its fictitious component, but not so much without its classical reliance on the production economy. The seemingly obvious existence of financial capital and the military-industrial complex as separate realities is merely an illusion that masks the essence of modern society. Actually, financial capital represents the unambiguous power of the military-industrial complex, whereas the military-industrial complex represents the fictitious nature of financial capital. From the point of view of Hegel's logic, in both cases, their common essence of "fictional reality" is realized, which is the substance of the society of financialization, predetermining its structure and all interactions within it and, as a result, achieving true (actual) freedom in the form of self-sufficiency, self-determination, and self-growth. However, both sides in this circular dialectical (speculative) interaction are never equal, both at the level of practical implementation and at the level of self-awareness, because the financial component is summoned to be in the lead. Namely, this feature is capable of ensuring the stability and duration of this uncanny interaction, avoiding serious upheavals. Otherwise, the speculative financial magic of money and the military-industrial complex, which normally goes in smooth infinite circles, will get stuck, with indefinite consequences.