

Perspective

## Why Tech Hype Is Rising and What Venture Capital Has to Do with It

Andreu Belsunces Gonçalves / Dec 2, 2025

*Introducing a series planned for the year ahead, Andreu Belsunces Gonçalves examines how hype operates within venture capital and private equity and explains why it has become such a powerful political instrument today.*



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On November 10th, a [letter](#) written by scientists and AI scholars was made public by the Irish Council of Civil Liberties. The authors denounced that the President of the European Commission, Ursula von der Leyen, had repeated claims made by tech leaders that artificial intelligence will reach human reasoning by next year. The letter warned that these statements are driven by the financial imperatives of tech CEOs rather than by rigorous scientific evidence, and that they were voiced precisely as the European Commission was preparing to [approve](#) a major deregulation package that relaxes corporate oversight and signals a shift away from social and ecological accountability. In practice, this move accelerates both public and private surveillance and enables a rightward drift in policymaking.

Europe and the United States are witnessing not only a political shift, but a transformation in their dominant financial paradigm. A corporatist approach that prioritized long term investment, stability and social concern — whose core promise was the ecological and digital transition toward [decabornization](#) — is giving way to a speculative model epitomized by venture capital and private equity. These funds pursue rapid returns, thrive on volatility and are more willing to support risky investments that disregard social value.

This article explores how these two paradigms, which demonstrate distinct relations to the future, use hype in different ways, and why this matters politically.

**From corporatist precarity to speculative capital**

For much of the past two decades, economic governance in the West has followed a corporatist model led by institutional investors such as BlackRock. These firms manage the pensions and savings of millions in a context of welfare-state erosion, yet they have also been repeatedly [reported](#) as acting in predatory and oligopolistic ways.

And however, because they hold the collective wealth of large societies and their power lies in their sheer scale, large asset portfolios that show less volatility (including banking, energy, and established industries), they are expected to avoid excessive risk and to prioritize long term value. As sociologist [Melinda Cooper](#) has shown, this model shaped strategic political agendas. Former BlackRock executives held influential positions in the Biden administration. In Europe, the [Green Deal](#) extended a similar logic by framing decarbonization as a long term project grounded in renewable energy, digital infrastructures and slow structural reform. These ambitions depend on a broad social consensus produced by the alliance of corporations and governments in order to provide stability for long term commitment to future horizons — based on unfeasible promises of "sustainable" capital growth.

### **Venture capital as gatekeeper of technological futures**

The corporatist hegemony is now receding. In its place, a financial paradigm centered on a riskier investing model is expanding. Venture capital and private equity sit at the center of this shift. As Cooper explains, these funds, historically aligned with the Republican deregulatory project, do not mostly rely on the retirement savings of societies or the housing market, but they manage the fortunes of wealthy families and institutional investors seeking rapid, aggressive returns. They operate in an environment where capital gains are lightly taxed and public oversight is minimal. This makes it easier for them to engage with riskier investments and volatile markets, quickly shifting around capital in their investment portfolios. Its effects are visible. The UN says private equity giants such as Blackstone have been key actors in the [global housing crisis](#). High profile venture capitalists like Peter Thiel and Marc Andreessen openly advocate for relaxing regulation to accelerate technological transformation. Their influence helps explain Trump's political agenda.

Although public investment has traditionally funded new technologies in the US, mostly through defense budgets, venture capital is the main market player who decides which technologies receive funding, which problems are treated as worth solving and which imaginaries become investable. Their business model depends on the possibility that one investment will multiply in value by ten or more, which they pursue by betting on many start ups — and the futures they hope to build — simultaneously.

To attract resources, early stage firms must attract investors, spark media interest and create momentum and pressure technologists, politicians, and investors to jump aboard a bandwagon that is always about to leave toward a supposedly brighter and radically different future. This is why venture capital structurally depends on hype: entrepreneurs are encouraged to exaggerate the scope and inevitability of their technologies because inflated expectations raise valuations, and rising valuations attract more capital, creating the upward spiral that sustains the model.

### **The temporal politics of value creation**

Private equity, venture capital and corporatist funds generate value through different temporal logics. Venture capital and private equity operate in a world of long shots and rapid revaluations: they place early bets on uncertain futures and benefit from dramatic shifts in momentum. In this model, the future is not a distant horizon but an asset to be engineered in the present. To make

these futures materialize, venture capitalists need to create a climate in which uncertainty feels like opportunity rather than risk. Volatility becomes a resource, not an obstacle.

Seen from this angle, we can question: how do financial paradigms engage hype? As Jascha Bareis and I explained in [another article](#) on Tech Policy Press, tech hype relies on bold, future-oriented claims designed to attract attention, spark excitement and signal that a radically different future is just around the corner. It pressures technologists, investors and policymakers to act quickly so they do not miss the next breakthrough.

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This is why speculative investments in uncertain but potentially very profitable futures inherently need hype. Hype is the mechanism that pulls others into trying to make these futures real and that supports the rapid scaling required for a high return. Under this paradigm, aggressive and exaggerated forms of hype are a feature of the model. Value shall be created on a bet of transformation — artificial general intelligence (AGI), quantum technology, space travel. None of the alleged potentials of these technologies are realized, yet. They await to be conquered and mined.

Corporate investors operate differently. Because they manage the savings of entire populations and effectively control the trade market, they prioritize preserving capital, stabilizing returns and reducing risk in comparison to venture capital. Their investments are inherently speculative, but at the same time support a productive economy. They rely on more established assets and government stability, as well as public-private trust entanglement.

Precisely because of the need for sustained cooperation, these models need broadly accepted imaginaries of progress, often maintained by governments and institutions that act as anchors for innovation. Corporate asset managers also need hype, but to a lesser extent and for different reasons. Because the futures they pursue are narrower and the pace of value creation is slower, they depend more on social trust than on hype to move investment forward

### **How hype becomes a tool of authoritarian governance**

In 2012, Peter Thiel [stated](#) that “when technology's unregulated you can change the world without getting approval from other people. At its best, it's not subject to democratic control, and not subject to the majority, which I think is often hostile to change.”

Today, this ideology is no longer theoretical. It is becoming a governing principle for ruling the US — [and increasingly, the world](#). Under the dominance of highly speculative capital, tech hype functions as a political instrument that concentrates power in the hands of those who design and promote these futures.

Numbers illustrate the danger. According to the [Financial Times](#), investment in AI accounts for a stunning 40 percent of total US GDP growth in 2025, and AI companies are responsible for roughly 80 percent of all gains in the stock market. This means the American economy is becoming dependent on a single speculative sector while the benefits accrue almost entirely to the wealthiest households, who own the large majority of stocks. This creates an illusion of prosperity that masks underlying fragility while amplifying the influence of tech and financial elites. And the EU, as von der Leyen's statement about AGI shows, is betting on the same card, [mobilizing €200 billion for investment in AI in 2025](#).

This situation shows how hype has become a key force in the consolidation of tech (or shall we say techno-financial) oligarchy, concentrating political power and capital in the hands of a few. It does so by creating the illusion that AI futures are inevitable and that citizens, institutions and organizations must “get ready” for them. US companies have successfully [lobbied against the EU AI act with this narrative](#).

### **Volatility, disorientation and speculation**

As the economic sociologist Aris Komporozos Athanassiou argues in his book [Speculative Communities](#), sustained volatility forces social actors to adopt what he calls a speculative imagination. When the future is unstable and unpredictable, people and institutions try to anticipate what might come next in order to find a secure position in the future.

In a situation of national budget scarcity, social disorientation and geopolitical turmoil, tech hype appears as a guiding light that promises direction amidst uncertainty. While countries' economies are growing less and less and becoming increasingly indebted due to crises, venture capital is growing [unabated](#). But this wealth is not collectively controlled or distributed. It is privately owned, and its rule reflects the interests of a small elite.

This shows, again, how the orientation provided by AI hype is guiding us towards an oligarchic future, and how important is understanding tech-hype as a major force in contemporary governance.

### **A call for public debate**

This article opens a series that will unfold on Tech Policy Press in 2026, curated by Andreu Belsunces and Jascha Bareis from [Hype Studies](#), a transnational collective of researchers and practitioners who are concerned by the phenomenon of hype across science and technology. The series will feature original contributions from scholars, journalists and activists exploring hype as a form of power in relation to gender, fear, colonialism, regulation, paranoia, military practice and authoritarian politics, with perspectives from Africa, Europe and the Americas. Hype is global — and so will be our perspective.