Serval months ago I got into a debate with a man about whether or not scamming somebody out of their money with a pyramid scheme is morally wrong. His point was that people who want to get rich quick are greedy and therefore bad people so stealing from them is okay. They should work hard for their money like he did. I would argue that that there is a difference between greed and desire for agency. Greed is wanting more than you could ever need and hoarding more resources that you could ever use. Desire for agency is wanting the financial cushion one needs in American society today. What if you get sick and you only have a few thousand in the bank? What if you get into an accident and can't work? What if you want to have kids? What if something bad already happened to you and you're in dept? The economic reality of the society we live in is that you can work hard, be smart, do everything right, and still struggle to make ends meet. The way to win at capitalism is to have capital to invest so that you can make money from the labor of others. What would it mean to you to have the opportunity to turn a few thousand dollars into half a million? What would you spend that money on? What doors would it open for you?

The users of subreddit r/wallstreetbetts, or WSB, sought to answer this question by playing the stock market, and created "The Stonkening". They wanted to make some money and take Hedge Funds who were betting against GameStop down a peg in the process. The irony of this situation is that WSB is just the crow-sourced less well-versed version of the hedge funds. They both use the same tactics to achieve the same goals. New technology has empowered retail investors to compete with Wall Street elites, and at first blush this may seem like a hopeful development, but the outcome is that now more people are gamifying the stock market to make money with no regard for how it effects the larger economy. The situation is a simulated microcosm of the capitalist system as a whole. In much the same way people have been exploiting the environment to increase production as much as possible with no regard for our future as a species people have been abusing the markets for decades leading to crashes like the 2008 housing crisis without concern for the possible negative outcomes.

The value of money under capitalism is exponential rather than linear. The more money you have the more you can make, if you invest wisely. Typically, a few thousand dollars isn't enough to invest in something meaningfully. You can put it into an index fund and watch it grow gradually over decades, but it isn't enough to make an investment into a business that may provide significant returns. So, what am I taking about when I say you can multiply that amount one-hundred times overnight? I'm taking about the premise of r/wallstreetbetts, and the idea of gamifying the market for profit, and possibly social change although I feel that claim is tenuous at best. When they collectively decided to invest in GameStop in January 2020 the company's stock price rose from about $10 a share to about $500 a share, and some of the Redditors made a lot of money.

So, who are the members of this subreddit and how exactly are they playing the markets? One of the things that fascinates me about this group is their specific culture. For example, the Redditors call themselves "autists" and they both have built communities around toxic masculinity and racism. A casual survey I found of users of the subreddit contains a self-reported breakdown of gender and according to it males make up 90.2% of users while the other 9.8% is about half made up of people calling themselves "autists" or "apache attack helicopters", a joke that has long been used to make fun of gender non-conforming people and SJWs in general. The users are also 69.9% white and data on their sexual orientation was not gathered in the survey. An article in The Lilly by Carline Kitchener describes of one woman named Chole Steven's experience with the subreddit. She traded her first stock at 10 years old, and as an adult was curious about communities of traders she heard about online, especially R/WallStreetBets. When she did finally take a look at the subreddit she found that it was "not a fun place to be if you're not a white man." These online communities where disenfranchised young white men congregate to say things that we as a larger society no longer accept hold a great deal of power. The phenomenon the right has labeled "PC" culture has had a lot of positive impact on the ability of oppressed people to move about the world more freely, but bigotry isn't gone just because people don't talk about it in public anymore. It's underground now, and when it moves into these echo chambers the sense of persecution the members feel knits them together more meaningfully than shared interest alone.

WSB isn't a monolith, and they have a wide verity of motivations. Some simply want to make money, while others see themselves as revolutionaries. A meme entitled "doing my part" displays the sense of purpose and sexist undertones of this group perfectly. In the meme a crying anime girl begs a stern-faced disembodied male head to sell his stocks "so we're millionaires", but he refuses saying "No. We must make them pay". This meme is one of the most popular posts in R/WallStreetBets, and it's an example of how some of the Redditors see themselves. Although I feel this ideal is far divorced from reality it's an important aspect of what made this whole situation viable in the first place. Without a community of bored angsty dudes looking for an outlet this phenomenon would never have taken place. They're intelligent well-educated men who feel disenfranchised by a society plagued by wealth disparity that feels inevitably rigged against them looking for intellectual and social stimulation. While some might suggest they are the decedents of the Occupy Wall Street movement, personally I think that the ideology behind the Occupy movement has become mainstream among young people, and these particular Reddit users are a breed all of their own. There may be some crossover from Incel and

White Nationalist culture in this group, but I would characterize them mainly as people who lack a unified culture to build their identity around, and are therefore looking for something to latch on to. That said not all members are zealots. Many are looking to make money, or are just bored.

The GME phenomenon isn't the first debacle to come from r/WallStreetBets as in 2019 a person on the site got box spreads, a way to invest in stocks, banned from the app Robbinhood, and later in that same year people on the subreddit used an "infinite money glitch" on the same app to buy stock with money they didn't have. Basically, people on this subreddit want to get rich quick, which isn't really how investing works. Some people do make a bunch of money quickly from the stock market, but they are the exception rather than the rule. Their gains are owe more to luck than expertise, which is why they can't be looking out for the good of the market or the economy as a whole. Many of them aren't even far-sighted enough to keep themselves from going bankrupt, much less to look out for the economy as a whole.

I don't want to suggest that lack of concern for the Economy comes from lack of education or low-class status. Hedge funds hire some of the best educated people available on the job market, and they're gamifying the market the same way. To being with the name "hedge fund" is misleading. To "hedge" is to reduce risk of investment and hedge funds are well known for being some of the riskiest investors on the market. Take MCM's massive short position on GME for example. Short selling is famously known as "high risk, high reward". If you buy a stock and it tanks all you've lost is what you paid for the stock, but if you short a stock the potential losses are theoretically infinite. In the Harvard Business School article "The Problem with Hedge Funds" D. Quinn Mills explains why Hedge Funds are bad for the market. In essence his argument is that Hedge funds operate in sync with one another and drive the market up or down by taking similar positions at the same time. The outcome is unpredictable volatility that rewards the Hedge Funds and harms both the economy and retail investors. Additionally, the potential reward the funds may reap from this behavior is questionable at best, because while funds may report large returns in the short term, In Mill's words "From the point of view of most investors, including the banks that claim expertise when they intermediate investors' money, invested funds go into a black box at a hedge fund in which it's not possible to see why the fund grows or declines." From this perspective the GME situation seems almost inevitable. The way we got to this outcome may be unorthodox, but Mill's article is from 2003 and it feels like his prediction came true. The Hedge Fund's zeal for short selling was what got them in trouble with WSB in the first place.

Now for some technical terminology. For those with previous knowledge of short selling this will be obvious, but for some it may be necessary for understanding this situation. What is short selling? Basically, I borrow a stock from you, and then I sell it and plan to buy it back later to return to you. On the day I sell the stock is worth $10, but a week later when you want it back it's worth $3. I buy it back for $3 and walk away with $7 in profit. Since it worked so well last time I decide to try again, but this time after I sell the stock for $3 its value rockets to $50! Now I have to buy it back for $50, and I lose $47. GameStop wasn't the topic of many conversations in 2020, so their stock price was low. Their brick-and-mortar stores were suffering from the pandemic just like any other business, and most people buy games online now anyway. Hedge fund Melvin Capital Management and others were short-selling GameStop stock and had been doing so for a while as the price dropped ever lower. While MCM was hoping that GameStop would go bankrupt and they wouldn't have to buy the stock back at all Keith Gill, a Youtuber and Redditor, saw an opportunity for the opposite, which he outlined it in a now famous video on his channel. To his point GameStop is trying to reinvent their business remain current. For example, in October they announced a multi-year partnership with Microsoft with the goal of improving their ecommerce.

In January GameStop was being shorted at 138% meaning that more shares were borrowed than existed, and when the price began to rise people like MCM who were shorting the stock got caught in short squeeze meaning that when they had to buy the stock back to give it back to the people they borrowed it from they inflated the price even farther. MCM lost 53%, about 6 billion dollars, in January due to GameStop short squeeze according to the article "Melvin Capital, hedge fund that bet against GameStop, lost more than 50% in January" by Pippa Stevens and Leslie Picker from the CSNBC, but the price couldn't rise forever and even though the Redditors were willing to buy more GameStop stock the app most of them used called Robbinhood restricted trading on GameStop so that people could only close their positions, or sell their stock, other brokers followed suit, and value of the stock fell drastically.

So, the Redditors raised the stock price, created a bubble, got shut down by their supposed ally, and now the stock is correcting back to where it belongs. The value GameStop's isn't real so it's impossible to say exactly what it should be worth, but most people agree that it's not really worth $500 a share. The crazy thing is, they want to do it again. They've identified that AMC is currently the most shorted stock on the market and want to inflate the value so it will "go nuclear". Bubbles a tools for wealth redistribution are an interesting concept, and the name of the article "Why financial bubbles aren't always bad things" By Jon Hilsenrath says it all. His argument is that only bubbles fueled by lending are bad, but they can also provide opportunities because they drive people to consider new areas to invest in. The reason bubbles fueled by borrowed money are bad is that when they correct, they tank lending and the economy ceases to grow.

In his segment about the national debt John Oliver discusses why dept and lending can be good for the economy. It's much the same reason that the stock market as a whole benefits the economy. When a person borrows money to start a business they are improving the economy by creating jobs and contributing to the GDP, but if they instead take that money and buy gold and bury it in their backyard they're harming the economy because that loan isn't doing anything. When a bubble bursts that's made up of loans and all those loans default banks don't have as much money to give out and people can't get loans build new things and grow the economy, but when Reddit users create a bubble to theoretically take money from hedge funds if the Redditors are likely to spend that money and put it back into the economy that's probably good for the economy.

The problem is that the bubble WSB wants to recreate is backed by loans, as outlined in the video How /WSB Can Crash the Stock Market by Steven Van Metre. When the hedge funds were opening short positions on GameStop some of those positions were backed by loans. When they had to then buy back those shares they had to sell other stocks to get the money they needed to close the positions. When the hedge funds start selling the volatility of the market goes up, and when the volatility goes up the algorithms that control other funds are triggered to sell and it becomes an unhappy cycle that floods the market with shares for sale, and if the funds default on their loans that will also tank lending like the loan-backed bubbles we previously discussed. Metre makes the point that he feels the Redditors have more power than they realize. The problem with the behavior of both groups is the lack of concern for the health of the economy. They are solely concerned with making money for themselves and aren't looking to the future.

I understand that the Redditors are motivated by desire for agency rather than greed, and I want to side with them, but knowing how I would likely be treated by them as a woman gives me pause. I think the insular nature of their community is part of what makes them such a threat to our economy and society as a whole. They are just as unwilling to allow outside influence as the Wall Street elites they claim moral superiority to. The reason I began this paper with the anecdote about the debate was because I think it was an ideal example of the psychological underpinnings of the capitalist ideals of our culture. When I suggested that people who were being paid less than a living wage for full time work were being taken advantage of he argued that if they were better, more hardworking, people they would make more money. He believed that capital is always a reward for some sort of morally righteous action. My perspective is that people make money in a number of immoral and unsuitable ways, and morally righteous things that are not profitable do not happen. It is not profitable to end world hunger. It is not profitable to save the environment so we continue to push that suffering on to our children, like the people using the markets to gamble are pushing the bill to others in the near future, and call themselves righteous because the invisible hand has bestowed upon them a token of gratitude. This paradigm does not value it's own health, nor the wellbeing of the people it ostensibly serves. It only values short term return. The stock market is only good for the economy if we use it properly, and if we perpetuate this gambling model it will only harm the health of the markets.