The GameStop saga: Reddit communities and the emerging conflict between new and old media
by Michael Glassman and Irina Kuznetcova

Abstract
This paper focuses on the (continuing) GameStop (GME) saga, where users of the subreddit Wallstreetbets (and later r/GME) subreddit challenged the flow of financial information from legacy media outlets in understanding financial manipulations and possibilities involved in the GME stock price. An extraordinary surge in value was attributed to activity on Wallstreetbets subreddit where users had been touting the stock for almost a year. While initially portrayed by traditional media as an almost humorous attempt to strike back at Wall Street, legacy reporting soon turned negative. Financial outlet news and information used top down, expert driven communication strategies to claim the surge was ephemeral and the product of crowd sourcing manipulation techniques. They soon stopped reporting altogether. The subreddit communities evolved, using bottom-up communication strategies to challenge “old” media narratives while using open source analysis and platform functionalities to maintain and expand an organized information and support system that functioned outside of traditional media boundaries. Different approaches to gatekeeping (expert driven vs. moderator/user driven) and analysis and dissemination (legacy/historically valid vs. open source) led to very different, often time conflicting, development of information, perspectives and calls to action. These differences, and the way they are treated in the larger society highlight how the Internet has reanimated the Lippman-Dewey debate over information and decision making from the early part of the twentieth century. While Lippman might claim Reddit sites are an illusion, Dewey might recognize possibilities for different type(s) of distributed activities crucial to a vibrant participatory democracy.

Contents
Introduction
Old media as cathedral, new media as bazaar
The workings of Reddit: Building stalls against the walls
From WallStreetbets to WSB GME: Evolution of a bazaar
The struggle over information between “new” and “old” media: A harbinger of the future?
Discussion and conclusion

Introduction
The stock market experienced (what many considered) an anomaly during the last week of January 2021. GameStop (GME), a previously unheralded stock, saw an unprecedented surge in value (nine-fold over a period of two days). The increased value was almost immediately tied to Wallstreetbets (WSB), a little known (outside of Reddit) online community where retail investors came to share research and stock tips (DFV, a central character in the GameStop saga, in congressional testimony likened WSB to a corner bar where people got together on a casual basis to swap stock tips). The value of GME as a long-term investment had been a growing topic of interest for about a year on WSB. Over the few weeks prior to the surge and especially after, WSB quickly developed into a cohesive community providing research, logistics and support to retail investors caught up, sometimes as central players, in a difficult to understand phenomenon. The effect of the GME surge took on such importance that it crossed over into more traditional media outlets (which we will refer to as old media) such as television and mainstream publications, something that rarely happens with subreddits (an example of new media). For a time, there were parallel portrayals/understandings of the GME stock surge and its aftermath, one driven by expert advice and top-down dissemination of information and one participatory, where retail investors became enmeshed in bottom-up dissemination and support activities. What followed was a struggle for influence over investment in the stock, based in very different, sometimes opposite, approaches to information and knowledge building, between “old” media and new media. A struggle that brings the relationship between new media and old media, between insiders and the public at large, to the forefront.

The GME retail investing community (extending beyond the single WSB subreddit to include YouTube videos and Discord channels and later other subreddits such as r/GME and r/Superstonk) became central in helping individuals who were not insiders understand what was happening to their stocks through open, non-linear, non-hierarchical online communication strategies Reddit users had been developing for over a decade. Old media (including old media style outlets using digitized platforms), many times treating the public as bystanders/disinterested spectators (Lippmann, 1925) described the role of Wallstreetbets in the GME surge in mostly derogatory terms (e.g., a crude pump and dump scheme). WSB furiously countered the old media outlet narratives claiming high levels of user agency and autonomy of retail investors based in well-developed research and innovative support strategies on which individual investors (they mockingly referred to themselves as know-nothing apes) made informed decisions.

Old media, for the most part, moved on soon after the surge. New media continued to build more complex arguments as to why investors should hold and even buy when the stock dipped. There was a growing sense of mistrust between old media and new media; old media believing Wallstreetbets was taking advantage of a gullible public to run a Ponzi scheme that would eventually come crashing down, new media believing old media players were acting as shills to promote and protect the interests of insiders. This paper suggests that the GME saga may be a harbinger of increasing conflicts and misunderstanding between old media and new media, as old media looks to protect its role(s) as arbiters and gatekeepers of information, maintaining institutional boundaries and standards of legitimacy. New media looks to push back by creating open resource pools that do not so much comment and deliver expert opinion on activity as create learning contexts where individuals can freely meld their experience/knowledge with others as they are engaged in or in some other way deeply connected to joint activity.

This paper is divided into four parts. The first uses the early metaphor popularized by Eric Raymond (1999) describing how the Internet changes information and knowledge building, the cathedral and the bazaar. We suggest that old media used a cathedral model in explaining the GME surge: top down, expert driven, unquestioned. New media relied on processes and practices more closely tied to the bazaar — using digital tools to establish open, non-hierarchical, non-linear, dynamic problem-solving communities enmeshed in specific problems. The second part of the paper is a short history of Reddit as it evolved from its initial identity as a news aggregator to a series of discussion boards for sharing information, to establishing literally thousands of topic related communities (subreddits). The third part of the paper follows the Wallstreetbets subreddit as it developed over the space of a few weeks from a general discussion board for exchanging and exploring stock market buys to a critical digital information harbor and support group system for GME retail investors as they attempted to navigate an increasingly complex and confusing financial landscape that had very real world, real time consequences. The fourth part of the paper looks at
The GameStop saga: Reddit communities and the emerging conflict between new and old media

three points of conflict between old media and new media in the struggle to understand and make decisions about GME stock.

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### Old media as cathedral, new media as bazaar

The cathedral and bazaar metaphor is almost as old as the Internet itself but is taking on new meanings as more aspects of everyday life migrate online. The metaphor was initially based on new approaches for distributed program/systems development (e.g., operating systems such as Linux and Apache) following the emergence of unfettered electronic communications. Interested parties from anywhere in the world could be part of a single strand of program development. The ability of large groups of invested programmers to be involved in the process led to the creation of online communities more dependent on proven problem-solving abilities in real time than conferred status, titles, credentials and/or hierarchies. One of the core innovations of these early programming communities was the bottom-up creation of a community core (initially those who started the development process but expanded to newcomers based on successful problem solving and commitment to the project). This core took responsibility for guiding the development process and maintaining order as the community expanded and extended their mission (Glassman, 2013). The communities could resemble open bazaars, marketplaces of ideas with low cost of entry (e.g., no degrees or reputation building outside the project). Standing in the community was completely based on value of direct contributions to the ongoing dialogue about the shared project.

Bazaars stood in contrast to more traditional hierarchical, linear organizational structures of stand-alone software development companies where managers/experts who have passed through organizational vetting processes separate from the immediate task control the project determining legitimacy of contributions (Figure 1). Raymond related traditional organization structures to cathedral style communications, where individual actions adhere to the wishes/advice/demands of (community) vetted experts (whether they worked or not). Those at the back of the cathedral were rarely given the opportunity to question, let alone change, working hypotheses.

<table>
<thead>
<tr>
<th>CATHEDRAL</th>
<th>BAZAAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old media (TV, news outlets...)</td>
<td>New media (Social media, Reddit...)</td>
</tr>
<tr>
<td>Top-down, hierarchical</td>
<td>Bottom-up, distributed</td>
</tr>
<tr>
<td>Based on tradition and organizational vetting processes</td>
<td>Based on the value of direct contributions</td>
</tr>
<tr>
<td>Only vetted experts can question ideas</td>
<td>Anyone can question ideas</td>
</tr>
</tbody>
</table>

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**Figure 1**

<table>
<thead>
<tr>
<th>Structure</th>
<th>Standing in the community</th>
<th>Autonomy and control</th>
</tr>
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<tbody>
<tr>
<td>Cathedral</td>
<td>Bazaar</td>
<td></td>
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</table>
Figure 1: Cathedral vs. bazaar model.

This paper extends the cathedral-bazaar metaphor based on how deeply the Internet has penetrated everyday activities over the past few decades. Cathedrals (in this paper old media) are walled enclaves tied to long histories and steeped in (difficult to move) traditions. Bazaars (new media communities) are made up of information “stalls” set up in the streets against the outer walls of these cathedrals. The only thing that separates those inside the cathedral from the bazaar is a heavy wooden door. Those inside the cathedral, both insiders and spectators/congregants, maintain a belief in the efficacy of vetted, expert-audience forms of communication. Those in the bazaar can be refugees from the back (or even the front) of the cathedral. All are initially equals in promoting their ideas for progress. When the door is open, those inside the cathedral and those outside in the bazaar can hear snippets of each other’s communication. However, if they are only snippets, interpreted through the schemes of accepted communication contexts, those inside the cathedral, especially those who have never stepped into the street to experience the bazaar first-hand, can easily misinterpret or fit what they hear into pre-existing schemes of what they believe lies outside the walls. The same can be true of the bazaar, though as refugees they have more understanding of the cathedral.

The workings of Reddit: Building stalls against the walls

Reddit was developed based on distributed input about different visions of information and the growing role of the Internet in society. It currently has 430 million active users going up more than 30 percent in the last year (Dean, 2021), but is less mentioned, let alone researched, in “old” media than other “social media” platforms such as Twitter and especially Facebook. Reddit is in the family of applications referred to as bulletin/image boards, part of the early social engagement early digital applications (Glassman, 2016). Reddit users freely post under a given/developing topic looking for information, to share knowledge, support and/or some other type of engagement. Posts are usually under a pseudonym.

The Reddit platform exists primarily as a shell (although it does have a front page (Figure 2); in fact, “the front page of the Internet” is in their page title). Most user activity is in subreddits, smaller communities developed by (would be) moderators and usually centered on specific topics that can run the gamut of human thought. Subreddits gain exposure through upvotes/downvotes of specific posts within the larger Reddit community and the number of post comments (see an example of a Reddit post and comments in Figure 3). Posts with the highest number of upvotes and comments are claimed by the Front Page (Figure 2). The number of upvotes is usually a combination of quality of posts, interest to the local community, and the number of members following the subreddit. As the Wallstreetbets community expanded to over nine million, it came do dominate the Reddit Frontpage. There are other ways for subreddits to increase their user base, such as cross-subreddit and cross-platform communications. For instance, the GME phenomenon benefited from cross-migration between YouTube and the Discord platform (a fast-moving discussion platform initially created primarily for gamers).
**Figure 2:** The front page of Reddit (with an r/wallstreetbets post featured as the top one).
The GameStop saga: Reddit communities and the emerging conflict between new and old media

Bullish GME OBV Indicator

This post is going to be a deep dive into the On-Balance volume indicator for GME. Before I start, this is not financial advice, I am not a financial advisor, I am but a simple, smooth-brained ape with Stmmy/Yolo dreams.

What is OBV: On-Balance volume is a technical indicator, which was founded on the idea that volume precedes price. OBV is calculated as a running total where the volume of a candle is either added or subtracted to the OBV total depending on if it's negative or positive (this is an oversimplification but just know that it's a running total). For example (these are arbitrary numbers), let's say a given stock's OBV is 1,000. Then, there is a negative candle with a volume of 2. The OBV would now be 998. Then, there is a positive candle with a volume of 100. The OBV would now be 1098. This is why OBV is shown as a line rather than candles like volume. It's also important to note that if a candle stays the same, it is not added to OBV (this doesn't really matter for GME because its price RARELY stays the same). OBV is a trend indicator, so the actual value of OBV doesn't matter, the trend of OBV is what matters. Generally, OBV allows you to predict where a stock will go because if OBV is increasing, it means that there is a lot of volume in green candles and less volume in red candles. I usually use OBV when a stock is consolidating. If a stock is consolidating and OBV is increasing, that is an indication that when it breaks the trend, it will be high. The opposite would be true if OBV was decreasing. Generally, if a stock is increasing in price and OBV is increasing, you can expect it to continue that trend. If the price is increasing but OBV is decreasing, you can expect it to go negative in the future. This all goes back to the idea that volume precedes price.

GME OBV Charts: Here is GME's 1 year, 90 day, 30 day, and 10 day charts with volume and OBV. Volume is the graph with green and red candles below the chart and OBV is the tan line in the volume graphs:

1 year:
Moderators play critical roles in the development and the maintenance of subreddits. The development of a core group of users responsible for formation and maintenance of the (problem-based) community is not very different from the original Linux and Apache communities. Subreddits have little chance of success without strong moderators, both in drawing users to the community, establishing and maintaining social capital (Bourdieu, 2001) among posters/commenters, and matching posts/activity to the purposes of the community. If anybody can be said to have “ownership” of a subreddit, it is the local moderators (there are a few general Reddit rules, but moderators have a high degree of freedom and establish the rules of the

Figure 3: An example of a Reddit post and comments (r/wallstreetbets).
The GameStop saga: Reddit communities and the emerging conflict between new and old media. Moderators have abilities to remove (or not remove) posts and to ban individual users for the “good” of the community and/or the Reddit platform. The larger a community grows the more time moderators must devote to community maintenance. Some moderators off-load responsibilities to artificial intelligence bots, which can be controversial and frustrating for users. It is difficult for community members to remove moderators (although it can be done). Moderators can appoint new moderators. As current moderators move on in interests, new moderators take more responsibility, although earlier moderators maintain seniority and can return at any time. If members are unhappy with moderators, their best course of action is to leave and, if they wish, start a new subreddit. The success of subreddits is also dependent on a committed, active base. A subreddit is only as strong as its posting history. A strong moderator is very aware of the needs and wants of the community.

Figure 4: r/wallstreetbets moderator list and community rules.

Most subreddit topics are relatively straightforward and/or niche-oriented making decisions about content relatively easy. Some subreddits are controversial. If the moderator and participants choose to act in an anti-social manner, the subreddit will be anti-social and deal with the consequences (much like almost all other
anti-social groups). Some subreddits are thrown into controversy by unforeseen and/or uncontrollable events (famous examples are the bombing of the Boston marathon (Nahn, et al., 2017) and the shooting at a Madden gaming convention). Subreddits can be volatile and difficult to predict, especially when based in provocative subjects (e.g., politics) because they are not controlled by pre-determined societal norms, but they can be self-correcting for the same reasons.

From WallStreetbets to WSB GME: Evolution of a bazaar

In January 2020 DFV (Deep F**cking Value, also known by Roaring Kitty on YouTube), a financial educator for an insurance company, made his first post on the Wallstreetbets subreddit, a simple table outlining his buys of the GameStop (GME) stock during the summer of 2019 and his expected value January 2021 (Figure 5). There was a much higher level of comments on the post and GME posts that followed — based both on quality of research and perceived opportunity, but it did not seem to have high consequence for the WSB community (it was still mostly people trading stock tips). In August 2020 DFV decided to use a series of YouTube videos outlining his approach to long term value investing to explain his thinking on GME value. One of DFV’s/Roaring Kitty’s videos (https://www.youtube.com/watch?v=GZTr1-Gp74U) was relatively long explaining his position on GME (at the time trading around four dollars). DFV told viewers that his position was divisive and a minority view (it did not agree with Wall Street research, and Wall Street firms were probably shorting the stock) (see Figure 6). He called for viewers to research and challenge his ideas on the deep value of the GME stock. DFV’s thesis was that even though some Wall Street institutions were short selling GME at the time, they were missing important possibilities and/or misunderstanding the data. He also used public tweets of well-known investor Michael Burry (of The Big Short fame) to support his position. DFV ridiculed Wall Street organizations shorting the stock (and their firm belief that stock would lose value), referring to GME and his analysis as a value stock to argue they were making poor GME related decisions.

Figure 5: One of DFV’s January GME posts.
WSB moderators had set up posting criteria so that each individual poster had to identify the type of post they were making (and therefore general motivation). This is a function open to Reddit moderators that increases complexity for posters but also organization for (even more casual) users. It is critical for a user to understand this system to use the subreddit productively (make informed decisions). Identifiers, known as flairs, appear in colored box at the top of the post (their list is also available on the sidebar; Figure 7). The most common identifiers on WSB are dd (due diligence, careful research and analysis — best with supporting links), discussion (efforts to seriously present thinking on dd, old media counterpoints, and ongoing events), memes (re-posting of repeated symbols, verbal schemes meant to extend and support ideas and actions), sh*posts (crude references, exhortations and complaints), charts (self-explanatory), news (keeping tabs on “old” media) and fluff (random, tangentially related thoughts). Users added identifiers over time that were more unique to the subreddit as it evolved, for example, hedge fund tears (speaking specifically to the way(s) short sellers would eventually lose and/or deserved to lose). A user, looking for a specific type of post, could filter the site by flairs (e.g., exhibiting only dd). Posters generally try to abide by the flair system (and might be contacted by the moderators if they did not), creating an easy way to navigate more personalized experiences.
Early GME posts were comprised of a small subcommunity and primarily about sharing information/tips dd and discussion posts. Following the metaphor of cathedral and the bazaar, the GME value investors (following DFV’s lead) set up nascent information stalls within the chaotic information bazaar that was WSB, adjacent to but outside the walls of old financial media. There was a minimum of memes and YOLO, the types of posts meant to sway individuals’ thinking and/or influence general sentiment on the subreddit. Serious posting on the stock continued to increase through a series of events that could (potentially) increase GME value. The stock hovered around US$10–20 between October 2020 and January 2021 based on rumors in changes in management and direction of the company. On 11 January, the rumored changes were concretized (e.g., Ryan Cohen, well respected in digital commerce, was appointed CEO of GME). The stock increased to US$26. The rise led to an increase of, and upvotes, in GME dd. GME information was moving closer to the center of the bazaar and the doors of the cathedral.

A twice a monthly (official) short interest report (SI) describing short interest positions prior to 15 January was scheduled to come on 27 January. This report would officially describe how much Wall Street investors bet that the stock would go down. If the amount of short interest was high (e.g., over 60–80 percent) the value of GME stock would increase for those holding it. If it was low, the value of the stock would crash. There was a plethora of dd increasing in complexity and increasingly focused on the ramifications of the short interest being high, especially consequential for those holding the stock. Many of the dd, discussion and chart posts used open source data to push the idea Hedge Funds were most probably taking on extreme GME short positions leaving themselves vulnerable to a “short squeeze” (Figure 8). Anybody holding the stock would have increasing leverage in setting the value of the stock on the open market as the bills to pay off the shorted stocks came due. There was also a series of cryptic tweets from “financial titans” well known on WSB (Elon Musk, Mark Cuban, Chamath Palihapitiya) interpreted as being bullish on the stock — believing GME value would increase (e.g., Figure 9). These were turned into memes. The old media continued to keep the cathedral door leading to the street shut.
The GameStop saga: Reddit communities and the emerging conflict between new and old media

**Figure 8:** An explanation of ‘short squeeze’.
The GME stock continued to increase in value as 27 January approached, taking on a momentum of its own. There was an increase in memes and YOLO exhorting investors to buy and hold the stock to maintain and increase leverage. Some investors bought and held responding to the memes, but many were following long strategies based on dd and discussion. GME closed at US$145 on 26 January. Some posters on WSB believed larger investors saw an opportunity and were moving against the shorting institutions. There were more memes referring to sympathetic financial titans. During this period retail investors with different motivations (economic, political, social) merged on and off WSB, supporting each other in buying and holding the stock. GME posts, mostly memes and YOLO, began to increase exponentially.

The flair system’s ability to organize a chaotic information system took on greater importance, with flair’s generally coinciding with the different perspectives/motivations of users. The original value investors continued to tout GME’s potential as a long investment (and were probably more attuned to dd and discussion). They were joined by individuals who saw the ability to “squeeze” the institutional short investors to get retribution for Wall Street’s greed and excesses, especially when considering the crash of 2008 (probably more focused on memes and YOLO). There were those who saw an opportunity to make money quickly (there were also non-short institutional investors who saw this opportunity) (dd and YOLO). There were, for lack of a better phrase, “thrill seekers” or more desperate individuals looking to make a once in a lifetime bet (memes and YOLO). And there were many looking for shared community (memes, YOLO, fluff). The bazaar became a dynamic marketplace of related ideas (and motivations) adapting to changes in the ecology (financial market) on a day-to-day, or at some points an hour-to-hour basis. Individuals could look for posts based on their needs (e.g., support or understanding). What held the groups together was not a common motivation but a shared trust in the due diligence and their proximal consequences (the stocks were shorted, and the shorting institutions would have to buy them back) and a

**Figure 9:** An example of ‘bullish’ interpretation on r/wallstreetbets.
The GameStop saga: Reddit communities and the emerging conflict between new and old media

basic ethic (which admittedly many did not follow, but again for a variety of reasons) expressed in a 2 February post (Figure 10).

![Image of Reddit post](image)

**Figure 10:** An excerpt from a 2 February post.

When the 27 January SI report came out, it showed that as of 15 January over 60 million shares (over 100 percent) had been shorted. To put this in simple terms, if GME was shorted at the US$30 price marker as some dd’s predicted, and the price rose to US$135 a share, the short buyers would have to absorb a US$60 billion loss. DD and memes (sometimes in support of each other) vociferously made the argument that the short buyers desperately needed to sell before the price jumped higher. WSB members came to believe they would have continued and even growing leverage even as the price of the stock went up. Few were publishing dd on WSB supporting a sell position. Informed WSB users did not suggest creating a short squeeze (some would argue later that it was not a short squeeze but a precursor “gamma squeeze”), they were however happy to participate and help set the trajectory of the stock price (each for their own reasons). The price quickly went up to US$483 on 28 January (meaning the short sellers would have to absorb a US$300 billion loss). Many of the WSB retail investors, especially those who joined the community late, were in a position they did not expect (even though a lot of dd tried to predict the SI report).

WSB evolved quickly, in response to events, from a niche destination for stock tips to an alternative information source focused on the GME surge and its aftermath. While traditional financial information sources often rely on identified expert opinion/analysis, WSB retail investors were relying primarily on anonymous posters using (what they claimed was) research, due diligence, transparent open source information, eschewing expert opinion. Level of trust was dependent on the analysis itself, supported by upvotes and the centrality of the poster. The due diligence could be very sophisticated. However, even the most admired posters could be challenged within the community (through comments or more likely counter posting).

**A sharp, unexpected turn and WSB’s ability to adapt**

On 28 January, GME opened at around US$450. Online brokerages serving retail buyers (Robinhood was the most famous but not the only one — it is difficult to know how many but Wallstreetbets members showed multiple screenshots of brokerages refusing buy orders while continuing to allow selling the
The GameStop saga: Reddit communities and the emerging conflict between new and old media

morning and afternoon of 28 January). The stock dropped to US$130 in hours. Many on and off WSB saw the action as purposeful, leading to a consequential break in momentum (an “old” media poll found 77 percent of respondents believed this was market manipulation; Lee, 2021). GME momentarily rebounded and then continued to fall in value over the next two weeks. The reasons that Robinhood and the other brokerages stopped buying on GME and a few other “shorted” stocks remain unclear.

As the stock began to drop from its heights after the cessation of buying, retail investors needed to make financial decisions, based in part on judgments as to whether the price surge was an anomaly, or the market fundamentals of increased face value were still in place (e.g., was the stock still being shorted and did the retail investors still have leverage?). Traditional media outlets reported for the most part the GME rise was over, the hedge funds had covered their short positions (Figure 11), and recommended that investors should get out of GME with whatever profits (or limited losses) they could. The general sentiment on Wallstreetbets GME was that the short positions had not been covered and those holding the stock would maintain leverage over the long term. Old media was covering for Melvin, the primary financial company shorting the stock, and other financial institutions, so they could get out of their positions with minimal losses (see, for instance, an WSB post from 29 January by xTrends, a well-known member of the community; Figure 11).
The general feeling on WSB was that financial analysts in mainstream media were pushing the line that
Melvin and other financial houses wanted them to push (and were doing so informally, or even directly, at the behest of Wall Street firms). A few days after the price drop, when the GME stock was at US$40, old media stopped reporting on GME, declaring that the saga was over. Old media did not return to the story even when GME returned to (what earlier would previously been considered) unusual levels of US$200–300 or more a month later.

**Figure 12:** An explanation of ‘covering short positions’.

### Covering short positions

<table>
<thead>
<tr>
<th>Short seller</th>
<th>Returns the borrowed stock to its original owner, ending their financial relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Is not susceptible short squeeze</td>
</tr>
</tbody>
</table>

**The r/WSB, r/GME split: Incursion or confirmation bias?**

When old media stopped reporting on the GME saga, retail investors were left with new media (primarily WSB) as their only information sources. There were still two pools of information, the expert driven information/advice old media was drawing from and the more distributed, bazaar model centered in WSB and ancillary new media platforms. Because WSB is an open information/knowledge forum, it was natural that the cathedral-based information (and approach), with no place else to go, would begin to seep into the subreddit as the primary source of dissemination. The only way for a bazaar-based model to control new, divergent information sources is for moderators to deny entry (i.e., removing posts, banning transgressors), actions that can be subjective and difficult to navigate while maintaining an open-source information ecology. The more heavy-handed the moderators in maintaining accepted community sentiment, the greater the risk of turning the community towards a cathedral model, losing major advantages offered by new media and risking pushback from community members dedicated to an open source/bazaar model of information dissemination. It also works the other way around. Groups of individuals can make concerted efforts to change the sentiment of an open community. The less active moderators are in controlling information incursions based in these coordinated efforts (some refer to them as attacks), the more members can believe the community and its original intentions are being compromised.

In the Reddit model, the moderators of a subreddit have almost unlimited power for maintenance of a productive, functioning information community. They can make the community accessible by invitation only. They can establish minimum standards (e.g., previous posts and/or upvotes) for posting, which helps especially in limiting bots (automated posting algorithms). They can restrict post content (for instance, a COVID-19 subreddit restricted overtly political content). Perhaps the most important power moderators have is the ability remove posts that they believe are damaging to the community at large, even if they are upvoted. Reddit’s policies make it extremely difficult to remove moderators so that outside instigators cannot easily take over a community. Moderators on Reddit are often those who started the subreddit. Different moderators can emerge later, either invited by or with the permission of current moderators. Older
moderators maintain seniority unless they voluntarily choose to give up their moderator privileges. For instance, the founder and original moderator of Wallstreetbets was only removed after a long and arduous process. The moderator policy both supports the autonomy of the subreddit and helps keep it from spinning out of control. The only check on moderator control are the users of the subreddit — they can leave, or they can go dark by refusing to post or comment.

The Wallstreetbets subreddit started in 2012 and evolved over time, with new moderators being appointed and old ones falling back (this is natural, moderation can be labor intensive for an active subreddit). A new cohort of moderators was in active control when GME emerged as an important topic. They took on extended importance as the community grew from 1.5 million to eight million starting the week of 25 January 2021. However, current moderator actions to control new, divergent content led to a power struggle between the new cohort of moderators and older, returning moderators. Some current moderators were removed (possibly by the more senior moderators) for no explicit reason. More divergent material began appearing on the subreddit. There was a perceived change in attitudes on the subreddit, including complaints posts were becoming more negative towards buying and holding GME — leverage had evaporated. There were accusations that dd posts supporting a hold perspective were being removed and posters were being banned by the returning moderators for no good reason. There were claims that less energy was being put towards keeping bot driven posts, supporting sell sentiment, out of the subreddit. There were also posts claiming WSB “meme” investors had moved on to new commodities/stocks looking for a different short squeeze, such as silver. Those promoting a GME hold perspective believe this was an organized campaign by hedge funds shorting the stock to get retail investors to sell, but it was at least partially being supported by the older cohort of moderators.

Frustrated members of WSB started new subreddits to share information on GME. One of the break-away subreddits, r/GME was able to grow to over 100,000 members within a couple of weeks and over 200,000 in a month. Other subreddits struggled to survive. r/GME took on the ethic of WSB just before and just after the GME surge, although more heavily tilted towards dd and discussion, with more controlled memes and YOLO. Many of the more advanced dd posters moved to r/GME, some claiming their posts had been taken down by WSB moderators. Many posters on r/GME came to believe the WSB site was compromised, invaded by posters and bots with a negative mentality, and warned users to stay away. For instance, one of the earliest and most upvoted posters during the GameStop surge on 6 February u/kyroake complained about returning mods (moderators) — “WSB mods removing posts with thousands of upvotes, not clear exactly why. Some are claiming they are actively attempting to stop the GME hype” and promoted the switch to a new subreddit controlled by moderators more in sync with WSB GME investors.
look it up on investopedia. The old good mods have mostly been kicked out and the sleazy one is working with the HF as he got kicked out of the sub for trying to monetise the place with his shitty guide. Your account will be banned soon for posting and all the negative comments are shills or bots, check their accounts and you’ll see. Check out r/wallstreetbetstest (you'll see posts by the old mods about this) r/GME and there's a steaming chat (hosted on telegram) https://youtu.be/YdKQoEAC-sA

TL;Dr: WSB mods removing posts with thousands of upvotes, not clear exactly why. Some are claiming they are actively attempting to stop the GME hype.

Edit: text of my OP:

There are people on this subreddit current orchestrating a “GME is over” campaign. These people are complete bad faith actors and totally unethical. Let me explain: They don’t believe in the the whole idea that the price will sky rocket due to shorts being covered. They lied to you and then sold at $500 when the stock was pumped up, leading to its downfall. They saw this entire thing as a pump and dump the whole time, now that they made their money, they are annoyed that their are people who “actually believe” in the “myth” of a second(possibly larger) squeeze. You are literally talking about the same thing they were a couple weeks ago, now they are acting as if you are retarded for talking about it. This is morally corrupt hypocrisy on their part.

Now they want to shut the sub down and stop the millions who joined from discussing this idea, which very well could still happen.

Yes, people who sold GME(I say this as someone who never put a cent into it) you are correct, it doesn't take some high IQ or knowledge in investing to realize that hype and trailing hedge funds drove the price to $500. But this wasn't the original speculated reason for the short squeeze, that was hedge funds needing to cover shorts on a stock that was over 100% shorted, we still have the price $50 above what the price was when they sorted the stock. If they haven't covered their positions, another short squeeze could still occur. You can not prove otherwise.

Anybody asking for the removal of GME posts because “I want my sub back!!” Or “idiot apes don’t realize the squeeze has squeeze” are ignorant, immoral, bad faith actors. They already sold and are out, for them, the whole thing was a pump and dump. DO NOT LISTEN TO THESE ARROGANT PEOPLE.

Edit: 🚨🚨🚨 don't let immoral, ignorant people tell you it's not. Decide for yourself.

Edit 2: BTW I am a massive liar you should not trust me!

**Figure 13:** r/GME post about WSB post removal.
that those organizing a hold mentality were using bots and organized posting to influence members of WSB to buy and hold. The following is just one of a series of posts early on r/GME, again of 6 February (Figure 14).

![Image of post](https://example.com/post14.png)

**WSB is still compromised! All DDs regarding AMC and GME getting deleted, even with 20k+ Upvotes.**

As stated above. u/zjz is still Not back, every Single Post talking positively about GME and AMC is getting deleted by mods, even when they hit the frontpage.

Also a lot of suspicious Accounts are Posting shitty memes about GME going to 0$ and Citadel always winning. They also have a lot of notorious comments (e.g. “brilliant!”, "nice 😊", etc.)

Mods also shadowbanned a lot of people talking about just that. Stay away from WSB.

Examples for shitty memes by suspicious accounts:

1. [https://www.reddit.com/r/wallstreetbets/comments/le0i6r/hedgefund_pros_vs_wallstreetbets/](https://www.reddit.com/r/wallstreetbets/comments/le0i6r/hedgefund_pros_vs_wallstreetbets/) (user never posted on WSB, and makes a shitty meme even saying "hedgefund pros" in his title)

2. [https://www.reddit.com/r/wallstreetbets/comments/ldyeiy/a_gme_story/](https://www.reddit.com/r/wallstreetbets/comments/ldyeiy/a_gme_story/) (user was inactive for over a year and starts posting memes about how HF’s fuck WSB all of a sudden)

3. [https://www.reddit.com/r/wallstreetbets/comments/le05qi/aim_for_the_moon/](https://www.reddit.com/r/wallstreetbets/comments/le05qi/aim_for_the_moon/) (user never posted or commented anything in WSB)

All of them already hit the front page within minutes of getting posted and got all red flags you can look out for.

Additional post with a really great summary: [https://www.reddit.com/r/wallstreetbets/comments/le1gp/wsb_is_probably_still_compromised/](https://www.reddit.com/r/wallstreetbets/comments/le1gp/wsb_is_probably_still_compromised/)

**Figure 14:** One of GME early posts about WSB.

The split in the GME community (WSB and r/GME became adversaries) raises an important question about the development of open/new media communities. Where is the line between maintaining some sense of stability and problem-solving purpose in an open community and forming/maintaining communities as destinations for confirmation bias (Nickerson, 1998)? Were the new WSB moderators allowing bad faith
The GameStop saga: Reddit communities and the emerging conflict between new and old media

actors into the community under the guise of creating a more diverse marketplace of ideas as many of those moving to r/GME claimed? Or were those pushing back against the old/new moderators arguing that moderators needed to control information to maintain purity of perspective, so they did not have to confront conflicting opinions? There are no easy answers to this question, or solution to the balance between divergent opinions and confirmation bias. It does speak to the critical role moderators play in an open bazaar. One interesting clue is that almost the exact same conflict between moderators and posters arose on r/GME just a few months later, with many of the more serious dd posters moving to a new subreddit called r/Superstonk.

The struggle over information between “new” and “old” media: A harbinger of the future?

As GME rose in value important, even consequential, differences in information/narratives/perspectives on the causes and aftermath of the surge emerged between “new” media and old media. This part of the paper focuses on three main differences: 1) The reasons why the GameStop stock value increased at an accelerated rate the week of 25 January; 2) The decision by brokerage(s) to stop retail investors to buy GME soon after market opening on 28 January; and, 3) whether the decline after trading was halted by brokerages meant the end to an anticipated “short squeeze” and the chance for GME to increase in value.

Old media and new media on the cause of GameStop surge?

Old media tended to romanticize the GameStop phenomenon, first using a primarily positive and then a negative, linear narrative (following (at least some) old media headlines the WSB–GME connection went from fun to being very serious; see Figure 15 for a summary of such views). There was old media coverage of the pre-27 January surge, portraying WSB as a rag-tag proletariat army looking to take down Wall Street hedge funds and redefine the financial markets (populism was a common descriptor, which became important a few days later when the narrative moved to a false populism). On WSB the idea that a short squeeze could be used to punish Wall Street in general, and hedge funds in particular, was an important though late arriving topic, finding expression primarily in memes and YOLO. Some of the narratives being used in the early GME days were captured in an article published in the Atlantic for 28 January (when GME was at its height before trading was halted) including common phrases being used, at the moment, to describe WSB such as “David-versus-Goliath narratives,” “America’s investor underdogs,” and the importance of how, “the Internet democratizes access to information and communication.” (Thompson, 2021) At one point there was a quote from a former White House advisor calling GME ‘‘French Revolution of finance’, with an army of scrappy traders engaged in a moral uprising.”

Post-surge old media also romanticized WSB, but the narratives were more along the lines of WSB retail investors as financial anarchists and/or market manipulators controlled by a small group of evil geniuses. A few unscrupulous individuals consciously organizing a short squeeze using the social media platform to convince gullible investors to gamble on an artificial, unsustainable value increase. The evil geniuses would cash out while the gullible investors would be left holding the bag. The stories in general were simplistic and linear, suggesting direct lines between cause (evil geniuses/market manipulation) and effect (GME surge). Following the expanded cathedral/bazaar metaphor, the unexpected price increase was enough to push the door of the cathedral open. Many in old media were able to capture snippets, mostly from the louder memes and YOLOs. Yet, it would seem, few took the time to step into the chaotic street and experience the bazaar, understanding the ways in which different lines of thinking and actions were moving the marketplace (e.g., the relationships between dd and memes).

In contrast, the most common sentiment (among many) expressed by WSB members explaining the phenomenon was “I like the stock,” a popular phrase/meme both pre-surge and post-surge suggesting investors had read the dd and believed — like DFV — it had both short-term and long-term value. A second interrelated reason was expressed through the meme “to the moon,” involved more recent dd posts
that if investors held, they would increase leverage and be able to push the value of the stock exponentially. When WSB posters attempted to convince new investors to hold rather than sell after GME’s price collapse starting on 28 January and discussion posts focused on market fundamentals but also that the stock would increase in value with or without the short squeeze. There was emotion and excitement, especially in the memes, but they were primarily in support of dd (though it might be difficult for new users to realize this). Memes isolated from dd were generally dismissed (few if any upvotes). It is difficult to find any type of linear narrative or coercive or dishonest posts attempting to organize a large scale financial and/or political action. The surge was based on a web of motivations, beliefs, research, and market circumstances creating a buy and hold atmosphere. Many on WSB also believed powerful off-community actors may have been or were involved in the surge.

<table>
<thead>
<tr>
<th></th>
<th>Old media view</th>
<th>WSB view</th>
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<tbody>
<tr>
<td><strong>Pre-surge</strong></td>
<td>WSB is driven by populism; looking to redefine the financial markets</td>
<td>The idea of redefining financial markets came to the subreddit later through memes and YOLO</td>
</tr>
<tr>
<td><strong>Post-surge</strong></td>
<td>WSB as financial anarchists / market manipulators controlled by a few evil people</td>
<td>“I like the stock”: belief in short and long term stock value</td>
</tr>
<tr>
<td></td>
<td>Simplistic view of causality: Evil geniuses / market manipulators -&gt; GME surge</td>
<td>“To the moon”: belief that holding would allow to push the stock value exponentially</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Focus on due diligence rather than attempts to organize any large-scale political / financial movement</td>
</tr>
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**Figure 15:** Old media vs. WSB view on the GME stock surge.

**The halt in trading — Robinhood and beyond**

The 27 January SI report qualitatively changed the way retail investors viewed GME, creating and even stronger buy and hold sentiment. Buying on 27 and 28 January pushed the price up to US$483. Retail brokerages suspended abilities to buy (and only buy) GME 30 minutes after market open on 28 January. The brokerage that had the most direct impact was Robinhood, because so many new media retail investors had adopted the brokerage and felt a sense of betrayal (Robinhood marketed itself as a “new” media friendly application looking to democratize financial investment, creating a natural overlap with Reddit users. It also explicitly looked to enlist gamer/investors). The suspension of the ability to buy stopped momentum and the stock immediately began to fall, losing two-thirds of its value in a few hours. WSB posters along with posters on other (potential) new media outlets (*e.g.*, Discord, Twitter) complained that market makers on Wall Street were changing the rules in the middle of the game to protect their own interests. A few hours later retail brokerages came back online, and the stock price recovered a bit, but never returned to its previous momentum (**Figure 16**).
By the evening of 28 January, old media outlets began reporting that the suspension of buying was not purposeful or manipulative but the result of unique regulatory circumstances. The clearinghouses for trading, specifically the Depository Trust & Clearing Corporation (DTCC, https://www.dtcc.com), was demanding higher collateral for trades. This was an expert-driven perspective based on the idea that DTCC and its ancillary organizations were highly complex and only a few people could understand what was happening. Some in the old media went as far as to accuse those claiming the suspension was purposeful as conspiracy theorists, even comparing them to the political conspiracy group QAnon (a well known financial writer appearing on Erin Burnett Outfront on CNN on the night of 28 January). The issue dropped from old media coverage after 28 January.

Posters on WSB, and then later r/GME, continued to make the argument that suspension of buying was purposeful and tied to needs/desires of major market makers. DD posts pointed out that DTCC was a creature of Wall Street and was prone to make decisions that favored incumbent players. An argument can reasonably be made for both perspectives although the claim of conspiracy theories may have been inappropriate. What is important for this paper is that “old” and “new” media were in open conflict, taking completely different approaches to the issue. “Old” media still had greater influence on the society at large but “new” media (e.g., WSB subreddit) had continued to grow with high interest looking for a more advanced knowledge base. New media communities continued to discuss, research, and develop understanding of the halt in buying, considering it a major event that needed to be more fully explored, referring to fears that it might happen again.

**Figure 16:** Old and new media reaction to suspending ability to buy GME stock.
**Post 28 January media**

After the GME stock began dropping on 28 January old media and new media completely diverged in their portrayal of the GME surge and its consequences. Three strands of information emerged — traditional old media, pro-GME new media, and anti-GME new media (which WSB and later r/GME posters claimed as a version of old media). Old media focused on the GME short squeeze being over (claiming major institutional investors had closed their short positions as there were no longer possibilities for profiting) and that those holding GME stock should sell immediately. This idea was promoted on mainstream news channels (MSNBC, CNN), business news channels (e.g., CNBC; Adamczyk, 2021) and traditional old media business outlets (e.g., Bloomberg; Levine, 2021; Forbes; Tepper, 2021). There was a related story line that GME retail investors had used phony populism and claims of democratization of financial markets to dupe retail investors into a pump and dump or Ponzi scheme (Krugman, 2021). Information dissemination for the most part followed a cathedral pattern in which experts were identified by name but more importantly by credentials and communication was top down and unilateral. There was almost no transparent research to support expert positions, suggesting little chance that opinions would change the thinking of those who had bought into the bazaar model. There was little recognition, let alone analysis and/or refutation, of alternative possibilities such as the dd on WSB. After about a week, after GME hit a low of US$40, old media began discussing the GME surge/short squeeze in past tense, as a historical artefact and then not at all. By the time an article on GameStop and WSB appeared on Bloomberg on 4 February (Riegner, 2021), the ‘David and Goliath’ narrative had been eclipsed by “profane” and reckless redditors and were offered very traditional expert advice for investors:

> “Let’s say it plainly: A lot of small investors who jump onto GameStop and the other meme stocks are going to get badly hurt. Some already have been. If you bought GameStop at its peak, you were down 73% as of Feb. 3. Honestly, buy an index fund instead — you’d have made an annual 13.5% if you held on to an S&P 500 tracker for the past decade. And be on guard against market bulls speaking the language of populists.”

The French revolution was no longer a good idea. Revolutions were bad for retirement accounts.

New media perspectives on the GME surge and its aftermath were less linear and more distributed among stakeholders (primarily retail investors), many embroiled in the phenomena. Semiotic laden meme posts declaring apes must hodl (hold) and the stock price was going to the moon (festooned with rocket ships) quantitatively dominated the subreddit. A new member or casual user of the subreddit could easily think these memes and YOLO posts were the purpose and primary motivations of the subreddit. However, it was the dd, discussion, and charts challenging the entrenched old media narrative(s) that received the most upvotes. Posts that used “analysis” in explaining the current stock price (which went as low as US$38), why investors should hold, and why the stock would eventually surge again (“to the moon”). The dd and discussion, especially of highly respected posters (who developed reputations almost completely through the quality of their GME in situ posts), served as the backbone for many, if not most, serious users/retail investors. However, because the posts were anonymous, they probably could not have made it past the initial gatekeeping of old media. Some dd took alternative sell perspectives (reflecting “old” media but more transparent in explanation), but they received fewer upvotes (never became “god tiered” dd) and the posters never gained traction in the subreddit. DD that took on the media narratives and argued with them were more popular. It is difficult to know if this was the result of confirmation bias or because sell dd was not as strong.

Not only was old media and new media functioning in two completely different information universes, but they also relied on two different information/problem solving models. Old media was relying top down (expert driven) information that the GameStop price surge had been manipulated. Information was presented as authoritative for the most part by identifiable sources (there were no eponyms), but the reasons
The GameStop saga: Reddit communities and the emerging conflict between new and old media

behind the descriptions of/advice about what was happening during the GME surge were not transparent or open sourced. Credibility was assumed, based on conferred legitimacy. New media, argued for the most part that the initial GameStop surge was organic, were posted anonymously (individuals used their reddit handles), but were accompanied by transparent explanations (using open source market data) as to why surges and devaluations were occurring, in real time. The different ethics in viability of information may represent a critical distinction between new media and old media — identified, top down, and opaque to general public and expert-driven vs. anonymous, bottom up, transparent to general public, distributed development of ideas. In the GameStop saga this difference led each side to accuse the other of self-interested and/or fraudulent behavior.

![Figure 17: Old and new media position on GME stock after 28 January.](image)

Discussion and conclusion

The ongoing GameStop saga is part of an evolving relationship between old media in the form of expert driven, top-down communication and a burgeoning new media which challenges many of our assumptions about the role(s) the development and dissemination of information plays in society. Old media offers a sense of stability and relatively easy to grasp narratives. It puts less burden on those looking to use information in decision-making processes. Retail investors could rely on what experts told them about
The GameStop saga: Reddit communities and the emerging conflict between new and old media

GME, allowing social vetting processes to determine credibility of information. New media is more demanding of interested actors. Members of a community are not an audience dependent on an expert driven technocracy but part of a marketplace of ideas critical to their lives. In some ways the conflict between old media and new media is a twenty-first century re-enactment of the Lippmann-Dewey debate over the role of participatory democracy in an increasingly technologized, complex world during the early twentieth century.

The old media reflects Lippmann’s (1925) warnings of a “phantom public”. Individuals do not have the time or the wherewithal to make good life decisions; the idea that they can be active participants is an illusion. The Internet and its applications, especially as it relates to controlling issues such as big data and artificial intelligence, extends this idea that the general populace must rely on experts or controlling agents. Humans need insiders at the front of the cathedral to make sense of their lives. There is inherent danger to opening the door to the street and shepherding congregants into a chaos they are not capable of navigating and where they can be too easily manipulated by the emotions of the crowd (the fake populism that some new media critics decried). In the GME saga, old media made the argument that members of the WSB subreddit could not understand the intricacies of financial investment. They were falling prey to an illusion of financial knowledge propagated by manipulative or unsavory characters supported by memes peppered with promises and social intimidation. The retail investors were in a high stakes game where they did not understand the costs.

New media in general, and WSB’s role in GameStop in particular, reflects Dewey’s (1927) argument to Lippmann (1925). Internet applications offer possibilities for individuals to move society in the direction of “great” communities created and sustained by participatory democratic actions (Glassman and Kang, 2011). Dewey hoped technologies might open new possibilities for complex, integrated, well-functioning local communications where individuals can come together and focus directly on problems relevant to their lives — a bazaar of ideas where the search for knowing overwhelms potential chaos. Dewey’s vision of a localized, direct, participatory democracy never materialized as technologies in the early part of the twentieth century became more of a distraction than a unifying force. Online discussions/communities offered new communication possibilities for creating Dewey’s “great” communities, but momentum soon gave way to more expert driven, top-down models (Tilak and Glassman, 2020).

The Reddit platform offers opportunities for more participatory communities localized around specific topics rather than physical boundaries. However, even Dewey, or perhaps especially Dewey, did not believe this would just happen. Individuals would have to be educated in using technologies to form “great” communities. Wallstreetbets, r/GME, and r/Superstonks may not be the first communities to use new media in developing an advanced, bazaar atmosphere capable of going toe to toe with the cathedral, but they may be the most consequential to date. Many WSB and later r/GME posters see themselves as both part of and creators of a great community, localized around GME stock. Lippmann suggests that decisions are best left to informed agents/insiders; the only responsibility of the public at large is to throw them out when they act against the public’s interests. WSB and r/GME posters, mostly through dd and memes, believed that 1) insiders/agents for the most part work in their own interests and not in the public’s interests (e.g., public agencies like the SEC, quasi-public agencies like the DTCC, and private/public organizations like the financial media were generally acting in their own interests in the GME saga). And 2) There were no mechanisms to remove insiders/agents when they obviously worked against the public’s interests (many of the posts were not against the financial crisis itself, but furious that the people behind the GME shorting were the same as those involved in the 2008 crash). The development of the subreddits as a non-hierarchical marketplace was not so much aspirational (as Dewey suggested) but a necessity.

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The GameStop saga: Reddit communities and the emerging conflict between new and old media

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