

GameStop or GameStart: David vs Goliath Story Was Successfully Tested

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The story of David and Goliath is an extremely powerful [narrative](#).

It speaks to many people.

Currently unfolding events in the market and volatile speculative trading in shares of different companies, GameStop among them, just proved this again.

Suddenly, many started to scream "Oy-Vey! Large masses of investors and traders are engaging in speculative trading. Oy-Vey!"

I think we need to stop this paranoia. Few million "degenerates" met on an internet forum and [organized](#) to speculate against hedge funds. Few [hedge funds](#) lost few billion dollars. So what? Not an apocalypse. The life will go on.

So why such fear and panic? Involve SEC. Bring on government regulation. Restrict retail trading. Why stop at this? Why just not execute anybody who trades GameStop.

I think all this fear and panic started because everyone understands intuitively that GameStop was only a test. A successful test. And all this might be the start of a total remaking of current investment management environment.

Similar to the battle of "proletariat" vs hedge funds in shares of GameStop and short squeezes in other stonks, proletariat gaining power in October 1917 revolution was just the beginning.

It was not enough to overturn the regime. It was necessary to start a lengthy process of building the new country and the new system. For this purpose, for example, Soviets invited a huge number of qualified professionals from different fields to help with industrialization and building Soviet Russia.

I believe the same process will start with regards to decentralization and democratization of investing.

Imagine how big these crowds can become when instead of manipulation and speculation these resources will be channeled in a positive and legitimate way into sound investments.

Activist investors can disappear altogether in the form we know them now.

The number of insights and information sourced from large masses of people while at the same time using them to direct actions of very same masses can make insider trading phenomenon totally obsolete. Regulation might become useless. It is one thing to investigate certain hedge fund for insider trading, it is a completely different thing to monitor three or five or ten million people.

The whole bread and butter of hedge funds can disappear due to increased market efficiency. Whatever data, and knowledge, and algorithms, any edge they have might become obsolete for one simple reason. It just pales in comparison to the power of crowds. It will become harder and less appealing to play while these “intelligent”, technologically empowered masses stand in the background.

It seems that GameStop is only the start for looming changes and significant reforms of capital markets and investing.