Questions and Comments with Luke Burgis

1. Mimetic stocks and MEME stocks. What is the difference between calling something a MEME stock and naming it the "greater fool theory?"

"Greater fool theory" applied to pre-2021 bubbles when few people talked publicly about greater fool theory. The very fact that we're asking this question now—asking how MEME stocks are different—is evidence that something has changed. The fourth wall has been broken.

It's like we're all openly acknowledging that a game is being played—that there are hackers who can initiate brute force attacks on stocks; that there are games of power being played in stocks just like in politics in which the power becomes more important than the values.

Values, and valuations, are a compromise. They are things that only need to be accepted as legitimate by a large enough quantity of people, and that makes them so. (See Vitalek Buterin's piece on legitimacy.) It feels like we're caught up in some kind of infinite loop of recursion.

Maybe 'meme stocks' is a bad name. I don't like a lot of the philosopher Martin Hiedegger, but one thing I did learn from him is this: Words reveal; they also (always) conceal. Calling socially driven equities 'meme' stocks conceals that they're powered by mimetic desire. And that is one very important thing to realize about them.

Memes are safe, inert things that we stand at a distance from. Mimetic desire is a live wire that we're all touching.

Think of it this way. A meme is a cultural unit of information in the way that a gene is a biological unit of information. It's just information. On its own, it doesn't have the power to move hearts and minds.

But *mimetic desire*—the propensity of humans to imitate the desires of others—gives life to memes. If enough people begin to engage with a meme, it takes on a special power. The meme begins to stand in for or represent—like shorthand or code—the desires of numerous people.

Take "BREXIT." If I would've mentioned that meme to you 10 years ago, it wouldn't have meant anything at all. You may have thought it was the name of a K-POP group or something. Today it has meaning. It represents a complex set of desires and rivalries and ideas that are focused and captured in this one phrase: the meme.

I wonder if maybe stock tickers are becoming like this. $GME means something more than "Gamestop, the Company." It embodies several different and very important cultural and identity-driven things.

$GME was a meme stock, but it was also (and still is) a mimetic stock: people wanted to own it because other people wanted to own it, and the desire to own it for many people was generated long before anyone started calling it a meme stock—and long before Elon started tweeting about it.

So, there was something else going on at the beginning, long before the meme. And that thing was mimetic desire.

Another important reason I don't like the "greater fool" theory in this usage: there are people that didn't mind buying *even if they were going to lose money*, or at least they knew that there was an extremely high probability that they would. The buying wasn't about that—it was about an idea, a desire: to vanquish a rival and send a message. The desire went deeper than mere profit motives: people wanted to be a part of something historic and special, or to say 'F you' to the man.

You might call that foolish. I call that mimetic desire and rivalry.

It was a case of mimetic rivalry battling it out on the world stage between opponents with totally different tactics, like a lightning-fast lightweight southpaw and an overconfident heavyweight who didn't realize that he'd slowed down in his old age. You love to see it. And man, I can't wait to watch the movie. (Ben Mezrich is writing the book, which is getting turned into a film. Expect cheesy dialogue that somehow still works.)

2. **Many market participants, including myself are surprised at the staying power of the MEME stocks like GME and AMC compared to previous "fad" stocks, why do you think this time feels different? Or maybe it isn't. Thoughts?**

It's different because the mask is off. Everyone now sees the game: mimetic desire stirred up in a reddit forum can dramatically move a stock. There was a level of intentionality and coordination about it this time that made it different from a "fad". I do think something has fundamentally shifted, but there were clear warning signs of it in crypto, which acted as a leading indicator for this stuff (look at Dan Larimer and EOS). It was only a matter of time until this crossed over into equities.

3. **You talk about people who have a Reality Distortion Field, and they seem to want differently. Steve Jobs. Elon Musk, I can think of others. People seem driven to these types of executives. Does this behavior drive mimetic desire, where people buy these stocks because they secretly want to be these people and not driven by mimetic desire?**

Mimetic desire *is* a (secret) desire to be more like certain people. It's why we (unconsciously) adopt people as models in the first place. We would never imitate any model if we didn't think they had something that we didn't: knowledge, happiness, or just a clear idea of what they want. Confidence, real or projected, is incredibly powerful as an indicator of whether someone will become a mimetic model because most people aren't sure what they want. We're attracted to people who seem like they are. But I also sense there is something strange going on with *gnosis*, which reminds me a lot of the early Gnostic sects (I allude to this in Wanting.) When Elon tweets about Dogecoin, it's powerful not just because Elon has a lot of followers; it's powerful because people genuinely think that Elon has some secret knowledge that they lack. We all know Elon is incredibly smart, but it's clearly not about that. We're talking about Dogecoin here. A meme crypto. What does intelligence have to do with it? We're literally betting on the rise and fall of mimetic desire, and intelligence has little to do with it. This is not a game of "out-smarting" the market or other investors, but "out-desiring" them, in a way. Everyone is playing these games of desire all of the time.

Financial markets just happen to give us price data on how those games are going, but the games are going on in invisible corners of life all of the time: in reputations, love life, fashionable ideas, you name it.

4. **In both bubbles and crashes, models are multiplied. Can you expand on this?**

In a bubble, the early buyers act as models of desire for others. When people see price action that is bullish, it attracts more buyers if for no other reason than *the price action itself*. (There can be bullish stock movement signs even while fundamental indicators are negative. Check out this analysis of Palantir by Josh Arnold on SeekingAlpha: "the fundamentals remain iffy as the valuation is egregious, yet presents strong bullish opportunity for traders", to paraphrase him)

The longer a bubble lasts—the more the movement seems to become untethered from any form of objective criteria—the more that people seem to buy the mimesis more than the fundamentals. They're "betting on mimesis", in the words of Peter Thiel.
The first people "in" on the upside or the downside are the people who make some kind of anti-mimetic bet. They front-run the future mimesis. They might even start trying to generate that mimesis themselves. That's the game in crypto, at least.

The popping of a bubble happens in a mysterious way. It's as if there is some phase transition, some point at which the people "buying mimesis" are increasingly *seen* as that—and this is where the greater fool aspect comes in. In the early stages of a bubble, you can buy because there will always be a greater fool. At some point, though, people can see the value has become untethered from all objective criteria and fools start to look like fools. So the irony of greater fool theory is that there comes a point when there *isn't* a greater fool—the ephemeral top of the bubble—and then the mimetic cascade happens on the way down.

I should add that, in my view, Trend Following (cf. Michael Covel) is the investment philosophy most in tune with mimetic theory because it pays almost exclusive attention to price action, which is an indication of mimetic action.

5. **"Desire spreads at a speed so great, we can't wrap our head's around it." Why does desire spread so fast, especially in the stock market?**

It spreads so fast today due to technology. In the stock market, that means real-time quotes. The desires of others are communicated to us in real time. The stock market moves like a flock of murmuring starlings. Changes in direction happen so fast we can never point to a specific model, but we recognize some after the fact. We still don't fully understand exactly how a flock of starlings moves in sync, by the way, but we're starting to get some clues: it appears that each bird is taking cues from the seven birds closest to it in the murmur. I plan to undertake a similar kind of study about mimesis in the markets over the next few years. In this new environment, we're going to need to understand mimesis in markets a lot better than we do now to avoid ever-increasing volatility.

6. **Desire doesn't spread like information; it spreads like energy. Can you explain this comment?**

Well, people can want something before they know almost anything about it at all. Information or data points are not the heart of the matter—other people are the real object of our desires. Desire spreads through contact with other people, like people dancing at a rave. The same kind of "contagion" happens in the market—you start to feel that there is just some energy. We often term it "sentiment"; it can't necessarily be described in rational terms. It's a way of talking about mimetic desire.

I'm taking bets: how long before we hear the term "mimesis" used on CNBC? I put the over/under at September 15. As far as I know, it's never been used except this strange reference to the "mimetic strength" of Megan Rapinoe by reddit founder Alexis Ohanian. I think what he means is that her name and identity can generate a ton of mimetic desire from supporters and push a Megan Rapinoe-linked token "to the moon" (or something like that), but it's a very dystopian world we'll be living in if every person can be traded like a cryptocurrency.

7. You mention, "when we subsidize risk, we are left with a distorted view of who wants what." Can you expand on this? What do you see or what examples are you thinking?

Take the example of governments paying people a lot of money to start businesses—regardless of whether those people want to be, or have the skill set and disposition to be, entrepreneurs or not. Some of those people would've never wanted to start companies or be entrepreneurs without the incentive. So it's dangling a massive financial incentive in front of them which, strangely (and not surprisingly), makes a lot of people suddenly "realize" that they want to be entrepreneurs. I think the idea that we need "more" entrepreneurs is extremely misguided. We don't need "more"; we need the right people starting the right things. I use the example in the book of incentivizing students to major in certain subjects. We begin to mess with the very nature of vocational discernment in this way because money is a very powerful drug. We have to be careful. I would never pay my kid to play one particular sport over another one to serve my self-interest; yet we do stuff like this all of the time in society.

8. Girard says, "People are always searching for something beyond the material world." What are the implications of this for the investment world?

People are searching for meaning, always—not primarily wealth. Viktor Frankl's book, "Man's Search for Meaning", gets at the heart of this. Where there is a "why", there is a "way". There is always something beyond money that people are looking for. If you understand what it is, you can work backwards and understand how that search might affect financial markets. A simple example is Gamestop, of course: you didn't understand what was going on if you didn't understand the *meaning*. Same with CSR, corporate raiders, TESLA shorts, all kinds of things. If you can read the meaning, you can read the signs of the times and it's a leading indicator. The fact that very few people know how to do sense-making anymore (which the humanities help with) is an opportunity for those who do.

9. **Mimetic desire is the real engine of social media. In a cyclical way, knowing this, shouldn't the valuations of these companies be extremely high? (BTW, I'm an investor in Twitter.)**

People are beginning to recognize that the mimetic IV drip is making them sick, if not miserable. And then there are the business fundamentals, which do matter. Twitter has an absentee CEO.

In some sense, I feel like the mimesis machine that these platforms build has run its course, like an engine that is in dire need of an oil change.

If mimesis is a never-ending supply of gas, then maybe the lack of oil represents a lack of innovation—a lack of ability to keep the machine lubricated. It’s slowing down. The gears are grinding. People are tired.

Other platforms that are better able to channel mimetic desire, like crypto, have taken over.

10. **“A hierarchy of values is an antidote to mimetic conformity.” Can you explain and how could this be used in investing?**

I think Ray Dalio does a pretty good job of this. There are “principles”, sure. But there are first principles, second principles, third principles. This is what establishing a hierarchy means.

Here is one simple example: a first principle for Warren Buffet is that he invests in companies he understands. Then he has second principles: the next set of things he looks at. You don’t even look at the second principles until the first principles pass muster.

Another first principle: “I don’t invest in companies that are in the business of X.” Each of us has to step back and ground our lives in some perennial truths, and I think that even applies to investing.

I have a friend who is a money manager in the DC-area. He works with high-net-worth individuals. He refuses to take them on as clients unless they work through a “hierarchy of values” with him so that he understands what their ultimate goals are in life; they have discussions together about how to craft an investment strategy that aligns with their deepest values and purpose. No kidding. And he is crushing it: it turns out people really appreciate the care. But it starts because he views his real mission as serving the person, not the investment portfolio. And he has a strong hierarchy himself.

11. Can you think of other ways that people can be anti-mimetic in investing and business?

Draw primarily from sources outside of investing and business. Because most people do not. They are caught in a self-referential and circular loop. If investors are looking only to other investors for investment advice, everyone is caught in a reflexive mimetic process. The first way to develop some anti-mimetic machinery is to have anti-mimetic sources. I’ll list a bunch of mine in the Anti-Mimetic Newsletter. But I guess that means they won’t be so anti-mimetic anymore.

12. In the book you describe developing thick desires. Can you think of an example or two of thick desires in the financial world?

One example: in the words of Paul Graham: *wealth is what you want*, not money. So, define wealth for yourself very carefully*:* what does it look like to lead a wealthy life? In terms of relationships? Stress level? Health? Money will fall in around it. What you define as wealth is a thick desire; money is a thin one.

13. I was struck by how Girard's ideas of envy are so similar to Charlie Munger's warnings of the dangers of envy. How do you think one can develop tools to minimize envy, which is everywhere in the financial world?

I think we're going down a dangerous path of ostentatiously, almost pornographically, showing gains and losses publicly—note the "loss porn" and "posting your wins" mentality that has emerged in recent years. It's not that it hasn't always been there in some form, but technology and social media is accelerating it. This is doing treacherous things in regard to envy. Find ways to shield yourself from this nonsense.
That's a starting point. I come from a spiritual tradition in which envy is one of the seven deadly sins, and there is no easy five-step program to root it out. That's something to figure out in the depths of your own soul.

14. I practice the Sabbath and wrote a book about it. I turn off my phone and computer every Friday night to Saturday night. After reading your book, I wonder if my sense of relief is that I'm not subjecting myself to all of the mimetic desires of the internet and that is where some or all of the relief is coming from.

Beautiful. I sometimes wonder what the world would be like if everyone took 24 hours each week to be quiet, or to rest—whether they are religiously observant or not. I believe there are deep anthropological truths embedded in the biblical prescriptions. We simply can't live well if we are subjecting ourselves to hyper-mimetic environments 24-7. I definitely think extracting ourselves from the mimetic forces is necessary, and that's why I so adamantly endorse the idea of taking a silent retreat in Wanting. I'm in the early stages of organizing a group one for next spring; a registration link should be up on my website fairly soon. Fair warning: it will cost you a lot to attend, but I'm not talking about money.

15. Can you recommend other activities that might minimize mimetic desire?

I think the goal should be not to minimize mimetic desire *per se*, but only to minimize negative mimetic desire—and to maximize the positive forms of it.
If you're making investment decisions simply to keep up with or beat the returns that you've heard someone else has achieved (whether or not they really did is another story…), then you're being driven by mimetic desire that will undoubtedly lead to very sub-optimal decision-making. There has never been a time when we know more about other people's finances and trading success. The real sources of wealth used to be somewhat secret; now they're out there in the open. Retail investors, in particular, have to be careful not to get dragged into chasing the mimetic numbers. "Keeping up with the Jonses" is about to become "Keeping Up with the /DeepFuckingValue"ses. We can substitute in models ad infinitum.

On the other hand, I've experienced cases where I wanted to be, or needed to be, *more* mimetic. While I was working in investment banking as an expat in Hong Kong, I remember walking back to my flat in the midlevels on a Friday evening, strung out after having already put in 65 hours in front of an Excel spreadsheet (with more to come on the weekend), completely consumed with whether I was going to use my annual bonus to buy a Cartier or a Breguet (interesting that men in certain industries tend to wear the same ten hunks of metal on their wrist, the kind featured in magazines at Hudson News at international airports, like talismans, isn't it?), and I saw a woman kneel down and perform a tender, loving act of charity to a homeless man. She gave him food and grasped his hands in hers, and it touched me—but not as much as it should. I saw that and thought: I want to be infected with whatever she has. I want that desire to be contagious. I want to increase my desire to serve others. I wanted to be more mimetically affected than I was! I needed a powerful model to break me out of my self-absorption and self-regard.

Which mimetic desires do we need to starve, and which ones do we need to feed? That's a question each one of us needs to answer. Today is a beautiful day to start.
