

08.02.21

Let's talk economics and regulation!

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Redditors & Robinhood

Jillian Davis



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Introduction

- <https://www.reddit.com/r/wallstreetbets/>
- Redditors, Hedge Funds, and Robinhood
- Robinhood decided to freeze the buying and selling of GameStop shares by small investors
- Bipartisan Backlash





Ted Cruz ✓

@tedcruz



Fully agree. 📵



Alexandria Ocasio-Cortez ✓ @AOC

This is unacceptable.

We now need to know more about @RobinhoodApp's decision to block retail investors from purchasing stock while hedge funds are freely able to trade the stock as they see fit.

As a member of the Financial Services Cmte, I'd support a hearing if necessary. twitter.com/motherboard/st...

10:47 AM · Jan 28, 2021



104.2K



10.2K



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(some of) The 15 curses of economics

Opportunistic
behavior

Uncertainty

Power imbalances

Society
(group dynamics)

(Komlos, 2012)

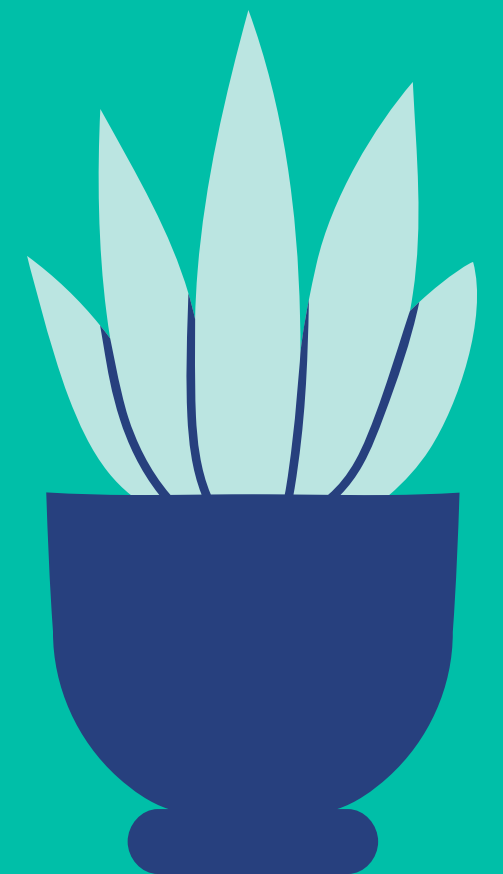
Questions for the class :

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Should the government have stepped in?

If so, when and how?

If not, why not?



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Conclusion

The rise of GameStop's market value due to Reddit users as well as the subsequent responses from Robinhood and Hedge Funds illustrate some of the inefficiencies in the market that create a need for policy in economics.



Questions for me?



References

Komlos, J. (2012). A Critique of Pure Economics. Challenge (05775132), 55(2), 21-57.

Rushe, D. (2021, February 17). GameStop: US lawmakers to Quiz key players from Robinhood, Reddit and finance. The Guardian. <https://www.theguardian.com/business/2021/feb/17/gamestop-congress-house-robinhood-reddit>.

Telesca, J. T., Schmidt, K. K., & WSJ Staff. (2021, January 29). GameStop stock, Reddit and Robinhood: What you need to know. The Wall Street Journal. <https://www.wsj.com/articles/gamestop-stock-reddit-and-robinhood-what-you-need-to-know-11611960243>.

Thank you for participating!

Have a great class ahead.

