Smell the glove is here

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Yesterday, Bloomberg columnist Matt Levine noted the recent death of Jim Simons, who pioneered quantitative analysis in finance and founded a hedge fund called Renaissance Technologies that, in general, made lots of money by trading on data patterns that it identified but could not explain. As Levine explains:

Every obituary of Simons mentions the key facts of his career, which are that he knew (1) a lot about math and (2) nothing about finance. This seems to have been a very fruitful combination. If you can program computers to analyze data with, as it were, an open mind, they will pick out signals from the data that work, and then you can trade on those signals and make an enormous fortune. If you insist on the signals making sense *to you*, you will just get in the way.

You don't need to understand why some strategy makes money; money is self-justifying. More money is even more so — the clarifying simplicity of living in a capitalist world.

Of course, this resembles the notorious "end of theory" approach that came with the emergence of "Big Data," which insisted that explanations and interpretations were superfluous to acting on correlations — that asking why any particular correlation existed was a pointless and possibly pretentious question. (Causality is just post hoc

rationalization for a complex reality we will never really understand but can nonetheless still operate.)

The same idea powers algorithmic feeds that recommend content without providing any reasons: The fact of your paying attention doesn't require any explanation, much like making money. They train users to accept the condition of being interested as a kind of pure reaction, something that happens to you rather than something you cultivate. This evokes the possibility of abolishing curiosity altogether as a moribund illusion, an outmoded fantasy of self-direction. Self-knowledge can be administered to you after you have been properly monitored; it doesn't require introspection, which, as Simons's example suggests, "just gets in the way" of more profitable ways of proceeding. (Understanding why an algorithmic feed works for you would likely lead to a loss of attention and satisfaction in it.) Don't interpret your feelings; just feel them, like animals sense fear.

And it also anticipates the claims made for generative models, whose outputs can't be entirely explained but are offered as mathematically compelled facts, substantiated by their approximate relevance to the tasks assigned to them. They seem believable, so you should believe in them, and never mind that they are trained and optimized for believability rather than accuracy. ChatGPT's recently debuted its "omni" model, which features what has been touted as a more "seductive" interface.

Financial markets, algorithmic feeds, and AI models are all ways of producing or revealing "value" (in the form of money, pleasure, attention) without producing understanding. They are ways to process data without having a theory for why you are processing it, just a target. In effect, these mechanisms make understanding less valuable, if not altogether harmful. Understanding a system would allow people to game it and falsify it; or to put that another way, the only useful systems are incomprehensible.

The appearance of the value that the systems create is taken as meaningful in itself and not a spur to articulate meaning or argue for it, substantiate it. It comes with its own legitimation, by virtue of having passed through a generative process. Markets, algorithms, generative models synthesize more information than any individual could and simplify it all into an output that is informative and efficacious. Asking why it is informative is like asking why zero is different from one, or who created gravity.

That all may sound a bit obtuse and obvious: systems produce results; results legitimize systems. Money talks, bullshit walks. What does it matter if it is a black box? There are no deeper reasons. But if understanding itself is the value — if the purpose of life and the essence of moral freedom is to exercise reason for its own sake, to experience the glory of creation through devising better though never complete explanations of it — then shrinking teleology to a scoreboard (how much profit, how many views, etc.) might be felt to be problematic. As Kant puts it in *Critique of Judgment*, "all of creation would be a mere wasteland, gratuitous and without a final purpose." What is the point of life if not to understand its purpose? Is

making money or making things go viral enough to belie the possibility of "deeper" understanding? Does MrBeast already know the secret of the universe?

It also calls into question the idea that humans make informed choices about anything. Levine quotes a behavioral-economics course description: "There is an abundance of evidence suggesting that the standard economic paradigm — rational agents in an efficient market — does not adequately describe behavior in financial markets." Instead, financial markets reveal, profit from, and reproduce the irrationality (a.k.a. capitalism) that sustains their power and the power of the few people at the top who disproportionately benefit from it.
Markets, algorithms, and generative models do not make for rational agents; they depend instead on agents incapable of understanding the implications of their actions. Thanks to markets, profiting from irrationality makes the world more irrational. They are a force for deconceptualizing the world and ourselves. Markets operationalize social practices while disincentivizing anyone's understanding of them; they disincentivize people from trying to understand themselves and urge them to behave in automatic and irrational ways for the benefit of those who are concentrating the profits.

Levine pairs his note about Simons with the recent re-emergence of Keith Gill, a Reddit poster who is credited with orchestrating the Covid-era meme stock frenzy, particularly the rise of GameStop's shares. Gill recently made an seemingly inscrutable post that has been taken as a signal of his return and a return of good times for meme stocks in general. As Levine points out, Gill's post "does not make any fundamental or technical case for buying GameStop's stock, or make any other arguments for the stock, or mention GameStop, or contain any words at all. Just a drawing of the guy leaning forward." He then begins along list of questions about this situation with one that can't be answered: "What do you think this tweet means?" If that could be answered definitively, then it couldn't be traded on.

Eventually Levine makes an implicit comparison of Gill's tweet with a quote from Simons: "Fundamental trading gave me ulcers." The suggestion here is that "fundamentals" and "technical cases" don't apply to social phenomena, which appear irrational to us from our individualized perspectives. There is no conventional business logic that makes GameStop a good investment; instead there is meme logic and herd behavior, and a few people who have managed to put themselves in a position to harness it. (One might similarly assert that no explanatory logic is necessary to justify the output of generative models as long as a few big companies are deploying them to steer the herd.) Also, thinking about "fundamentals" is stressful, not fun. Cognition is work with no guarantee of reward. Better to have, as Simons once said, "models that will make money while I sleep."

It seems that there is a connection between the uninterpretable nature of meme stocks and the models that put our reason to sleep. As with memes generally, it doesn't matter if investment in meme stocks is serious or ironic, if it is meant in earnest. The investment doesn't have a truth value; it just has a price. There are no fundamentals in

a world without foundations, only the drift of social dandruff. Models don’t care if the data they process are sincere or whether they intended one thing and not another. The data are raw positivities — just things that happened. The signals we make don’t have to be interpretable or mean anything in the moment; they just have be taken as signals of something and then aggregated for later processing. The circulation of memes foretells the aggregation of reactions that will comes to replace communication and reason and the value of establishing mutual understanding. You don’t have to understand memes to be in on them. The purest way of following is to not understand a thing.