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The Rise of Blockchain Egregores

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TL;DR (max 200 words):

Dogecoin was created as a joke, yet it reached a market capitalization of over USD \$88 billions in May 2021 thanks to the tweets of Elon Musk. Other cryptocurrencies followed suit, such as Tamadoge and Shiba Inu. These cryptocurrencies created by communities of goofy dog lovers are all self-referential, they simply refer to themselves. They promise to democratise finance and achieve forms of community ownership, yet they do so in a manner that is humorous and occasionally duplicitous. As such, they can be seen as an extreme example of the carnivalesque features of the crypto world—a world that is turned upside down and where the rules of the game are constantly being rewritten.

From Dogecoin to Shiba Inu, Bored Apes or Rare Pepes, in this carnivalesque world, things that might start as obvious jokes and potential scams might evolve into powerful egregores, turning facetious pranks into serious entities with memetic power and real value because of the community that builds around them. But who has power over whom? Is Dogecoin an instrument for people like Elon Musk to accumulate power and money, or was he himself being instrumentalized by the egregore of Dogecoin in order to expand its own reach?

Imagine a world in which money grows from cybernetic trees. Anyone can enter the digital land of plenty, plant a tree and go about handing money to all who want it; from the poor beggar to the richest man or woman of the land. The latter might even use his or her giant virtual megaphone to spread the word amongst the people, from up high in his mighty castle. Yet, beware of the rogue who challenges your charm! He might dump all his money on the poor, accusing you of blasphemy. For, in which carnivalesque world do you think you live - you fool! - in which nothing is what it seems; even when the code is writ large on the walls.

Though seemingly surreal, this imagined land is not all that different from actual reality, in which we are faced with a burgeoning “crypto carnival”. In the last heat wave of the crypto-summer (2020-2021), there has been a surge of *tokenization*: the creation of digital tokens for the sake of generating economic value. For outsiders, the universe of tokens might seem simply bizarre. Take the events surrounding the crypto-token “Shiba Inu.” Built on the Ethereum blockchain, Shiba Inu was presented by its anonymous founder *Ryoshi* as the “Dogecoin killer”. It takes its name from the Japanese dog breed that famously figured as the logo of Dogecoin.

Dogecoin is a cryptocurrency created as a joke in 2013, in honour of the Doge meme featuring a Shiba Inu dog surrounded by broken english sentences. It quickly gained a cult following on the internet, especially after Elon Musk started ‘pumping’ the cryptocurrency on social media.

Despite its facetious origins, Dogecoin enjoys today a large community of crypto-enthusiasts, and is regarded as one of the most popular cryptocurrencies (in terms of fame, not market cap). The cryptocurrency is used as a tip currency on social media platforms and has been leveraged to raise funds for a number of charitable causes, including the construction of water wells in Kenya.¹ Yet, Dogecoin does not have any intrinsic value, except that which the speculative crypto-market gives it.

Just like Dogecoin, Shiba Inu is a purely recursive token: it does not refer to any external measure of value like a particular asset, it simply refers...to itself. One way in which its value has been raised is through so-called “airdrops”, which means that tokens are given out for free in order to generate a sense of attachment (or simple economic opportunism) amongst their new owners, which as a magical psychological sauce increases the value of the coin. This highly volatile situation is fueled by speculations of rich and powerful people (influencers), in this case in particular Elon Musk, whose comments on Dogecoin during a TV programme had a positive impact on the value of Shiba Inu. The Shiba Inu community also tried to raise its token’s value by giving half of the supply of tokens to Vitalik Buterin, the founder of Ethereum, the decentralised platform on which Shiba Inu operates. Buterin, however, did not want to hold on to his coins (in crypto language: HODL), but instead “burned” 90 percent of his SHIBU tokens (at the time worth \$6.7 billion)² and donated a large sum of tokens to the India Covid Relief Fund in 2020 (at the time worth \$1.2 billion)³. He was unwilling to take on the personal power that came with his holding of tokens.

There is much that is *carnavalesque* about this narrative, in particular to people who are unfamiliar with the crypto universe, its language, and its customs. First, there is something carnivalesque, or even absurd, about the sense of value involved in the Shiba Inu case, which seems on the one hand a mere figment of the imagination but on the other hand - at least theoretically - the equivalent of an amount of hard cash that for most people seems unfathomable. In this latter sense, Buterin’s donation was one of the largest charitable donations in history. Second, there is a great sense of make-believe in the Shiba Inu story. Its value is not tied to an asset perceived to have intrinsic value, but it is *made* through networks of communication, speculation, and storytelling, on platforms like Reddit and Twitter. In this flow of information, there is an unstable and fleeting idea of what is true and what is false. Shiba Inu’s white paper (called “Woofpaper”), for instance, speaks of lofty ideals like community-based decentralisation, a highly capitalist form of value creation through tokenization, and it calls Buterin a “friend” of Shiba Inu despite his actions at the same time leading to a sharp drop in its token’s value.⁴ Third, Shiba Inu’s tokenization is surrounded by a meme-fueled carnivalesque culture. By carnivalesque, we do not only refer to *carnivals*, i.e., either travelling amusement parks and fairs or the festivities that accompany significant dates in the Christian liturgical calendar. The term encompasses a wider array of collective activities where the established order is symbolically and playfully inverted and an opening is provided to imagining alternative orders.⁵ For instance, the Shiba Inu community (or “SHIBArmy”) generates a constant stream of memes that are seldomly taken seriously by the outside world, while some of the community members engage in social media pranks. They have posted fake “news” about celebrities (e.g. Elon Musk or Jack Dorsey) buying or advocating for Shiba Inu,⁶ and they have also created a series of petitions advocating for

¹ <https://www.coindesk.com/markets/2014/03/11/dogecoin-foundation-to-raise-50k-for-kenyas-water-crisis/>

² <https://www.coindesk.com/vitalik-buterin-burns-6b-in-shib-tokens-says-he-doesnt-want-the-power>

³ <https://www.coindesk.com/vitaliks-regift-of-unsolicited-doge-knockoffs-sends-memecoin-prices-plunging>

⁴ <https://shibatoken.com/>

⁵ A. Godet, ‘Behind the Masks, The Politics of Carnival’, *Journal of Festive Studies*, 2(1), 2020, pp. 1-31, p. 3.

⁶ <https://watcher.guru/news/did-elon-musk-really-attend-a-shiba-inu-live-event-heres-the-truth>

Shiba Inu to become an accepted form of payment by platforms such as Amazon or Paypal,⁷ or a tradable asset on platforms like Coinbase or Robinhood (the latter of which received over 480k signatures).

The Shiba Inu story can be seen as a microcosm of the crypto world more broadly. In many ways, it is an extreme example of the carnivalesque—a world that is turned upside down and where the rules of the game are constantly being rewritten. It is a world where anything is possible and where, as one popular meme put it, “to the moon” is not just a dream, but a destination.

While Dogecoin and Shiba Inu might have started as jokes, they have nonetheless managed to tap into a real community of people, who are looking for alternatives to the traditional financial system. Although many people may still choose to describe both of the cryptocurrencies as scams, the community that has emerged around them indicates that there is more to the story; just as there is more to the carnival experience than mere escapism. Indeed while Dogecoin and Shiba Inu may not be traditional investment assets, they have nonetheless provided a way for people to explore the inner workings of the traditional financial system and discover new market manipulation techniques which are usually hidden from view, only available to the professional con men who present themselves to the world as financiers and qualified investors. And they manage to do so while participating in a community that is built on humour, creativity, and a shared love of dogs.

This is anathema to the traditional financial system. After all, money and finance is serious business, greased and underwritten by suited professionals. Unlike the carnival, where everything short of violence is permitted,⁸ the monetary system corrals and limits the possibilities for alternatives beyond those offered by the system itself.⁹ The issuance of new forms of money and minting of coins are the prerogative of sovereign states or this monetary policy sovereignty is expressly mandated by states to a supranational body.¹⁰ In contrast, in the crypto-carnival, as with earlier carnivals in which Jesters or Tricksters were elected king, this prerogative is subverted altogether. Unlike complementary currencies, which do not seek to replace legal tender but supplement them by catering to the needs of communities that are underserved by legal tender,¹¹ cryptocurrencies allow for the imagining of alternative monetary orders. In the crypto-carnival, *anyone* can issue or mint new currencies—with the aspiration of it serving the functions of money—and not bow before any political sovereign. If anything, for certain cryptocurrencies like Dogecoin and Shiba Inu, it is the image and mental construct of the hunter dog that rules supreme in the communities that use them.

In a sense, Dogecoin and Shiba Inu embody the Trickster archetype, one that is present in the mythology of many cultures and ages.¹² A Trickster, in general terms, has several conflicting traits: they are in some respects clever, while still being oafish in other respects (e.g., crude habits and proclivities). They can be self-serving, but still achieve a “culture-hero” status for their capacity to

⁷ <https://www.change.org/t/shiba-inu-coin-en-us>

⁸ <https://ceasefiremagazine.co.uk/in-theory-bakhtin-2/>

⁹ In this narrower sense, bankers can also be considered to have traits of the Trickster archetype, as they practise their own alchemy in creating new financial products and creatively exacting rents from financial transactions. See D. Kelsey, *Media and Affective Mythologies: Discourse, Archetypes and Ideology in Contemporary Politics* (2017), pp. 90, 102.

¹⁰ J. Bodin & J.H. Franklin, *Bodin: On sovereignty* (1991), p. 78; A. van Riet, ‘Safeguarding the euro as a currency beyond the state’ ECB Occasional Paper Series No. 173, May 2016, p. 3.

¹¹ P. Dini & A. Kioukiolis, ‘The alter-politics of complementary currencies: The case of Sardex’ *Cogent Social Sciences*, 5(1), 2019, pp. 1-21.

¹² C. Jung, *Four Archetypes* (2003), pp. 165-166.

challenge the status quo, to create, and usher in new cultures.¹³ A myth about the coyote as a Trickster provides an illustrative example: a coyote, after a hunt, wished to drink water but found that the water body was entirely owned by frogs. The frogs exclusively controlled access and control to the water as it was behind their dam. In exchange for a large shell that the coyote obtained during its hunt, the frogs allowed him to have a large drink of water. The frogs became increasingly worried that the coyote had his head beneath the water for an extended period of time and drank a large quantity of their water, asking him repeatedly why he was drinking so much. The coyote repeatedly said that it was merely thirsty. Once it had finished drinking, the dam collapsed—due to the fact that the coyote had been slowly dismantling it underwater! The frogs were furious that their water had been taken, to which the coyote responded: “It’s not right that one people have all the water. Now it is where everyone can have it”.¹⁴ As Salinas argues, this myth shows the dual nature of the Trickster: he is a hero for democratising access to a lifesaving resource, while also being flippant and sneaky.¹⁵ Dogecoin and Shiba Inu, similarly, embody the traits of a noble rogue.¹⁶ They promise to democratise finance and achieve forms of community ownership that appear out of reach of most people (due to the vigilant efforts of suited frogs perhaps!), yet they do so in a manner that is humorous (e.g., the deliberate use of broken English, often in Comic Sans font) and occasionally duplicitous (e.g., sharing fake news). Part of this humour plays on qualities attributed to the hunter dog, its charm, good nature, openness and seeming lack of guile, while still being bold.¹⁷ It is still early days, but it is possible that the Shiba Inu dog might find itself among the coyote, the raven and the hare among the Trickster figures in the pantheon of North American mythology.¹⁸ At the same time, the Trickster archetype also calls for the observer to look closer, to look at their deeper meaning behind their funny form or antics.¹⁹

Yet, things that were born in the carnivalesque realm—that of jokes, pranks and jests—may evolve into more serious things, with real stakes attached to them. This is when the tricksters take on a life of their own and evolve into an *egregore*, a spirit that manifests itself in the collective imagination of a group of people. The *egregore*, which has its origins in ancient Greece, is a “thought-form” (i.e., a mental construct that is created through the power of thought) that develops over time and can be described as a collective, unconscious entity that is shaped by the imaginations of the people in a group. In some cases, an *egregore* can be created intentionally by a group of people in order to achieve a specific goal. For example, Satoshi Nakamoto—the mysterious entity that published the Bitcoin whitepaper in 2008—is an *egregore* that was intentionally created by a person (or a group of persons) in order to steward the development of Bitcoin while retaining perfect anonymity. In other cases, an *egregore* can be created unintentionally by a group of people who share a common belief or interest, through memetic evolution and consolidation. **Santa Claus—or to continue with the animal realm, the Easter Bunny—is an example of the latter. Santa Claus is a figure that is known and loved by millions of people around the world. He is a jolly, fat man who brings presents to good little girls and boys. Santa Claus is an *egregore* because he was created**

¹³ M.P. Carroll, ‘Levi-Strauss, Freud, and the trickster: a new perspective upon an old problem’ *American Ethnologist*, 8(2), 1981, pp. 301-313, pp. 305-306.

¹⁴ R. Erdoes & A. Ortiz, *American Indian myths and legends* (1984), pp. 335-356.

¹⁵ C. Salinas, *Trickster Dialogics: A Method for Articulating Cultural Archetypes from ‘Q’ to Performance Art* (PhD Dissertation, Arizona State University, 2013), pp. 3-4.

¹⁶ W.J. Hynes & W.G. Doty, ‘Introducing the Fascinating and Perplexing Trickster Figure’ in W.J. Hynes & W.G. Doty (eds.) *Mythical Trickster Figures: Contours, Contexts, and Criticisms* (1997), pp. 1-22

¹⁷ https://www.shibas.org/newstand/intro_to_shiba_part1.pdf

¹⁸ M.P. Carroll, ‘Levi-Strauss, Freud, and the trickster: a new perspective upon an old problem’ *American Ethnologist*, 8(2), 1981, pp. 301-313, pp. 309.

¹⁹ J. Campbell & R. Moyers, *The Power of Myth* (1991), p. 219.

by the collective imagination of humanity. He is a product of our collective unconscious. Irrespective of whether these egregores are created intentionally or unintentionally, their power is that they can be ‘invoked’ in order to influence people’s behaviour in real life. “If you misbehave, Santa Claus will not bring you any presents this year” is perhaps one of the most common invocations of the Santa Claus egregore, whose mission is to convince kids to behave well.

Becoming an egregore is the dream of every meme, joke, prank, trickster or prankster. This is the culmination of their career, as these conceptual entities manage to transpire into the real world, entering into the minds of people and acting through them. An egregore is fed by the attention and energy that people give to it. The more attention and energy an egregore gets, the stronger it becomes. And the stronger it becomes, the more influence it has over the people who believe in it.

But how do a mere concept or idea turn into an egregore?

We are all familiar with the notion of the “meme”—a concept that was popularised by Richard Dawkins in his 1976 book “The Selfish Gene” to demonstrate how ideas develop and disseminate by contaminating the minds of people, and using these people to spread further into other people’s minds. Memes turn into an egregore when they coalesce around a distinct and recognizable entity, which is collectively recognized by a larger community of people and, as such, can be used to influence in turn the thoughts and actions of these people. A meme is the atomic unit of culture, often taking the form of a single image or phrase that is passed from one person to another. Memes are typically created for the purpose of being funny or entertaining. Conversely, an egregore is a cultural entity that is created by a group of people, **and that eventually acquires power over these people. The egregore is the collective consciousness of a group. It is an entity that is created and sustained by the collective beliefs, thoughts, and energy of that group**

Perhaps the best example of a meme turning into an egregore is Dogecoin, as the figure of the Doge and the coin itself have taken on a life of their own. The Doge meme started out as a picture of a Shiba Inu, with the text “Doge” accompanied with a variety of broken-english sentences written in Comic Sans. While the point of the meme was merely to be goofy and funny, with Dogecoin, the meme has taken off and has become a force to be reckoned with, an egregore with a real impact in the world. **While maintaining its carnivalesque features—perhaps even leveraging them—Dogecoin has become an instrument for people, like Elon Musk, to influence other people’s behaviour in order to accumulate power (and money). But was Elon Musk really the one in power, or was he himself being instrumentalized by the egregore of Dogecoin in order to expand its own reach?**

There are many other examples of carnivalesque entities and memes that have turned into egregores, also thanks to blockchain and cryptocurrencies. Take Pepe the Frog for instance: a green frog taken from a comic book and turned into an Internet meme, which eventually became one of the most popular memes of 4chan—home of many of the prominent Internet memes, such as lolcats, rage comics, and Wojaks. In 2016, the first digital collectibles of the meme were created, as a collection of rare Pepes were recorded on the Bitcoin blockchain. Soon after, the first crypto-art market platform was developed, specifically designed to trade or exchange these collectibles. The value of these Rare Pepes was initially very low, but it quickly rose to significant amounts as the crypto-art community started recognizing the value of these digital assets. After one of these Rare Pepes was purchased for

\$38 500 in a first NYC-based live auction, and later sold 3 years later for \$312 000, more and more people started buying and holding these digital assets, to resell them at a later time. Today, in the aftermath of the second NFT craze, some of these Rare Pepes have reached a market value of over half a million dollars.

While the egregore (and therefore the value) of Dogecoin and Rare Pepe emerged out of the love and enthusiasm of a distributed network of meme-lovers and geeks, other—more commercially oriented initiatives—took inspiration from these communities to develop a more ‘serious’ marketing strategy, leveraging the notion of community as the main lever by which to create value out of thin air - or rather, thin memes..

If you haven't heard of the Bored Apes Yacht Club (BAYC), you're probably not enough of a “cool kid”. BAYC is a collection of 10 000 NFTs, each representing a somewhat different kind of bored ape. These NFTs can be purchased for several hundred thousands of dollars (sometimes even a few millions dollars) to become part of an exclusive community of cool kids, who get to hang out in some of the most glamorous venues together with their fellow apes. Since its launch in April 2021, the BAYC NFT collection has generated over 2.7 billion dollars of trade volume. And since 10 000 Bored Apes were not enough to satisfy the greed of the crypto-art world, derivative collections of these apes were created through memetic engineering. New NFT collections, such as the Mutant Ape Yacht Club or the Bored Ape Kennel Club, were made available for free to the owners of a Bored Ape, so that they could further disseminate to whoever they deem are the most worthy of these new apes. An uninterested gift as a generous sign of appreciation? More like a marketing campaign, as every sale of these NFTs collections comes along with a royalty payment to the initiators of the collection. Besides, giving these NFTs away to the Bored Apes owners contributed to increasing the value of the original Bored Apes, and automatically created a new market for all these derivative apes. Most importantly, this contributed to turning the Bored Apes into an egregore, a collective and autonomous entity, powered by the collective (un)consciousness of the crypto-art world.

This shows how, in this carnivalesque world, things that might start as obvious jokes and potential scams **might evolve into powerful egregors, turning frivolous jokes and facetious pranks into more serious entities with memetic power, which may eventually acquire real value because of the community that builds around them. Dogecoin and Rare Pepe are two example of how things born out of a countermovement, aimed at exploring alternative realities beyond the status quo, can eventually fall prey of the very same system that they were originally trying to escape from—using the carnivalesque as a tool to trigger the emergence of an egregore that will be able to bring monetary value to digital assets that have no value in and of themselves.** Similarly, the Shiba Inu and Bored Ape Yacht Club initiatives are examples of how egregores can be intentionally designed—for the best or for the worst—using marketing strategies that take advantage of the power of communities to bring value to otherwise worthless objects. In both cases, the community, as memetic nodes which can comprise the networked instantiation of an egregore, is essential in order to create value where there was none before. Once launched into the wild, these egregors **are no longer directly under our control, they will continue to evolve in order to please the crypto-finance and crypto-art world, of which they ultimately feed off.**