Funding the Future

Has the bubble burst?

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I am aware that some say I have called twenty of the last three crashes, but I noticed this comment in The Guardian this morning:

After months of warnings that AI valuations were too high, and that the bubble might burst, US investors dashed to the exits en masse yesterday.

The warnings were appropriate and right, and I suspect there will be more losses today, not least in European markets this morning. That so many failed for so long to heed the obvious warning signs of a bubble is not my fault.

To put this in context, the NASDAQ index of US tech stocks fell by 6% yesterday, and markets in Japan, South Korea, and Taiwan fell by more overnight, with tech-related stocks being hit the hardest, some being down by more than 20%.

I stress that these falls will not precipitate a crisis. If they continue, they could.

And that is the cause? It is that reality, in the form of real, live, warm-blooded human beings, rejecting what AI is trying to do, has caught up with financial markets that want to believe that those very same people will behave as neoliberal economic models say they will, as unquestioning, compliant automatons whose role is to simply be economic inputs into the neoliberal money-making machine.

The disconnect underpinning this sell-off is, then, very real. It is financial. It is political. It is economic. It is ethical. Most of all, it is human-based, and markets have denied that aspect of the whole AI process.

If people do not want a product, eventually there is no market for it, and that is the reality AI is facing. At the scale and intensity of use that the AI bubble demands, there is no market for its products.

That has been very obvious for some time. We will now have to go through the pain of that awareness developing amongst those who are apparently paid for their expertise in making money, when they very clearly lack the ability to do so.

I reiterate: this correction may not trigger a crash.

I also reiterate, it might.