



Rodney's Take

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A Permanent Computer Chip Plateau?

Irving Fisher gets a bad rap. The early 20th-century economist was famous before 1929, but he became an object of ridicule after the market crash. Commenting on equities before they turned lower, he noted that stocks appeared to have reached a “permanent plateau.” If only.

Now we have semiconductor company **Nvidia Corp. (NYSE: NVDA)** riding high on the latest craze that will surely change the world, artificial intelligence (AI). If you haven't already tried ChatGPT, then you're late to the party. The search engine spits out classroom-ready answers and articles that are hard to distinguish from human output. Depending on whom you follow, this next iteration of computational wizardry either will increase corporate profitability by 3% to 4% per year while slashing 300 million jobs worldwide or eventually lead to [Skynet](#) (from [The Terminator](#)) deciding that humanity is a scourge on the earth that should be obliterated.

Maybe. Maybe not.

The gaming craze was supposed to push semiconductor stocks to a permanent high plateau, but it didn't. Then, the crypto craze was going to do the same thing before it fizzled. It's possible that the rush to build AI networks will lead to a long ramp up in computing demand that bolsters the earnings of Nvidia and its competitors (yes, they will have some) for years to come, but it's also possible that we'll find AI-generated output isn't nearly as cool as it seems. For starters, you can't trust it.

Attorney Steven Schwartz with Levidow, Levidow & Oberman faces a sanctions hearing on June 8 because he submitted a court filing with fictitious citations. Schwartz claims it was an “honest” mistake, because he used ChatGPT to generate the document, complete with the fake citations. Neither the defendant American Airlines nor the judge was impressed. When asked if the citations were genuine, ChatGPT doubled down and cited the cases again.

The case isn't about bogus citations, it's about where the buck stops. If we can claim that the computer did it, then nothing will be trustworthy, because no one will face judgment for false claims or poor research. The world of information, research, and advice quickly will split between robo-driven assistants that compete on price and those that rely on the human touch. The former will be affordable but suspect, while the latter will be trusted and command a premium. But this doesn't mean AI will not have a place at the table.

I expect AI to eliminate a few more rungs on the employment ladder. Instead of producing output that's ready for print, the information will be reviewed by employees with experience who can spot flaws that newer workers wouldn't. This isn't quite the wholesale firing some people envision, but it still will mean that a swath of employees will be looking for new opportunities. Think about what happened to secretaries and administrative assistants after computers and the Internet became ubiquitous.

As for Nvidia and other chipmakers, they are having a wonderful day in the sun, but history suggests we should proceed with caution. The stock price has run to the moon this year based on demand estimates years into the future. As crypto investors, gaming enthusiasts, and Yogi Berra can tell you, it's tough to make predictions, especially about the future.

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Got a question or comment? You can contact us at info@hsdent.com.