# The transformative potential of affordable AI technologies



In a detailed analysis of the burgeoning landscape of artificial intelligence (AI) automation, RealClearPolitics highlights emerging technologies and their potential implications for businesses, particularly in the context of cost and access to innovation. Central to this discourse is the comparison between the economic influence of oil and AI, underscoring the importance of affordability and accessibility in driving productivity and progress.

The commentary reflects on an intriguing hypothetical scenario: if oil were to be discovered and priced at an astonishingly low $5 per barrel, what would be the ramifications for the global economy, especially in the United States where oil prices are frequently above $60 per barrel? Contrary to potential fears of devastation, the article argues that significantly reduced oil prices would facilitate unprecedented economic growth, elevating current standards of living in a manner that would render present conditions comparatively impoverished.

A pivotal focus of the discussion centres on AI advancements, specifically the innovation from China-based company DeepSeek, which claims to have the capability to "train" AI devices using less expensive chips, achieving model development costs around $5.6 million. This starkly contrasts with the American counterparts which can range from $100 million to over $1 billion. Notably, technology investor Marc Andreessen remarked, speaking to the Wall Street Journal, that “DeepSeek R1 is one of the most amazing and impressive breakthroughs I’ve ever seen”, suggesting a robust enthusiasm for the potential of these developments.

The article posits that the global nature of production allows for equivalent economic impacts of products made abroad as those developed domestically. This reflects a broader perspective on how advancements in AI should not solely be seen through a nationalistic lens but rather as global contributions to economic growth. The author asserts that the true driving force of progress will stem from human ingenuity and how society harnesses AI technologies.

Concerns are raised about the potential job displacement caused by AI. However, the author suggests that automation may actually liberate individuals by enabling them to focus on specialised tasks that were previously unfeasible. DeepSeek’s lower-cost AI tools are presented as pivotal in helping Americans realise their potential more rapidly and effectively.

Moreover, the commentary challenges the notion that U.S. leadership in AI development is imperative for progress. Instead, it argues that the increased accessibility and affordability of AI solutions, reminiscent of the transformative economic effects of cheap oil in the 1980s and 1990s, will ultimately benefit the economy. This historical perspective illustrates how outsourcing certain functions can lead to significant national economic booms while maintaining innovation at the forefront.

DeepSeek's emergence and the rise of similarly innovative AI technologies could herald what the article describes as a "Golden Age of American economic creativity". The shift towards outsourced automation is seen as a catalyst for not only greater productivity but also as a potential bridge to foster closer economic ties between China and the United States, which may contribute to global stability.

In summary, the discussion encapsulates the transformative potential of affordable AI technologies and their capacity to reshape the economic landscape, driving home the point that a collaborative global approach may be key to maximising human potential and fostering sustained economic growth.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://mitsloan.mit.edu/ideas-made-to-matter/a-new-look-economics-ai> - This article discusses the economic impact of AI, including its potential to increase global GDP and affect jobs worldwide, which aligns with the broader economic implications of AI advancements mentioned in the text.
* <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier> - McKinsey's research highlights the economic potential of generative AI, which supports the idea that AI can significantly impact productivity and economic growth across various industries.
* <https://www.bairesdev.com/blog/automation-trends/> - This article explores automation trends, including AI's role in creating new jobs and enhancing business processes, which relates to the potential benefits of AI in liberating individuals to focus on specialized tasks.
* <https://www.wsj.com/> - The Wall Street Journal is a source where Marc Andreessen might have made his remarks about DeepSeek, though the specific article is not provided.
* <https://www.noahwire.com> - This is the source of the original article, though it does not provide additional external corroboration.
* <https://www.worldbank.org/en/topic/oilprices> - The World Bank provides information on oil prices and their economic impact, which can be used to understand the hypothetical scenario of low oil prices.
* <https://www.imf.org/en/Publications/WEO> - The International Monetary Fund (IMF) publishes reports on global economic trends, which can provide context for discussions on economic growth and the impact of AI.
* <https://www.goldmansachs.com/insights/pages/macroeconomic-insights.html> - Goldman Sachs offers insights into macroeconomic trends, including the potential impact of AI on GDP, which supports the economic discussions in the article.
* <https://www.weforum.org/agenda/archive/digital-economy/> - The World Economic Forum discusses digital economy trends, including AI's role in job creation and economic transformation, which aligns with the article's themes.