

# **Microsoft Invests Big in Open AI (ChatGPT) Despite Financial Crunch**

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Last week, Microsoft announced a \$10 billion investment into Open AI, the AI research company behind DALL-E, Chat GPT. This is their third investment, following a \$1 billion investment in 2019 and another investment in 2021, but their first such payment after recent 'cost-cutting' layoffs of thousands of employees in the digital industry, along with many other tech companies.

AI development is extremely energy and computationally expensive, which translates into the need for major investment at the scale of billions of dollars, as well as state-of-the-art supercomputers which Microsoft lends to OpenAI in the form of the cloud computing service: Microsoft Azure.

Microsoft is making OpenAI dependant on its funding and services in preparation for an acquisition.

This is essentially Microsoft's (as one of the foremost tech monopolies) modus operandi; providing investment into many promising smaller firms, providing them subsidised access to Azure, even making the investment in the form of Azure credits. As a result, Microsoft has a whole host of dependant smaller firms. Microsoft is so brazenly a monopoly that the US state (pushed by the other tech monopolies which it serves) have in the past brought anti-trust charges against Microsoft and will likely attempt to again should Microsoft acquire too many of its dependant companies in too short a time span.

OpenAI's products have the potential to be extremely lucrative and beneficial for Microsoft (who now has exclusive access to many of them). This kind of AI technology is a very powerful labour saving innovation that will not only enhance services such as translation, autocorrect, predictive text, search functions and many more but also greatly reduce the labour required for many jobs that require writing (e.g. lawyers, journalists etc.). In addition, it will allow the corporation to have greater and easier control over its services and algorithms, boosting content it prefers and suppressing and censoring content it sees as threatening. For example, BuzzFeed has cut its workforce by 12% in lieu of the fact that it also has a deal with OpenAI and will be using ChatGPT to generate, enhance and curate its content. As a result, its stock price has surged a total 460% over the past month.

Of course, this is mostly the result of financial speculation, however it demonstrates an undeniable trend. That these kind of labour saving innovations should be a cause for celebration and lead to a reduction in the working day, but instead they are a cause of unemployment and immiseration for the workers, and the degradation of human life and culture, under capitalism. The benefits of the increased productivity are instead privately appropriated by monopolies like Microsoft allowing them to rake in incredible profits (far more than their \$10 billion investment) until its competitors can catch up. However, in the long run innovations like this will lower their rate of profit as only the worker and not the machine is capable of generating surplus-value. Capitalist development is what paves the way and makes necessary the transition to socialism.

Sources: 1, 2