

WEEK 13 / 14

Generative AI, Voice Synthesis & Content Hyper-Inflation

What happens to a market when marginal cost hits zero for everyone at once.

Economics Concept: **Positive Supply Shocks & 'AI Slop' Inflation**

TECHNOLOGICAL SHOCK

Marginal Cost Hits Zero

- AI voice synthesis and generative video collapse the marginal cost of producing a unit of content toward zero.
- A positive supply shock this large, this fast, has a name in economics: hyperinflation — here, of content rather than currency.
- Every individual post is now worth less, purely because there are vastly more of them competing for the same fixed attention supply.



MARKET SATURATION

"AI Slop" as Devalued Currency

- Cloned intellectual dialogues (voice-synthesized figures 'debating' each other) and automated video generation flood every feed.
- As with any hyperinflation, quantity rises while the value of any single unit collapses.
- The scarce resource stops being production capacity and starts being credible signals of human origin.

INSTRUCTOR'S NOTE

This connects directly back to Week 6: if low fidelity used to signal authenticity, what signals it once AI can fake low fidelity too?



SUPPLY ↑↑↑, VALUE PER UNIT ↓

OPEN QUESTION

What Survives **the Flood**?

- Formats requiring real-time, real-world reference (live reactions, local specificity) resist automation longest.
- Scarcity re-emerges wherever authenticity can still be verified, however briefly.
- Expect this equilibrium to keep shifting — this is the newest model in the course for a reason.



TAKEAWAY OF THE WEEK

Infinite Supply Finds a New Scarcity

When production stops being scarce, verification becomes the new scarce resource.
Markets don't disappear under abundance — they relocate.

NEXT WEEK → MEMETIC FINANCIALIZATION & THE DEAD INTERNET EQUILIBRIUM