

Ben Eltham (00:00)

I think if you asked Australians what is your priority for a generational investment program where we're going to plow hundreds of billions of dollars into new physical infrastructure, what would your priority be for that? I think most Australians would not say data centers, right? I think they'd say things like houses, schools, fixing the roads,

public transport in our suburbs, you know, they might have a range of opportunities, but I'm fairly sure they put houses for people well ahead of centres for data.

Rachel Withers (00:30)

Hello and welcome to Cut Through Crikey's spin-free analysis of Australian news, politics, and power. I am your temporary host, Rachel Withers, trying to fill the shoes of the wonderful Crystal Andrews. And today we are doing one of our special QA episodes where we try to answer some of your questions about the unfortunate topic de jour, data centers.

Joining me to get to the bottom of this are two of Crikey's key contributors.

on the subject, climate writer and analyst Katan Joshi and Dr. Ben Eltham, who has a long read out in Crikey, presumably today, if you're listening to this on Thursday, about Australia's data centre puzzle. Welcome to Cut Through Guys.

Ketan (01:17)

Thank you.

Ben Eltham (01:18)

Yeah, good to be

here.

Rachel Withers (01:19)

Van, we might just quickly start with you and talking about what this long read on data centres and the politics of data centres entails that you've published in Crikey this week.

Ben Eltham (01:30)

Yeah, thanks Rachel. yeah, so I do have an essay out in the website this week looking really at the kind of long form development of Labour's data centre policy under the Albanese government.

Obviously it's also a state and territory issue, but I'm looking primarily at the way in which the Albanese government has attempted to regulate or perhaps not regulated this, you know, really, really interesting and fast moving area of public policy.

Rachel Withers (01:59)

Ketan, just when you come at data centres, do you come at it from a mostly a climate and energy perspective? What was your take, for want of a better word, on data centres at the moment?

Ketan (02:10)

It is, yeah. It's a climate and energy perspective, but hopefully in the context of previous instances where we've seen overconsumption manifesting in this in this way with massive infrastructural impacts across the world. you can kind of compare it to like single-use plastics or SUVs, that sort of thing. so I try to th that is the angle, but in the context of this has happened before quite a few times.

Rachel Withers (02:35)

Yeah, there seems to be a lot of comparisons we can draw with AI and data centers to a lot of other things that we've tried and failed to address in the past. but why don't we get stuck into some of our reader questions? the very first one comes from Ollie. And I picked this one because it goes right back to basics, but I actually want this question answered myself, to be honest. What exactly is a data center?

and Oli goes on to say, is it a Dara data storage center, a data processing center, an internet scraping center? Well let's let's start there. What is it? And we'll go on to the add-on in a second. Ketan, why don't start with you? What's a data center?

Ketan (03:15)

Yeah,

it's a building full of computers.

Rachel Withers (03:18)

Yeah.

Ketan (03:18)

and everything else is a subcategory underneath that.

Rachel Withers (03:22)

Yeah.

Ketan (03:22)

and the computers can do pretty much anything that you can imagine a computer could possibly do. It can it can store data, it can process data, can transfer it from one place to another place. and this is actually not to get too far off the thrust of the question, which was like, what are these literally? But the arguments that spurring

sort of springing up around the different terminologies that we could use or should use to describe them are really, really fascinating.

the CEO of Nvidia, which is a company that manufactures the graphics cards that go in them, just rebranded them one day as AI factories.

and like the whole world's media just immediately Yeah. Cause it's

Rachel Withers (04:03)

Makes it sound so much better.

Ketan (04:07)

like a factory is like, you know.

big burly workers doing real societally useful things. and so they were like, we we better call this building full of computers a factory instead of a instead of a data center. So yeah, it it's only adding to the confusion. But I think most people just really need to recognize that they are specialized warehouses that you can put computers into.

to sort of cool them all at once or have all of the cables, the network cables going into all of them all at once. They used to be in the basements, right, of offices. And the the big shift in the sort of two late two thousands and early twenty tens was taking them outside of the basements of offices and then putting those computers into one centralized building. And that's why it became

a data center because it they originally used to be primarily for storing storing stuff, but which they're not anymore.

Rachel Withers (05:00)

Mm.

And then Ben, just bouncing off that, you know, we've we've already always had not always, but for for some time we've had data centers. Why has it become such a hot button political issue now? Why is there such a insane growth of data centers?

Ben Eltham (05:14)

Yeah, the short answer, Rachel, is I think it's a bubble.

we're seeing a historic investment splurge into physical infrastructure in the form of these data centers. As Kevin mentions, yeah, they're absolutely large agglomerations of processing power. and they require a lot of capital and a lot of energy and a lot of electricity. but there's an enormous amount of global finance that is pushing these things right now. And so

They're springing up like mushrooms throughout our suburbs and really plan for throughout Australia. so there's a historic boom and investment mission or build out in these data centers. And I think that's why they're so controversial.

Any type of infrastructure, if you are building this much of it this quickly, would I think eventually attract political opposition. And that's certainly the case with data centers.

Rachel Withers (06:04)

was another part to Ollie's question that I'd also love an answer to, which is has anyone studied what proportion of AI interactions are genuinely useful? For example, medical treatment breakthroughs and better diagnosis, scientific advances, versus how much is just slop, stupid videos and imagery, and you know, sort of lazy uses, like summarising emails and writing novels. What do we know what percentages

Good use of data centers and AI and bad.

Ketan (06:33)

so a line that we've heard a lot from companies is basically chill out because we're using AI for good. We're using it for good things.

there's I was just reading the plan. There's a summit in in Geneva in June next year where they'll be talking about all these things. and one thing we saw a lot from tech companies was this is a climate solution.

And so we just thought, hang on a sec. what do you mean? You know, like what of all of these massive like, you know, Ben was talking about like this sudden surge in data center in data center growth, what proportion is actually doing the good stuff? you mentioned like scanning medical images. in this study, we looked at climate solutions. So things like forecasting wind speeds, helping, analysis of climate data, that sort of stuff. You can use

old style machine learning for that. And it's been around for decades, de like a really, really long time. This is actually old technology. It's just had advances in recent years. And you don't need to build these multi-gigawatt data centers for this. It's a tiny, tiny fraction of the computing capacity in these buildings is being used for the good stuff. And the reason that we know that is because you can kind of tease it apart from all of these different things, right? Like the companies don't disclose

Okay, well, we built a data center and 10% of it was for doing this particular thing and the other 90% was for AI sloth on the internet. They don't actually share that. So we have to determine it from secondary sources. So

if you go to my website, you can check out our estimates of the different energy consumption. the simple, conclusion is just that the majority of it is for the bad stuff, right? Like it's for the socially wasteful single use information,

Particularly like online imagery and videos. now more recently, like, self prompting chatbots kind of just shoved out into the world to go and wreck things themselves. Like, that sort of stuff is the bulk of the energy consumption. So,

even though the companies don't share that, we thought like, okay, well, this is pretty important that we actually determine what the real story is here.

They're

trying to frame it all as a good thing, and it's just not, from what we can see.

Rachel Withers (08:43)

I that also brings up for me, you know, I think when we've talked about energy usage in the past and and fossil fuels and consumption, you know, the point has been made that individual actions can't necessarily make a difference because the like an individual's fossil fuel output is tiny compared to what big corporations are doing. Is it the same with this ridiculous data usage or is

Are individuals to blame in some in some way for the stupid uses?

Ketan (09:12)

so okay, I've I've actually stressed out about this question a lot. because, you know, people people treat me as like some sort of AI priest sometimes. Like they like they come to me with their confessions, like I used it to to make this report, and I'm just like, why why are you confessing to me? You know, like

and I think it's because they feel bad, right? Like they they see the headlines about like all the gas-fired power stations being built, and something in them is like, this isn't doesn't feel right. I need to

I need to, you know, confess my sins to Katan, you know, the anti-AI guy.

Rachel Withers (09:43)

Ha ha ha.

Ketan (09:45)

and but the thing is, like, I've s also seen stuff on social media that likens it, as you said, to fossil fuels and that ongoing debate between what you choose to do personally in your life versus what the corporations are doing and the big decisions that they make. and I think that this might be a little bit different, right?

Because we could we were born into a system that is reliant on fossil fuels. you cannot really avoid it in the same way that you can't avoid like single-use plastics in the supermarket. But we weren't born into a system that relies on generative AI. and we can still avoid that system

becoming commonplace. I call it pre-systemic. Like I think that there's nothing forcing anyone to do a PowerPoint using generative AI.

there's really nothing forcing anyone

in any circumstances, or I would say most circumstances to to use generative AI for their work. and also I don't think people realize quite how energy intensive it is. So

I would actually say on the scale of things, maybe there's a bit more personal responsibility here because it is very new and we still have a lot of agency and choice. So I think that's an important distinction.

Rachel Withers (10:49)  
Ben?

Ben Eltham (10:50)  
I

think that I think there are individuals who are responsible for a tremendous amount of pollution. and their names are names like

Jensen Huang, Mark Andrewson, Sam Altman, Dario Armaday. Right. you know, this stuff's being pushed by a fairly small number of hyper capitalists based in a foreign location.

And really the decisions are being made in Silicon Valley, aided and embedded, of course, by the Trump administration and other governments around the world, really are pushing AI onto ordinary users. And it is increasingly hard to avoid AI, just in even in your normal common web experience.

One example is Google search, which now is increasingly being dominated by the chatbot, and people are no longer clicking through the actual links that come up on a Google search.

And that has been adopted so rapidly that actually it's now having material impacts on the revenues of media companies. In indeed there's been one suggestion that the recent job cuts at nine are related to the lack of click-through, that nine's no longer getting the traffic through from Google search and other areas because of the prevalence of so much AI where people are just reading the AI off the screen now. So that's just one example, but I think there's multiple ways in which AI is being shoved down users' throats.

whether it's turning up on your Microsoft applications, whether you like it or not, or whether it's being forced on employees in their workforce or in their workplace where bosses are telling staff,

No, you have to use D AOI. No, you've got a you've

Rachel Withers (12:22)

Mm-hmm.

Ben Eltham (12:22)

got a token, a token budget and we'd like you to use it, please.

Rachel Withers (12:25)

Hmm.

Well, look, I think we're all in agreement there. AI sucks and everyone who uses it should feel bad. No, not quite not quite that. But I think we all agree there's a problem with the coming AI I suppose, reliance. I want to turn back to data centers and the debate that has been going on for months now, really, it's just getting louder about

Having data centers here, having more of them here. a lot of people don't want them in their backyard. but the government has sort of been arguing that we do need to have them.

Three different questioners from the Crikey readership asked a question along the lines of what actual benefit do we get from having the data centers on Australian shores rather than having them.

offshore and obtaining the data from there. I

I've fumbled the technicality of that, but why what what do we get from having them here, Ben?

Ben Eltham (13:24)

Yeah, I think that goes to a really important question about the data center debate, which is does data have a jurisdiction? Does data live somewhere physical or is it in fact in the cloud? There are atmospheric metaphors that seem to ramify through this debate, but it it raises a really important question, right? Is there an actual server rack that you can walk down to and unplug in case of the sentient apocalypse?

you know, actually

No, not really. I mean, yes, obviously there are hard drives on which physical data lives and there are individual processes that actually do the flops, right? But in a very significant sense, no, much of this infrastructure is distributed. Okay. And that's before we get into some of the thornier questions around okay, who controls what on what servers using what pipes and what connections? And do sovereign governments really have

both the legal and the technical ability to go in there and selectively turn on or off particular let's call them models that are running somewhere or other on some kind of stack.

You know, I I and I don't think we've really ever had a proper answer from the Albanese government or indeed many governments about that answer.

Rachel Withers (14:37)

Katan, when we do when and if, but when we have data centers here, who actually makes the money from having them up and operating? And I want to shout out commenter wannabe fast, who adds on their question Does most of the money go overseas to big tech and the nerd Reich? Which I enjoyed very much. but yeah, who's benefiting?

Ketan (14:58)

Yes.

Yeah, there's actually a a great book. I think that there might be borrowing that title from by Gil Duran, which I think was out recently, which I'm looking forward to reading.

the money goes to a few different places, and it's important to be clear. So so you have to import materials, right? Like a lot of the a lot of the stuff that a data center is built from has to be imported from from another country, particularly the

the c computational hardware, the servers, the memory, and most of all the chips which are manufactured in in Southeast Asia. I did some recent work with Greenpeace East Asia on on this sort of stuff, and a report into Nvidia, which is the company that manufactures those chips. and it's so expensive. Nvidia has so much money. I was I I I like I kind of knew this in the back of my head before I did this report, but wow.

and that money has to come from somewhere, right? And so if you're a data center developer, or if you are a technology company in Australia, you have to buy these very, very, very expensive chips from overseas. So all that money is is flowing out of the country. the construction is j of course generally tends to be local, like it's you know, local companies. so that you could you could argue that that that money is is sort of in the country. But something I find to be really, you a lot murkier, maybe Ben can

Can shed some more light on this, is the actual operational benefits. So like when when they, you know, you've got a lot of companies that like kind of lease either the physical space of the data center or lease the computers inside to someone else, you can kind of rent the computational power of of these machines. and then you have to then ask, okay, well, yeah, like sure, like these are maybe some Australian or international companies like Next DC or Equinix or whomever.

Who's renting the space? What are they using it for? what what services? and those questions are so hard to answer. and that's actually where a lot of the if you look at like all the money involved in this whole pipeline, it's that use end.

I should just quickly mention as well, I live in Norway and there was a report that just came out last week. and they found 90% of the reserved grid capacity, so like the capacity.

That has kind of been blocked out on the future grid for X, Y, and Z umctions comes from foreign-owned data centers. And, you know, there are people here who've been like trying to push back against data centers, but nothing really hit like that line. And now the government is like, wow, okay, we've got to do something because that particular line of like that it's 90% foreign-owned capacity somehow.

hit a nerve with the government. and they're actually now, you know, responding and it's like a big news story.

Rachel Withers (17:30)

Mm.

Ketan (17:31)

so it's fascinating how that element is something that really is very salient to people.

Rachel Withers (17:36)

Ben, I'll I'll get you to respond to that, but I also wanted your take on a sub question from state government who also asked about benefits. They wanted to know why overseas companies like OpenAI are so intent on selling onshore training and processing to Australia. Why do they want to do it here?

Ben Eltham (17:52)

Yeah, I mean I think there's a couple of answers to that. The first is that we're in the middle of a gold rush. Okay. It's a historic investment boom. Some people think it's bigger than the investment boom that built out the American railways in the late nineteenth century.

So it could be as much as three trillion dollars that's being invested in data centers around the world now in the next couple of years. we are genuinely talking about significant aspects of the GDP of America, Australia, some other nations as well.

Now, of course, whether you believe that all of that activity is real or not, it's kind of the question really that is at the heart of the bubble question. Because let's take the electricity demand. I think it's a really good example.

there's an Australian neo cloud called Feros that's listing on the stock exchange this week. They're having an initial public offering. It may be the second largest initial public offering in the history of the Australian Stock Exchange. So it's one of the largest.

share issues in Australian history by value. And we're talking about a company that owns nothing, has no assets, has negative revenue, and whose co-founder is a convicted criminal

who spent time inside for insider trading. So this is a very significant development I think and you know just to give you one example Feros's plans for data centers in northern Tasmania

forecast to take something like one seventh, around fifteen percent of Tasmania's electricity grid supply.

So it's an incredible intervention, not just in our digital infrastructure, but it's having flow on effects into like the material infrastructure of Australia. and yet, you know, there's got to be large questions asked about the medium term viability of these companies.

Rachel Withers (19:42)

One

more question on the benefits or or supposed benefits. Reader twenty two A CE wants to know whether having data centers in Australia gives us more or less say on the model training policy. Katan, do you know much about this?

Ketan (20:01)

yeah, so you know, I'll let Ben answer as well, because I can see him laughing with joy at the

Rachel Withers (20:05)

Okay.

Ketan (20:06)

question. but th this I saw this described really well as sovereignty washing in a paper recently, which is basically this like faux control, this faux sense of control, right? I find it so absurd,

one thing that's really important to note is the distinction between training and what's known as inference, which is the process by which it gives you it spits out a a response to your question. training is something that is much, much more detrimental to the local power grid and to resources simply because you run that facility a lot harder than when it's answering questions.

they call it the utilization factor, right? It's kind of like out of all the energy it could consume, how much does it consume? And that is a heart, much, much higher number for training. and so you know, you should be asking harder questions. Like if somebody's coming to your country and saying, I want to do my training in your country, you should be asking much, much harder questions. the other sort of environmental impact is that training can be situated anywhere.

Which naturally skews it towards these high emissions like gas fields, or, you know, just sort of out in the stick somewhere near a coal mine. I see this everywhere in the world, right? hypothetically you'd think that it would skew towards like cleaner sources and cleaner places. But because it can be anywhere, it doesn't need to be situated near population centers, they're shoving them in really, really awful places. So it's such a ridiculous trade-off, it's like,

You have

this fake justification of like, yeah, yeah, it gives you control and sovereignty when it doesn't and then on the other hand you also get all of the worse environmental impacts.

Rachel Withers (21:39)

Ben, what what were you what was making you laugh before?

Ben Eltham (21:42)

Yeah, well I mean I find this whole discussion really amusing, right? Because you're hearing a lot of politicians use a lot of phrases that I think they don't understand. So

you're hearing both James Patterson and Andrew Charlton, some of the both the Labour and the Liberal politicians talk about frontier models, you know, like we're riding along on a horse into the sunset. but actually, what is the sort of special, you know, special source that these frontier models have?

Maybe they're six months ahead of the, you know, open weight models that are being made in China. Maybe they're twelve months ahead. there's probably nothing particularly amazingly special about these frontier models that's anything better than would arrive in Australia, on a slightly slower time frame, but with probably much more ability for us to actually use it and control it. and I think this also goes to sort of a more fundamental question, which is

If we let them build the data centers here, will we get to own the model? And I and I think the answer to that is no. No, we're not going to get to own the model. and you know, if you look at the memorandum of understanding that was signed between the Australian government and Anthropic earlier this year, you know, there's a clause in there that specifically says this is not a legal binding document, right? So this commits Anthropic to nothing at all.

You know, there's also a national security or a sovereignty argument that gets made, which is roughly along the lines of we need our own models to protect against the other offensive models. So we need our special defensive model that can somehow be this incredible cybersecurity goalkeeper or I don't know, some so some kind of special autonomous anti-hacking cybersecurity AI. and again, you know, like

I just haven't seen the evidence for it. You know, by nature, as often with these sort of national security things or clothed in secrecy,

you know, does you know, Signals Directorate have some special isolated mainframe that's away from, you know, the rest of the internet and can they deploy it in some special, I don't know, cinematic super duper sci-fi movie style AI defensive system? I think I think the answer is no.

Rachel Withers (23:55)

Well, I mean that takes me to another one of the questions we have here, which is is there anything genuine obviously not you don't buy that, but is there anything genuine about the argument that Australia will fall behind other countries if we don't let data centers proliferate here?

Ketan (24:09)

no, I don't I don't think so. I mean, this is something I've seen in different jurisdictions around the world where not to not to imply that the questioner was doing this, but I've kind of seen it framed as like fear of missing out, like FOMO, like almost like a marketing tactic, which is, you know, you need to not think hard about these decisions because if you do stop and think.

Then you will miss out. You'll kind of you'll be you lose your place in the queue or you know, someone else will beat you.

and it's a way of disabling like democratic consideration and rationality and just, you know, having clear headedness about this these questions. and it really bothers me because as Ben explained so nicely there, it doesn't make sense on its on its literal terms. Like, what are you missing out on? What why would you host the infrastructure? To me, the competition seems to be

like who can best resist that? Like who can actually not have data centers in their in their region? Because, so many of these models do get released as open models that you can download and put on your computer. I have one. I have like, you know, a bunch of them. like Norway didn't have to have data centers for me to get access to these things.

There's something worth mentioning there as well, which I see as a kind of flip side, which is kind of from the from the climate and environmental space, people will say we need to host these data centers in our country because if we don't, they'll go somewhere dirtier, like they'll go somewhere, you know, with like a a dirtier power grid.

and I've

Rachel Withers (25:32)

Mm.

Ketan (25:33)

even heard people in Australia say that, which I find to be remarkable given that Australia has the highest per capita coal usage on the planet and has a higher grid emissions intensity. Yeah.

Rachel Withers (25:41)

That that clean call, that clean, clean call.

Our special call.

Ketan (25:45)  
Yeah. Australia,

New South Wales and Victoria have a higher grid emissions intensity than the three top data center regions in the US. all of this is just reason to stop and think and go, hang on a sec, maybe our default position shouldn't be let's frantically have as much of this here as we as we can as soon as possible.

Rachel Withers (26:05)  
Mm.

that does bring me to my next question from another reader that asks, is there anywhere globally that is dealing with the question of data centers well? Do you guys know of any examples? I mean, you mentioned being in Norway. How are things there?

Ketan (26:21)  
you know, I not not great. I would say that it's turning out to be, I think very much in line with with Norway's previous behavior, which is that we tend to really take advantage of anything that we feel like we can kind of displace the environmental impacts onto something that we don't really look at or think about.

and so like deep sea mining, obviously the fossil fuel industry.

we love anything that feels like heavy industry that gives us lots of benefits, but as long as we don't have to physically see the impacts. And so a data center is something that you can kind of it's like a very concentrated little hit of damage you can just shove out in, you know, like a an indigenous community in the north of Norway and and you know, put it on their shoulders instead of having, you know, a a wind farm in Norway is something that people hate because you can see it. It's very visible.

and so next year, probably this year I reckon, if it's going the way I expect, the power consumption of data centers in Norway will exceed that of total electric vehicles across the whole country. to give you a sense of how rapid the scale is. And and there was a report out just a a few weeks ago,

by twenty thirty, Norway will have the second highest proportionate increase in data center capacity in Europe, right? Like just behind Sweden, according to the projections. So we're trying to court these companies like

like

so many other regions, you know, like Norway, Canada and Australia, for instance. We're trying to court these companies and get them to build here.

there's actually one called Nscale, which I think Ben might be familiar with. They they they have like a couple of Bitcoin miners, former coal miners from I think it was Newcastle, and they have been, you know, really ramping up their capacity and they're building a very large one here in Norway. So

the Norway's not doing it well. you might think that if you kind of look at it on paper, it's like, okay, well, it's a clean grid, you know, but our energy transition has been going slower than people realize. We have a lot of grid stress, like there's not enough new renewable energy getting built for the reasons that I just mentioned. and now we have to come up with a decision between

Do we electrify transport and homes? And do we, invest in actual new industries? Or do we just court a whole bunch of American technology companies to build large, you know, energy intensive buildings here?

Andrew Forrest, by the way, is trying to build a data center. Fortescue has one in Norway, which before was planned to be a green hydrogen facility. and then they were just like, well.

This green hydrogen thing isn't happening, so let's just flip it into a data center. and there's a controversy because they were like, Well, we're just gonna do it like we're gonna do a different thing now and the grid operator was like, you can't just change that.

So yeah, it's not a good story.

Rachel Withers (29:03)

All right, Norway not so good. Ben, do you know of any good examples internationally of countries that are dealing with this and regulating it properly?

Ben Eltham (29:11)

I don't actually, although as usual, the European Union is doing slightly better than the kind of laissez-faire Anglosphere. But I I I think, you know, rather than comparing geographically on this one, I'd like to compare in a sense of opportunity cost, right? So let's compare not necessarily countries that are doing it better or worse, but let's compare to a hypothetical where we're not doing this. Where actually we've decided to take the

historic level of investment that's been plowed into these data centers and spend it on other priorities. You

know, I think if you asked Australians what is your priority for a generational investment program where we're going to plow hundreds of billions of dollars into new physical infrastructure, what would your priority be for that? I think most Australians would not say data centers, right? I think they'd say things like houses, schools, fixing the roads,

public transport in our suburbs, you know, they might have a range of opportunities, but I'm fairly sure they put houses for people well ahead of centres for data.

Rachel Withers (30:16)

okay, I've got two questions here from Roro and Jack Davenport, who are both asking about this from the perspective that AI exists. It it's here, it's it's happening. Both of these questioners have asked, given that, what's the best case scenario for Australia? What should our contingency look like what would be the utopian outcome here?

For the AI boom in Australia.

Ketan (30:40)

It has two ends. the infrastructural ends of data centers, I think we're just trying to be trying as hard as possible to to make sure that everything's on the lower end of projections. You just don't have as many of them getting built. when you look at the at the sort of projections, they're like this big, horrible looking wedge. and the lowest projections are just way, way lower than the highest projections, which are just like a horrible upward angle of, you know, of development.

I think it's worth being really, really clear that the companies want that highest angle and they will get as close to it as as as they're allowed to get, right? Like whatever they're allowed to do, they'll do it. they'll burn fossil fuels to do it. don't really care that much. they'll just kind of try as hard as possible. So I don't see it as like a like who's got the winning forecast. I see it more as a battle between people who really want the worst case outcome. and I think that having much, much lower data center development, as Ben said, you know, frees up.

frees up a lot of cash, a lot of time, a lot of headspace for all the things that society seems to actually care about and people are just screaming out that they want. the that's one end of it. And then there's the usage end, which is the the proliferation of generative AI as a system across society, which I see I see in a really similar way, which is that it's not really set yet. Like there's a lot of things where it's being cemented in like single use plastics, which we want to try to reverse. But there's also still a lot of

battles to be fought around trying to use it less and not let it cause harm in society. all those battles are ongoing. I don't think people realize what a critical time this is and like we'll look back on it and and just be like, wow, you know, there was so much to win or lose in that moment. that's really important to not forget because I think we also have won more than we realized than we kind of maybe predicted that we would win. Like opposition to data centers themselves.

fighting against and, you know, pushing back on the deployment of generative AI, maybe we're doing a little bit better than expected.

Rachel Withers (32:30)

Yeah, it's quite amazing how broad the opposition is to them, whether it's always for the same reasons that we're talking about here. Ben, in the best case scenario, what would our government be doing in response to this growing data centre wave?

Ben Eltham (32:44)

so my best case scenario would be AI is not sentient and there's no sort of apocalypse and you know yeah, yeah, I'm

Rachel Withers (32:52)

That be great.

Ben Eltham (32:54)

I'm really rooting for that. but I think it it ties into the eschatology of Silicon Valley, right? Like

we have to acknowledge that there are some people who are instrumental in driving this technology that genuinely think the robot gods are coming. And, you know, we shouldn't actually

laugh that off because it has actually real world effects, particularly in the way in which this technology is being rolled out and deployed. You know, I would say that historically speaking, the best case scenario for the introduction of a powerful new technology is that it's relatively gradual, allowing society and the economy to adjust and so that we still have some ability to protect society and you know ordinary citizens, normal human beings

from the potential outcomes that could be quite serious. You know, even just a bubble bursting can have tremendous negative economic impacts as we saw in 2008. I don't see huge amounts of upsides, but you know, in the situation where we were able to have a fairly cautious introduction of this new technology where society worked

to impose guardrails where we use the existing policy regulatory tools that we have proactively and we actually decide to enforce laws when they're broken, then you know, we'd already be in a better place, I'd argue, with the current situation. So in terms of regulation, yes, we need AI regulation, but we also need more enforcement. there are open questions in the current scenario about whether copyright law is effectively dead,

So if think about the situation for the global content industries, the artists, the authors, the musicians,

Anthropic's already coughed up a \$1.5 billion settlement to American publishers and writers, but it hasn't stopped them from effectively scraping the entire internet. Really, every written piece of material in the world has been fed into the more of these training models. and they haven't paid for it. They have not paid a cent essentially for that.

vast use of copyrighted material. So, you know, I would argue that's a massive regulatory failure already. So

if we continue to let these billionaire entrepreneurs move fast, break things and do as they like, then the potential social harms will be very large. that is my probably my biggest concern. That's a much bigger concern for me, the political economy, than it is the singularity.

Rachel Withers (35:19)

I think that's all we have time for today. But you can read more of Ben's take on how the Albanese government is doing here in Crikey on Thursday, the eighth of October. And you can find several of the studies and data that Catan referenced on his website.

Ketan (35:37)

Yeah, Kitan Joshi dot co and I'll I've got a few pieces in Crikey recently as well you can check out there, dig into some of that data.

Rachel Withers (35:44)

Amazing. Thank you both so much for joining us. and hopefully next time we talk data centers, things are closer to that utopian vision that both of you expressed there.

Ben Eltham (35:55)

Thanks, Rachel. Thanks, Ketter.

Ketan (35:57)

Thank you.

Rachel Withers (35:57)

we'll be back next week for another episode of Cut Through where we talk about the current sitting week in Parliament. See you then.