You and AI: The Future of Work

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AI is more than just the continuation of the process of advances in technology
AI is more than robots which are stronger than humans
AI is more than machines that can process information faster than humans and store and recall information better than humans.
AI is about machines that can learn faster than humans.
In many areas – even quite complicated areas – machines will be able to replace humans
In these areas, robots are actually better than humans but problems have been detected.

Their capabilities depend on the data that they are given.

In some areas which seem to require only modest skills, machines have had difficulties… but there has been some progress.
Human Replacing Machines (AI) vs. Human Assisting Machines (IA)

For the intermediate future, only 30 to 40% of jobs are at threat.

Machines may also increase the productivity and effectiveness of humans.

The balance of the two will depend in part on the extent to which we increase skills in labour force.
Differing impacts of AI and IA on labour markets

AI is likely to reduce demand for labor, especially unskilled labour; IA is likely to increase it.

In either case, the size of national pie will be larger – increased productivity allows more output from society’s limited resources.
Share of National Income

Current

- Bottom 90%: 53%
- Next 9%: 27%
- Next 0.9%: 11%
- Top 0.1%: 9%

Future

- Bottom 90%: 45%
- Next 9%: 27%
- Next 0.9%: 16%
- Top 0.1%: 12%
Share of Labor, Capital and Rents

Current

- Labor Share: 62%
- Capital Share: 21%
- Rents Share: 17%

Future

- Labor Share: 50%
- Capital Share: 30%
- Rents Share: 20%
It depends on government policies
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With the right government policies in place, there can be full employment and workers can share in the fruits of the enhanced growth

With the wrong government policies, unemployment can increase, and workers can be worse off
US: disconnect between productivity and a typical worker’s compensation, 1948-2017

Europe: disconnect in productivity and compensation

Source: Eurostat
Europe: less increase in inequality in some countries than in others

Average income

Source: World Wealth and Income Database
The relationship between income inequality and social mobility

Source: Corak (2013); World Bank 2013
Gini Coefficient of disposable income in 2015 (or latest year) and mid-1980s (when available)

Source: OECD Income Distribution Database.
It is a matter of more than just redistribution – though that’s important
MAXIMUM ANNUAL TUITION FEES FOR HOME STUDENTS AT UNDERGRADUATE LEVEL

- **England**: £9,250
- **Scotland**: [VALUE]
- **Wales**: £9,000
- **Northern Ireland**: £4,030
Basic rules of the game
Policies to increase demand for (unskilled) labour

Improving productivity
Helping restructure economy
Recognizing that important services have to be publicly provided or at least supported
Policies to sustain economy at full employment

Monetary policy focusing on employment as well as inflation

Fiscal policies that don’t suffer from deficit fetishism

Conventional policies may not be enough
With the right policies in place, AI can usher in a new era of shared prosperity, with meaningful work for all those who desire it.