

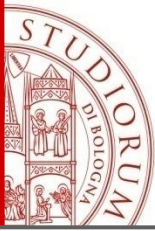
Beyond the Hype: the Future of Work in the Age of AI

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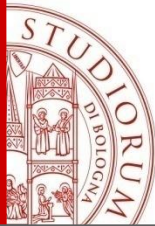
LM IR - ROUND-TABLE

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Artificial Intelligence (AI)

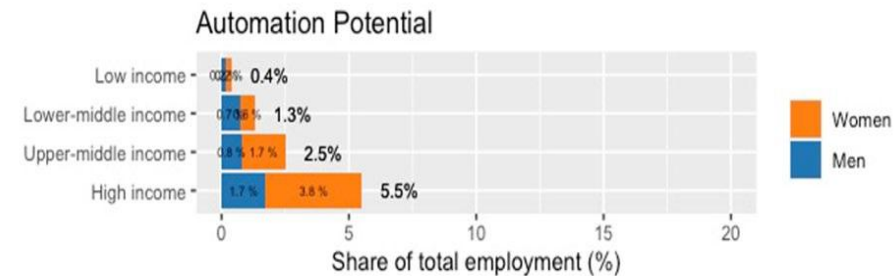
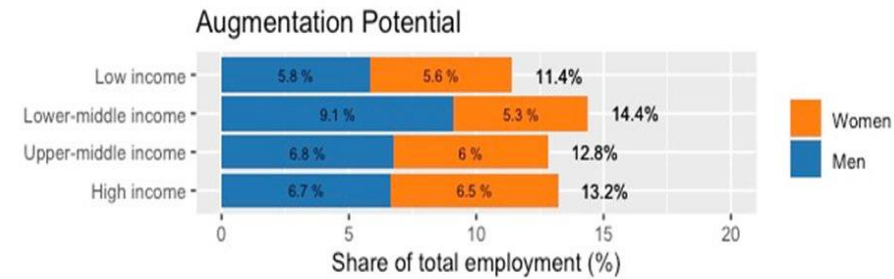
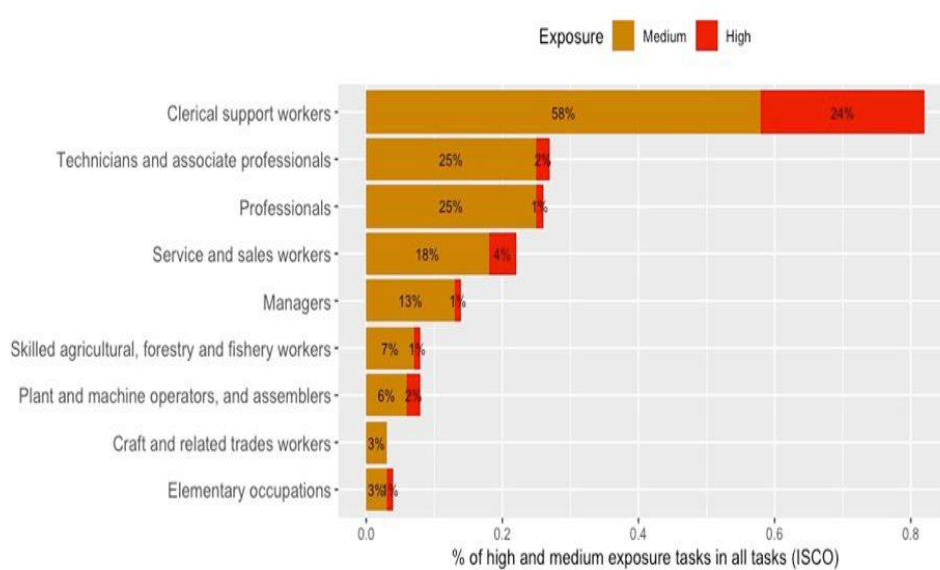
- **AI** as “computer programs that are designed to do some of the ‘intelligent’ things that creative people like Galileo, Darwin, and Kepler have done” (Sargent 2025).
 - Enormous amounts of data+probability theory and calculus+computing power allow AI to recognize patterns that transcend human intuition.
- **Generative AI (GenAI)**: unprecedented acceleration in the AI revolution.
 - To reach 1 million users:
 - Netflix: two and a half years.
 - Instagram: two and a half months
 - ChatGPT: five days.



GenAI Hype

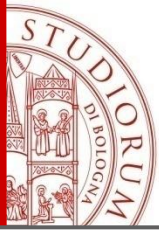
- **GenAI Hype:**
 - **The leading AI companies:**
 - **Doomer hype:** self-improving AI systems that could outpace humans' ability to control them/GenAI will kill us all (Anthropic, OpenAI and Google DeepMind current and former researchers).
 - **Optimistic view:** there are big risks and major safety concerns, but GenAI will not wipe out humanity in the next few years (Hugging Face and AMI Labs).
 - **The rest of us:** AI automation of jobs and tasks has raised concerns on labour market disruption and increased income inequality.
 - **Poll data:** 75 percent of U.S. adults believe AI will lead to fewer jobs in the next ten years (Marken and Nicola 2023).
 - **Firm level data:** senior business executives expect a small negative impact of 0.7% of AI on jobs (Yotzov et al. 2026).

Evidence on GenAI and the Future of Work



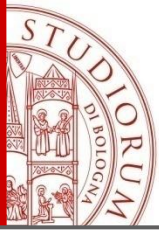
Source: Gmyrek, Berg and Bescond (2023), ILO

- The exposure to GenAI is occupation and task-specific.
- Much bigger augmentation than automation/substitution potential.



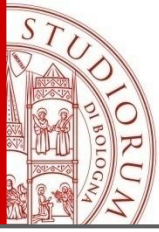
AI Substitution or Augmentation?

- **Substitution:** AI replaces human workers (Acemoglu *et al.* 2022).
 - Liu, Wang and Yu (2025): losses particularly strong for entry-level positions that require neither advanced degrees nor extensive experience, and for those requiring administrative support and professional services.
- **Augmentation:** the substitution of some tasks can lead to augmentation along other tasks and increased productivity of low-wage workers, thus reversing the trend of increasing income inequality (Aghion *et al.* 2024; Agrawal *et al.* 2023).
 - AI can help humans to make better decisions and reduce mistakes (Kleinberg *et al.* 2015). AI could potentially enable a large set of workers to perform high-stakes tasks by complementing their skills and supplementing their judgment (Autor 2024, Agrawal *et al.* 2019 and 2023).



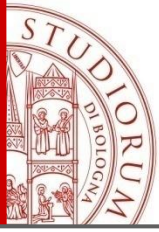
GenAI Substitution or Augmentation?

- US data: substitution (e.g. Demirci *et al.* 2025, Hui *et al.* 2023 and Teutloff *et al.* 2025 for online writing jobs, app/web developer, and graphic designers; Svanberg *et al.* 2024 for computer vision tasks) and some augmentation (e.g. Peng *et al.* 2023; Noy and Zhang 2023).
 - Stronger substitution for entry-level, routine cognitive tasks: ↓ 13% employment for workers aged 22–25 in most AI-exposed occupations (Brynjolfsson, Chandar, and Chen 2025); ↓ 9% in junior employment in AI-adopting firms in 2023 (Lichtinger and Maasoum 2025).
- Binelli *et al.* (2026): in the EU and in the UK, substitution on average, but variation by type of occupation and country's GDP per capita.
 - The impact of AI on labour depends on the automatability of the tasks performed and the substitutability of AI with the skills employed (Agrawal, Gans, and Goldfarb 2019 and Ahmadi *et al.* 2024; Zarifhonarvar 2024).
 - Role of structural factors such as the level of economic development.



Discussion

- GenAI has an average substitution effect, but the impact varies by occupation (Agrawal, Gans, and Goldfarb 2019) and level of economic development (Binelli et al. 2026).
- GenAI has contributed to increased inequality by benefitting more high-skilled and high-income workers (Manning 2024) and declining cognitive skills (Beresnitzky et al. 2025).
- **Crucial role of active labour market policies and regulation.**
 - The question is not whether we will have jobs but whether these will be the jobs that we want (Autor 2024).



Bibliography

- All bibliography on the impact of AI on labour is listed in:
Binelli, Chiara, Teresa Luca, Loris Vergolini, and Gabriele Marconi. 2026. "Disruption or Augmentation? The Changing Demand for AI Skills in the Age of Generative AI" SocArXiv https://doi.org/10.31235/osf.io/cy2s3_v1
- Impact of AI on income inequality:
<https://www.brookings.edu/articles/ai-impact-on-income-inequality-in-the-us/>
- Impact of AI on cognitive skills:
Kosmyna, Nataliya, Eugene Hauptmann, Ye Tong Yuan, Jessica Situ, Xian-Hao Liao, Ashly Vivian Beresnitzky, Iris Braunstein, and Pattie Maes. 2025. "Your Brain on ChatGPT: Accumulation of Cognitive Debt when Using an AI Assistant for Essay Writing Task", <https://doi.org/10.48550/arXiv.2506.08872>