Flash Economics

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What effect will artificial intelligence have on the economy?

There is considerable uncertainty regarding the impact of artificial intelligence on the economy. The key questions are as follows:

What will be the effect of the development of artificial intelligence on productivity?

- Two scenarios can be envisaged here:
    - An increase in productivity in sectors where AI and labour are substitutable, but with jobs shifting to other sectors, resulting overall in limited effects of AI on productivity and employment;
    - An increase in productivity in sectors where AI and labour are substitutable, job losses in these sectors not offset by job creation elsewhere, leading to a sharp rise in unemployment.
- What will be the effect of the development of artificial intelligence on growth?

This effect is limited in the scenario where overall productivity and employment are little changed. In the scenario with a strong rise in productivity and unemployment, we may see:

- A decline in demand linked to job losses, especially if there is no redistribution of productivity gains;
- But, conversely, a strong increase in wealth, rising inequalities, and consumption supported by that of the wealthiest households.

The worst-case scenario is therefore one in which AI leads to job losses, with two possible outcomes: either a decline in consumption and growth, or an increase in inequality.

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Major uncertainties regarding the effects of artificial intelligence

Research on the effects of artificial intelligence on employment and growth is still at a preliminary stage and does not allow for clear conclusions about future developments[1].

We believe the central questions are as follows:

- It is clear that AI increases productivity and reduces employment in sectors where AI and labour are substitutable; the question then arises whether jobs are shifted to sectors where AI and labour are complementary, or whether there is a net loss of jobs and a rise in unemployment.
- If AI does not significantly alter total employment or overall productivity—because jobs are shifted to sectors where AI and labour are complementary, or where AI has little effect on production technology—then growth is little affected. It is therefore important to consider the case where AI increases overall productivity while reducing employment. Job losses may lead to a decline in growth unless:
  - Substantial redistributive policies are implemented;
  - The increase in consumption by those who benefit financially from AI offsets the decline in consumption by others. In this case, there would be a significant rise in income and wealth inequality.

Will jobs be shifted to sectors where artificial intelligence and labour are complementary, or where AI has little effect on production technology?

We use data from the United States to examine this question. Already in the US, while growth has been strong since the second quarter of 2025 (**Chart 1**, noting the negative effect of the shutdown on fourth-quarter growth), we observe that:

- Job creation has been weak - or employment has even declined - in sectors where **AI is known to be substitutable for labour** (manufacturing, retail, transport and logistics, professional services, financial services, information), **while employment has continued to grow in sectors where AI is complementary to labour or has only a limited effect on production technology** (construction, utilities, education, health, leisure and hospitality) (**Chart 2**).

Chart 1
United States: Real GDP growth (Q/Q annualized, %)

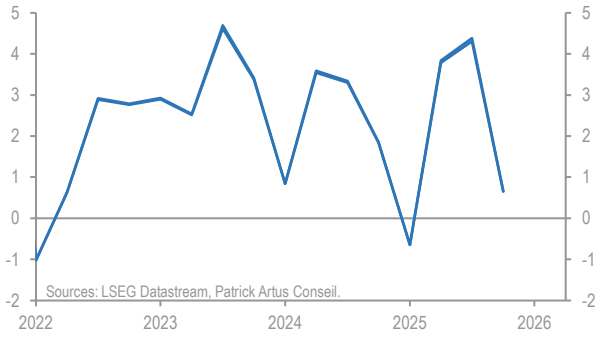
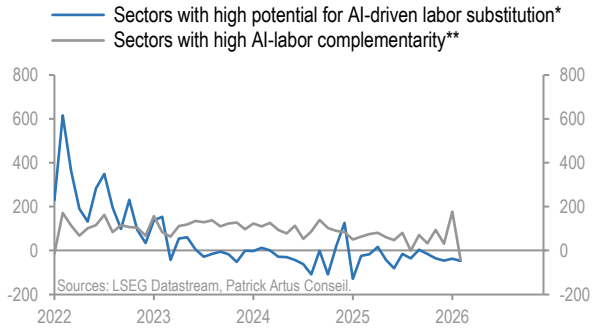


Chart 2
United States: Employment change by sector (M/M, thousands of persons)



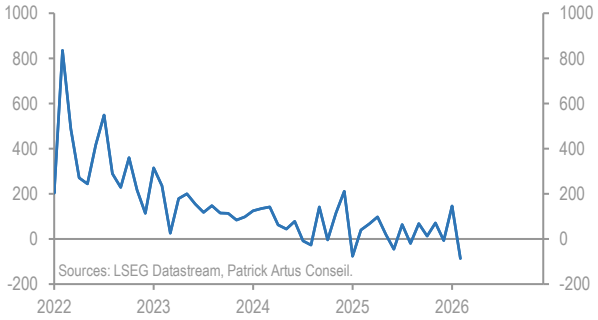
*Manufacturing, wholesale trade, retail trade, transportation & warehousing, financial activities, professional & business services, leisure & hospitality, information
**Construction, utilities, education & health services

[1] See for example:

ACEMOGLU, Daron. The simple macroeconomics of AI. Economic Policy, 2025, vol. 40, no 121, p. 13-58.
AUTOR, David. Applying AI to rebuild middle class jobs. National Bureau of Economic Research, 2024.
BRYNJOLFSSON, Erik, CHANDAR, Bharat, et CHEN, Ruyu. Canaries in the coal mine. Six Facts about the Recent Employment Effects of Artificial Intelligence. Digital Economy. URL: https://digitaleconomy. stanford. edu/publications/canaries-in-the-coal-mine/(дата звернення: 30.09. 2025), 2025.
CAZZANIGA, Mauro, JAUMOTTE, Ms Florence, LI, Longji, et al. Gen-AI: Artificial intelligence and the future of work. International Monetary Fund, 2024.
GMYREK, Paweł, BERG, Janine, KAMIŃSKI, Karol, et al. Generative AI and jobs: A refined global index of occupational exposure. ILO Working Paper, 2025.
DEL RIO-CHANONA, R. Maria, ERNST, Ekkehard, MEROLA, Rossana, et al. AI and jobs. A review of theory, estimates, and evidence. arXiv preprint arXiv:2509.15265, 2025.
HOSSEINI MAASOUM, Seyed Mahdi et LICHTINGER, Guy. Generative ai as seniority-biased technological change: Evidence from us resume and job posting data. Available at SSRN 5425555, 2025.
HUMLUM, Anders et VESTERGAARD, Emilie. Large language models, small labor market effects. National Bureau of Economic Research, 2025.
KORINEK, Anton et SUH, Donghyun. Scenarios for the Transition to AGI. National Bureau of Economic Research, 2024.

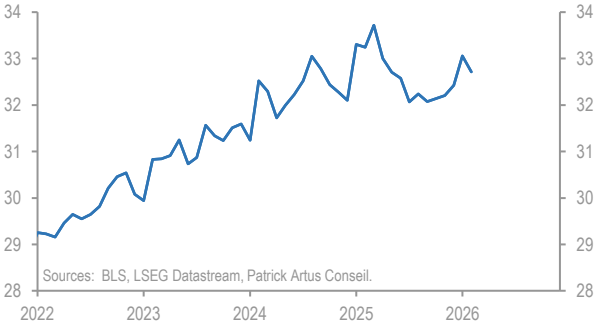
- **Job creation in sectors where AI does not displace employment has not compensated for the weak job growth in sectors strongly affected by the introduction of AI** (**Chart 3**).

Chart 3
United States: Change in private payrolls
(M/M, thousands of persons)



It can therefore be expected that, once the decline in the number of jobs held by immigrants comes to an end (**Chart 4**), **a rise in unemployment will be observed**, associated with the weakness in overall employment.

Chart 4
United States: Foreign-born labour force
(in millions of persons)

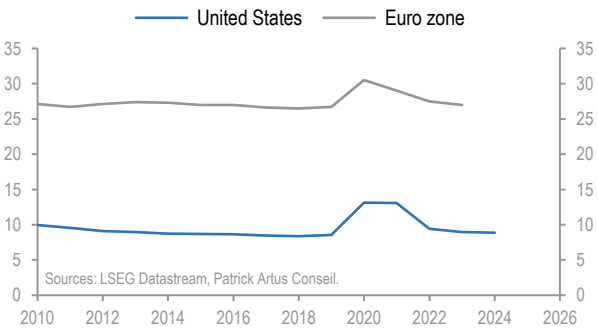


What effect does a decline in employment have on growth?

At first glance, one might think that if employment is negatively affected by the introduction of AI, **consumption and growth will decline. However, two mechanisms could support growth even in the face of falling employment**:

- **Substantial redistributive policies** in favour of those who lose their jobs, or who move to lower-skilled positions. In the case of the United States, given the weakness of **redistributive policies** (**Chart 5**), this effect would be marginal;

Chart 5
Public expenditure on health and social protection
(as % of nominal GDP)



- **The increase in income and wealth of households benefiting from the introduction of AI** (skilled employees whose productivity is enhanced by AI, company shareholders), which is already observable in the United States (**Charts 6a/b and Table 1**).

Chart 6A
United States: Mean household income by quintile
(in 2016 dollars)

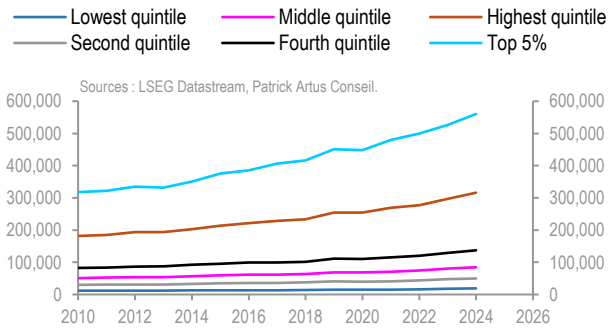


Chart 6B
United States: Household wealth by income group
(in trillions of dollars)

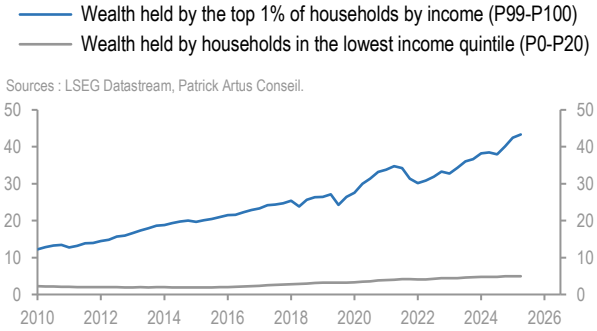


Table 1: United States: Changes in mean household income by quintile (2016 constant USD)

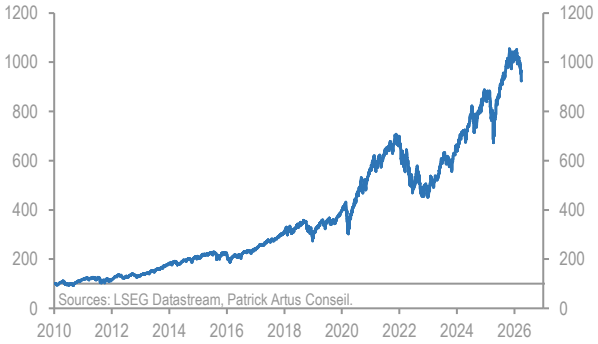
	Lowest quintile	Second quintile	Middle quintile	Fourth quintile	Highest quintile	Top 5%
Percentage change, 2010–2024 (%)	60.7	66.3	64.9	66.6	73.8	76.0
Percentage change, 2023–2024 (%)	4.6	3.8	4.5	5.7	6.3	6.4

Sources: LSEG Datastream, Patrick Artus Conseil

Financial gains (the top 10% of households by wealth hold 73% of total financial wealth and 87% of outstanding shares) **explain the pronounced inequality in consumption levels**.

If productivity is indeed increased by the introduction of AI, beyond short-term fluctuations in stock market indices, **a long-term upward trend in these indices can be expected** (**Chart 7**), which will support the consumption of the wealthiest Americans while further increasing inequality.

Chart 7
United States: Nasdaq stock market index
(01.01.2010 = 100)



Summary: what is the most likely scenario?

The above, as illustrated by the situation in the United States, shows that:

- It is likely that **artificial intelligence will have a positive effect on overall productivity but a negative effect on total employment**, with relatively little job shifting from those positions destroyed by the introduction of AI to those supported by it or to sectors only lightly affected by AI;
- **There will be no redistributive policies in the United States to offset this employment effect**;
- Under these conditions, there are two possible scenarios:
  - **a scenario of weak growth linked to job losses**;
  - **a scenario of sharply rising income and wealth inequalities**, supporting the consumption of the wealthiest households.

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