



OPINION

# AI will eventually lead to a more extreme society of haves and have-nots



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Researchers at Microsoft published a paper arguing that while AI may improve efficiency, it can also reduce human critical thinking capabilities.

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The discussion these days is all about whether artificial intelligence will lead to a surge in productivity, lower inflation, higher economic growth, better living standards and value creation. The stock market seems to think so, as the shares of many AI-related companies have surged.

This is leading many to believe that a bubble is forming. Such bubbles are not atypical. A 2018 paper published in Marketing Science titled Two Centuries of Innovations and Stock Market Bubbles shows that groundbreaking innovation tends to be linked to bubbles in the stock prices of companies commercializing innovation. Those investors who remain overallocated to an innovative company after the bubble has ended suffer the effects of long-term reversals.

My sense is that AI will not improve productivity as much as markets expect. I tend to agree with Nobel Prize winner Daron Acemoglu, who believes that the AI-related frenzy will eventually lead to a tech crash that will leave everyone disillusioned with the technology.

Historically, new technologies have been disappointing in terms of increasing productivity. There is no clear link between technological innovation and productivity growth, as defined by gross domestic product per worker. A recent example: Nobel Prize winner Robert Solow has written that the computer age was everywhere except in productivity statistics.

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Here are three points to counter too much optimism about AI.

First, it is hard to see the big societal problem that AI will solve.

Second, AI may lower inflation but at the same time will increase demand for capital because of the huge investments and funding it will require in its early stages. This will push real interest rates up, leaving nominal interest rates little changed.

Finally, AI may be hurting more than helping society. For example, researchers at Microsoft published a paper recently arguing that while AI may improve efficiency, it can also reduce human critical thinking capabilities and diminish independent

problem solving. “Used improperly, technologies can and do result in the deterioration of cognitive faculties that ought to be preserved,” it found.

Despite all this, I do believe that AI needs to be embedded in our day-to-day lives, as it is not going away. Whether we like it or not, we are headed full speed toward an AI-powered future.

The key question is, will AI benefit and reach all people? Historically, that hasn’t been the case when it comes to new technology, which is usually controlled by a few people. And it may be worse this time.

In my opinion, AI will most likely create a more rigid class-based society: the upper class, which will include people who are on top of AI knowledge and applications, and the lower class – those who are not, and who will be left behind without embedding AI into their everyday life.

A recent article in The Globe and Mail hit the nail on the head. Author Don Tapscott, who is co-founder of Blockchain Research Institute, said, “AI will become a new social fault line. Those with intelligent agents [i.e., large language model-powered systems] will be superpowered; those without them will fall behind. A small class of enhanced individuals could dominate productivity, creativity and influence.”

An AI-powered future and an AI class-based society reminds me of the landlord-serf relationship in medieval Europe, which was a central feature of the feudal system and could end up being a central feature of the AI-powered future. “Landlords” were typically those who controlled large estates, while “serfs” were peasants bound to the land, obligated to work for the landlord and lacking many freedoms.

The land cultivated by serfs was owned by a landlord. A large portion of what serfs produced had to be given to their landlord. Serfs lacked freedom of movement; they could not permanently leave their village, marry, change occupation, or dispose of their property without their landlord’s permission.

In the future, these landlords will be those in control of AI, and the serfs will be those without much knowledge about AI.

This looks like a scary dystopian future that should force us all to become sufficiently prepared ahead of time in AI and be in full command of AI agents, irrespective of whether we believe the technology will solve the society's productivity problems or not.

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VIDEO 1:46

Alphabet's Google said on May 20 it would put artificial intelligence into the hands of more Web surfers while teasing a \$249.99-a-month subscription for its AI power users, its latest effort to fend off growing competition from startups like OpenAI.

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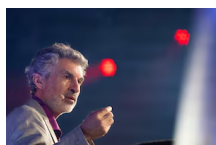


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