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Headline: Scenarios for the Transition to AGI

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Tweet: .@akorinek et al discuss two scenarios where AI leads to a wage collapse: if AI eventually automates all human tasks, or if capital investment fails to support automation that could potentially augment human productivity.

Summary: First, we consider the possibility that human tasks are of unbounded complexity [left-hand panel of Figure 1]. In this case, advances in the automation index imply that more and more tasks are automated over time, but that there always remain tasks that cannot be automated. Second, we consider a bounded distribution of task complexity, which reflects that the computational capabilities of the human brain are finite. Bounded distributions result in full automation within finite time when the frontier of automation crosses the maximum complexity of tasks performed by humans. [In the first case] we show that wages can rise indefinitely if the tail is sufficiently thick, as capital accumulation automates ever more complex tasks but there always remains enough for human labor. However, if the tail is too thin, then automation ultimately outpaces capital accumulation and causes a collapse in wages. [In the second case,] we demonstrate that wages would at first surge as machines displace more and more human labor, but would eventually collapse, even before full AGI is reached. Related: Assessing the Implications of a Productivity Miracle and Generative AI at Work and The Short-Term Effects of Generative Artificial Intelligence on Employment: Evidence from an Online Labor Market

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