

## Macro Roundup Article

**Headline:** [The Simple Macroeconomics of AI](#)

**Article Link:** <https://economics.mit.edu/sites/default/files/2024-04/The%20Simple%20Macroeconomics%20of%20AI.pdf>

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**Tweet:** [.@DAcemogluMIT estimates that AI will have a modest 0.55% impact on total factor productivity over ten years, and may not have much effect on inequality.](#)

**Summary:** Predicted TFP gains over the next 10 years are modest and are predicted to be less than 0.55%. I also explore AI's wage and inequality effects. I show theoretically that even when AI improves the productivity of low-skill workers in certain tasks (without creating new tasks for them), this may increase rather than reduce inequality. Empirically, I find that AI advances are unlikely to increase inequality as much as previous automation technologies because their impact is more equally distributed across demographic groups, but there is also no evidence that AI will reduce labor income inequality. AI is also predicted to widen the gap between capital and labor income. Finally, some of the new tasks created by AI may have negative social value (such as design of algorithms for online manipulation), and I discuss how to incorporate the macroeconomic effects of new tasks that may have negative social value.

**Related Articles:** [Assessing the Implications of a Productivity Miracle and The AI Transition One Year Later: On Track, but Macro Impact Still Several Years Off](#) and [Erik Brynjolfsson: 'This Could Be The Best Decade in History — Or The Worst'](#)

**Primary Topic:** Innovation/Research

**Topics:** Academic paper, Database, GDP, Growth, Innovation/Research, Productivity, Weekly

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