

Macro Roundup Article

Headline: [AI Could Spell the End of Big Business](#)

Article Link: <https://www.bloomberg.com/opinion/articles/2023-04-26/ai-could-spell-the-end-of-big-business?sref=U3dOGIDF>

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Tweet: [@tylercowen](#) argues that the diffusion of AI will enable important companies to run with a small number of employees managing automated AI-based systems.

Summary: Consider ChatGPT, which has been described as the most rapidly growing consumer technology product in history. It is produced by OpenAI, headquartered in San Francisco. By one recent estimate the company has about 375 employees. By contrast, Meta, even after some layoffs, currently has more than 60,000. OpenAI will make more hires. Still, it may be time to reset expectations for what a major tech company looks like. Important businesses with a small number of employees will need to hire exactly the right people to oversee the larger automated and AI-managed superstructures. Talent selection will rise in importance as a skill, and the people in these smaller units will command very high compensation. Investing will evolve as well, with Americans less likely to own businesses in their stock portfolios. If businesses become smaller overall, they will not have the same need to go public to raise capital for expansion. They will be privately held. Venture capital will rise in importance, but since most solo investors face SEC restrictions on making venture investments, they will have to put their money elsewhere.

Primary Topic: Innovation/Research

Topics: Innovation/Research, Investment, Op-Ed/Blog Post, Theory, Weekly

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