AI will affect 40% of jobs and probably worsen inequality, says IMF head

Artificial intelligence will affect 40% of jobs around the world and it is "crucial" that countries build social safety nets to mitigate the impact on vulnerable workers, according to the head of the International Monetary Fund. AI, the term for computer systems that can perform tasks usually associated with human levels of intelligence, is poised to profoundly change the global economy with advanced economies at greater risk of disruption. Analysis by the IMF, the international lender of last resort, says about 60% of jobs in advanced economies such as the US and UK are exposed to AI and half of these jobs may be negatively affected. But the technology will also help to enhance some humans' productivity as AI improves their performance, it said. According to the IMF, the safest highly exposed jobs are those with a "high complementarity" to AI, meaning the technology will assist their work rather than displace it entirely. This includes roles with a high degree of responsibility and interacting with people – such as surgeons, lawyers and judges. High-exposure jobs with "low complementarity" – meaning the potential for being displaced by AI – include telemarketing, or cold-calling people to offer goods or services. Low-exposure occupations include dish washers and performers, the IMF said. AI jobs exposure is 40% in emerging market economies – defined by the IMF as states including China, Brazil and India – and 26% for low-income countries, with an overall total of just under 40%, according to the IMF. Generative AI – the term for technology that can produce highly plausible text, images and even voice from simple hand-typed prompts – has risen up the political agenda since the emergence of tools such as the ChatGPT chatbot. Kristalina Georgieva, the IMF managing director, said AI's ability to affect highly skilled jobs means that advanced economies face greater risks from the technology. She added that in extreme cases some jobs in major economies could disappear. "Roughly half the exposed jobs may benefit from AI integration, enhancing productivity," wrote Georgieva, in a blogpost accompanying the IMF research. "For the other half, AI applications may execute key tasks currently performed by humans, which could lower labour demand, leading to lower wages and reduced hiring. In the most extreme cases, some of these jobs may disappear." She added that in most scenarios AI would probably worsen overall inequality across the global economy and could stoke social tensions without political intervention. AI is expected to feature prominently as a topic of discussion at the World Economic Forum in Davos this week, which top executives from the tech industry will attend. "It is crucial for countries to establish comprehensive social safety nets and offer retraining programmes for vulnerable workers," Georgieva said. "In doing so, we can make the AI transition more inclusive, protecting livelihoods and curbing inequality." The IMF analysis shows that higher-wage earners whose jobs have high complementarity with AI can expect an increase in their income, leading to an increase in inequality. "This would amplify the increase in income and wealth inequality that results from enhanced capital returns that accrue to high earners," the IMF report said. "Countries' choices

regarding the definition of AI property rights, as well as redistributive and other fiscal policies, will ultimately shape its impact on income and wealth distribution." The report said workers in the UK, with its high proportion of graduates, might be better prepared to switch from jobs at risk of displacement to "high complementarity" jobs, although older workers may struggle to adapt and move to new jobs or retrain. Satya Nadella, the chief executive of Microsoft, which is the biggest investor in OpenAI, the US company behind ChatGPT, said on Monday there would be jobs in the future but the question remained about what would be "the shape of these jobs". Speaking at an event hosted by the Chatham House thinktank in London, Nadella said AI could help with "mid-career transitions". He added: "I think this is the age where this is about expertise at your fingertips. So if anything, anyone can become an expert in anything because you have the AI assistant helping you." Last year, the Organisation for Economic Co-operation and Development said the occupations at highest risk from AI-driven automation were highly skilled jobs and represented about 27% of employment across its 38 member countries, which include the UK, Japan, Germany, the US, Australia and Canada. It said skilled professions such as law, medicine and finance were most at risk.