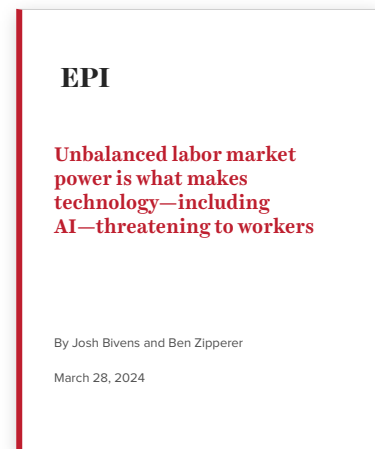


Unbalanced labor market power is what makes technology—including AI—threatening to workers

The best “AI policy” to protect workers is boosting their bargaining position

Summary: The root causes of sluggish wage growth for most workers are intentional policy decisions that have led to an extreme imbalance of power between employers and typical workers—technological advances, like AI, have little to do with this and are too frequently invoked as a distraction from these deeper problems.



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Key findings

- In recent decades, it is not technology, but institutional changes (like the decline of unions, the erosion of the federal minimum wage, and a change in macroeconomic policy priorities) that undercut typical workers’ leverage and bargaining power in labor markets.
- Economists typically measure technology as an increase in productivity. Yet productivity growth has not historically been associated with higher unemployment or higher inequality.
- Like any other technology, AI can be used as a zero-sum tool for increased employer control of work intensity and wages. However, it is the unbalanced power that is the root of this problem—not technological change per se, which could easily boost workers’ wages or make jobs easier in more balanced labor markets.

Why this matters

Outcomes for workers will not improve unless policymakers get the story right on technology, inequality, and labor market dysfunction. Efforts to blame inequality and unemployment on “technology” conveniently divert attention from the real cause of rising inequality and weak wage growth: excess employer power.

How to fix it

Each individual workplace will have its own challenges in integrating AI in ways that help rather than harm workers. Policymakers have almost no serious ability to address these workplace-specific challenges around AI. The best “AI policy” that they can provide is boosting workers’ power by improving social insurance systems, removing barriers to organizing unions, and sustaining lower rates of unemployment.

“Bolstering workers’ bargaining power—not the newest AI development—should preoccupy policymakers.”

