

AI AND ECONOMY

New technology brings with it both the sweet hope of prosperity and the cruel fear of missing out. GPT-1 was launched in 2018 and by 2020, GPT-3 was known and used by all. It is truly amazing to see chat-GPT spread rapidly compared to the other technologies introduced in earlier times, which took more than fifty years to reach different countries. It is really important to understand that, whether AI is an opportunity or a challenge to the world? This fact cannot be denied: it has indeed worked as job replacer for many, especially in the west.

The obsession of AI creators to mimic human intelligence and to incorporate features that can replace the human capital with cheap alternatives is evident. It has improved the efficiency and had boost the performance of the firm but with incremental increase in productivity and hence, economic growth. It mainly focuses on shrinking the gap in human capital faster than ever before.

However, on the other hand, it has brought prosperity to developing countries. People in these countries are not the passive recipients of AI; it has helped them to increase their income. The emerging countries have fewer white-collar jobs, so the disruption caused by the change in the technology may be smaller compared to the west. The IMF says that 5% to 25% of workers in emerging countries are exposed to replacement, compared to one-third in rich countries. With the help of AI the public health and education level has improved in the emerging countries. . India (developing country) is combining large language models with speech recognition software to qualify the state farmers to apply for government loans. People in Kenya will soon be asking the chat box for their homework. Researchers in Brazil are testing medical AI that can help train primary care workers to treat patients. Medical data collected worldwide and when fed to AI could help improve diagnoses.

In conclusion, the AI have greater impact on the west but had improved the standard of living in the emerging world. The AI can boost the productivity and, hence, economic growth if used in correct dimensions. The use of AI has led to the accumulation of wealth in fewer hands and hence supporting the rich, especially in the west.