
BEHIND THE MARKETS PODCAST: WHAT CAN HISTORY TEACH US ABOUT THE FUTURE OF AI?

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We recently had the pleasure of speaking with Simon Johnson, the Ronald A. Kurtz (1954) Professor of Entrepreneurship at the MIT Sloan School of Management, where he is head of the Global Economics and Management group. In 2007-08 he was chief economist at the International Monetary Fund, and he currently co-chairs the CFA Institute Systemic Risk Council. In February 2021, Johnson joined the board of directors of Fannie Mae.

On 16 May 2023 Simon, along with his co-author Daron Acemoglu, published *Power and Progress: Our 1000 Year Struggle over Technology and Prosperity*. We can attest that this is a fascinating book from two angles:

- 1) It allows us to look back at previous technological advancements, like the rollout of the steam engine or development of electricity, and identify how society interacted with them, the positives and negatives, and how long they took to make their impact.
- 2) There is also focus on present-day technologies, like social media, automation, and artificial intelligence (AI), and the consideration of whether they end up benefitting small numbers of people (like 'tech founders') or if they have a maximally beneficial impact across all of society.

A refrain of both the book and our discussion is that nothing about technology is ever set in stone.

AI—the path is not yet certain

AI is merely software, a tool that can take in massive amounts of data and find patterns. The question then becomes around the precise use and societal context within which AI is being adopted. Simon mentioned an example of a particularly negative AI use case: surveillance. An example of this is the surveillance applied by China's government in certain provinces. This is not an example of a use of technology that would be expected to improve standards of living or productivity, but rather to create an environment of compliance or even hopelessness to ever express dissenting views to a given government.

As a global society, it is on us to decide if the primary use case for AI is merely surveillance technology, or if it can be applied to a much richer tapestry of different activities and use cases.

More competition in certain areas of technology could be beneficial

Facebook's 'Threads' platform has just been released as a competitor to Twitter. The evolution of social media is interesting to consider, in that there has tended to be a very narrow set of large platforms. The classic, often-cited issue is how Facebook purchased Instagram and WhatsApp, two platforms that were large and growing fast in their own right. Simon's view was that competition is good and he wished that there were more companies in the space, as well as that the Twitter competitor wasn't coming from Facebook, already a large player in its own right. We'll see if recent government actions regarding M&A (mergers and acquisitions) activity, where both the Federal Trade Commission (FTC) and different European authorities have expressed that they too favour encouraging competition, leads to a different look and feel of the tech landscape.

Work will continue to evolve

At the core of the book, and our discussion with Simon, was the relationship between humans and work. Simon noted that the evidence would suggest that people want to work, and that they are getting something beyond the mere economic value in the bank account at the end of a given period. This would be an argument against a future state that is driven largely by a measure of 'universal basic income' with many people just taking leisure time for the majority of their lives. We, as a society, do have an issue-growing inequality.

It is true that this issue has been growing since the 1980's, and it is true that labour's share in certain economic gains has been slow to materialise. Still, we have many options. Germany was cited as an interesting case where, for the introduction of new technologies to different industrial processes, there are many voices at the table setting policy and getting the effort off of the ground. Workers being represented there gives them a better chance to share in the gains. Can something like Germany's approach be used more broadly? Every country is different, but a core takeaway was that workers need to have more of a voice and an influence to share in gains, and that the best new technologies from a productivity perspective don't merely 'automate', but they also bring with them new tasks, creating the need for new skills and even new jobs to go along with them.

The full discussion is accessible [here](#), and if you're interested in this topic we certainly note the pleasure we got from reading *Power and Progress: Our 1000 Year Struggle over Technology and Prosperity*.

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