

AI (ARTIFICIAL INTELLIGENCE) AND ECONOMY INEQUALITY

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Abstract

Whether it is developed or developing countries of the world, the use of AI has been increasing day by day. The world today is moving towards AI-induced inequality or injustice. "It would not be surprising if AI takes the place of human supremacy in the coming times." AI works like two sides of a coin. As good as its effects on the economy are, the economy should be prepared to suffer from the same bad effects. AI not only affects the economy but also affects all kinds of facilities like education, health, infrastructure, etc. And in the coming times it may not be possible to imagine life without it. While it has good effects in making work easier, there are many areas in which it will become a hindrance because in underdeveloped countries like India, due to the high population, AI will now replace the employment that people used to get and hence the problem of unemployment will increase day by day.

Keywords: AI- Artificial Intelligence, Chat GPT, Inequality, Economy

1. INTRODUCTION

According to the saying "Change is the law of the world", the arrival of AI-Artificial Intelligence will have both good and bad effects on the economy and it is important for everyone to accept that because if we do not accept the new, we will have to be prepared to face many difficulties.

Whether it is developed or underdeveloped countries, one cannot even imagine an economy without AI-Artificial Intelligence. The world is moving towards AI-induced inequality or injustice today. Its demand will increase in the coming years. Because today the world wants to make new discoveries, make work easier, if work is to be stored for a long time, then if the right technology is not used, this work will become impossible and the workload on the employees will increase. To prevent this from happening, AI technology has created its own identity in the countries of the world in modern times.

If we cannot move forward with AI technology along with the developed countries of the world, we will not be able to survive in the competition with the countries of the world.

The main needs for the development of AI are currently seen to be more in the developed countries of the world. Currently, AI technology is dominated by a few companies such as Google, Microsoft, Open AI, and AI tools and solutions are being developed only in China, the US, and European countries.

By 2027, India's AI sector could face a shortage of around one million skilled professionals. This is because we do not have the workforce with the right skills for AI. It is estimated that by 2027, there will be only one and a half times more job openings than talent. Over time, employees working in every sector will face many difficulties due to lack of appropriate skills. And they may not be able to survive in the competition.

2. MEANING OF AI-ARTIFICIAL INTELLIGENCE

AI (Artificial Intelligence) refers to the simulation of human intelligence in machines that are designed to think, learn, and solve problems. AI can perform tasks such as decision-making, language processing, visual perception, and more, often using techniques like machine learning and deep learning.



3. OBJECTIVE OF STUDY

- Job Creation & Workforce Augmentation
- Equal Access to Opportunities
- Efficient Resource Allocation
- Automation of Repetitive Task

4. MAIN TYPES OF AI

- A. Based on Capabilities:**
1. Narrow AI (Weak AI)
 2. General AI (Strong AI)
 3. Super Intelligent AI
- B. Based on Functionality**
1. Reactive Machines
 2. Limited Memory
 3. Theory of Mind AI
- C. Based on Techniques**
1. Machine Learning (ML)
 2. Supervised Learning
 3. Unsupervised Learning
 4. Natural Language Processing (NLP)
- D. Based on Application**
- E. Based on Learning**
1. Semi-Supervised Learning
 2. Supervised Learning
 3. Reinforcement Learning



5. AI AND ECONOMY INEQUALITY

AI's impact on economic inequality is a topic that's generating a lot of attention, as it has the potential to both exacerbate and mitigate inequality, depending on how it's developed and deployed. Here's an overview of how AI can influence economic inequality

(1) Job Displacement and Unemployment

AI and automation technologies are increasingly capable of replacing human workers, especially in low-skill or repetitive jobs. Industries like manufacturing, customer service, and transportation are already seeing AI-driven automation. As certain jobs become obsolete, workers without the skills or resources to transition to new roles might face unemployment or underemployment.

- **Skill Gap:** The demand for workers with advanced technical skills—such as in AI, data science, machine learning, and programming—has skyrocketed. People who have access to quality education and the necessary skills will thrive, but those without such opportunities could fall further behind, exacerbating the wealth gap between high-skill, high-income workers and those in lower-wage, low-skill jobs.
- **Capital vs. Labour:** AI-driven productivity gains tend to favour capital owners over workers. Companies investing in AI can significantly reduce labour costs and boost profits, leading to higher returns for capital holders (such as shareholders or business owners), while wage growth for regular workers stagnates or even declines. This could exacerbate wealth inequality, as the richest individuals and corporations may see a disproportionate share of economic growth.

(2) Policy and Regulation

Ultimately, how AI impacts economic inequality will depend heavily on public policies and regulations. Key areas of concern include:

- **Education and Reskilling:** Governments can invest in education systems and reskilling programs to ensure workers are equipped for the changing job market.
- **Regulation of AI Deployment:** Policymakers can regulate AI deployment to ensure it benefits society as a whole, rather than being solely driven by profit. For example, implementing policies that promote the fair distribution of the economic gains from AI can help mitigate inequalities.
- **Taxation:** Some economists have proposed wealth taxes or AI-related taxes to redistribute the wealth generated by AI and technology, ensuring that those who benefit most from automation contribute to society more equitably

(3) Global Perspective

AI can have different impacts depending on the country or region. In developing countries, AI could be a powerful tool for improving infrastructure, education, and healthcare. However, there is also the risk that wealthier countries could monopolize the development and benefits of AI, deepening the global divide between rich and poor nations. Ensuring that AI's benefits are shared internationally will be crucial in addressing global inequality.

(4) Market Concentration and Monopolize

AI requires vast data and computing power, giving major tech corporations (e.g., Google, Amazon, Microsoft) an advantage. This concentration of AI power can stifle competition and create monopolies, further centralizing wealth.

(5) Access to AI and Economic Opportunities

Wealthy individuals and companies can afford AI-driven productivity tools, while lower-income groups may lack access, deepening inequality. AI-driven education and training programs could help bridge the gap, but only if widely accessible

6. THE POSITIVE IMPACT OF AI ON THE ECONOMY

1. Increased Productivity
2. Job Creation
3. Innovation and New Business Models
4. Cost Savings
5. Economic Growth and Competitiveness
6. Enhancing Consumer Experience
7. Environmental and Sustainability Efforts
8. Improved Decision-Making and Data Utilization
9. Healthcare and Longevity

7. CONCLUSION

AI's effect on economic inequality is complex and depends on a variety of factors, including the policies that are implemented, the rate of technological adoption, and the ways in which economic systems adapt. While AI has the potential to exacerbate inequality, there are also many opportunities to harness its power to create a more equitable society, especially if accompanied by strong regulatory frameworks, investments in education, and efforts to ensure inclusive growth. AI has the potential to both mitigate and exacerbate economic inequality. On one hand, AI-driven automation can increase productivity, create new job opportunities, and lower costs for consumers. On the other hand, it can lead to job displacement, wage polarization, and an increased concentration of wealth among those who control AI technologies.

To address these challenges, proactive policies are necessary, including reskilling programs, fair taxation of AI-driven profits, and ensuring equitable access to AI benefits. Ultimately, the impact of AI on economic inequality depends on how governments, businesses, and societies choose to implement and regulate these technologies.

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