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Will artificial intelligence lead to the end of jobs?

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Fear of new technology is not new. Whether new technology will replace human beings is a question that has been haunting humankind from time immemorial. One may remember the "Luddites" in early nineteenth-century Britain - workers who went to smash new weaving machines for fear that they would replace human labour.

Such concerns have returned with the advent of artificial intelligence (AI).

Advances in computing power have led to the development of tools and applications that are so versatile that they can accomplish a lot of tasks hitherto performed by human beings. As this technology is portable, countries with the requisite infrastructure can make use of it. And that is happening at a time when the labour market of Bangladesh is already facing multiple challenges. The question naturally arises whether the challenges will now become more difficult.

LABOUR MARKET WOES IN BANGLADESH HAVE WORSENED

The labour market in Bangladesh has never been without its challenges. The shortage of good jobs in the formal sector, a high degree of dependence on the informal sector, low and falling rate of women's participation, decline in women's jobs in the ready-made garment industry, and a high rate of open unemployment among young people are issues that are not new.

Data from the Labour Force Survey of 2024 shows that labour market woes have worsened. As there has been very little growth of jobs in manufacturing in recent years, the process of structural transformation of the labour market is moving in the opposite direction. Instead of a rise in the share of manufacturing and a fall in that of agriculture, the opposite is happening.

Unemployment among the educated remains a major issue, and the rate of unemployment is the highest among those with tertiary education (Figure 1).

THE ADVENT OF ARTIFICIAL INTELLIGENCE (AI) IS RAISING CONCERNS

Previous experiences with technological and industrial revolutions have shown that while innovations can transform the lives of human beings, they also create challenges and raise fears about their possible adverse effects. While AI has huge potential for raising productivity, possible negative effects on employment and the need for developing new skills have emerged as important issues.
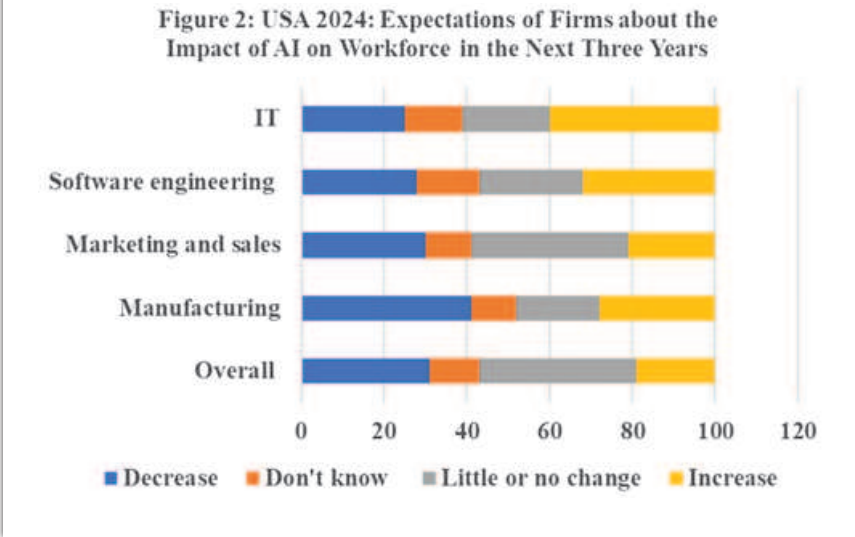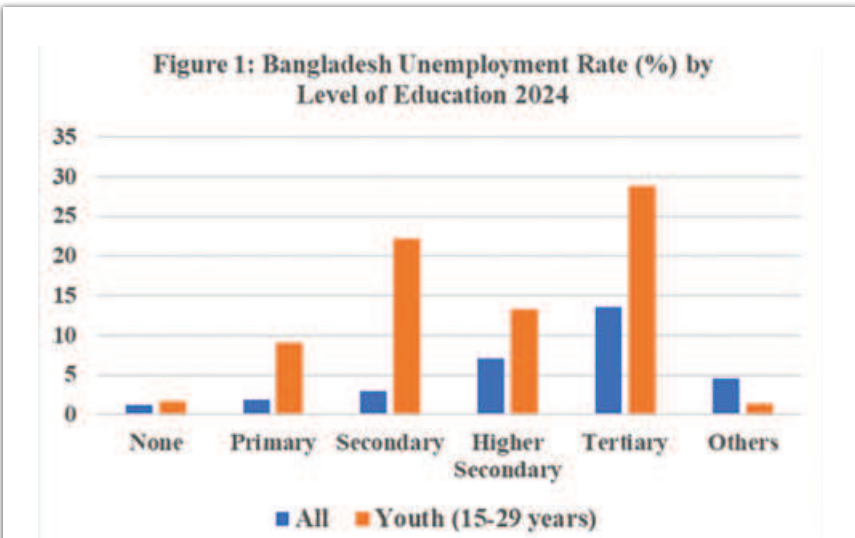
WHICH SECTORS ARE LIKELY TO MAKE MORE USE OF AI?

Almost all sectors of the economy can use AI in some way or another; however, there are certain sectors where it can be used more easily and effectively. They include manufacturing, wholesale and retail trade, transportation, information and communication, finance, health, education, and services of various kinds.

The above list should not be taken to imply that sectors like agriculture cannot benefit from AI. For example, it can be used effectively in research and development work, in innovative and yield raising practices, and in making marketing more efficient.

IS AI GOING TO CREATE HAVOC IN THE LABOUR MARKET?

In its extreme form, the scare that often makes the rounds is that AI can replace human labour in most jobs, and widespread use of this technology may mean the end of work. However, the history of technological progress shows that while some jobs disappear, new jobs are created, and on the whole, more people get employed. Can it be different this time? Although it is too early to provide a clear answer to this question,

Figure 1: Bangladesh Unemployment Rate (%) by Level of Education 2024

Figure 2: USA 2024: Expectations of Firms about the Impact of AI on Workforce in the Next Three Years

it is possible to say a few words based on current experiences.

As very little research has been done in developing countries on the possible impact of AI on their labour markets, one may look at the situation in developed countries for some indication. In that context, data from a survey carried out in the USA in 2024 (Figure 2) may be relevant. If anything, this data does not support the doomsday scenario that is often painted. On the whole, less than a third of the enterprises covered expect AI to lead to a decrease in their workforce, and 19 per cent expect an increase. Taking into account those who say "little or no change," one can say that over half don't foresee a decrease in jobs.

While the scenario mentioned above varies between sectors, even in manufacturing, nearly half don't foresee a decrease in workforce. If that is the expected impact in a developed country like the USA, can the outcome in developing countries - where the rate of adoption of the technology is likely to be much slower and limited - be one of large-scale job losses?

HOW IS THE LABOUR MARKET OF BANGLADESH GOING TO BE AFFECTED BY AI

To address the above question, it would be necessary to ask whether Bangladesh is likely to see a widespread application of AI in the near future. The answer to this question, in turn, would depend on the structure of the economy and the likely speed of change in it. In that context, it is important to look at the sector composition of employment. Data presented through Figure 3 indicates that agriculture still remains the major employer in the labour market; and sectors where AI is likely to make quicker and easier inroads, e.g., manufacturing, trade, education, health, finance, etc. account for just about a third of total employment. Moreover, large proportions of the activities in some of them are in the informal segment, where the likelihood of adoption of AI is limited.

FIGURE 1
SOURCE: **PREPARED BY THE AUTHOR USING DATA FROM BANGLADESH BUREAU OF STATISTICS: LABOUR FORCE SURVEY 2024**

FIGURE 2
SOURCE: **PREPARED BY THE AUTHOR USING DATA FROM CERITY PARTNERS, MCKINSEY & COMPANY SURVEY 2024**