



## The Daily Dish

# AI and the Labor Market

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Eakinomics is [on record](#) as being optimistic about the labor-market implications of the arrival of artificial intelligence (AI). But the market value of Eakinomics' opinion is not very high. As the old saying goes, that and \$0.25 (actually, now about \$5.25) will get you a cup of coffee. As AAF's Emmet Bowling points out in his latest, however, ([AI and the Labor Market, Assessing the Evidence](#)):

*...three well-known studies from Goldman Sachs, Massachusetts Institute of Technology (MIT), and The Budget Lab at Yale challenge this apocalyptic job loss narrative, indicating that while AI does have the potential to replace jobs, it can also create new jobs; furthermore, AI's impact on the labor market thus far has not displaced jobs in any marked way and roughly mirrors that of other periods of technological change, such as that of the internet and computers.*

What is most compelling about this bottom line is that the three studies use very different approaches, yet each arrives at a similar bottom line. The Goldman Sachs [study](#):

*estimated that AI could replace about 25 percent of current occupational tasks and about 7 percent of jobs. The authors used data on 900 occupational tasks in the United States and applied an importance- and complexity-weighted average of essential work tasks to each occupation"*

The MIT approach finds "beneath the surface of visible AI adoption is the 'Iceberg Index,'" which measures technical capability through cognitive automation in administrative, financial, and professional services. The authors ran MIT's Large Population Models at Oak Ridge National Laboratory to estimate the index. Finally, the Budget Lab at Yale:

*evaluated the changes in labor market outcomes since the public release of ChatGPT in November 2022 and compared it to past periods of technological change. They compared the changes in the occupational mix—the distribution of workers amongst all the jobs in the economy—in the period after the introduction of ChatGPT to the corresponding changes after the introduction of computers and the internet.*

The fact that AI likely does not threaten massive job elimination should permit policymakers to take a less-defensive posture in AI regulation. But it does not reduce the need for continued labor-market flexibility, as AI will require workers to move away from the jobs that are eliminated in favor of the new jobs it creates.