The Impact of AI on the American Job Market

It has been less than 30 years since IBM's Deep Blue beat Kasparov at chess, but now artificial intelligence (AI) is threatening the jobs of millions of Americans. News headlines warn of a wave of automation-driven unemployment, but research shows that AI is changing the context and functionality of jobs rather than eliminating them wholesale. This essay shows that in the US labor market, AI redistributes work and rewards, enhancing productivity and creating new positions and opportunities while increasing wage polarization across industries and generations of workers.

Like most technological advancements, AI can take over specific tasks, but not entire jobs. Acemoglu and Restrepo (2019) show the "displacement effect" of technologies substituting humans in labor-intensive tasks, reducing labor demand. However, new complementary tasks can simultaneously create demand for new roles. According to a case study by Acemoglu, Autor, Hazell, and Restrepo (2022), since 2010, online vacancies for AI-related postings have increased, while vacancies for non-AI positions have decreased. However, at the industry level, the researchers observed no significant changes in the number of jobs or wages. Research from the MIT Sloan School of Management (2025) shows that, as of late 2023, AI is associated with employment declines in certain roles within organizations. Still, these employment losses are offset by gains in other jobs and increased growth in AI-enabled businesses. This data suggests that AI affects the demand for specific qualifications, not the total number of jobs in the US economy.

Although the overall impact of AI on the American job market is modest so far, occupation and industry-specific effects are highly uneven. Felten, Raj, and Seamans (2021) developed an AI Occupational Exposure (AIOE) Index and showed that the high-skill roles across business, finance, and legal services had the highest exposure. According to the Brookings Institution (2026), 15.6 million workers without four-year degrees who work in customer service, clerical, and administrative roles are in the top quartile for AI task exposure, putting their career tracks for upward mobility at risk. At the same time, MIT Sloan School of Management (2025) reports that jobs in management analysis and data analytics have shown a modest increase among AI adopters. The OECD's Employment Outlook (2023) shares similar insights. The report concludes that AI is changing job quality and task distribution, with higher displacement risks concentrated in individual sectors. In contrast, overall productivity and job satisfaction can increase with well-integrated AI workplaces.

The mix of job displacement, upgrading, and new position creation implies that AI may cause a shortage of workers equipped with the right capabilities rather than general unemployment. For example, Goldman Sachs Research (2026) estimates that US businesses can automate up to 25% of work hours, reducing workforce requirements by up to 7% within a decade. However, the researchers also predict a substantial increase in jobs to support the AI infrastructure, including data centers

and power systems. Moreover, the higher productivity and income generated by AI adopters will fuel demand in other sectors, strengthening the job market. According to Acemoglu et al. (2022), US organizations are changing their skill requirements for new and existing postings. Businesses drop outdated skill requirements and adopt new ones, including AI literacy, reconfiguring their team makeup rather than changing employee numbers.

Younger American workers are more exposed to job displacement risks but also more willing to adopt AI to improve their productivity. According to OECD (2023), workers under 25 experienced a 13% decline in job opportunities in AI-susceptible sectors, such as customer support, software engineering, and accounting, between 2022 and 2024. Young workers are 129% more likely than those over 65 to worry that AI will make their jobs obsolete. At the same time, a Randstad USA (2024) survey shows that Gen Z and Millennials are more likely to use AI at work than Gen X and Boomers. Young employees believe automation can improve their performance and working conditions, especially if they receive relevant training.

AI adoption may also increase gender, education, and geography-related inequalities in the US job market. According to the Brookings Institution (2026), over 37 million Americans are in highly exposed jobs, while only 26.5 million demonstrate above-median ability to adapt to new market conditions. As a result, over 6 million people, predominantly women in clerical and administrative roles, face high risks of job displacement and low adaptive capacity. The high-exposure postings are concentrated in the Sun Belt and metro areas, which could face economic decline with rapid AI adoption, resulting in a wave of unemployment. Therefore, automation may erode mobility pathways for vulnerable groups while supplementing additional opportunities for highly educated workers in AI-complementary professions. Rising wage divide could cause social and political instability and encourage a new cycle of economic crises.

Policy responses will determine whether AI amplifies or mitigates economic inequalities through its effect on the job market. Open dialogue between employers and workers, training, and governance can foster trust in AI systems and cause better performance outcomes. Mid-career reskilling, alongside unemployment and wage insurance, can improve workers' chances of moving from shrinking positions performing routine tasks to expanding roles in high-demand sectors, from healthcare and skilled trades to AI development and AI-powered operations. Empowering vulnerable groups to transition between positions and sectors can diminish the negative impact of AI on the American job market and economy.

In conclusion, AI-powered automation redistributes tasks and positions in the US job market, reducing routine operations and opening new opportunities across various sectors. Some industries and demographic groups are more vulnerable to technological advances, especially early-career workers and those in administrative and clerical positions. Although the major job decline hasn't materialized yet,

government- and organization-wide policies focused on retraining and supplementing AI skills can protect vulnerable groups from the effects of the growing wage divide.

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