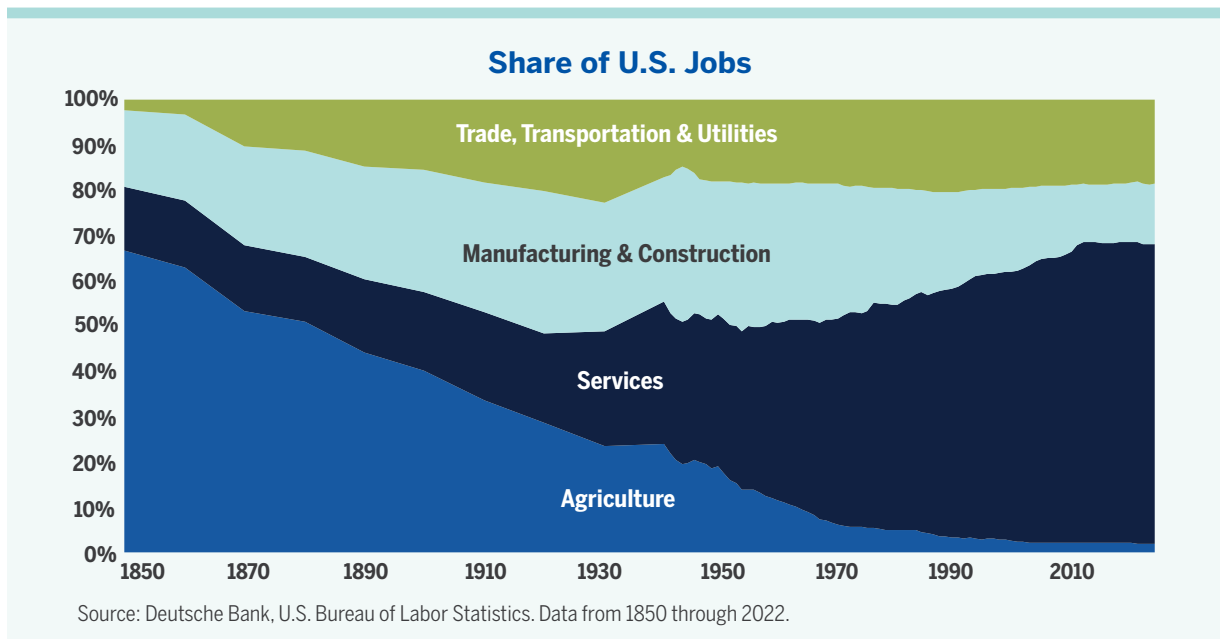




## AI and the Future of Work

There has been much talk recently about the large productivity gains artificial intelligence (AI) could achieve. Some believe these productivity gains will enable companies to significantly reduce jobs, creating fear amongst workers that they may become unemployed. What can history tell us about how technology and productivity have impacted employment?



- In the late 19th century, the invention of the tractor led to a significant increase in agricultural productivity. As Warren Buffett noted in the Berkshire Hathaway 2015 annual report, in 1900, 11 million farm workers produced 2.7 billion bushels of the leading crop, corn, with an output of approximately 250 bushels per worker per year.<sup>1</sup> Over the years, advances in fertilization, seed quality, and automation have not only dramatically increased yields but also reduced the workforce needed. Today, these advancements allow for the production of over 15 billion bushels of corn, with an average output of over 6,000 bushels per worker—more than a 2,500% increase in output per worker!
- While productivity gains did hurt jobs in agriculture, many farm workers relocated to cities and found work in manufacturing, as shown in the chart above. Then, as productivity and globalization impacted the manufacturing workforce, Americans gravitated to service jobs, which now represent roughly two thirds of jobs in the U.S.
- Will AI's productivity impact knowledge workers? In our view, it may increase output and income for some, while making other jobs obsolete. However, as history has shown and as we have [written about](#), technological innovations often lead to the creation of new jobs. In the near-term, we believe AI will be complementary for several professions, such as health care professionals, structural engineers, and wealth advisors, and it is unlikely to completely replace humans in most professions. While we are still in the early stages of this AI revolution, emerging fields like biotechnology engineering, space tourism, or 3D printing may offer new occupations over the long run. Whatever they turn out to be, we believe Americans are likely to create new innovative jobs that leverage AI, driving economic growth and potentially new investment opportunities.

<sup>1</sup>Buffett, W. (2015). Annual report 2015 (p. 21). Berkshire Hathaway Inc. <https://www.berkshirehathaway.com/2015ar/2015ar.pdf>



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The following positions represent firm wide assets under management as of March 31, 2024: Berkshire Hathaway Inc, 0.00%; Deutsche Bank AG, 0.00%.