

AUTOMATION AND ITS IMPACT ON THE LABOR MARKET AND THE ECONOMY

Liu Peng, Volosnikova Nataliia

National Technical University «Kharkiv Polytechnic Institute», Kharkiv

Automation, powered by artificial intelligence and other advanced technologies, is becoming increasingly prevalent in various industries, from manufacturing to finance to healthcare. While automation has the potential to increase productivity, lower costs, and improve quality, it also poses significant challenges to the labor market and the economy as a whole.

On one hand, automation can lead to increased efficiency and lower costs for businesses, as machines can perform tasks faster and more accurately than humans. This can potentially lead to increased economic growth and competitiveness. However, automation can also lead to the displacement of workers, particularly those in low-skill jobs. This can result in increased income inequality, as displaced workers may not have the skills or resources to transition to new jobs in the same industry or in other industries.

Furthermore, automation can also lead to wage stagnation or even decreases for workers in automated industries, as companies may prioritize cost savings over worker wages. This can have a ripple effect on consumer spending and the overall economy, as lower wages may lead to lower demand for goods and services.

It's important to note that the impact of automation on the labor market and the economy may vary depending on the type of job and industry. Low-skill jobs, such as manufacturing and transportation, may be more vulnerable to automation, while high-skill jobs, such as those in healthcare and finance, may require a human touch and be less susceptible to automation.

To address the potential negative impacts of automation on the labor market and the economy, policymakers may need to implement a range of policy responses, such as investing in education and retraining programs for displaced workers, increasing the minimum wage, and implementing progressive taxation to address income inequality.

In conclusion, while automation has the potential to bring about significant benefits to businesses and the economy as a whole, policymakers must also consider its potential negative impacts on the labor market and income inequality. It's important to implement policies that address these challenges and support workers in industries affected by automation.