

WORK WITHOUT THE OLD EMPLOYMENT CONTRACT

Post-Labor Economics Enters
Policy and Board Agendas

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Executive Summary

23.2 million American jobs already have 50%+ of their tasks automated. Entry-level tech hiring has dropped **over 50%** in three years. PwC UK is cutting 200 junior roles explicitly because of generative AI. KPMG reduced its graduate intake by **29%**.

US Jobs 50%+ Tasks Automated	23.2 million (SHRM)
Entry-Level Tech Hiring (3yr)	Down over 50%
Early-Career Decline (AI-exposed)	13% (Stanford)
AI Wage Premium	56% (up from 25%)
OECD Labor Share Trend	Significant decline
Goldman AI GDP Impact (10yr)	\$7 trillion
WEF Net Job Projection (2030)	+78M (170M–92M)

The strategic priority is institutional redesign — not reskilling rhetoric.

Why Post-Labor Economics Is Now Practical

1. Sustained AI Performance in Knowledge Tasks

Goldman Sachs: AI could automate **25% of all work tasks** in US and Europe. IMF: **40% of all jobs** globally exposed; **60%** in advanced economies. AI now performs analysis, coordination, documentation, and synthesis — the tasks that anchored white-collar expansion.

2. Enterprise Deployment at Workflow Level

The shift from copilots to agents means AI isn't suggesting — it's executing. When agents process invoices, triage incidents, or route approvals, they don't augment workers. They replace task sets.

3. Constrained Growth Incentivizes Substitution

OECD labor productivity stagnated at **0.4% in 2024**. Euro area: **-0.9% in 2023** (steepest since 2009). Labor-capital elasticity of **1.28** means firms readily replace labor with capital when costs favor it.

Labor demand may decouple from output growth in more sectors, more quickly, than past automation waves.

What Is Different This Time

AUTOMATION WAVE	WHAT IT REPLACED	WHAT IT CREATED
Industrial (1900–1960)	Manual farm and factory labor	Urban service and administrative jobs
Computerization (1980–2010)	Routine clerical and data processing	Knowledge work, management, coordination
Current AI (2023–)	Analysis, coordination, documentation, synthesis	Oversight, exceptions, system design — and an open question

AI now affects not only execution but **coordination and synthesis** — the cognitive layers once assumed resilient to automation.

*Previous waves destroyed jobs at the bottom and created them in the middle.
This wave compresses the middle and concentrates value at the top.*

The Emerging Labor Market Pattern

PATTERN	WHAT'S HAPPENING	EVIDENCE
1. Task elimination	Routine cognition compressed first	23.2M US jobs with 50%+ tasks automated
2. Role enrichment	High-context roles become more valuable	56% AI wage premium
3. Oversight expansion	New demand for supervision, exceptions	Fewer roles than they replace
4. Entry-level hollowing	Junior pipelines shrinking	50%+ tech hiring drop; PwC, KPMG cuts

The most dangerous labor market shift isn't the one that eliminates jobs today. It's the one that eliminates the training ground for the jobs of 2035.

Income Distribution and Bargaining Power

CHANNEL	MECHANISM	EVIDENCE
Capital concentration	AI gains flow to owners	OECD labor share decline; Goldman \$7T projection
Bargaining erosion	Substitution threat suppresses wages	EPI analysis; college wage premium flat since 2010
Geographic divergence	Digital infrastructure gaps create divides	Urban-rural productivity gaps widening

Uncertainty label: Distributional outcomes remain policy-sensitive. Tax design, competition policy, and labor institutions can materially alter trajectories. Post-labor economics isn't deterministic — it's a design problem.

For business leaders, social instability risk is a board-level issue. Demand fragility, political backlash, and regulatory volatility can undermine long-term planning more than short-term productivity gains help.

Reskilling: Necessary but Insufficient

LIMITATION	WHY IT MATTERS
Transition lag	Retraining takes 6–24 months; automation deploys in weeks
Unequal access	Workers most at risk have least access to quality training
Skills mismatch	Trained skills may not match available roles in local markets
Income gap	Household instability during transition periods
Volume problem	If total demand declines, reskilling changes who — not how many

A resilient strategy combines four elements:

- **Skill transitions** — targeted, industry-specific, with income support
- **Income smoothing** — wage insurance, transition stipends, portable benefits
- **Redesigned work allocation** — reduced-hour norms, job-sharing, human-agent teams

- **Regional development** — distributed digital capacity, place-based strategy

Enterprise Strategy in a Post-Labor Transition

ACTION	PURPOSE	TIMELINE
Role-level automation mapping	Identify roles with >50% task substitution	Within 90 days
Redeployment corridors	Predefine internal pathways for affected workers	Before automation deployment
Internal labor market platform	Match displaced skills to emerging internal needs	Build alongside agent rollout
Transition co-design	Develop terms with workforce representatives	Concurrent with planning
Junior pipeline preservation	Redesign apprenticeships and rotational programs	Immediate

The companies that automate work without managing the workforce transition will find that the cost of social friction exceeds the savings from automation.

Public Policy Design Space

POLICY TOOL	WHAT IT DOES	STATUS
Wage insurance	Supplements income in lower-paying transitions	Piloted (US TAA); limited scale
Portable benefits	Health/retirement tied to worker, not employer	Active design in multiple jurisdictions
Reduced-hour norms	Shorter work weeks in selected sectors	4-day week trials: UK, Iceland, Spain
Automation tax/rent sharing	Tax returns to capital from AI deployment	Under discussion; no major implementation
Guaranteed income pilots	Direct income support during transitions	Active: Wales, US cities; data emerging

No single policy is sufficient. Coherence matters: fragmented interventions create administrative burden without stabilizing livelihoods.

Beyond Employment Statistics

TRADITIONAL METRIC	WHAT IT MISSES	BETTER METRIC
Unemployment rate	Quality and stability of available work	Underemployment + involuntary part-time
Average wage growth	Distribution across income levels	Median wage + income volatility
Job creation numbers	Whether accessible to displaced workers	Transition duration + regional dispersion
GDP growth	Who captures the gains	Labor share + wealth concentration

Practical Actions

For Enterprise Leaders

1. Role-level automation mapping within 90 days

Task-level, not job-level. Identify roles with >50% substitutable tasks.

2. Transparent redeployment guarantees

Workers who know they'll be supported transition better than those who fear abandonment.

3. Preserve junior talent pipelines

Redesign learning pathways if AI handles the grunt work juniors used to learn on.

4. Tie executive incentives to transition quality

If automation savings flow to bonuses while workers receive minimal support, the narrative writes itself.

5. Publish workforce transition reports

Transition duration, redeployment rates, income continuity. Transparency builds trust capital.

For Public Leaders

1. Pilot portable-benefit frameworks

Health, retirement, training attached to the worker, not the employer.

2. Expand transition income tools

Tied to verified retraining pathways — not unconditional, but not punitive.

3. Modernize labor statistics

Track task-level disruption, income volatility, underemployment — not just headline rates.

4. Coordinate industrial and labor policy

Around regional absorption capacity — where can displaced workers actually go?

5. Cross-ministry AI-labor task forces

With fiscal modeling. This isn't a labor ministry problem alone.

What to Watch Next

SIGNAL	WHY IT MATTERS
Entry-level contraction in professional services	The canary in the pipeline mine. 2030 leadership already damaged.
Policy experiments on portable benefits	Social protection being redesigned in real time.
Board governance for workforce transition	Investor expectations rising. First-movers set norms.
Automation–wage share macro signals	When OECD labor share + AI data converge, case undeniable.
Guaranteed income pilot results	Welsh trial concludes Nov 2026. Evidence shapes policy window.

The Bottom Line

Post-labor economics isn't a prediction about mass unemployment. It's a description of a structural shift already underway: the decoupling of economic output from traditional employment relationships.

The old contract — steady job, rising wages, employer-provided safety net — is weakening for a growing share of the workforce. Not because people are lazy. Not because markets are failing. Because the tasks that filled those jobs are increasingly performed by systems that don't need a paycheck.

The companies and governments that design the transition —
with income support, pipeline preservation, honest metrics,
and genuine accountability —
will earn the trust to lead through it.

The ones that pretend the old contract still holds will discover that denial is the most expensive workforce strategy of all.

About the Author

Thorsten Meyer writes about AI economics for leaders who understand that the hardest part of automation isn't deploying the agent — it's redesigning the social contract around the work the agent replaced. Follow his work at ThorstenMeyerAI.com

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