The AI pyramid: Power at the top, layoffs at the bottom

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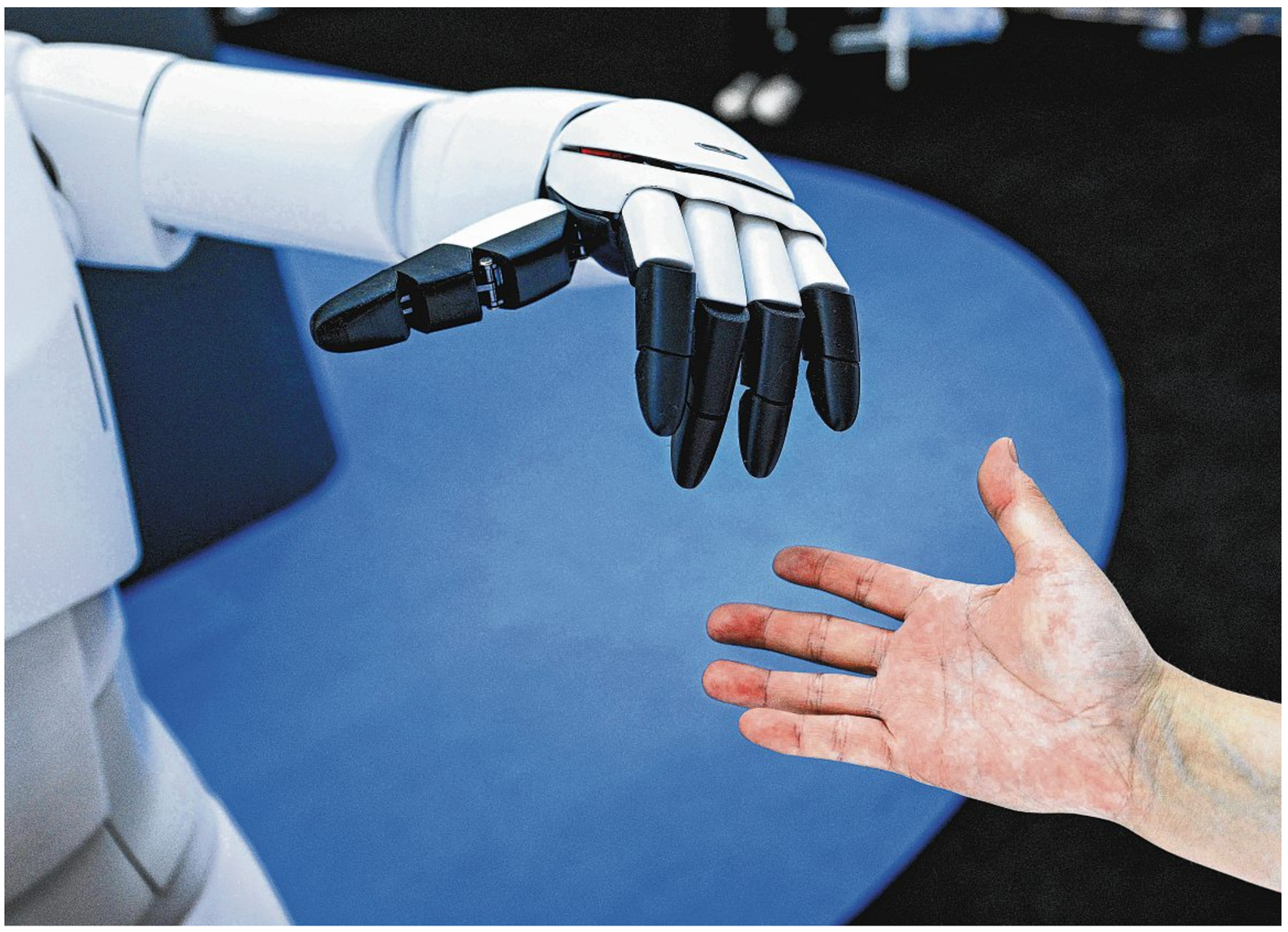

A humanoid robot at a conference in Shanghai in July. AI should be treated as a public utility, not necessarily free, but accessible, transparent and governed in the public interest, say the writers. The choices we make today about ownership, value distribution and the role of labour will define not just our economic future, but our social contract, they add. PHOTO: AFP

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Beyond productivity, there's a need to reclaim AI for fairness, transparency and inclusion.

Sam Ahmed and Sungjong Roh

For centuries, the path to economic mobility depended on land, labour, capital and enterprise. Those without land or capital once had little choice but to sell their labour. But then came enterprise. Some individuals managed to innovate by combining creativity, hard work, and borrowed capital to build businesses, generate wealth and climb the ladder out of their economic class.

But in the age of artificial intelligence (AI), that ladder is being pulled away. AI has emerged as the new factor of production and so the fundamental question is: Who owns it?

This leads us to broader questions: Who decides how it is applied? Is productivity the only goal, or should we also strive for a more just society built on inclusivity, transparency and integrity? And if that's the ideal, how do we get there?

WHO OWNS AI?

In theory, AI holds the promise of leading to a more affluent and inclusive society. With open-source models becoming widely available, it might seem like anyone can now build their own intelligent system.

In reality, however, deploying production-grade AI still demands three things: massive proprietary datasets, elite technical talent and powerful computing infrastructure. These are overwhelmingly controlled by big tech giants like Google, Microsoft and Amazon, along with Asian players like Alibaba and Tencent.

Most financial institutions do not own this AI "stack". They rent it. Even so-called "open-source" models that are supposedly free often run on commercial cloud services and depend on data curated and stored with the same big players.

This concentration of AI capability in the hands of a few big tech firms raises many problems.

It threatens innovation at its roots. Young entrepreneurs seeking to build large language models (LLM) face steep barriers, from the high cost of data as well as GPUs (graphics processing units), a key component in LLM training, to the difficulty of hiring top AI talent who have been absorbed by banks and big tech companies.

It is no wonder that banks and corporations are investing heavily in AI, with global spending in the sector reaching US$31.3 billion (S$40.3 billion) in 2024, up from US$20.6 billion the year before. While exact AI allocations aren't always disclosed, leading institutions like JPMorgan Chase and Citibank have committed US$18 billion and US$9 billion respectively to their technology budgets for 2025, with a significant portion earmarked for AI initiatives.

This monopolisation risks stifling innovation and choking off entrepreneurship.

It also creates dangerous opacity. As models grow more complex, their inner workings become black boxes understood only by a privileged few.

A potential trillion-dollar technology in the hands of a few introduces systemic concentration risk, similar to the power outages and financial crises we've seen in today's global institutions. This quiet concentration of AI power creates industry-wide dependency with minimal regulatory oversight.

Yet for the corporations investing in this new expensive technology, the pressure to justify return on investment is immediate. With limited in-house capabilities and high costs of adoption, the fastest and most obvious path to a "return on investment" often becomes reducing headcount.

CUTS FOCUSED ON THE BASE OF JOB PYRAMID

Indian bank HDFC cut call centre costs by over 30 per cent through chatbot automation. In Hong Kong, HSBC automated 90 per cent of its loan approvals.

More recently, in July, Microsoft announced it would cut 9,000 jobs, about 4 per cent of its global workforce, as part of a sweeping restructuring tied directly to its massive investment in AI initiatives such as GitHub Copilot, which are now capable of handling tasks that previously required human workers.

This highlights a systemic issue that goes beyond just the deployment of AI. It is about how strategic decisions are made at the top of the corporate pyramid in typical closed fashion, often without consulting a broader audience for feedback.

Such decisions can be suboptimal. According to McKinsey consultants, poor strategic choices have cost Asian banks over US$10 billion annually. Yet within these same organisations, AI is overwhelmingly deployed to automate lower-tier functions tied to the base of the workforce pyramid while senior executives, who approve these AI deployments, remain largely insulated from automation risk.

AI FOR PRODUCTIVITY: WHO CAN IT BEST SERVE?

Yet, there is also growing evidence that AI boosts productivity, particularly in white-collar roles where humans work alongside machines. A 2023 study by the National Bureau of Economic Research found that generative AI tools helped junior consultants increase productivity by up to 40 per cent, especially in report writing and idea generation.

Early pilots in finance and compliance across Asia have shown similar gains, ranging from 15 per cent to 40 per cent. This is echoed in the OECD's 2024 Employment Outlook, which highlights AI's ability to enhance the output of skilled workers by handling tasks like data analysis, calculations and forecasting.

While these examples show promise, they also reveal a risk: AI disproportionately helps those who are already skilled, while automating and replacing lower-end roles.

At leading insurance firms, claims agents now use AI tools to reconcile customer claims with original policy documents, a task that once took hours and can now be completed in minutes. This significantly boosts their productivity, allowing them to process far more claims in less time. It reinforces how AI tends to amplify the efficiency of already skilled workers, rather than replace them.

AI BEYOND PRODUCTIVITY

The imbalance that AI creates – shielding executives from automation, while lower-tier workers face displacement – reflects a deeper structural problem. Strategic decisions on AI deployment are concentrated at the top, often made without accountability for their long-term societal consequences.

Professor Emeritus Geoffrey Hinton, often called the Godfather of AI, has argued that for AI to serve long-term societal value, it must be used not just to cut costs, but to enhance transparency and governance, especially at the top.

To address this, we must flip the script. AI should not be used solely to increase productivity or replace workers, but also as a system of checks and balances that strengthens governance, accountability and ethical culture. More ambitiously, it should be deployed across industries with the long-term goal of embedding fairness and integrity into corporate culture.

Executive decision-making is one area where this can be applied. If AI tools are given access to the same historical data used by senior leadership to make decisions, agentic AI models can simulate alternative "what-if" scenarios based on that data.

This allows AI to function as a second-opinion engine, surfacing blind spots, flagging questionable decisions, and offering optimal solutions that align with long-term value creation.

This isn't about replacing the C-suite. It's about augmenting executive decision-making with an intelligent, unbiased voice that asks: "Did this decision serve the long-term interests of stakeholders – or was it driven by self-interest or short-term preservation?" Until AI is applied to leadership decisions as rigorously as it is to operational processes, its adoption will continue to reinforce inequality rather than resolve it.

THE SOLUTION, FOR A JUST AND FAIR SOCIETY

Like electricity or water, AI should be treated as a public utility, not necessarily free, but accessible, transparent and governed in the public interest. The choices we make today about ownership, value distribution and the role of labour will define not just our economic future, but our social contract.

And the role of human labour in this new economy must be reimagined. If corporations pass AI-driven productivity gains solely to shareholders while shedding workers, the result may be not just economic dislocation, but social breakdown.

The proposal requires a coordinated response across business, government and education. Corporations must look beyond short-term gains and recognise that neglecting workforce reinvestment will erode their own consumer and talent base.

As we introduce AI to a world already characterised by such deep inequalities, we risk allowing one of the most powerful discoveries in human history to serve the interests of the few who are driven by profit and returns, resulting in mass disenfranchisement and instability for the rest.

If AI is to serve true progress, government, business and academic bodies must collaborate with a clear objective to reorient AI as an inclusive tool for equality, transparency, integrity and long-term societal stability.

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