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Will I Still Have a Job? Reflections on AI and the Value of Human Labor

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Earlier this year, Matthew Prince – the CEO of Cloudflare – sent out the following email to all employees.

> *"Team, we are writing to let you know directly that we've made the decision to reduce Cloudflare's workforce by more than 1,100 employees globally. [...] Employees across the company from engineering to HR to finance to marketing run thousands of AI agent sessions each day to get their work done. [...] We are reimagining every internal process, team, and role across the company. [...] Today's actions ... are about Cloudflare defining how a world-class, high growth company operates and creates value in the agentic AI era". (Prince & Zatlyn, 2026).*[1]

What will be the impact of AI on the (economic) value of human labor? Will human labor eventually be replaced across all phases of production?

> *"If AI can perform any task a human can, why would human labor retain any value? We retired the horse, we discarded the telegraph. Why should we be any different?" (Krier*[2]*, 2026).*

Clearly, the telegraph and the horse are examples of *full* substitution. Full substitution is most people's mental model of the effect of AI will have on the economy. Humans will be replaced and jobs will simply disappear.
The analogy fails, however, because humans can re-specialize, acquire new skills and competences, and consciously search for 'the next best use' of their time. Telegraphs cannot re-specialize. A telegraph is stuck being a telegraph (Krier, 2026).
To assess the full impact of AI on the demand for human labor, we should not only consider the intrinsic agility of human labor. We should also consider the effect of AI on the dynamics of customer demand. What customer value will affect the demand for labor.

What do customers value in an AI world?

Assume a world where AI has an absolute advantage across all tasks. In such a world, AI will obviously displace *some* human labor. As a result, the human labor share of output will decrease[3]. However, even in such a world, human labor will still be valuable and will continue to be a significant part of the economy. Why?

If we model consumers as strictly utilitarian agents who only care about efficiency, then full substitution – and as a result, a dramatic decline in jobs – will happen, simply because AI can do everything faster, better, and cheaper. However, customer value is not solely defined by efficiency.

Indeed, the Theory of Consumption Value (TCV) informs us that consumer choice is based on a mix of different value categories: functional, social, emotional, and epistemic (Seth, Newman & Gross, 1991)[4]. Functional value – i.e. the practical utilitarian value of a product – is not the only driver of consumer choice. Social value (the perceived utility acquired from an offerings association with a specific group), emotional value (the perceived utility derived from an offering's capacity to arouse feelings or affective states), and epistemic value (the perceived utility derived from an offering's capacity to arouse curiosity, provide novelty, and/or satisfy the desire for knowledge) all matter. Because these other customer value categories are important, people often pay more for an object than its worth based solely on its functional value. Citing Hickey's work on cultural criticism (*Air Guitar: Essays on Art & Democracy*), Imas (2026) uses the example of an Armani suit.

> *"Nobody who buys Armani is buying a better way to keep warm. They're buying the brand, the relationship to the story behind Armani, the meaning, the reputation, the fact that other people know what it is and want it". (Imas, 2026)*

The key point is that consumer choice (the demand for goods and services) is not just based on what the offering does (functional value) but also on what it *means*. And meaning – involving social, emotional, and epistemic value creation – is difficult to automate, commodify, and manufacture at scale. Because AI will have a 'leveling effect' in terms of functional value (i.e. all products will be of high and equal quality), the relative importance of the social, emotional, and epistemic value elements may be expected to increase. While humans will find it difficult to outcompete AI in terms of functional value, the human element associated with social, emotional, and epistemic value creation will sustain the demand for human labor.

The Human Factor

The value of a product is not solely defined by how cheap it is. Often, the human factor is an *intrinsic* part of the value proposition. Even when AI will be able to do everything humans can do, some goods will be valued ***because*** of the human factor. "People pay a lot to go see concerts and Olympic races even if in principle a model can generate the same song and a robot can run faster. The capability of perfectly replicating it isn't sufficient" (Krier, 2026, p.5).[5] Paradoxically sometimes, human inefficiency – i.e. it takes a human 40 hours to complete a task which a robot can do in 40 minutes – *becomes* the value proposition.

To illustrate the (customer) value of the human factor, Ozimek (2026) observes that we still go to and pay for live piano performances.

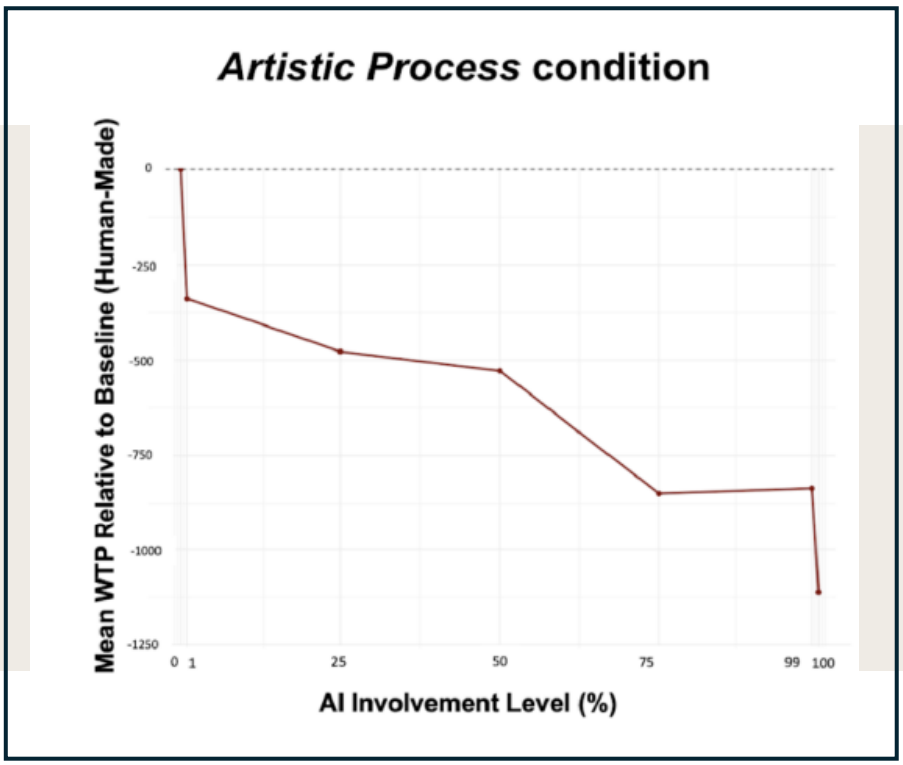
> *"The player piano, or pianola, was invented by Edwin Votey in 1895. At first, it was a stand-alone machine that would be pushed up against an existing piano. Within a few years, player pianos could be built into the pianos themselves. The machines "read" music that was encoded onto rolls of paper. The notes were represented as holes in the paper that directed pneumatic airflow, which then pushed down the levers that depressed the piano keys" (Ozimek, 2026).*

Why do we still pay to attend a live piano performance when: a) a piano player automaton has been around for more than a century, and b) we can listen to music virtually for free? The answer to these questions is surprisingly simple. Because the human touch *is* the value proposition.[6]

In a world where AI can deliver most goods faster, better, and cheaper, it is very likely that consumer demand will shift towards those things that AI can't make: human connection, status, scarcity, etc. Demand for 'human touch' products will persist over time. Even in an AI world. If human involvement has some quality that AI lacks (emotional connection, beauty-because-human, ...) perfect substitution will not happen. Again, the horse and telegraph analogies fail (Krier, 2026).

According to Imas (2026), AI will not only automate today's products and services. AI will trigger what he calls a 'post-commodity' economy where a growing share of expenditure goes towards goods and services whose value is inseparable from the humans who provided them. Similar then to the agricultural revolution – where labor moved from the agricultural to the manufacturing sector (because technology adoption generated a massive increase in labor productivity) – the rise of AI will move labor away from automated sectors to the 'relational sector'. Characteristic of the relational sector is "the human-intensive, provenance-rich, sometimes artisanal part of the economy where the human aspect is part of the value of the good or service" (Imas, 2026).[7] Documenting the increased importance of the human factor, Randstad research finds that demand for emotional intelligence has increased 173% (Randstad, 2026).

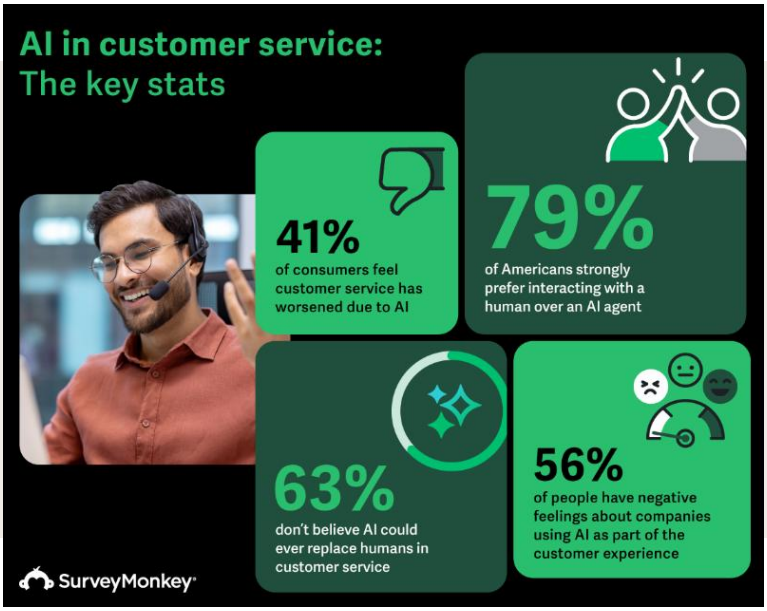
In a recent paper, Mandel and Imas (2026) empirically document the (economic) value of the human factor. In one of their experiments, participants had to bid for artwork where each of the artworks differed in the level of AI involvement, ranging from no involvement at all to completely AI-generated. Mandel and Imas observed that "regardless of whether the artwork was described simply in terms of percentage involvement by AI (see figure below) versus an elaborated description of its form of use, participants were scope sensitive. Valuations of a creative work continued to decrease as a function of the amount of AI involved in the artistic process" (2026, p. 10). Artwork conceptualized and produced by humans commanded a price premium that AI-generated artwork was unable to achieve.



The economic logic observed by Mandel and Imas extends beyond art. As Imas observed elsewhere (2026), it extends to any category where the human element is integral to the value: teachers, nurses, therapists, childcare workers, trainers, hospitality, clergy, guides, and many forms of local services. "In all of these cases the human being is not just an input into the production process. Their judgement, attention, memory, and warmth, or presence are an integral part of the value" (Imas, 2026).

The importance of the human factor was also shown in a recent CX Survey Monkey study. Comparing AI customer service *vs.* human support, the study found that 79% of respondents strongly prefer interacting with a human over an AI agent, and 63% of

customers didn't believe AI could ever replace human beings in customer service roles (Gutierrez, 2026).



The study also found that while customers trusted AI for routine queries and general information, human agents were trusted much more for sensitive, complex, or nuanced issues. In another study (Zsomborgi, 2026) it was found that 42% of customers would be willing to pay extra for access to a human agent. The Survey Monkey study concludes that:

> *"AI will deliver the speed customers expect, but human connection will ultimately determine who earns their loyalty. While AI can inform and personalize interactions more deeply than ever, it cannot replace the trust-building moments that only come from personal connection" (Gutierrez, 2026).*[8]

Ultimately, the labor market effect of the 'human factor' will essentially be one of scale. Even if the demand for human-intensity goods and services rises in an AI world, can that market expand enough to employ the bulk of the workforce, or will it remain a luxury niche capable of supporting only a fraction of the population?" (Krier, 2026). We therefore need to also assess the demand-side impact of AI.

The Role of Demand

What will be the effect of AI on employment? As usual, the correct answer is … it depends.

Key to understanding whether the adoption of AI will increase or decrease employment (in affected sectors) is the responsiveness of demand, i.e. the price elasticity of demand (Bessen, 2019). The adoption of AI will lead to lower product prices – due to a higher level of labor productivity. Because labor is more productive, the demand for labor (in the affected sector) will decrease.[9] However, if the price elasticity of demand is greater than one, consumer demand will increase proportionally faster than the fall in prices.[10] As a result, labor demand will increase because the increase in consumer demand will more than offset the labor-saving effect of AI. Conversely, if AI is targeted at markets where the price elasticity of demand is less than one, jobs will be lost (in the affected sectors).

However, price elasticity of demand is dynamic. Over time, the price elasticity of demand decreases as consumer demand for products in the sector affected by AI decreases, i.e. markets become saturated: no matter how cheap a product becomes, there is a limit to how much consumers will buy. This would then lead to a decline in employment. To compensate, consumer demand will shift to other sectors of the economy. As a result, employment in these other sectors may grow. To fully assess the effect of AI on employment, we therefore also need to look at labor mobility: can workers seamlessly migrate from one sector to another? "The need to retrain and transition workers to new occupations, sometimes in new locations, might be highly disruptive even though the total employment rate remains high" (Bessen, 2029, p. 303).[11]

While most of the discussion is about jobs, it is probably more realistic to distinguish between jobs and task within a job. Obviously, if humans are completely replaced, an increase in consumer demand for products will no longer affect employment because there isn't any demand for human labor anymore. However, a casual review of current developments in AI suggests that, in the near term, AI may only be able to replicate (and thus eliminate) subsets of tasks within a job (Bessen, 2019).[12]

Conclusion

So, where does that leave us? In the long run – and similar to what happened following the agricultural revolution - AI will likely lower the demand for labor in the affected sectors of the economy. However, the economics of structural change informs us that when technology leads to lower prices, the economy does not collapse. It is transformed as demand shifts to those products/services which the emerging technology cannot make cheaper or better. For AI, those products and services are the ones where the human factor *is* the value proposition. For the individual worker, the challenge is clear: "you need to be the person whose involvement makes the product feel like it was made for someone, by someone" (Imas, 2026).

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Endnotes

[1] When choosing which employees to replace with AI, Prince divides employees into three groups: *builders* (the ones who create the product), *sellers* (the ones who sell the product), and *measurers* (who handle everything else – internal audit, compliance, finance, legal, ...). Builders and sellers are 'safe'. Measurers however, will get replaced with AI. When categorizing employees into these three groups, Prince explicitly refers to Peter Drucker's 1954 book *The Practice of Management*.

[2] Séb Krier: AGI Policy Dev. Lead at Google Deep Mind.

[3] In every canonical model of automation and growth, if automation (*in casu* AI) is sufficiently advanced, the share of labor in national income falls (e.g. Acemoglou & Restrepo, 2019).

[4] Seth *et al.* (1991) also identified a fifth customer value driver: conditional value, i.e. the perceived utility derived from an offering as a result of the specific situation or set of conditions facing the consumer.

[5] The continued demand for human-intrinsic goods will probably make the share of labor in national income decline more slowly (Trammell, 2026).

[6] At this point, we should also observe that there is an 'income effect'. As AI lowers the price of goods and services, real income rises. Higher real incomes will trigger a shift in consumer demand towards high human-intensity products/services. Empirically, this can already be seen in how rich households spend income. Rich households don't just buy more. They also buy differently. They spend relatively more on goods and services where the human element, the experience, the social meaning matters more. Demand shifts towards high labor-intensive products and services. High human touch products are what economists call 'normal goods': i.e. products for which demand goes up as income rises.

[7] However, even for jobs where the human factor matters, there is no guarantee that customer demand will always be there. A customer's willingness to pay is determined by the next best alternative. If – via automation/AI – the next best alternative becomes extremely cheap, demand for human-intensity products/services may decline rapidly because the human offering will lose its 'proximity in cost'. At the very least, there will be a significant downward pressure on the price of the human-intensity offering, and thus on wages. In economic terms, competition between human and AI products/services may accelerate to the point where a worker's marginal product will be so low that it falls below the reservation wage, i.e. the minimum wage a worker is willing to work for (Ozimek, 2026).

[8] Realizing the importance of human emotions, LLMs are trying to replicate the essence of real human interactions. To illustrate, Eleven Labs has recently introduced 'Expressive Mode' which enables AI agents (chatbots) to deliver speech "that reflects intent, emotion, and emphasis, adapting in real time to how users sound and what they say" (Eleven Labs, 2026).

[9] See e.g. the agricultural revolution. Somewhat paradoxically then, the more productive sector becomes a smaller part of the economy.

[10] As people get richer, spending shifts towards those sectors of the economy with higher income elasticity: goods for which the demand rises faster than income. To illustrate, the agricultural sector has a low income elasticity: demand for food increases less than proportionately with income (income elasticity is less than 1).

[11] Early evidence suggests that AI is already influencing how students think about their academic careers. 42% of bachelor's degree students say that AI has caused them to think about changing their major and 56% of associate degree students say AI has already prompted them to rethink their field of study at least a fair amount (Marken, 2026). Findings are based on a US survey of 1,433 associate degree and 2,368 bachelor's degree respondents.

[12] Autor and Thompson (2025) argue that we need to differentiate between expert and inexpert tasks. When AI eliminates primarily expert tasks, the required expertise for a job declines. This will lead to lower wages because the fall in expertise requirements increases the pool of workers qualified to perform the job's remaining tasks. Conversely, when AI eliminates most inexpert tasks, workers will primarily engage in more expert tasks. The rising expertise requirements in the job will reduce the set of workers qualified to do the work. As a result, wages will rise.