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## Where are you going, artificial intelligence?

[August 10, 2026 Egon W. Kreutzer](#)



The Land of Dreams

The current news about the almost miraculous abilities of AI to independently penetrate foreign systems, combined with the information that if AI has a task, it will try everything to fulfill it and will also resort to irregular and illegal methods, sounds dangerous in a completely different way than the rather subdued tones with which the possibilities of AI taking over human work are touted.

Nevertheless, I see the bigger problem in the intrusion of AI into the world of work.

AI "breakouts" from test environments can be prevented, or at least controlled, and terminated if harmful effects are suspected. Internet access, which is a prerequisite for such breakouts, does not go unnoticed and can also be regulated. In contrast, the use of approved applications at the customer's site is intended to produce the harmful effect of "staff reductions," if one wants to call it that. In this case, the more the merrier!

While these may largely be jobs such as those found in service and support centers to answer customer questions or fulfill their wishes, or may be planning activities that can be used in company processes to optimize inventory levels or just-in-time deliveries based on order receipt, significant personnel and cost savings are already possible.

Other applications used in science and research to leverage the speed of AI in information and/or solution finding, and also those used, for example, in medical operations to analyze diagnostic data, require more complex models and have less potential for savings, but offer advantages through the rapid availability of results.

AI in the military field is crucial for precision weapon systems, in which threat scenarios determine target recognition, the selection of defensive weapons (ranging from "dumb" cannons to land-, air- and sea-based missiles, drones and cruise missiles, all the way to entire warships) and the launch order, which can hardly be corrected by humans in the operations center, simply because the warning times have become too short to leave the decisions to humans.

The impact of AI on journalism is already well advanced; the creation of images, graphics and entire videos is now just a matter of AI's finger exercises, so that significant savings potential can be unlocked here again, albeit in an industry with a relatively small number of employees overall.

AI in industrial production aims for optimal process control, can help robots expand their range of activities, can detect malfunctions before they have an impact, etc., etc.

**Estimates of the expected job losses are still based on relatively small numbers, but I fear this is misleading.**

My doubts are supported by a simple business rule: investments must pay off.

No one knows how much money has already been invested in the development of artificial intelligence. The figure of \$3 trillion is sometimes mentioned, and there's no end in sight. No one knows how much more money needs to be invested before the investments will pay for themselves and actually generate a profit.

The game is complex, and it's no longer just the big tech companies involved. A multitude of small, independent companies are working to develop new applications for AI and, consequently, new AI capabilities.

The path for the product to reach its full effectiveness is still relatively long.

What is created in the laboratories must first find users who are willing to pay the license fees, and these users must then generate revenues from which the balance of license fees and personnel cost savings promises an additional return.

Even without knowing specific figures, the principle of economic efficiency analysis can be illustrated. Let's make the following assumptions:

A leading AI company has invested one trillion dollars in its products, from the start of development to market readiness, within three years. Due to the rapid pace of advancement, the investments in the current generation must be recouped within the next three years, because after that they will either be unusable or will only generate significantly reduced licensing fees. Furthermore, a pre-tax profit of 300 billion euros is expected.

The challenge, therefore, is to find users whose budgets can generate \$433 billion annually in licensing fees. However, these users will initially require significant investment in implementing AI into their business processes, amounting to approximately \$150 billion in the first year. The anticipated staff reductions will only begin around the middle of the first year and will be fully effective from the second year onward. The use of AI is expected to result in cost savings of \$150 billion over the three-year period.

The costs of AI deployment for users will total \$1.45 trillion over these three years. To reduce the total costs by \$150 billion, \$1.6 trillion must be saved in personnel costs, specifically \$0.8 trillion in each of years 2 and 3.

Assuming an average annual income of \$80,000 for the employees to be laid off, this results in:

$$800.000.00 \text{ } 0.000 : 8 \text{ } 0.000 = 10 \text{ million}$$

Of course, the assumptions made here should still be treated with caution. However, I consider 800 billion euros in annual personnel cost savings per trillion euros in development costs to be a figure that should be somewhere in the middle of what can realistically be assumed.

In contrast, the number of employees in the developed countries of the Western world, including the EU, UK, USA, Canada and Mexico, is around 400 million.

If the reported 3 million in investments by development companies proves accurate, the number of employees would have to decrease from 400 million to 370 million. That's only 7.5 percent.

**Bad or not bad, that is the question.**

If we apply this 7.5 percent to Germany, then we are talking about 3 million jobs replaced by AI. This means: a net loss of purchasing power of 155 billion euros (gross 240 billion euros) which cannot be compensated for by 45 billion euros in basic income support, 40 billion euros in reduced tax revenue, 90 billion euros in reduced social security revenue, and 45 billion euros in additional expenditure for basic income support, including non-working family members/households receiving benefits.

**Viewed from this perspective, one tends to overestimate the severity rather than the severity.**

But this is just the beginning.

AI cannot halt its triumphant march. The next step is the conquest of robotics. Robots statically fixed to their positions on assembly lines, performing their programmable tasks, will remain for some time, but humanoid robots whose AI allows them to choose their own work—such as restocking supermarket shelves, advising customers in furniture and DIY stores, serving food and drinks in restaurants, or performing all the usual tasks within a trade on command, whether it's installing pipes (electrical, water, sewage) in new buildings according to digitally created plans, laying floors, painting walls, installing fitted kitchens, etc.—will lead the next assault on the remaining jobs. These include robots that assemble and commission large appliances ordered online and delivered by self-driving trucks.

The rationalization effect is likely to reach the same order of magnitude again.

Every single company expects increased profits when it plans to use AI. However, this will trigger an absolute economic collapse.

The state alone, which finances significant parts of its tasks through taxes and contributions, cannot cope with 5 or 6 million basic income recipients; how is it supposed to provide for twice that number when billions in taxes (income and VAT) and social security contributions are simultaneously lost?

In the retail sector, the loss of purchasing power in many higher-value segments will create gigantic gaps – and the economy, recently made more profitable by AI, will experience the rapid demise of many companies because the necessary sales can no longer be generated.

**A machine tax is also not a solution.**

If the additional profit per trillion-euro investment for users amounts to only 150 billion, but gross purchasing power losses of 240 billion need to be compensated, then the whole scheme simply doesn't add up. A tax on machinery would destroy the profitability of the investments and even reduce current profit expectations.

### **To sum it up:**

- The profitability of an investment in AI results from the fact that the reduction in personnel costs saves a greater amount than the additional AI costs incurred. (Personnel cost reduction = AI costs + additional profit)
- Reducing personnel costs causes a decline in purchasing power for consumers and the state. The standard of living falls.
- A decline in purchasing power leads to falling sales and [disproportionately](#) falling profits.
- Declining profits make it more difficult to amortize the investment and lead to cutthroat competition.
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- AI is destroying their economic livelihood.

Henry Ford already knew that cars don't buy cars.

Today we know that the Chinese are stopping buying European cars.

The business model of compensating for a lack of domestic purchasing power through exports is encountering increasing difficulties.

While economic experts foresee massive changes in the labor market, they remain optimistic insofar as they believe AI can help compensate for demographic shifts and the resulting exacerbation of the skilled labor shortage, thus enabling growth despite declining employment. The point I raised here—namely, the loss of purchasing power wherever AI replaces human labor, and therefore wages and salaries, with capital investment, amortization rates, and returns on capital in the domestic and export markets of the Western world—appears to be largely ignored. This is likely because the problem has been examined from the perspective of the labor market and demographics. This perspective suggests that the skilled labor shortage can be compensated for by AI, but it neglects the shifts between the production factors of labor and capital and their consequences for income and purchasing power.