SUBMITTED STATEMENT OF
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BEFORE THE
HOUSE COMMITTEE ON EDUCATION AND WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

HEARING ON
"BUILDING AN AI-READY AMERICA:
ADOPTING AI AT WORK"

FEBRUARY 3, 2026
10:15 A.M.

Artificial Intelligence in the American Workplace:

Current Adoption, Economic Imperative, and Worker Protections

Testimony of David J. Walton, Esq.[1]

Executive Summary

Artificial intelligence (AI) has emerged from experimental adoption to mission-critical infrastructure across American workplaces. This testimony covers three critical questions:

- how employers are deploying AI and the governance frameworks they use to mitigate risks;

- whether AI adoption creates or destroys jobs in aggregate;

- and how AI monitoring technologies interact with workers' organizing rights under the National Labor Relations Act (NLRA).

First, AI adoption by employers has accelerated dramatically. According to one study, in 2023, 24% of workers used AI and by Q3 2025 that number rose to 43%.[2] Another study showed reported that as of the end of 2024, 78% of organizations implementing AI in at least one business function, up from 55% of 2023.[3] And, frankly, many other studies put the numbers much higher. To deal with AI risks, many employers use various measures based on structured governance frameworks. This includes mitigating risk through measures like cross-functional committees, bias auditing, human oversight protocols, and comprehensive training programs.

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[2] SurveyMonkey, *AI In The Workplace Statistics Report 2026: Adoption, Trust & Readiness* (Jan. 2026), available at https://www.surveymonkey.com/curiosity/ai-workplace-statistics/ ("Our Q3 2025 AI Sentiment data showed that 43% used AI for work or professional purposes, up from 37% the previous quarter."). See also Gallup, *Frequent Use of AI in the Workplace Continued to Rise in Q4* (Jan. 2026), available at https://www.gallup.com/workplace/701195/frequent-workplace-continued-rise.aspx (reporting that by Q4 2025, 49% of workers used AI at work at least a few times per year, with 26% using it frequently and 12% using it daily, representing continued growth from 2023 baseline).

[3] https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai (reporting that 78% of organizations use AI in at least one business function in 2024, up from 72% in early 2024 and 55% in 2023; and that 71% of organizations regularly use generative AI in at least one function, up from 65% in early 2024).

Second, historical evidence and economic theory suggest AI will likely increase total employment despite displacing workers from specific tasks. This pattern reflects an economic theory called Jevons' Paradox. Under this theory, AI makes knowledge work more efficient. This reduces the cost of producing knowledge-intensive goods and services. This cost reduction then increases demand for those outputs, which ultimately increases demand for workers to produce them (even as fewer workers are needed per unit of output). This dynamic has driven employment growth through every major automation wave since the Industrial Revolution. The same will likely hold true for AI and, specifically, knowledge workers.

Third, AI monitoring technologies do not inherently threaten workers' Section 7 rights under the NLRA when implemented for legitimate business purposes with appropriate safeguards. Employers can ensure compliance through transparency about monitoring purposes, training managers to recognize protected activity, technical safeguards preventing targeting of organizing, clear anti-retaliation policies, and documentation of business justifications. Further, it is critical for employers who use these tools to be fully transparent with their employees and to get their buy-in by involving them in the process of adopting and implementing these tools. Employers who don't do this will lose good employees.

Part I: How Employers Are Using AI and Managing Risks

The Use of Data to Manage Human Capital

For decades, employers have been using data to help manage human capital. This is nothing new. The introduction of ChatGPT 3.0 in November 2022 is widely seen as the watershed moment for Gen AI. But employers long before that were using predictive analytics to help manage their workforce. At its core, predictive analytics involves data collection, pattern recognition, and the application of algorithms to forecast future events. The past is prologue. Because we now have so much data about human conduct, predictive analytics is incredibly effective at predicting human conduct. In many ways, AI is an exponential extension of predictive analytics.

The Use of AI by Employers

American employers have rapidly integrated AI technologies across core business functions. According to one study, 78% of organizations used AI in at least one business function in 2024, up from 55% the year before.[4] Further, a January 2026

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[4] https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai (reporting that 78% of organizations use AI in at least one business function in 2024, up from 72% in early 2024 and 55% in 2023; and that 71% of organizations regularly use generative AI in at least one function, up from 65% in early 2024).

Gallup survey of U.S. employees found that frequent workplace AI use (a few times a week or more) has risen to 26%, with daily use at 12%. This increase is among "remote capable" roles, where total AI use has jumped from 28% in Q2 2023 to 66%, and frequent use from 13% to 40%.[5] These numbers show a marked increase in use of AI by employers and employees alike.

This tracks how individuals are using AI in their personal, non-work lives. According to a prominent Harvard study in 2025, the top three non-work uses of ChatGPT by individuals were emotional support and companionship, life organization, and searching for meaning in life, personal growth, and self-discovery.[6] Why are these statistics included? Because they show that AI tools are becoming further ingrained in everyday life. And as individuals rely on AI to help them manage their day-to-day lives, they will become more comfortable using AI and will see opportunities to help them at work. This will inevitably further increase the use of AI by employees at work.

The practices established by people analytics already provided a natural progression to the integration of AI technologies in human resources (HR). The development of Gen AI accelerated that process. Gen AI technologies enable HR departments to automate routine tasks, predict complex patterns, and generate insights that were previously unattainable with traditional analytics.

AI & Talent Acquisition

The main area where employers are using AI is talent acquisition. AI systems screen thousands of resumes in minutes using natural language processing that evaluates education, experience, and skills against job requirements. These systems create ranked candidate lists while predictive analytics forecast candidate success. Some major organizations have compressed hiring processes for certain positions to less than 10 minutes from application to offer. AI also personalizes onboarding experiences, aggregates performance feedback, and detects disengagement signals early through sentiment analysis.

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[5] Gallup, *Frequent Use of AI in the Workplace Continued to Rise in Q4* (Jan. 25, 2026) (reporting that frequent AI use rose to 26% and daily use to 12%; among remote-capable roles, total AI use jumped from 28% in Q2 2023 to 66%, with frequent use increasing from 13% to 40%)

[6] Marc Zao-Sanders, *How People Are Really Using Gen AI in 2025*, HARV. BUS. REV. (Apr. 9, 2025), available at https://hbr.org/2025/04/how-people-are-really-using-gen-ai-in-2025. The study analyzed thousands of forum posts (primarily from Reddit and Quora) over a 12-month period and found that the top three non-work uses of generative AI in 2025 were: (1) therapy and companionship, (2) organizing my life, and (3) finding purpose. The "Personal and Professional Support" category (which includes these three use cases) represented 31% of all AI usage in 2025, nearly doubling from 17% in 2024.

AI-driven interview platforms conduct preliminary interviews using chatbots or virtual agents. These tools ask standardized questions and evaluate responses using natural language processing to assess factors like communication skills and emotional intelligence.

AI also automates background checks by rapidly scanning databases for criminal records, employment history, and educational qualifications. Gen AI can also analyze social media activity to identify professional conduct or potential red flags. Some companies use AI services that monitor public social media posts for inappropriate content or behavior that could harm the company's reputation.

AI & Employee Onboarding

Gen AI enhances the onboarding process by personalizing training materials and facilitating administrative tasks. AI chatbots answer new employees' questions, schedule orientation sessions, and provide resources tailored to their roles. In the future, we will likely see immersive onboarding experiences using virtual reality, simulating real-world job scenarios. Gen AI might also develop individualized learning paths that adapt as employees acquire new skills and knowledge. Personalized education using AI will also be a major development in education.

AI & Employee Engagement and Retention

AI can monitor real-time data from various employee interactions, such as communications and project contributions, to gauge engagement levels. Sentiment analysis can detect changes in employee morale, allowing HR to intervene. Also, AI can use predictive analytics to help retain employees. AI algorithms assess factors contributing to employee turnover, such as job satisfaction scores, compensation disparities, and career progression opportunities. Gen AI predicts which employees are at risk of leaving and suggests retention strategies. As an example, a large company developed a "predictive attrition program" that claims up to 95% accuracy in identifying employees likely to resign. By intervening early, the company can address concerns and reduce turnover costs.

In healthcare, Nebraska Medicine achieved particularly impressive results, reducing first-year nurse turnover by nearly 50% within eight months of implementing an AI-powered tool.[7] This AI platform identified burnout indicators (e.g., when

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[7] Bill Siwicki, *How Nebraska Medicine used AI to reduce first-year nurse turnover by nearly 50%*, HEALTHCARE IT NEWS (Mar. 27, 2024), available at https://www.healthcareitnews.com/news/how-nebraska-medicine-used-ai-reduce-first-year-nurse-turnover-nearly-50. Nebraska Medicine implemented Laudio, an AI-powered workforce management platform, and achieved a nearly 50% (specifically reported as 47%) reduction in first-year nurse turnover within the first six to eight months, comparing usage during the first six months on the platform versus the

experienced nurses worked several consecutive challenging shifts) and provided AI-generated recommendations for timely, personalized interventions with at-risk nurses. The system pulls data from HR, time and attendance, scheduling, and other systems into one centralized platform, enabling managers to have more than 27,000 personalized interactions with team members based on AI recommendations.

In the future, AI could integrate external data, like industry hiring trends and economic indicators, to refine flight risk predictions. Personalized retention plans might be generated, focusing on career development, training, or adjustments in compensation. Again, the focus will be on using GenAI to create personalized and highly customized experiences.

AI & Performance Management

Performance management has also been transformed by AI. AI systems can provide continuous feedback to employees based on real-time data analytics. AI can identify skill gaps and recommend personalized training programs. AI tools monitor employee performance by analyzing productivity metrics, goal completion rates, and feedback. Gen AI generates insights that help managers identify strengths, areas for improvement, and opportunities for professional development. In the future, we will likely see AI-driven coaching programs that might offer personalized recommendations to enhance individual and team performance.

AI and Compensation

AI tools assess job roles, experience levels, and market rates to ensure fair and competitive salaries. In the future, AI could continuously monitor compensation practices, providing real-time alerts when discrepancies arise. By simulating the impact of salary decisions, AI helps maintain equitable pay structures proactively.

AI & Compliance/Risk Management

AI monitors communications and transactions for regulatory compliance across multiple critical areas. In financial services, major banks use AI to analyze communications including emails and chat messages of traders and employees to detect signs of insider trading or market manipulation, enhancing compliance with securities laws.

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same period in the prior year. The platform enabled frontline leaders to have more than 27,000 personalized, timely interactions with team members by leveraging AI-based recommendations to identify burnout risks and prioritize engagement activities.

For Foreign Corrupt Practices Act (FCPA) compliance, AI systems identify high-risk transactions in travel and entertainment based on factors including the employee, attendees, merchant, vendor, and country where the transaction occurred. These systems comb through transactions for FCPA-specific keywords such as "ministry," "facilitation fee," and "consulting fee," while also identifying voucher outliers, unusual payments, split invoices, and high-risk vendors.

In anti-money laundering (AML), AI surveillance systems automatically scan vast datasets including customer transactions, account profiles, and third-party relationships for patterns matching known money laundering schemes. This helps compliance teams focus their investigations on high-probability cases while reducing false positives.

This continuous monitoring provides early warning systems that prevent violations before they occur. This allows employers to be more proactive. Advanced compliance AI tools use machine learning models that improve over time, incorporating new regulatory changes automatically and refining their alerts by learning from false positives and missed issues.

In human resources, AI platforms analyze internal employee communications across email, chat platforms like Slack or Teams, and Zoom meetings to spot cases of harassment, discrimination, or other policy violations in real time.

AI can also be used to detect potential Fair Labor Standards Act violations by monitoring work hours, break patterns, and off-the-clock communications. AI can also identify discriminatory language in performance reviews, job postings, and internal communications that could violate Title VII or other anti-discrimination laws.

AI & Workplace Safety and Security

AI-powered computer vision systems are transforming workplace safety management by enabling organizations to shift from reactive incident response to proactive risk prevention. These technologies provide continuous, real-time monitoring capabilities that far exceed traditional safety approaches. These tools detect unsafe conditions to create a system of improvement across entire operating environments.

Computer vision systems detect and ensure proper use of personal protective equipment including helmets, safety vests, goggles, gloves, masks, hearing protection, and safety harnesses. For example, when workers enter height-restricted

areas without harnesses or approach unprotected edges where guardrails are missing, AI systems identify the exposure as a live risk condition and trigger real-time alerts.

Beyond PPE compliance, AI detects unsafe behaviors like improper use of ladders, failure to use handrails, running in work areas, and unsafe proximity to machinery or moving vehicles. Industrial equipment manufacturers are introducing AI monitoring systems that detect near vehicle-human collisions, triggering alerts while recording incidents in databases so staff can review trends and take proactive steps like additional training to prevent future collisions. When heavy containers suspended by cranes create hazards, computer vision identifies the threat, marks surrounding zones as hazardous, and immediately alerts nearby workers and safety officers.

AI also monitors environmental hazards including extreme temperatures, gas leaks, chemical exposures, fire, smoke, spills, and obstructions, detecting these dangers at the earliest signs to prevent catastrophic incidents. AI systems can monitor time-limited areas with high noise or temperature levels, ensuring workers do not exceed safe exposure limits and alerting supervisors for immediate intervention if workers stay too long.

These applications have proven particularly valuable in high-risk industries. One major chemical company implemented computer vision and IoT solutions to detect possible containment leaks within production environments as part of its goal to achieve zero safety-related incidents.[8] A large construction company uses a Smart Construction initiative that uses drones and autonomous haul trucks equipped with computer vision to automate earthmoving operations. This system also enhances site safety through real-time monitoring.[9]

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[8] *Artificial Intelligence at Dow Chemical - Two Use Cases at the World's Largest Chemical Company*, EMERJ ARTIFICIAL INTELLIGENCE RESEARCH, available at https://emerj.com/ai-sector-overviews/artificial-intelligence-at-dow-chemical/. Dow Chemical partnered with Microsoft to implement Video Analyzer software using computer vision and IoT solutions to detect containment leaks at its chemical manufacturing plants. According to the company, Dow deployed the AI-powered leak detection system to identify chemical leaks in real-time and send alerts via email, voice, or SMS when leaks are detected.

[9] Komatsu Smart Construction, https://www.komatsu.com/en-us/technology/smart-construction; see also *Komatsu Smart Construction Orders 1,000 Drones*, CONSTRUCTION EQUIPMENT, available at https://www.constructionequipment.com/komatsu-smart-construction-orders-1000-drones; *Komatsu Brings Artificial Intelligence to Heavy Equipment with NVIDIA-Powered Cameras*, EQUIPMENT WORLD, available at https://www.equipmentworld.com/technology/article/14968631/komatsu-brings-artificial-intelligence-to-heavy-equipment-with-nvidia-powered-cameras. Komatsu's Smart Construction initiative uses autonomous survey drones, 3D laser scanners, and autonomous earthmoving machines equipped with GPS/GNSS machine control to automate jobsite operations. The system includes drones that autonomously fly over job sites to create 3D site maps and models, which are then used to enable robotic earthmoving equipment to dig, bulldoze, and grade autonomously. Komatsu partnered with NVIDIA to incorporate AI-powered cameras that create real-time 3D visualizations of construction sites showing the interaction of people, machinery, and objects, enhancing both productivity and site safety. The Smart Construction service is being used on thousands of jobsites globally.

The financial case for AI safety systems is compelling. Since the average direct and indirect costs of a lost-time workplace injury exceed $80,000, organizations can often justify AI safety programs based on preventing just a few incidents annually.

<u>Productivity Benefits and Competitive Pressure</u>

Organizations report substantial productivity gains from AI adoption. Research shows substantial productivity gains from AI adoption, with Nielsen Norman Group finding a 66% average improvement in employee performance across studies of customer support, business writing, and programming tasks.[10] These gains translate into clear competitive advantages, which drives rapid adoption of AI. When competitors achieve significant efficiency gains through AI, firms that fail to adopt risk falling behind.

<u>Governance Frameworks and Risk Mitigation</u>

Smart employers build their own systems to manage AI risks while gaining its benefits. These frameworks share key traits.

<u>Cross-Functional AI Governance Committees</u>

The best companies form teams with members from information technology (IT), legal, HR, compliance, and operations. These groups review each AI tool before launch. They ask: Does this create legal risk? Does it align with our values? Will it harm workers? The team decides whether to proceed, modify, or reject the system. The team also makes sure the organization builds and follows a comprehensive risk-management process (and documents their compliance with that process). The mantra that employers should follow is: build the process, follow the process, and document the process.

<u>Impact Assessments Before Deploying AI Tools</u>

Leading companies assess AI systems before rolling them out. They document what the tool will do and how it will work. They analyze risks, especially bias risks. They describe what data goes in and what decisions come out. This catches problems early.

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[10] Jakob Nielsen, *AI Improves Employee Productivity by 66%*, NIELSEN NORMAN GROUP (Jan. 30, 2024), https://www.nngroup.com/articles/ai-tools-productivity-gains/. The study found specifically that customer support agents using GenAI were able to handle 13.8% more inquiries handled per hour; business professionals were able to create 59% more documents written per hour; and programmers completed 126% more projects completed per week.

Worker Input and Participation

The smartest employers ask workers about AI tools that affect them. Some put employee representatives on AI committees. Others hold focus groups before launching new systems. Getting employee buy-in is critical for many AI deployments in the workplace. And employees should feel free to express concerns about AI outputs.

Bias Auditing and Fairness Testing

Some employers run regular audits on their AI systems. They test for bias based on race, sex, age, and other protected traits. When they find problems, they act. Some adjust the algorithm. Others fix the training data. Many add more human oversight for high-stakes choices. One major company found its hiring AI favored men. It scrapped the tool and rebuilt it from scratch.

Human-in-the-Loop Requirements

For major employment decisions like hiring, firing, promotions, and pay, many companies require a human to review AI's recommendation. This creates accountability. It also catches errors before they hurt workers.

Comprehensive Training Programs

It helps when workers know how AI works and where it fails. Many companies train staff on when to use AI, when to ignore it, and how to spot problems. AI is best used to augment expertise rather than to be blindly relied upon. Employees should be trained to use AI in areas where employees already have a subject-matter expertise. This is because AI can still hallucinate. Most AI training involves an explanation of hallucinations and how to spot them. Prompting AI is becoming a core work function for some employees. Part of prompting expertise is building prompts and analyzing output to recognize and ignore hallucinations. Many employers also create strong feedback loops, where employees are encouraged to reach out if they see any issues with the AI (e.g., potential bias and hallucinations). These employers teach employees to report AI errors without fear. This builds AI literacy across all levels.

Transparency and Explainability

It helps when employees know how AI impacts them at work. Employee buy-in can be critical. Some companies show employees their AI-generated performance scores and explain how the system calculated them. Others let workers see which factors the AI weighed most heavily. Transparency is especially important for AI tools

involving employee monitoring and workplace safety. A key to successful implementation of these AI tools is to involve employees, tell them why the employer is using these tools, and explain the benefits to the workforce as a whole, especially for safety programs.

Data Privacy and Security Controls

Some employers limit what employee data AI can access. They set rules on how long to keep information and who can see it. Access controls can prevent misuse. Some companies conduct audits on AI data use quarterly and delete old information that serves no purpose.

Incident Response and Escalation Procedures

Things go wrong, but some employers plan for it. They create clear steps for when AI produces bad results. Who gets notified? How fast? Who has authority to shut the system down? Some of these companies build "kill switches" into AI applications that present the highest risk to employees. For example, if an AI scheduling system schedules excessive overtime, a manager needs to intervene quickly.

Continuous Monitoring and Performance Tracking

Some employers track how AI performs over time. They watch for AI model drift, causing the system's accuracy to decline. They check regularly for new bias that creeps in. They measure whether the AI still serves its purpose.

Vendor Due Diligence and Third-Party Management

Most companies buy AI rather than build it, so they vet their vendors hard. What data did the vendor use to train this system? How do they test for bias? What happens if something goes wrong? Smart employers make vendors prove their systems work fairly. They write guarantees and indemnification into contracts. And they monitor the performance of the AI tool post-deployment. They also work closely with their vendors to constantly improve their systems and make sure that there is no improper bias.

These frameworks work. Organizations using structured governance capture AI's productivity gains while avoiding legal pitfalls. Indeed, self-regulation through robust internal controls outperforms blanket restrictions. Companies that build strong governance systems can deploy AI responsibly without waiting for government mandates that may lag behind the technology or stifle innovation.

Part II: AI's Impact on Employment—The Jevons' Paradox

Jevon's Paradox and AI

The central question is: will AI's improved efficiency in performing tasks (especially for knowledge workers) reduce or increase total demand for knowledge work? Historical evidence and economic theory suggest AI will likely ***increase*** aggregate employment despite displacing workers from specific tasks and displacing entire jobs in the short-term.

This counterintuitive outcome reflects Jevons' Paradox, named for British economist William Stanley Jevons. In 1865, Jevons published, "The Coal Question." This paper set forth a counterintuitive phenomenon Jevon observed in England's coal consumption. In the 1700s, James Watt's steam engine cut coal consumption per unit of power by two-thirds. This made coal use much more efficient, leading some to anticipate people would use less coal causing the coal industry to suffer massive losses. But Jevons found the opposite: England's total coal consumption didn't decrease. It skyrocketed. Why? Jevons posited that the efficiency gains made steam power economically viable for railroads, factories, mills, and hundreds of other applications. Before the new, improved steam engine, these uses would have been too expensive with the less efficient engines. The improved efficiency of the steam engine (thanks to Watt) greatly increased the potential uses of the steam engine. This, in turn, made coal-powered energy economically viable for far more applications. The result was a massive increase in demand for coal, leading to an industrial expansion that consumed more total coal despite using less coal per application. Jevons argued that "it is wholly a confusion of ideas to suppose that the economical use of fuel is equivalent to a diminished consumption. The very contrary is the truth." Many people argue that the same is true for AI.

Applied to AI: When AI makes knowledge work more efficient, it reduces the cost of producing knowledge-intensive goods and services (legal analysis, medical diagnosis, financial advice, software code, marketing content, customer service). This cost reduction increases demand for these outputs. If demand increases sufficiently, total employment in knowledge work rises despite AI reducing the labor required per unit of output.

Historical Evidence from Previous Automation Waves

This pattern has characterized every major automation technology since the Industrial Revolution. For example, agricultural mechanization reduced farm labor from 41% of U.S. employment in 1900 to approximately 2% today. Despite this dramatic decline in agricultural employment, **total** U.S. employment (including all

jobs) has grown substantially from approximately 29 million workers in 1900 to over 164 million in 2025.[11] Manufacturing automation dramatically reduced manufacturing labor per unit of output. But, again, manufacturing employment remained stable for decades as production volume increased. ATMs reduced tellers needed per bank branch. Yet, total bank teller employment increased as lower branch operating costs enabled banks to open more branches. These examples show Jevons' Paradox in action.

Most directly analogous is computerization of office work. Spreadsheets eliminated entire departments of bookkeepers and calculators. Word processors displaced typing pools. Email replaced mail clerks. Even so, office employment exploded because computers enabled organizations to produce vastly more analysis, documentation, and communication. This created new roles like data analysts, digital marketers, and IT support specialists that didn't exist before computerization.

AI's application to knowledge work has stronger potential for demand-induced employment growth than physical automation for three reasons:

First, demand for knowledge-intensive services appears highly elastic. Companies consistently report that they want more data analysis, more content they'd like to create, and more customer service they'd like to provide than their current resources allow. When AI reduces the cost of these activities, this latent demand converts to actual consumption.

Second, AI enables entirely new products and services. Smartphones created industries that didn't exist before mobile computing (app development, mobile advertising, and ridesharing). AI will also enable entirely new business models. Personalized education tutoring at scale, real-time language translation services, AI-assisted creative tools, and predictive healthcare interventions all represent new markets that AI makes economically viable. And there are many more new models that we cannot even dream of right now but will see soon. These new industries require workers to design, implement, maintain, and improve AI systems. These are roles that didn't exist before AI.

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[11] Daniel Gross, *U.S. Farms Still Feed the World, But Farm Jobs Dwindle*, STRATEGY+BUSINESS (Aug. 2, 2016), available at https://www.strategy-business.com/blog/US-Farms-Still-Feed-the-World-But-Farm-Jobs-Dwindle (reporting that agricultural employment fell from 41% in 1900 to 1.9% in 2000); *Changes in Farm Employment, 1969 to 2021*, FARMDOC DAILY (July 18, 2023), available at https://farmdocdaily.illinois.edu/2023/07/changes-in-farm-employment-1969-to-2021.html (reporting 2.6 million farm jobs or 2.2% of total U.S. employment in 2021); U.S. Bureau of Labor Statistics, Current Employment Statistics (reporting total employed persons at 164 million in December 2025).

Third, knowledge work is less constrained by physical limits than goods production. Manufacturing productivity eventually hits physical constraints. Indeed, there are only so many cars people can drive or washing machines they can use. Knowledge work faces fewer limits. Under Jevon's theory, when knowledge work becomes cheaper (like the using the steam engine), organizations will want more knowledge output. They will want more strategic analysis, more customer analysis, more sophisticated financial modeling, and more comprehensive risk assessment. When AI makes these activities cheaper, demand expands to fill available capacity.

Task Displacement vs. Job Displacement

Critical to this analysis is distinguishing task displacement from job displacement. AI excels at specific, well-defined tasks: summarizing documents, drafting initial contract language, analyzing data patterns, generating code snippets, translating text, answering customer questions. These task-level efficiencies don't necessarily eliminate jobs. This is because most jobs comprise bundles of diverse tasks, only some of which AI can perform.

When AI handles routine tasks within a job, it typically frees workers to focus on tasks requiring judgment, creativity, emotional intelligence, or complex problem-solving. These are all areas where humans retain significant advantages. A financial analyst spending less time on data entry and more on interpreting results and recommending strategy becomes more valuable, not less. A customer service representative handling complex escalations while AI handles routine inquiries provide higher-value service. A software developer reviewing and refining AI-generated code rather than typing every line from scratch can tackle more ambitious projects.

This task redistribution can increase job quality by reducing tedious work while enhancing the cognitive challenge and strategic importance of human contributions. Organizations report that employees working with AI assistance express higher job satisfaction when AI handles routine tasks they find unrewarding or boring.

Transition Challenges and Policy Implications

Acknowledging that AI will likely increase aggregate employment doesn't minimize transition challenges for workers displaced from specific roles or the short-term impact of AI while businesses adjust to this new reality. Even if the economy creates more jobs than AI eliminates, individual workers may face real costs: job search, potential wage reduction, geographic relocation, skills retraining, and temporary unemployment. Attempting to slow technological adoption to preserve existing jobs, however, ultimately fails. Competitive pressure is relentless (and global).

Companies must adapt to compete regardless of domestic policy. Delaying technological adoption via regulatory fiats harms the economy by delaying productivity gains and putting American companies on their proverbial heels while facing global competition.

Further, economic history shows that attempts to preserve jobs by preventing automation were ultimately unsuccessful in halting technological diffusion. Historical attempts to prevent automation through machine-breaking and legal restrictions have consistently proved unsuccessful. For example, Queen Elizabeth I denied a patent for the mechanical knitting machine in 1589 to protect hand-knitters, but the technology still spread. The Luddite movement (1811-1816) attempted to halt mechanization through machine destruction. But this movement was suppressed by military force, with the technology continuing to advance. Restrictions on automatic looms in 17th-century European cities similarly failed to prevent eventual mechanization.[12] Like previous technological transformations, AI adoption by employers is inevitable. Attempts to delay this adoption will cause more harm than good. While AI creates uncertainty, policymakers must tread carefully when regulating in such an uncertain environment.

Conclusion on AI and Jevons' Paradox

Historical evidence, economic theory, and early empirical data all suggest that AI will increase aggregate employment despite displacing workers from specific tasks. This outcome reflects Jevons' Paradox: improved efficiency reduces costs, which increases demand, which increases total resource consumption (including labor) even as less resource is required per unit of output. This pattern has characterized every major automation technology for two centuries.

AI's application to knowledge work has particularly strong potential for demand-induced employment growth because: knowledge-intensive services show high demand elasticity; AI enables entirely new products and services requiring new workers; and knowledge work faces fewer physical constraints on expansion than goods production.

This analysis suggests policy should focus on supporting worker transitions by modernizing training programs and ensuring portable benefits, rather than attempting to slow AI adoption. Such balanced approaches capture AI's substantial

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[12] Scott A. Wolla, "Examining the 'Lump of Labor' Fallacy Using a Simple Economic Model," *Federal Reserve Bank of St. Louis* (Aug. 2025), https://www.stlouisfed.org/publications/page-one-economics/2020/11/02/examining-the-lump-of-labor-fallacy-using-a-simple-economic-model; Carl Benedikt Frey, "Automation and Its Enemies," *CEPR* (2019), https://cepr.org/voxeu/columns/automation-and-its-enemies.

benefits while ensuring the gains are broadly shared and workers receive support to pursue new opportunities the technology creates.

Part III: AI Monitoring and Workers' Rights Under the NLRA

Section 7 Rights and the Legal Framework

Section 7 of the National Labor Relations Act (NLRA) guarantees employees the right to organize, form labor organizations, engage in collective bargaining, and participate in other concerted activities for mutual aid or protection, as well as to refrain from any of these activities. These rights protect not only union-driven organizing but also informal, employee-driven collective action. This includes activities like: employees discussing wages with coworkers, coordinating requests for improved working conditions, or jointly complaining about workplace policies.

The critical question is whether AI-enabled workplace monitoring technologies interfere with these protected rights. The answer depends not on the sophistication of monitoring technology but on its purpose and implementation. Surveillance specifically designed to identify union supporters, track organizing activity, or create conditions where reasonable employees believe their protected conduct is monitored for retaliatory purposes may violate Section 7 regardless of whether performed through human observation or AI analysis.

Not all monitoring violates the law. Employers can monitor for legitimate business purposes: worker safety, stopping discrimination, managing productivity, ensuring quality, protecting data, and meeting legal requirements. This monitoring is lawful even if it sometimes observes protected activity.

Ensuring Compliance: Practical Safeguards

Employers can implement AI monitoring in ways that fully respect Section 7 rights through four core practices:

Transparency. Employers should tell workers what monitoring happens and why. What data gets collected? How is it analyzed? Who can see it? How long does the company keep it? This lets workers understand the boundaries. They can exercise their organizing rights with full knowledge of what the employer observes.

Manager Training on Protected Activity. Managers must know the rules. Workers can discuss wages with each other. They can talk about working conditions. They can complain about workplace policies together. This is protected by law. No manager can discipline workers for it. Training should cover how to spot protected activity. It should explain that managers cannot interrogate workers about union

efforts. It should bar surveillance aimed at organizing. And it should require managers to call HR or legal before acting when monitoring catches protected conduct.

Technical Safeguards Against Targeting. AI systems may have built-in protections. Access controls should restrict who can search for union-related terms. Audit logs should track every query so the company can spot misuse. Company policy should ban using AI to find union supporters, score workers based on organizing, or identify employees engaged in protected activities.

Clear Anti-Retaliation Policies. Companies must prohibit retaliation against workers who organize or engage in protected activity. The policy should state clearly: monitoring data cannot be used to punish organizing or exercising labor rights. Enforcement matters too. Regular audits should check disciplinary actions for retaliatory patterns. Managers who violate the policy should face real consequences.

Conclusion on Worker Rights

AI monitoring does not threaten workers' organizing rights when done right. The key is purpose and execution. Surveillance targeting union activity violates the law no matter what technology is used. But monitoring for safety, compliance, productivity, quality, or security is legal and very important for all workplaces. Employers need to use transparency and adopt safeguards against targeting protected activity. Organizations that follow these practices can use AI monitoring effectively. They get the operational benefits. They improve safety and compliance, and they fully respect workers' statutory organizing rights.

The goal should not be banning all monitoring. That would hurt workplace safety. It would frustrate anti-discrimination efforts. It would compromise data security. It would conflict with other legal duties. The goal should be to ensure that monitoring serves legitimate purposes, operates openly, stays proportionate to business needs, and includes real safeguards against misuse.

Conclusion

In the workplace, AI is inevitable. AI has transitioned from experimental technology to essential infrastructure across American workplaces. Organizations implement AI to achieve substantial productivity gains, with high-performing companies reporting that AI contributes at least 5% of their earnings and 87% of executives expecting

AI-driven revenue growth within three years.[13] These efficiency gains create competitive pressure making AI adoption necessary for market survival.

Effective governance enables organizations to capture these benefits while managing risks. Cross-functional oversight committees, bias auditing, human-in-the-loop requirements for consequential decisions, comprehensive training, transparency, and robust data protections allow responsible AI deployment that serves both business and worker interests.

Historical evidence and economic theory suggest AI will increase aggregate employment despite displacing workers from specific tasks. This outcome reflects Jevons' Paradox: improved efficiency reduces costs, increasing demand, ultimately increasing total labor consumption even as less labor is needed per unit of output. This pattern has characterized every major automation technology since the Industrial Revolution and appears likely to continue with AI—particularly given high demand elasticity for knowledge-intensive services, AI's enablement of entirely new industries, and limited physical constraints on knowledge work expansion.

AI monitoring technologies do not inherently conflict with workers' Section 7 rights under the NLRA. Monitoring deployed for legitimate business purposes (safety, anti-discrimination, productivity, quality, security, regulatory compliance) complies with labor law when implemented with transparency, proportionality, manager training on protected activity, technical safeguards against targeting organizing, clear anti-retaliation policies, and documented business justifications.

The appropriate policy response is not categorical prohibition of AI technologies but frameworks ensuring responsible deployment. This includes supporting worker transitions through modernized training programs, and portable benefits; requiring transparency and governance for AI systems affecting workers; protecting organizing rights through safeguards against surveillance targeting protected activity; and promoting AI literacy throughout the workforce.

Such balanced approaches enable both technological innovation that drives economic growth and robust protection of workers' fundamental rights. This captures AI's substantial benefits while ensuring the gains are broadly shared and

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[13] McKinsey & Company, *The State of AI in 2025: Agents, Innovation, and Transformation* (Nov. 2025), https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai (defining "AI high performers" as organizations attributing ≥5% of EBIT to AI use); McKinsey & Company, *AI in the Workplace: A Report for 2025* (Jan. 28, 2025), https://www.mckinsey.com/capabilities/tech-and-ai/our-insights/superagency-in-the-workplace-empowering-people-to-unlock-ais-full-potential-at-work (reporting that 87% of executives expect revenue growth from AI within three years, with 51% anticipating increases exceeding 5%).

workers displaced from specific roles receive support transitioning to new opportunities the technology creates.