

DIVIDENDCAFE | PODCAST TRANSCRIPTION

FRIDAY, OCTOBER 17, 2025

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Hello and welcome to the Friday edition of Dividend Cafe. I'm your host, David Bahnsen. Managing partner here at The Bahnsen Group recording live from our New York City office. But in just a few moments when I'm done recording, I'll be running out to jump on a plane to go to our Nashville office for a few days.

This writing of this week's Dividend Cafe has been. Quite an experience. I do normally, I think I've said this to you before, I do normally write the Dividend Cafe each week in one sitting, and it's usually a few hours. It can be, oh, I doubt I've ever written one in less than an hour and a half, but it can be, two, three hours.

But it's a process. And there are times when it's broken up into other, windows of time. Not all congruent in which it's written, but for the most part, I really like being able to block everything else out and just sitting and focusing on it. And I actually did that for a few hours on Wednesday as I was flying out from California to New York.

And I found that I wasn't done, that this topic is research intensive enough that there's enough. That needs to go into this to do it right, that I ended up not completing it and what was a pretty long dedicated block on that flight. And then even with a lot of time spent on it, both Thursday morning and again here this morning, Friday to, to pull it across the finish line.

But I'm pretty pleased with the final result in that. I think this topic. Which is the impact of artificial intelligence on jobs, what we can realistically expect outta the AI moment for its impact on the economy. And I'm hopeful that the finished product is one that will be useful or at least provocative, thought provocative for consumers of the Dividend Cafe, whether that be here in the video or podcast, or those reading it.

The topic is important for investors, even apart from the vast AI investment ramifications I addressed last week. And if you missed last week's, I encourage you

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to go back and play a little catch up. But we did address the bigger picture of AI as an investment thesis last week where there are elements of mania craze to it where there is no temptation whatsoever.

For a dividend growth investor like us to abandon what we do and how the economics of AI need to play out for this to be viable long term as opposed to a current sort of trading moment in which we find ourselves. So the investment side of AI was addressed in that way last week, but the jobs element is not only culturally important I think sociopolitically.

Relevant, but from an investment standpoint, if one were to take the thesis and say that AI is going to destroy 40% of jobs you could bet that's going to have a pretty profound impact on the economy if that were true and what is even more bizarre is that not only do some hold to the thesis that AI will destroy 40 to 60%, I think between.

Some Goldman Sachs numbers, some world Economic Forum. And a lengthy report from McKinsey and obviously a pretty reputable consultancy there that they, different numbers get thrown out for down the line of displacement of 40, 50 and 60%.

But the idea that you would have economic growth and because of productivity enhancements. With 40% of people, 50% of people lose their jobs. Strikes me as a little naive in missing what part of the economy would be falling apart if that were true. But as we're gonna see here, there's a lot more nuance, not only in some of those theories, but in the reality on the ground and the way we need to be thinking about this, utilizing first principles, utilizing what we understand about economic reality and the way things are.

To understand more of how things could be. And so I do think history is gonna inform us to some degree, but I also think some economic principles are going to be useful. So I'm excited to jump into this here. Simply put the fear is that AI and the generative AI out of language learning models and so forth.

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Will do so much that they do so much now and will do so much in the future, that they severely diminish the need for human beings and a whole host of economic tasks. And I wanna first point out that this really is a predictive statement, not a descriptive one. What's ironic is even in somebody like Goldman Sachs talking about the possibility of 300 million jobs going away.

In the future globally from ai, they say in the immediate future that they see the impact on unemployment being as much as a half of 1%, which is. Obviously not a particularly significant amount. The latest report from Challenger Gray and Christmas, which is a very authoritative private sector resource on again private sector payrolls, is that year to date.

They estimate this is year to date cumulative here in what is arguably a real heyday of artificial intelligence, 17,375 jobs. Have been replaced by ai. Other reports go as high as 27,000. But either way, you're talking about a real small number in the grand scheme of things. Labor force that is over 160 million people.

So that's not to diminish the predictive drama. For the current state of affairs may very well be benign and the future state may not be, but. I just wanna reset the stage for what we're talking about, which is the concerns of what will be, not the concerns of what already are necessarily now when we look at the specific vulnerabilities and whatnot.

I think it's fair to say from what we know about what AI does, that you are seeing enhanced vulnerabilities in certain lines of work versus others. They're a little bit more speculative or dubious. Automated reservation systems, as an example. There's all kinds of other digital solutions that have been replacing human agents for a long time.

That predates ai. I think AI might make that technol better, but technolog has been replacing human activity in some of those endeavors. For a long time, but you gotta go outside of customer service functions. To see that the recognition and capture systems of AI really do enhance data entry capability.

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As an example, the way that so many of these functions are done. Not only work to the betterment of the companies and but the betterment of the people who benefit from the services, which of course are the customers of these said businesses. Now look like I've mentioned kiosks, self-checkout counters, these are already works in progress, but I think that you can assume AI accelerates and also optimizes performance of a lot of various customer experiences where.

Technology can do such, but I think the bigger claims of AI is coming for your jobs. Get outside of some of those more entry level customer service or data entry type positions, and it more gets into where there is content creation and that the evolving nature of generative AI will do things better and quicker and then cheaper, and then therefore disintermediate humans.

Now I'm very open to that. Outside of content creation with backend operations, logistics of inventory management I think that those are elements in which they're likely is lower hanging fruit. Now, do I think that this content creation idea is out to launch? I don't, but it's , outside of my ability to comprehend writers, musicians, videographers.

Let alone this discussion about actors and actresses being totally displaced. I don't believe it entirely. I think that the personality and the imagined relationships with celebrity. And the sort of romanticization of personas. I think those things are a big deal in who we engage with for content creation.

But prima fei, I understand that you could see a world in which content creation does become less human intensive. I'm willing to, start with the low hanging fruit around entry level or lower pedigree jobs, lower barrier to entry jobs and then look upstream to areas that are more com that are higher compensated and have higher barriers to entry.

But nevertheless I think it's a little more questionable what the AI impact will be, but recognize that there's some. And, we've already seen attorneys attempt to use ai in their legal briefs and there's I put some links at Dividend Cafe dot com today to some of the funny outcomes from some of this.

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It hasn't always gone very well. I can tell you as a rather heavy content creator does a lot of writing. That I will root for UCLA in a football game before I will ever have AI write a word for me. But that may not be how all content creators, writers, thought leaders, book authors, whatever the case may be, it may not be how they all feel.

There's a certain. Subjectivity to some of this, but ultimately these are the things that are being discussed, the impact of white collar professionals. Now, we know with financial modeling look, there were spreadsheets that took away a lot of entry level jobs and then added a lot of need for analytics.

And now maybe AI will take away the need for a lot of analytics, and then it'll get. To enhanced application. There's no question that certain research functions in a white collar setting are gonna be enhanced greatly by ai and very likely that results in certain disruption in the labor market too.

You can go through the different jobs you can imagine AI doing. And I think that there's a fair amount that we could conclude are safer than others as well. Look, all the talk of learn to code, well, now you have the fact that a lot of things people need to do with their hands seem to be safer jobs than learning to code that certain trades certain blue collar work and certainly skilled labor like electricians and plumbers and various construction jobs, maintenance, repair, installation.

The, these are things that again, may have AI be part of a work process, but there is a real insulation in the physicality that, that AI doesn't transcend into. What I would suggest is that history ought to be our next teacher. Here that rather than merely rely on reports that are forward looking for McKinsey and World Economic Forum and rely on our own speculation or daydreaming about the future that we have, both the digital revolution in the 20th century of computing and the industrial Revolution in the late 19th century.

And that out of these things we have a precedent for hand wringing. We do have a reality of significant displacement and a outcome that is instructive. The Industrial Revolution rendered millions of jobs obsolete. I would say that the agriculture sector was turned over in a lot of ways as the industrial Revolution made a lot of

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that functionality much easier and that it led to a significant amount of jobs in industrialization.

So you had a substantial shift of economic activity that was evidenced in the labor force. Now if all I was saying is there were X number of people working here and then X went here, you could say, okay, that's a breakeven. If I were saying less than X root found replacement work, you would say that was a net negative and by the way, even in a breakeven, it would probably still be a pretty substantial net negative because of the friction along the way that even if a final outcome was breakeven.

That there's just so much displacement along the way and lack of linearity in one job being replaced with another job, that there'd be a lot of carnage. But the fact of the matter was we had 18.1 million people in our workforce in 1880 as the industrial Revolution was starting off. And by 1920 we had 40.5 million people.

We more than doubled. Our workforce in the industrial revolution in a time when millions of jobs were made obsolete. And the simple reason for this repeated again in history I'll get to in a moment, is that the very thing that was rendering some jobs unnecessary was creating new jobs and that the functionality of things that were being done, by hand before now being made done by machines led to more builders, operators repair, management positions, et cetera. And that the mechanization that the industrial revolution created, made things better and quicker, but it also made, created new opportunities. Now. I would argue that the press, the unprecedented job loss of industrial revolution leading to more than double the size of the workforce is not something to merely look at as anecdotal in history.

It is one of the most profoundly important data points I've ever shared, and if it weren't for the fact that we're now about to see the number even more profoundly illustrated in the digital revolution, just the Industrial Revolution data. Should give significant pause to those doing hand wringing about what the results of AI will end up being.

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Now, I'm not belittling social angst created out of the industrial revolution. I'm not ignoring the fact that if 18 million jobs became 41 million jobs, it doesn't mean that Mr. Smith and Mr. Jones or Mrs. Johnson all had their jobs immediately replaced. That the macro and micro here are two different things.

But we have to deal with the macro to get to the available opportunity set for the micro and the vast amount of jobs that were created on a net basis in the Industrial Revolution. The many of them required new training, many required relocation, but the highly dynamic and mobile nature of our country served this transition well, and I would suggest that that's instructor for where we sit now.

Now, what about computers? What about the claim that this AI thing is all brand new? It really ignores the digital revolution that has preceded it where computers began displacing human jobs a long, long time ago.

This displacement has proven to be much more of an alteration. Then a removal, it altered a lot of what job functionality entailed or what a lot of the needs in the economy were. You could argue that computers have been altering the work that humans do for a long time, but very candidly, society has gone through this alteration from technology.

Well before the technology was a computer, whether it be a highly sophisticated laptop computer now. Or a more primitive Apple two, or Commodore 64 or IBM, Ms. DOS machine from the 1980s technology, even non-GI digitized technology is always in forever altering what humans are needed to do in their contribution to creating value, to producing goods and services, and in most primitive phases.

The wheel is an example and you could study Egyptian assembly lines to understand that we have thousands of years of precedent of making things better and more efficient, and in so doing, altering the need for human activity, but not replacing it, altering it, and then allowing it to transition to even greater opportunity.

History, properly understood is largely a case study of how new technologies and advancements change but do not replace human endeavor. Now let's look at the

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data. I was in kindergarten in 1979. I'm now a 51-year-old man. If you go from when I entered my school years to this middle age phase of life.

The United States has created an astounding net, net, net new jobs of 68.7 million. Okay. There were 3 million people employed in the digital economy as recently as 2008. That's not exactly ancient history around the time of financial crisis. 3 million people. There are 28.4 million people employed now, hardly something destroying jobs.

We've seen massive job creation of those 68.7 million net new jobs. Since the digital revolution began and the advent of the personal computer and Silicon Valley began, its kind of early stages of world dominance, 56 million of those 68, almost 69 million jobs are in our total services sector. What you are dealing with is robust job growth.

That again, whether it's food and hospitality, healthcare recreation, social assistance, warehousing, storage, financial services, FinTech education, all sorts of elements. The US economy saw a massive opportunities created out of what the digital economy was doing, and the digital economy was very much rendering certain jobs obsolete, but then creating far more new ones.

The story of the industrial revolution was repeated in the in digital revolution, and now we talk about this in the AI moment with many tempted to say this time is different. What I would suggest to you is that we can solve so much of this debate by getting the economic first principles, and that first principle that I want to start with is the notion that human needs and wants are infinite.

That to not understand this is to be arguing from a failed anthropology, a failed and flawed understanding of the human person. The reality underlying our approach to this subject must be that as long as human needs are unlimited than the number of jobs to meet those needs is unlimited. If we were dealing with a fixed pie.

What work needs to be done, and AI is now doing more work than there is less need for human work, less opportunity for human hiring, but we are not dealing with a fixed pie of work to be done because we're not dealing with a fixed pie of

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human needs. The infinite nature of what it is we want means we have an infinite opportunity for work, for value creation, for production of goods and services.

And that production of goods and services may involve certain things becoming cheaper, more efficient, but all that does is expand demand and when demand expands. Guess what? So do employment opportunities. I wanna quote from my friend, Dr. Alexander Salter, who's a brilliant economist has done some great work on this subject, but he is singing from the same hymnal I am when it comes to anthropology.

Far from eliminating work, AI will fuel the creation of new jobs to satisfy our endless wants. The doomsayers only see labor replaced, but they miss the flip side labor. Augmented growth creates jobs. AI won't destroy employment, it will expand it, and he yet is not only countering the zero sum fallacy, but he is also getting ultimately to the point that I think is so important here that AI highlights the premium.

That will be in effect for the really human things. These elements of what go into human endeavor and vocation that cannot be replaced by ai, by machines, by robotics, by forms of digital, technological advancement, those who understand decision making, those who possess and use wisdom. This becomes an opportunity out of the AI moment, there's the economic understanding that AI is not replacing labor, it's augmenting it.

But we also have the understanding that this augmentation expands the opportunity set of the really human things. And when I talk about these things that I believe to be irreplaceable. I think we need to do a substantial rethinking of how we talk to young people entering the workforce. My entire adult professional life, there's been ample job opportunities available for people of my generation, although there's been a lot of ups and downs as to what sectors have thrived or just merely survived in different periods of time.

Doomsday. About any period regarding even things as broad as job loss has a 0% batting average in history. Okay? Now, even putting aside the constantly wrong nature of the doomsayers, there is a reason that I am highlighting our need to sort

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of reprogram. The way we think about preparing young people for adult professional life I have used in the way I've taught economics to students over the years.

The analogy from Peter Beck is a great economist in the Austrian school. He is at George Mason University about Grand Central Station, which is just, 12 blocks here from our office in the city. You could have, aliens come down from another planet. You can have AI computers come down.

And use observation to detect patterns and come up with really sensible and rational conclusions about train times, about routes, about direction, and all that kind of stuff. They could just sit there and with enough observations, have pretty good things that they can infer regarding outcomes and patterns, and that's all true.

But what you can't ever do with the martians coming down from Mars or computer learning. Is get into that truly practical value that comes from understanding motivations. That comes from more than just the logistics of why you're getting on a train off a train at 8:00 AM or on a train at 6:00 PM But understanding the unique characteristics that go into human action.

There are motivations, deliberations that transcend just patterns. These things require human judgment. They require a deeper level of comprehension. They also require an additive element of interaction, that there is interaction with fellow humans that enables a deeper level of understanding. I think those worried about AI and its replacement of human activity.

Fail to account for the created order of things that human beings are made with unique capacity that the rest of the natural order lacks. This is not to diminish the phenomenal capacity for machine learning and for digital application, but the ontological statement I'm making about human beings is immutable.

And out of that, I believe that wisdom decision making. Human relationships and connections and empathy a virtue we bring to certain processes and deliberations, that these are vital, irreplaceable elements that can only be provided by humanity, and that these are pivotally important in market function.

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Now all of these elements are a pretty big sample, not comprehensive of the really human things that I don't think could be substitute or replaced. AI can add to the information that humans use to understand things. AI will add to data sets and even provide various. Potential considerations, but I'm referring to those elements of human existence that are very pertinent in commerce, that require a deeper deliberation, a wisdom, and a decision making.

And yes, on occasion, profound need for virtue that can only be found inside an embodied human. The irreplaceable differentiators. You ought to be the sole focus of our discussion, judgment, wisdom, and virtue. I think the phrase emotional intelligence is often overused. I know what people mean by it, but I'll throw it in the mix here.

Managerial positions that are supposed to be fundamentally about guiding human beings need to become less owners, manual centric, and more guiding human beings. To the extent that the managerial class has gotten away from a sort of EQ understanding of how to drive more activity from humans in a more efficient way, meet more needs and wants in the way in which we produce goods and services, this would be a good thing.

Too many managers are already functioning as glorified robots. Consciousness and personhood are real things, my friends, and they are superior to anything AI is capable of or other ever will be capable of. What I believe we have to do is we can think about ai, job dislocation, fret about the inevitability of technology, replacing all kinds of jobs .

Or we can think about the cultivation of virtue, the differentiations embedded in our humanity that will enhance our lives and career. I earnestly encourage you to focus on the ladder. I recognize that the timing will not always line up much like I said about the industrial revolution. There are occasions.

Micro and macro not being aligned. That can be very difficult for individuals and for families. There is no escaping and if it wasn't AI, it would be something else. Because of the very creative destruction of markets that there are things that are

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made obsolete at points of time and out of that process we create new opportunities.

I very much understand that this is going to hurt some people, but I do not believe we help anyone by for example, having institutions of higher learning that totally ignore the cultivation of virtue, wisdom and judgment. The idea that we would try to train up vocationally young people to now go compete with machines instead of doing the very things machines cannot do, utilizing technology as we have for thousands of years to make our process.

More efficient and allowing that very open-ended nature of producing goods and services to meet human needs and wants. This is our opportunity and I believe that the way in which we've trained and prepared for it is a big part of the problem, but there is nothing that we ought to fear in ai, job dislocation that can't be met by the challenge of the moment to rethink how we prepare people.

This is, I think, the hidden opportunity. A sober reprioritization of these elements is needed, but the micro collateral damage is real. Out of a sober reprioritization, we can get to the macro opportunity that I think is far more promising. So in conclusion, a sort of quick summary of the bullet points I've tried to highlight today.

How I'm feeling about this subject of AI in jobs is that it is absolutely true that many jobs can be done cheaper and better using AI tools versus humans. And those jobs that are likely to be displaced and to some small degree already are things we want to address. Many jobs cannot be done by AI at all, and many jobs are gonna be created out of the enhanced demand that AI productivity helps to surge.

The economic fallacy at play is a failure to see how our capacity for work, capacity for production of goods and services is infinite, and therefore the opportunities in our labor market are themselves infinite. That AI is not just merely doing more work that other humans would do, but creating an even greater size of pie for the labor opportunities.

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The history of this is queer in both our precedents from the industrial and digital revolutions. And the tremendous opportunity out of this AI moment is the premium that it places on these all so important buckets of human judgment, of virtue of empathy. Machines will never substitute elements of human wisdom.

And I believe that that trust and touch relationship is so paramount that to ignore it or fail to see this is truly lacking an understanding of humanity. The AI moment is more likely to reduce a time spent on repetitive tasks, but increase the results of real and strategic and substantive valuable activities .

In this economic opportunity, we will see greater wealth creation and we will see greater employment for many. I want to extract value out of this as an investment manager, but I also want to implement it to live it, to make sure I'm faithful to it in the way I run my own business, leaning into the really human things and at the same time benefiting from the technological advancements.

Efficiencies that things like AI and yes, even things like the wheel represent. Thank you very much for listening through this. I do hope you followed along with what I'm trying to get at. There is a lot more exhaustive treatments on the subject available, I hope I've covered the basics for you to see that while there is a real discussion to be had here, the hand wringing over AI eliminating 40, 50% of our jobs is unfounded, and that there is a great opportunity in the future for those who see this the right way and act accordingly.

Thank you as always for listening, reading, watching the Dividend Cafe. Have a wonderful weekend, and USC beat the Irish.