

# The Great Transfer

*Why the price of human knowledge work is about to collapse. In eight chapters.*

Joshua Han, CFA · Thornhill, Ontario · April 2026 *An Operation Imaginal economic brief.* · [operationimaginal.org/library/concepts/great-transfer](http://operationimaginal.org/library/concepts/great-transfer)

60%	300M	1	0–15%	30,000
of jobs in advanced economies have significant AI exposure	global jobs at risk of automation by AI	Canadian AI law passed in the last ten years	success rate of mid-career retraining programs	Oracle layoffs in one morning, capital redirected to AI
OECD, 2023	GOLDMAN SACHS, 2023	STANFORD AI INDEX, 2026	OECD ALMP · BROOKINGS	Q1 2026

## 01 · THE MECHANISM

### Standard forecasts count jobs. None of them price them.

In any market, price is set by supply and demand. Labour is a market. The forecasts model the *quantity* displacement. They do not model the *price* effect. The price effect is what determines whether this is a manageable adjustment or a structural crisis.

1. Productivity gains accrue to whoever owns the production function. That has been true since the loom.
2. With AI, that owner is no longer wage-earning workers. It is the five companies that own the frontier models.
3. Mass displacement floods the market with skilled, desperate workers. **Supply up.**
4. AI substitutes directly for human cognitive output. **Demand down.**
5. Supply up + demand down = **price down.** The most basic mechanism in economics, finally applied to the market everyone assumed was exempt.

#### A WORKED EXAMPLE, IN FIVE SENTENCES.

*A firm employs 100 knowledge workers. It deploys AI. One operator, with the right tools, produces the output of the full team. The firm retains the operator. It releases 99. The 99 do not disappear. They are professionals with mortgages. They learn the same tools, often free. Within months, all 99 apply for the one remaining role. The salary for that role does not hold at senior-consultant levels. It craters, because the candidates cannot afford to refuse. AI does not merely eliminate jobs. It eliminates the pricing power of the humans who remain.*

**Sources:** OECD Employment Outlook 2023. Goldman Sachs (Hatzius / Briggs / Kodnani), March 2023. IMF Working Paper, Cazzaniga et al., January 2024. Bewley, *Why Wages Don't Fall During a Recession*, Harvard UP 1999.

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## 02 • THE PLUMBER FALLACY

### **The trades are not a lifeboat. They are another boat in the same storm.**

A common response to AI displacement is "learn a trade." Plumbers cannot be automated. Electricians require physical presence. The advice is correct about automation resistance. It is wrong about *price* resistance.

Today in Thornhill, Ontario, it costs \$400 to hire a plumber. That price reflects constrained supply, years of certification, a guild built on scarcity. Now imagine 300,000 displaced knowledge workers. Capable. Driven. Watching YouTube tutorials on pipe repair. Going to Home Depot. Offering to fix the neighbour's leak for \$100. Then \$75. Then \$50.

*The plumber's skills are superior. But in a price war against a hundred desperate former analysts, the premium erodes.*

**\$400 → \$50 Thornhill plumber.** Not because AI took his job. Because 102 desperate ex-analysts already quoted \$60. The premium does not survive a price war it was never built for.

**Source:** Generalizes from labour-economics first principles. Supported by NBER WP 32487 (Bloom et al., 2024) on freelance-rate compression in AI-exposed categories.

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## 03 • THE ADOPTION INVERSION

### **Banks. Hospitals. They were slow. They are about to be fast.**

The most reassuring myth in the AI debate is that big institutions move slowly. *The reason they were slow is the reason they will now be fast.*

The reason banks ran COBOL for forty years is the same reason they are about to replace knowledge workers in eighteen months.

Corporations only act when the math is unambiguous. For decades, the math wasn't there. Custom software cost millions. ERP migrations failed. Cloud felt risky. The short-term profit case was murky, so the file room kept its job and the mainframe kept humming.

#### **The math is here now.**

A senior knowledge worker costs **\$150,000 to \$300,000 a year**. The AI seat that produces equivalent output for a wide swath of cognitive tasks runs roughly **\$20 a month**. That is not a forecast. That is a SaaS line item on a budget right now.

ITEM	ANNUAL COST
Senior knowledge worker (salary, benefits ex.)	<b>\$200,000</b>
Frontier AI seat (\$20 / month)	<b>\$240</b>

The visual gap is the argument. The 80 / 20 question is not whether AI replaces 100% of the role. It is how much of the role can be done by the seat at one ten-thousandth of the cost. The answer is enough to change the spreadsheet, and the spreadsheet is what corporations follow.

The one thing we know about corporations is this: they move quickly when the spreadsheet says move. The spreadsheet says move.

**Sources:** StatCan Labour Force Survey 2024. Robert Half Salary Guide 2025. Published consumer / enterprise pricing of frontier-model providers, 2026. McKinsey Digital and BCG sector-adoption analyses, 2024.

#### 04 • THE RECEIPTS

## This is not a forecast. It is a measurement.

Tech layoffs in Q1 2026 alone: **~80,000 workers**, with roughly **half attributed by employers to AI**. By April 24, the cumulative 2026 figure had already passed **95,000**. We are still in April. *This is the first inning.*

TECH LAYOFFS, 2026	Q1 (JAN TO MAR)	BY APRIL 24	Q2 TO Q4
	<b>~80,000</b>	<b>95,000+</b>	<b>?</b>

*Q1 2026 alone is roughly equal to the entire prior-year tech layoff figure. About 50% of Q1 cuts were attributed by the employers themselves to AI workflow automation. Source: Layoffs.fyi via Tom's Hardware Q1 2026 industry report; CNBC, April 24, 2026.*

RECEIPT	WHAT IT IS	SOURCE
<b>30,000</b> Oracle, one morning	Q1 2026. Not financial distress; Oracle is among the most profitable software firms on Earth. The capital was explicitly redirected to AI infrastructure. The largest single-company event of 2026 to date.	Bloomberg / Reuters, Q1 2026
<b>8,000</b> Meta, ten percent of staff	Announced April 23, 2026. Including 6,000 open roles eliminated outright (no backfill). Meta said the move was to free capital for AI infrastructure spend. Two days before this brief was published.	CNN Business, CNBC, April 23 to 24, 2026
<b>7%</b> Microsoft buyouts	Approximately seven percent of US workforce offered buyouts on April 24, 2026. Quieter mechanism, same direction. Capital is moving to AI capex. Headcount is moving down.	CNBC, Yahoo Finance, April 24, 2026
<b>Eight firms in the 10,000-club</b>	Companies announcing AI-attributable layoffs of 10,000+ each in 2026: Accenture. Amazon. Citigroup. Dell. Intel. Microsoft. TCS. UPS. The cuts are not isolated. They are a pattern.	Layoffs.fyi aggregation, April 2026
<b>15 to 40%</b> freelance rate compression	Across copywriting, translation, basic code, graphic design on major platforms, since GPT-4 (March 2023). The leading indicator was already on screen long before the headline layoffs.	NBER WP 32487 (Bloom et al., 2024). Upwork Future Workforce Report 2024
<b>Margins up. Headcount flat.</b>	Major technology firms reporting expanding operating margins with declining or flat net hiring. <i>The Great Transfer in real time.</i>	FactSet S&P 500 commentary, 2025 to 2026

*In Q1 2026 alone, the industry's own statements attribute roughly half of tech-sector layoffs to AI workflow automation. The companies are now saying, on the record, what the thesis predicted.*

**THIS IS THE FIRST INNING.**

## 05 • THE CASCADE

### **It does not stay in the sector where AI operates.**

Wage compression in knowledge work propagates outward. Each stage feeds the next. The cascade is the reason the policy clock matters.

STAGE	YEAR	WHAT HAPPENS
<b>1. Knowledge work compression</b>	Now → Q4 2026	AI directly displaces lawyers, analysts, developers, marketers, consultants. Headcount drops. Surviving roles face price pressure from displaced peers flooding back into a shrinking pool of seats.
<b>2. The Plumber Fallacy</b>	2027	Displaced knowledge workers, unable to find work at previous rates, move into trades and physical service work. They compete on price. They learn fast. Wages compress in fields that were supposed to be automation-proof.
<b>3. Demand destruction</b>	2027 → 2028	Wages fall across sectors. Consumer spending contracts. Restaurants, retail, entertainment, travel, all face revenue declines. They cut staff. The displacement propagates through the broader economy.
<b>4. Fiscal crisis</b>	2028	Income tax revenue contracts. Consumption tax revenue contracts. Demand for the social safety net surges. The fiscal gap widens precisely when government capacity to address it shrinks.
<b>5. Housing trigger</b>	2028 → 2029	Canadian mortgages were stress-tested for interest-rate shocks. They were never stress-tested for income shocks. When professions are repriced by 30 to 50 percent over three years, defaults rise. Concentrated, in the demographics most exposed.

*The cascade is not a list of risks to be managed in sequence. It is a sequence of feedback loops, each one accelerating the next. The window for proactive policy is measured in*

**QUARTERS**

*, not years.*

## 06 • THE POLICY VACUUM

### Canada has not legislated to capture any of this.

Stanford AI Index 2026 counted AI-related laws passed in the last decade. The score, ten years in:

COUNTRY	AI LAWS PASSED
United States	<b>25</b>
South Korea	<b>17</b>
France	<b>10</b>
Japan	<b>10</b>
Canada	<b>1</b>

*Stanford AI Index 2026, Ch. 8, Fig. 8.4.3.*

One number tells you the legislative count. It understates the point. The relevant question is: of the policy instruments that exist elsewhere to capture some portion of AI's productivity gains for citizens, how many has Canada built?

INSTRUMENT	PURPOSE	CANADIAN STATUS
AI windfall / excess-profits tax	Captures monopoly rents from AI productivity, as the 2022 Canada Recovery Dividend did for banks and insurers.	<b>None proposed</b>
Compute / GPU-hour levy	Taxes the production function directly. Discussed in EU and US academic policy.	<b>None proposed</b>
Mandatory Workforce Impact Assessment	Requires firms to disclose displacement before deploying labour-replacing models in regulated sectors.	<b>None</b>
Federal labour-displacement reporting	Tracks and prices the transition. US OMB M-24-10 has a thin version for federal contractors.	<b>None</b>

*Stanford AI Index 2026. OECD ALMP review, Employment Outlook 2021, Ch. 4. Brookings (Muro / Maxim / Whiton), 2019.*

The capital that paid those salaries is not gone. *It moved.* The instruments to share it back with citizens are the instruments we have not built. That is the vacuum, and the vacuum is the choice.

## POSTSCRIPT

### *The federal weight is forty-six to one.*

Canada's Budget 2024 set out a \$2.4 billion package "to secure Canada's AI advantage." The breakdown is on the public record.

COMPONENT	FUNDING	MANDATE
AI Compute Strategy	<b>\$2,000,000,000</b>	development capacity
AI start-ups	<b>\$200,000,000</b>	development
NRC AI Assist Program	<b>\$100,000,000</b>	industrial AI deployment
Canadian AI Safety Institute	<b>\$50,000,000</b>	frontier-AI risk research

That is roughly two percent of the package. *Forty-six dollars on development for every one dollar on safety.* The arithmetic of a country that has decided which side of the trade-off it is on, and the side it picked is not the side this brief argues for.

There is no global rush to develop. The frontier labs are ahead by years. There is, however, a global window to get safety right, and we only get that right once. The campaign is not asking Canada to brake alone. It is asking Canada to convene the global table where safety becomes the world's first concern. The case is for a coordinated international body, not a unilateral pause. *That is Demand 1.*

*An international treaty and supporting UN agency akin to the International Atomic Energy Agency are necessary to standardize access permissions, cybersecurity countermeasures, safety restrictions, and fairness requirements of AI globally.*

*Yoshua Bengio, written testimony, U.S. Senate Judiciary Committee, July 26, 2023.*

## WHAT TO DO, IN THREE STEPS

1. **Sign the petition.** It takes thirty seconds. [operationimaginal.org/petition](https://operationimaginal.org/petition)
2. **Read the long-form brief.** Forty-two minutes. The full thesis and six counterarguments. [operationimaginal.org/library](https://operationimaginal.org/library)
3. **Send this to the person in your life who needs to see it.**

Operation Imaginal pursues three demands.

#	DEMAND
1	Emergency Global AI Governance Summit, convened by Canada
2	Real Liability for AI-Caused Harms
3	National AI Transition Body

## Sources

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19. Yoshua Bengio. Written testimony, *Oversight of A.I.: Principles for Regulation*, United States Senate Committee on the Judiciary, Subcommittee on Privacy, Technology, and the Law, July 26, 2023.

*Operation Imaginal is a federal not-for-profit pursuing global AI governance. Joshua Han is the campaign's founder and author. Contributions are not tax-deductible. [operationimaginal.org](https://operationimaginal.org)*