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AI and the Future of Labor in Korea

- Evidence, Risks, and Policy Options -

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The symposium was conducted under the Chatham House Rule. Accordingly, while this paper draws on the substance of the discussions, specific remarks are not attributed to individual participants. The following is a non-exhaustive list of the symposium participants who contributed to the dialogue and findings reflected in this report. Some participants chose to remain anonymous.

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EXECUTIVE SUMMARY

The rapid advancement of artificial intelligence technologies presents both significant opportunities and profound risks for workers and economies around the world. South Korea, as one of the world's most technologically advanced and economically dynamic nations, faces a distinctive set of challenges at the intersection of AI and labor. This white paper examines these challenges through the lens of the Korean context, drawing on an expert symposium held at Seoul National University on February 4, 2026, that brought together academics, industry leaders, labor representatives, government officials, and legal professionals.

AI's labor market effects are increasingly being felt in Korea - areas identified through the symposium included financial services call centers, the legal profession, and software development. Population-level employment data reveals that a significant increase in an occupation's exposure to predictive AI was associated with roughly a 4.6% reduction in employment, concentrated among middle-aged male workers in manufacturing. Generative AI's effects, while not yet statistically significant in aggregate data through 2024, are clearly emerging at the firm level: some 63.5% of Korean workers have used generative AI, with average time savings of approximately 3.8% of working hours among users. However, freed up time goes to both productive work and workplace leisure time. Access to AI tools and their productivity benefits is also stratified by income, firm size, and employment type.

The upskilling paradox is a central labor challenge. The initial expectation was that AI would primarily threaten less tech savvy and soon-to-be redundant managing level workers. The emerging evidence tells a less anticipated side to the story: one of the hardest-hit groups is young, entry-level workers who have not yet had the opportunity to develop the requisite skills and deep professional expertise that would enable them to advance and thrive in the workplace. As AI enables firms to achieve adequate performance with fewer junior workers, the traditional skill ladder—the progression from novice to expert through on-the-job learning—is eroding. The legal sector exemplifies this paradox: AI allows more seasoned lawyers to work more efficiently, e.g., complete arduous tasks such as research and drafting more efficiently with less help from junior attorneys. This, however, can reduce invaluable learning and training opportunities for junior attorneys that would have helped them develop expertise needed for senior roles. In call centers, experienced agents can identify AI errors that newer, post-AI-trained agents cannot. The upskilling problem—preserving the institutions through which workers develop deep expertise—is as urgent as the reskilling problem of teaching displaced workers entirely new skills.

Korea's dual labor market structure amplifies AI-related risks. The rigid divide between protected regular workers and vulnerable non-regular and subcontracted workers means that the burdens of AI-driven displacement can fall disproportionately on those with the least bargaining power. Call center workers (customer service representatives) have already lost jobs. Other sectors and workers may soon follow.


Korea's macro-economic context makes the AI transition especially challenging. The country's growth model faces simultaneous pressures: intensifying competition from China, the world's lowest fertility rate, K-shaped growth that feeds a zero-sum social mentality, and institutional rigidity rooted in the legacy of government-led development. The Nokia cautionary tale applies: the company went from 50% global market share to collapse in two years because its commitment to the existing model suppressed voices of warning. Korea's economic establishment may face an analogous risk if it doesn't adapt.

Workshop participants broadly agreed that Korea is heading toward a “technological caste system.” In the scenario exercise, all three breakout groups identified augmented AI capability paired with passive societal response, producing deepening inequality, as the most likely outcome under current conditions. This is not an “ability gap” but a “structural exclusion” problem. The decisive dimension is not how AI develops but whether society responds actively or passively.

The speed of AI development far outpaces institutional adaptation. Korea's AI policy has focused on promoting technological innovation and economic growth, while concrete labor market policies remain underdeveloped. The Economic, Social and Labor Council has only reached the “question-framing” stage on AI. Major labor unions have disengaged from formal dialogue processes, and youth voices are absent.

The paper proposes policy options across seven domains:

- institutionalizing multi-stakeholder dialogue on AI and labor, with youth representation and actionable outcomes;
- boosting government communication and public awareness of the potential impact of AI on labor—recognizing that communication itself is policy;
- promoting research, data, and measurement that sheds light on the real time effects—including labor market outcome and productivity metrics;
- undertaking social safety net reform—extending unemployment insurance, pursuing job transition flexibility, and examining the data dividend concept;
- investing in workforce development—shifting from formal, compliance-oriented training to genuine capability building;
- pursuing education reform—redesigning higher education to address the looming upskilling deficit, and investing in the meaning of work as an educational theme from childhood; and
- balancing public finance considerations—distinguishing between employment insurance (occupation-specific) and education budgets (foundational), and exploring data revenues as a supplementary source.



A cross-cutting theme was the need for a new social compact on workforce development. The existing system in which the state provides basic education, universities produce cultivated citizens, and firms hire and train on the job is breaking down. A new agreement among workers, industry, educational institutions, and government is needed, built through multi-stakeholder dialogue conducted before the issue becomes politically polarized.

Korea has the intellectual resources, institutional capacity, and historical experience to navigate this transition. What is needed is the political will to act and the honesty to recognize that past models, however successful, may not serve the future.

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1. INTRODUCTION

1.1 Motivation: Why Discuss AI and Labor Now?

Artificial intelligence capabilities have been advancing at an unprecedented pace. The public release of ChatGPT in late 2022 marked a watershed moment, bringing generative AI into mainstream use and raising urgent questions about its implications for work. Since then, AI has continued to evolve rapidly—from text-based large language models to multimodal systems, reasoning models, and increasingly capable AI agents that can autonomously execute complex workflows.

The conversation about AI and labor is not new. As noted at the symposium, researchers in Korea have been studying AI's implications for work for nearly a decade. But the character of that discourse has shifted dramatically. Early discussions were largely speculative—closer to science fiction than empirical analysis, dominated by sensationalist media headlines about "jobs that will disappear." In recent years, the conversation has matured into one grounded in micro-level empirical analysis and real-world observation, though fundamental questions remain unsettled: whether professionals or production workers will be affected first, whether newcomers or experienced workers bear more risk, and how effects will vary across sectors and occupations.

What has changed is that AI's labor market effects are no longer hypothetical. In Korea, the shift became viscerally visible when Hyundai presented its Atlas humanoid robot at CES in January 2026—the company's stock surged, but major labor unions immediately issued strong counter-messages. This single moment encapsulated the duality of Korea's AI moment: enormous technological ambition accompanied by deep worker anxiety.

More broadly, Korea's economic context makes the labor question especially urgent. Slowing growth, an aging population, intensifying competition with China, and a rigid dual labor market all amplify the stakes of AI adoption. Companies including Samsung, LG, Hyundai, NAVER, and major financial institutions are actively deploying AI tools, and the effects are already visible in hiring patterns, task reorganization, and workforce reductions in certain sectors.

Yet Korea's AI policy discourse has focused overwhelmingly on technological innovation and economic competitiveness. Comparatively, the labor market dimension—how workers will be affected, how they can be supported, and what institutional changes are needed—has received insufficient attention. Korea's AI policy discourse often centers on how the country can grow through AI, but the concerns of workers experiencing employment instability have not yet been adequately incorporated into the policy framework. Critically, AI's effects on the labor market are not a predetermined outcome of the technology. They are being shaped right now—by the choices of firms, workers, and policymakers. This is precisely why a deliberate, multi-stakeholder conversation is needed: the process by which AI's effects are transmitted to the labor market is still being formed, and can still be influenced.

1.2 The Importance of Multi-Stakeholder Dialogue

The symposium was designed to address the gap between Korea's technology-forward AI strategy and its underdeveloped labor policy response by bringing together diverse perspectives: economists studying AI's macro and micro impacts, industry practitioners navigating AI deployment, labor union representatives witnessing its effects on the ground, legal professionals experiencing AI's disruption of their own profession, government administrators and researchers, and educators grappling with how to prepare future workers.

This diversity was not merely symbolic. One of the symposium's organizing insights was that AI's labor market impact is fundamentally a problem of social compact design. In Korea, the current system of workforce development rests on an implicit agreement among four stakeholders: the state provides basic education; universities produce citizens with foundational knowledge and skills; firms hire graduates and develop their capabilities through on-the-job training (paying workers while they learn); and workers invest effort in building expertise over time. This system, which society now takes for granted, was itself a radical innovation of the modern era.

That compact is now under strain. As AI makes it possible to achieve adequate task performance with less human experience, some firms are beginning to question the value of hiring and training junior workers. The career ladder, *i.e.*, the traditional pathway through which novices became experts, is eroding. However, no single stakeholder can solve this alone: simply telling workers to "figure it out" is not viable; expecting firms to bear all training costs when AI reduces the returns to junior labor is unrealistic; and educational institutions cannot prepare students for workplace capabilities that are, by nature, learned on the job.

A new social compact on workforce development in the AI era is therefore needed—one that assigns shared responsibilities among workers, industry, educational institutions, and government. Building such a compact requires exactly the kind of multi-stakeholder dialogue that this symposium represents. The experience of past technological transitions suggests that outcomes depend critically on institutional choices, social agreements, and policy design, not on technology alone.

There is also an institutional urgency to this dialogue. Once important social issues are captured by high-stakes partisan discourse, the space for rational, substantive discussion shrinks dramatically. Multi-stakeholder dialogue on AI and labor must happen before the issue becomes politically polarized, and while there is still room for evidence-based deliberation and the construction of broad-based agreements.

1.3 Why the Korean Case Matters

South Korea offers a particularly instructive case for studying AI's labor market implications, for several reasons:

- **Technological leadership and early adoption.** Korea is a global leader

in semiconductor manufacturing, telecommunications, and digital infrastructure. Korean firms are among the world's most aggressive adopters of AI technology, and Korea's government has pursued ambitious national AI strategies. Korea was also one of the fastest countries to establish comprehensive AI policy frameworks. This means that AI's effects on labor may materialize earlier and more intensely in Korea than in many other countries, making it a bellwether for other advanced economies.

- **Demographic crisis.** Korea has the world's lowest total fertility rate (0.75 in 2024), and its working-age population is declining rapidly. This creates a paradoxical situation in which AI-driven labor displacement coexists with severe labor shortages in many sectors. AI and robotics may be not only desirable but necessary to sustain economic output as the workforce shrinks.
- **Dual labor market.** Korea's labor market is sharply divided between well-protected regular workers (often in large firms and the public sector) and precarious non-regular, subcontracted, and platform workers. This structural duality means that the costs of AI-driven disruption are unlikely to be shared equally.
- **Education-driven society.** Korea's extraordinary emphasis on education and human capital development means that its population is, in principle, well-positioned to adapt to new skill demands. However, the education system's current emphasis on standardized testing and credential acquisition may not align well with the values and skills needed in an AI-augmented economy.
- **Export-dependent economy under competitive pressure.** Korea's economic model is heavily reliant on manufacturing exports. With China rapidly closing the technology gap and deploying AI and robotics at scale, Korean firms face intense pressure to adopt AI to remain cost-competitive, whether or not the social infrastructure is ready for the resulting labor market changes.

These characteristics make Korea both a bellwether for AI's labor impacts in advanced economies and a case with distinctive features that may offer lessons for other countries.

1.4 White Paper Goals and Methodology

This white paper aims to:

- Synthesize current knowledge about AI's impact on labor in the Korean context
- Present the insights and concerns raised by a diverse group of Korean experts and practitioners
- Articulate a range of policy options for proactively managing AI's labor market effects

The paper is based on the AI and the Future of Labor Symposium, convened by the Keough School of Global Affairs at the University of Notre Dame and the Seoul National University AI

Policy Initiative (SAPI), and held at Seoul National University's School of Law on February 4, 2026. The symposium consisted of four main sessions (introducing the motivation for symposium, reviewing empirical evidence on AI and labor, sharing insights from industry, and a keynote lecture on Korea's economic trajectory), followed by a scenario-based breakout exercise in which participants envisioned Korea's labor future under different conditions and proposed policy responses.

2. WHAT DO WE KNOW ABOUT AI'S IMPACT ON LABOR IN KOREA?

2.1 The Policy Landscape: Growth-Focused AI Strategy

Korea has been one of the fastest-moving countries in establishing AI policy. Since the current administration took office, it has launched a new Presidential Council on National AI Strategy, announced a draft AI action plan, and rolled out draft guidance on obligations and requirements under the country's AI Framework Act. However, symposium participants observed that the center of gravity of Korean AI policy has trended towards AI development—how to develop AI technology, build AI ecosystems, train AI engineers, and ensure Korean competitiveness in global AI markets.

Adjustment policy—how workers will be affected by AI adoption, what institutional supports they need, and how to manage the distributional consequences—has received comparatively less attention. This asymmetry is not unique to Korea, but it is particularly consequential in a country where the speed of technological adoption is high and the social safety net for displaced workers remains underdeveloped.

Korea's principal social dialogue institution on labor issues, the Economic, Social & Labor Council (경제사회노동위원회), has begun to engage with AI—but remains at the question-framing stage. In 2025, the Council published a document exploring what questions should be asked about AI and labor, rather than a policy-oriented white paper. The National Assembly has separately been running social dialogue channels, which – for the first time in Korea – took up AI as a substantive agenda item. The discussions covered a comprehensive range of issues, including task transition, training, data, and ethics, but the process concluded without producing a tripartite (between labor, management, and government) agreement. Concrete policy design connecting AI to labor market institutions therefore remains in its early stages.

The gap between technology policy ambition and labor policy readiness was further illustrated by a comparison of divergent economic growth projections presented at the symposium. Global consulting firms such as Goldman Sachs project that AI could contribute roughly 15% to GDP over the coming decade. By contrast, academic analyses such as Acemoglu's yield far more modest estimates. The difference is not simply methodological—it reflects fundamentally different assumptions about labor market channels. More optimistic

projections assume that displaced workers are smoothly reallocated to new, productive tasks; more pessimistic ones incorporate the possibility that new task creation is slow and that labor displacement dominates. The implication is that AI's growth benefits are not an automatic output of the technology. They depend on what labor market conditions and institutional support society builds.

2.2 Macroeconomic Perspective: AI as Software-Type Technological Change

Research presented at the symposium examined AI through the lens of software-driven technological change, drawing on historical patterns of how software adoption has shaped the Korean economy over several decades (Aum and Shin, 2024; 2025).

- **AI and software affect the same workers.** Using O*NET occupational data cross-referenced with AI exposure indices, one presenter demonstrated that workers most exposed to AI are essentially the same workers who have historically used software tools intensively. The high correlation between software usage and AI exposure means that decades of data on software's economic effects could inform our understanding of AI's potential trajectory.
- **Three channels drove down labor's income share.** Software's impact on the Korean economy operated through three distinct channels: (1) direct labor substitution—software replacing human tasks, accounting for roughly 48% of the effects; (2) within markup growth—firms that adopted software gained pricing power (higher markups); and (3) between-firm reallocation—software-intensive firms captured larger revenue shares, reshaping industry structure. The latter two channels each contribute roughly equally, together accounting for the remaining 52%. Together, these three channels explain approximately two-thirds of Korea's decline in the labor income share over the past 30 years. AI appears to be replicating all three channels, but at a faster pace.
- **Employment and vacancies are diverging.** In regions with high AI adoption (tracked from 2017 onward), employment declined in IT services professional/technical jobs and non-IT service simple labor. But at the same time, job vacancies in these sectors rose. This divergence suggests that AI is not simply eliminating jobs but restructuring what employers demand. The skill requirements are shifting, creating mismatches between available workers and available positions.
- **AI differs from robots in its occupational footprint.** Robot adoption is concentrated in manufacturing and production occupations. AI adoption affects IT services, professional/technical work, and knowledge services, which represent a fundamentally different set of workers and sectors.
- **Firm-level training matters more than formal education for AI adoption.** A critical finding is that while IT adoption is associated with firms that have higher shares of

workers with advanced degrees, AI adoption is not. What distinguishes firms that adopt AI is their investment in on-the-job training, i.e., how much they spend on training, how many hours they provide, and how management values workforce development. This suggests that the capabilities most needed for the AI era are built through workplace learning, not formal schooling. This finding directly reinforces the upskilling challenge discussed in the symposium's opening.

2.3 Population-Level Employment Evidence

A second set of research findings drew on administrative employment data—drawn from Korea's mandatory employment insurance records, which cover near-universal formal employment—to examine AI's impact at the population level (Kim, 2024). This approach offers much larger sample sizes than survey-based studies.

- **Traditional ML-based AI and generative AI affect different groups.** Traditional machine learning (predictive AI) and generative AI influence the labor market through different channels and affect different populations. Traditional AI effects are concentrated among middle-aged and older male workers in manufacturing and technical occupations. Generative AI effects, where they are emerging, are concentrated among younger workers in education, ICT, and knowledge service sectors.
- **Traditional AI has measurably reduced employment.** For occupations with high exposure to traditional (predictive) AI, a significant increase in exposure was associated with roughly a 4.6% reduction in employment. This suggests that AI-driven automation of repetitive and cognitive tasks has already had tangible effects in Korea.
- **Generative AI effects are not yet statistically significant in macro data.** Through 2023, generative AI showed no statistically significant effects on aggregate employment or wage inequality. However, generative AI was associated with a roughly 2.5% increase in labor productivity (wages) for occupations in the top decile of exposure rate, suggesting complementary and productivity-enhancing effects on knowledge-based work.
- **But field evidence tells a more concerning story.** While the macro data has not yet captured dramatic generative AI effects, firm-level surveys and in-depth interviews reveal a different picture. Access inequality is growing: AI tools and their productivity benefits are stratified by income level and firm size. Workers at smaller firms and in lower-income brackets have significantly less access to paid AI tools. Onboarding periods are lengthening as firms become more reluctant to invest in training newcomers. In call centers, AI handles simpler queries, concentrating the most difficult and emotionally taxing customer interactions on remaining human agents, which can worsen working conditions as headcounts fall.

- **The absence of macro effects should not be grounds for complacency.** The tension between "no significant aggregate effects" in the statistical data and clear structural changes observed in the field is itself an important finding. Multi-layered inequalities appear to be forming beneath the surface of aggregate statistics. Continued monitoring with both quantitative and qualitative methods is essential.

2.4 Worker-Level Evidence: Time Use and Productivity

Survey-based research from the Bank of Korea examined how generative AI is affecting individual workers' time use, productivity, and work experience. The Bank of Korea surveyed approximately 5500 workers and plans to expand the survey in 2026.

- **Generative AI use is already a mass phenomenon.** Over 60% of Korean workers have used generative AI, and more than half have used it specifically for work purposes. Even the lowest-usage occupational groups—simple labor and service workers—report usage rates of 30–40%. The breadth of adoption across age groups, education levels, and occupational categories indicates that generative AI has already permeated the Korean workforce far more widely than commonly assumed.
- **Meaningful time savings, with concentrated benefits.** Among workers who use generative AI, average time savings are approximately 3.8% of total working hours—roughly 1 to 1.5 hours per 40-hour week. Aggregated across the entire workforce (including non-users), this translates to an estimated 1% economy-wide productivity gain, which was characterized as a "considerably large" number at the macroeconomic level. However, the benefits are concentrated: occupations with higher AI usage rates also show larger time-saving effects, with professional and managerial occupations seeing the greatest gains.
- **Not all freed time goes to productive work.** Before generative AI use, workers reported approximately 5.4% of their work time as underutilized ("idle time" at the workplace). After AI adoption, this figure rose by 1.3 percentage points. This suggests that a meaningful portion of the time freed by AI is being redirected to workplace leisure rather than higher-value tasks. From workers' perspective, this may be welcome (same output for less effort); from firms' and the economy's perspective, it implies that the full productivity potential of AI is not being realized.
- **Mixed effects on work fulfillment.** The survey asked workers whether AI had changed the share of their time spent on fulfilling versus unfulfilling work. Among all workers, 2.7% reported that AI had increased their time on work they found personally meaningful, while roughly 3% reported the opposite—that AI had reduced their engagement with fulfilling tasks. Though these numbers are small in absolute terms, they are detectable even at this early stage, suggesting that generative AI is already reshaping not just the quantity but the quality of work.

- **A three-domain framework for AI's impact on tasks.** Suh & Oh (2025) proposed categorizing AI's effects on work into three domains: (1) tasks that AI cannot perform—those requiring human judgment, empathy, creativity, or physical presence; (2) tasks that AI can automate—routine analytical and administrative work; and (3) tasks that workers dislike but must do—where AI assistance can improve job satisfaction. The deeper concern arises when AI automates tasks in which workers find meaning, identity, and professional fulfillment. In such cases, AI's impact extends beyond productivity to fundamental questions about workers' relationship to their work.

It was also noted that generative AI should be understood as the technological foundation for future AI systems, including AI agents. Current effects, though already measurable, represent a preview of likely larger changes ahead.

2.5 The Upskilling Paradox

A central theme of the symposium—introduced in the opening session and reinforced throughout the empirical presentations—was what might be called the "upskilling paradox."

Initial expectations held that AI, as a form of skill-biased technological change, would primarily threaten less tech savvy and soon-to-be redundant managing level workers: those lacking digital literacy and AI fluency would face displacement, requiring massive reskilling efforts. But the emerging evidence tells a more surprising story. The hardest-hit group is not the digitally illiterate older generation but young, entry-level workers who have not yet had the opportunity to develop deep professional expertise. One symposium organizer characterized this reversal vividly: the expectation was that the older generation would be most vulnerable, but in practice the real crisis is hitting those just entering the workforce.

The analogy offered was to learning to drive: passing the license test does not mean you can drive on the road. New drivers need substantial supervised practice. Similarly, university graduates entering the workforce have always needed on-the-job training to develop real professional competence. The existing social system handled this through employer-based training: firms hired junior workers and invested in their development, absorbing the cost as part of doing business. But as AI enables firms to achieve adequate performance with fewer junior workers or firms use AI to substitute for the routine tasks that junior workers traditionally performed as their learning pathway, the incentive to hire and train newcomers erodes.

This creates a troubling dynamic. AI disproportionately boosts the short-term productivity of less experienced workers, enabling novices to perform at levels closer to experienced professionals. But this equalizing effect may mask a long-term erosion of the skill ladder. If junior workers achieve adequate performance through AI assistance without going through the traditional learning process, they may never develop the deep expertise needed to supervise, verify, and exercise judgment at senior levels—the very capabilities that remain essential even in an AI-augmented workplace.

The upskilling paradox was corroborated by multiple streams of evidence at the symposium. The macroeconomic data showed that AI adoption at the firm level is predicted not by employees' formal educational credentials but by firms' investment in on-the-job training—precisely the kind of learning pathway now under threat. The population-level data showed generative AI's effects concentrating among younger workers in knowledge sectors. The call center testimony described experienced agents catching AI errors that newer, post-AI-trained agents could not identify—a direct manifestation of the skill-ladder problem. And the legal sector case study (discussed in the following section) also exemplified the paradox in detail.

The historical parallel of medieval apprenticeship was invoked: even in systems where apprentices paid for their training, there was an implicit compact—masters took responsibility for the apprentice's development and career trajectory. No such compact exists today. The symposium's opening thus framed the core policy challenge not as reskilling displaced workers for entirely new occupations, but as preserving and redesigning the institutions through which workers at all levels continue to develop deep expertise in the AI era. Meeting this challenge requires a new social agreement among the four key stakeholders: workers, industry, educational institutions (in particular, universities), and government.

3. Insights from Industry: The Legal Sector as a Case Study

3.1 AI Adoption in Korean Law Firms

Current state of AI adoption. Korean law firms are actively using both specialized legal AI tools (for case research and document analysis) and general-purpose generative AI (for drafting briefs and other written work). Lawyers using AI tools can produce work at levels of quality and speed that previously required years of experience. The traditional pyramid structure of law firms (many juniors, fewer mid-level, few partners) is beginning to invert toward a diamond shape, with fewer juniors needed as AI handles tasks that were traditionally their training ground.

The volume-versus-quality tension. Some Korean "network law firms" are already pursuing AI-enabled volume strategies, decomposing legal work into specialized roles: client-facing lawyers who meet clients, court-appearance lawyers who handle proceedings, and brief-writing lawyers who produce documents. An attorney at such a network law firm could be handling hundreds of cases simultaneously, compared to the roughly 20 cases per lawyer typical at conventional law firms. The result has been visible quality degradation: judges have noted that briefs across different clients and cases arrive with identical legal arguments, differing only in their factual sections. Even with AI assistance, producing genuinely customized legal work at extreme volume is not possible, at least in this time. The lesson extends beyond law: AI-enabled productivity scaling does not eliminate the need for human attention, judgment, and customization. This example exposes how quickly quality erodes

when those elements are stretched too thin.

Workflow Process Design as the Key to AI Integration. A key insight, with implications far beyond law, concerns the importance of workflow process design in determining whether AI adoption succeeds or fails. A case described a Korean-American accountant who left a global firm to build an independent accounting practice. Because IFRS accounting standards are now globally unified, this firm created an "accounting factory" in Vietnam where 70–80% of the work (bookkeeping, financial statement preparation) is performed at roughly one-tenth the US labor cost. But the founder's real innovation was not labor arbitrage—it was process architecture. Over approximately 10 years, he meticulously refined the workflow: which tasks go to Vietnam, which get automated, which require the judgment of senior US-based accountants. The real intellectual property is in this process design, not in any individual capability.

The parallel to AI-era law firms is direct. As firms become more "corporatized," the critical competitive advantage shifts from individual lawyer brilliance to the architecture of the workflow—determining where AI handles tasks, where junior lawyers contribute, and where senior judgment is indispensable. This is extremely difficult to get right. The accounting firm's founder spent a decade refining it through trial and error; early attempts to use AI for the same purposes were judged premature. The implication for policy is that supporting firms through the process of redesigning workflows may be the more important intervention.

3.2 The Skill Ladder Problem

The legal profession exemplifies the upskilling paradox in acute form. Junior lawyers historically developed deep expertise by performing large volumes of research, document review, and draft writing under senior supervision. As AI takes over these tasks, the traditional pathway from novice to expert is disrupted.

The discussion surfaced a deeper insight about the nature of the expertise at risk. Skills that distinguish effective senior lawyers is not merely "knowledge" but closer to "art". As the Chinese term *gongfu* (功夫, meaning "practiced craft") implies, skills must be honed through intensive, sustained practice in a specific context. They cannot be taught in a classroom, transferred through AI tutoring, or acquired by poaching trained talent from other firms. Each firm has its own identity, problems, and culture, and effective professionals are shaped by deep immersion in a particular environment.

This has direct implications for how firms and policymakers should think about the AI transition. The irreducible apprenticeship dimension of professional development means that firms must continue to hire and carefully mentor junior professionals, fewer in number perhaps, but with significantly more investment per person. AI may assist in this process, but cannot substitute for it at this time. Lawyers (and other professionals) who never develop craft expertise through hands-on entry level work may lack the deep judgment needed to verify AI outputs and exercise professional responsibility, which are the very capabilities that

remain essential even in a fully AI-augmented practice.

Three core capabilities were identified as resistant to AI substitution in legal work: (1) the ability to verify and validate AI-generated legal analysis, which may often require deep domain expertise built through years of practice; (2) the ability to deliver legal advice persuasively to clients and judges, which requires social intelligence and communication skills; and (3) the exercise of judgment in novel or ambiguous situations where precedent is unclear or inapplicable.

3.3 Potential for Inequality Amplification

The discussion raised an important concern about how AI-driven productivity gains may interact with existing inequality in professional service markets.

An economist offered a personal illustration: with AI assistance, a researcher who previously wrote two papers a year might write ten, or take on ten government research projects instead of two. But the binding constraint on capturing value from this expanded production capacity is not technical skill, it is social networks. The ability to attract clients, win project bids, and build relationships is what determines who benefits from enhanced productivity. The same logic applies to law: a lawyer with strong client networks can multiply the value of AI-enhanced productivity, while a lawyer without such networks gains less even if their AI-assisted output is equally good.

This suggests that AI may amplify rather than reduce inequality in professional services. Those with existing social capital and network advantages will capture a disproportionate share of the value created by AI-enhanced productivity, while those without such advantages—including, critically, young professionals who have not yet built networks—may find that their AI-augmented productivity does not translate into economic gains. From an outsider's perspective, the Korean law firm market already appears highly unequal; AI risks deepening this divide. The broader implication extends beyond law: in any profession where social networks mediate access to work, AI-driven productivity gains may concentrate rather than distribute economic benefits.

3.4 Evidence from Other Industries

The discussions led to examples from other industries. Labor union representatives from financial sector **call centers** provided a particularly vivid account of AI's impact on front-line workers:

- **AI is being trained on human workers' expertise.** Call center agents' conversations are being converted to text via speech-to-text technology and used as training data for AI systems. Workers are effectively training their own replacements.
- **Error correction falls on humans.** When AI agents make mistakes—misunderstanding

customer intent or executing incorrect transactions—human workers must clean up the errors, handle customer complaints, and provide the emotional labor of apology and resolution. Critically, experienced agents can identify AI errors, but newer agents who were trained after AI deployment cannot—a direct manifestation of the skill-ladder erosion discussed throughout the symposium.

- **Headcount reductions are already significant.** Financial sector call centers have seen approximately 400 workers displaced since 2020, even as the complexity of remaining work has increased. AI handles simpler queries, concentrating the most difficult and emotionally taxing customer interactions on the remaining human agents.
- **AI-based quality monitoring is replacing human QA.** The introduction of AI-driven call quality assessment is displacing human quality assurance roles, further reducing headcount and eroding institutional knowledge about service quality standards.
- **The asymmetry of benefit and harm is stark.** The productivity gains from AI accrue to firms, while the costs—job loss, increased stress, loss of the skill development pathway—fall on workers who have no voice in the deployment decisions.

Industry participants from **large corporations** offered insights into the decision-making processes driving AI adoption:

- **Two triggers drive corporate AI adoption.** First, when the cost of AI deployment falls below the projected trajectory of human labor costs for equivalent tasks, creating a straightforward cost-reduction business case. Second, when AI threatens a firm's existing business model itself, forcing strategic repositioning and organizational restructuring. In both cases, the decision is driven by the calculus of executives and boards, with limited input from workers or consideration of workforce development implications.
- **The speed of change is the key differentiator.** Multiple participants emphasized that while AI's labor market effects resemble earlier software-driven transformations, the speed is qualitatively different. Construction design software, for example, replaced the need for physical model houses and concentrated work among top performers over 5–10 years. AI is compressing equivalent transformations into far shorter timeframes, leaving less room for gradual institutional adaptation.
- **The accounting profession is already experiencing AI's full impact.** While law was described as having been hit with a "glancing blow" by AI, the accounting and tax professions have taken the "direct hit." Korean accountants are currently protesting outside the Financial Supervisory Service over AI-driven market disruption. Bookkeeping fees have been driven down to the point where they barely cover employee wages, pushing many tax accountants into ancillary businesses like insurance sales. This serves as a leading indicator for other professions.

3.5 Policy Proposals from Industry

The discussion generated several concrete policy proposals, notable for coming directly from an industry practitioner rather than from academic or government participants:

- **Government subsidies for junior professional hiring.** Firms that hire junior lawyers (or other professionals) below a certain experience threshold and invest in training them should receive direct financial support, similar to existing youth employment subsidies in Korea. This directly addresses the market failure identified in the upskilling paradox: firms have reduced incentives to hire and train juniors, but the societal cost of not doing so (a hollowed-out skill pipeline) is substantial.
- **Incentives for firm-school data sharing and educational collaboration.** Law schools (and other professional schools) currently operate at a significant distance from practice. Firms could be incentivized—through tax benefits or other mechanisms—to provide real case data to educational institutions and to participate directly in training. Rather than teaching abstract theoretical frameworks, legal education should be reorganized around real data: student teams using AI tools to define and solve actual legal problems, comparing different approaches and outcomes.
- **Narrowing the firm-school gap.** The current gap between professional education and professional practice is too wide for the AI era. Closing it requires integration from both sides: firms opening their processes to educational observation and participation, and schools restructuring curricula around practice-relevant problem-solving rather than credential-oriented examination.

3.6 Implications for Education Reform

The legal sector discussion converged on a broader argument about education reform that extends well beyond law. The core claim: education in the AI era should shift from teaching "endpoints"—specific skills and tasks—to teaching "systems thinking": the capacity to define problems, understand entire industry structures, and design solutions at a structural level.

This is not merely aspirational. The discussion surfaced concrete examples of young professionals who are already operating in this mode. One young lawyer identified structural problems in the MSO (Management Service Organization) framework used in Korean healthcare, navigating medical law, tax law, and corporate governance simultaneously, and proposed a hospital ownership through a novel corporate model. These individuals are creating value that would have been impossible in a traditional legal career path.

The implication for education policy is that the goal should not be to protect existing career paths but to enable this kind of structural innovation. Professional education—in law, accounting, engineering, and other fields—should develop the capacity to see systems, define problems, and navigate across domains. As one industry participant put it, education

should not predetermine what role graduates will fill but should first teach them to see the framework, identify their aptitudes, and discover where they can contribute. The opportunities in seemingly mature markets are far greater than they appear.

4. Korea's Economic Structure: Strengths, Vulnerabilities, and Policy Constraints

AI's impact on Korean labor can be better understood in relation to the structural conditions of the Korean economy including its growth model, its demographic trajectory, its competitive environment, and its institutional rigidities. These macro conditions affect how AI's labor effects play out and how much room policymakers have to maneuver.

4.1 Korea's Growth Model: Strengths Becoming Vulnerabilities

Korea's extraordinary economic development was driven by a distinctive combination of factors: globally competitive conglomerates, government-led industrial coordination, a disciplined and highly educated workforce willing to sacrifice present consumption for future prosperity, and favorable timing. Korea industrialized and captured export markets before China's rise. The combination of these conditions was historically serendipitous and nearly impossible to replicate. When foreign policymakers ask how to emulate Korea, the honest answer is that it may be difficult to replicate exactly, because the conditions that produced Korea's success involved multiple mutually reinforcing elements that are difficult to engineer.

However, several of these strengths are now becoming vulnerabilities:

- **The government-led growth trap.** Korea's successful government-directed industrialization created a persistent and now outdated mentality that economic problems are the government's to solve. In the 1960s and 1970s, government coordination of investment and resource allocation was functional. In the 2020s, the same instinct leads to excessive regulation and intervention that, however well-intentioned, often fails to protect the vulnerable and actively impedes innovation. The belief that government should pick industries and direct economic activity is particularly ill-suited to the AI era, where the direction of technological change is inherently unpredictable and markets are better positioned than bureaucracies to allocate resources.
- **The chaebol paradox.** Korea's large conglomerates remain essential for global competitiveness. Without their scale, Korea cannot compete in capital-intensive industries. But the same conglomerates also function as domestic gatekeepers, making market entry difficult for new competitors and concentrating economic power. Within the chaebol groups themselves, only a handful of subsidiaries truly compete

globally; many operate in protected domestic niches. AI may intensify this paradox: large firms with data, capital, and engineering talent will adopt AI fastest, potentially widening the gap between globally competitive units and the broader economy.

- **The discipline-to-rigidity transition.** The national discipline that enabled Korea's growth—long working hours, collective sacrifice, deference to authority—was functional for industrial catch-up. But in an innovation-driven economy, these same traits manifest as conformity, risk aversion, and resistance to change. Korea's education system produces extremely well-prepared graduates, but preparation for tests is not the same as preparation for innovation. The AI era rewards intellectual freedom, creativity, and individual initiative, qualities that Korea's institutional culture has historically suppressed.

4.2 The Competitive Pressure: China and Global Shifts

Chinese companies are technologically further ahead than most Koreans realize, and the gap is closing rapidly in areas where Korea has traditionally led.

China's domestic economic difficulties are pushing its firms outward. The government is actively encouraging export expansion and overseas market entry. The prediction was that 2026 would mark a significant acceleration in Chinese global competition, affecting Korean exporters not only in emerging markets but in Europe and North America. For Korea's manufacturing-export economic model, this represents an existential challenge.

A vivid example illustrates China's structural advantage in AI development: a Chinese startup hired thousands of workers to perform household tasks (such as laundry) while wearing body sensors, generating massive training datasets for household robots. This kind of data-generation operation, requiring both massive labor pools and aggressive investment, is something few other countries can replicate. If China closes the gap in humanoid robotics—where Boston Dynamics, Tesla, and Figure currently lead—the implications for manufacturing cost competitiveness could be severe.

The broader implication is that Korea cannot treat AI-and-labor as a purely domestic policy question. If Korea chooses not to adopt AI and robotics aggressively, its competitors will and the resulting cost advantages will undermine Korean industry from the outside. The Hyundai Atlas robot demonstration at CES was not merely a labor story, it also encapsulated a competitive survival story of Korea's manufacturing and technological prowess.

4.3 The Demographic Context

Korea's demographic crisis—with the world's lowest total fertility rate at 0.72 is real – but it isn't necessarily uniquely Korean. Fertility rates are declining globally. Many countries in Asia and Europe are below 1; much of Latin America is slightly above 1; and even the United States is seeing a persistent decline in fertility rate. Financial incentives for childbirth

have proven globally ineffective. Immigration at the scale needed to offset Korea's projected population decline (from over 50 million) is logistically implausible and politically unpopular.

Two consequences of demographic decline are genuinely concerning. First, fewer people means fewer good ideas: Korea's technology and creative industries (including the globally successful K-culture phenomenon) arose in part because so many educated, talented people were concentrated in a small territory, generating productive friction and interaction. A smaller population reduces this innovation potential. Second, pay-as-you-go social insurance systems (pensions, healthcare) become fiscally unsustainable as the ratio of working-age contributors to elderly beneficiaries shifts. With the exception of Singapore's funded pension system, virtually every country faces this structural challenge.

AI and robotics occupy an ambiguous position in this context. On one hand, they can help sustain economic output as the workforce shrinks. On the other, they can accelerate displacement of the workers who remain, deepening inequality even as they address the aggregate labor shortage. Managing this tension is one of Korea's central policy challenges.

4.4 K-Shaped Growth and the Zero-Sum Mentality

K-shaped growth—where the already prosperous continue to gain while the middle class and below stagnate or decline—is producing a pervasive zero-sum (or negative-sum) mentality: the belief that one person's gain necessarily comes at another's expense, that the pie is shrinking, and that protecting what one already has is the rational strategy.

This zero-sum mentality can explain phenomena ranging from Korea's low fertility rate (why bring children into a world that's getting worse?) to its political polarization (if the economy is zero-sum, politics becomes a fight over distribution rather than growth). It also shapes labor market behavior: incumbent workers cling to protections because they perceive any flexibility as a threat, while employers hesitate to hire because the costs of commitment are too high in an uncertain environment.

AI risks intensifying this dynamic. As the symposium's empirical sessions showed, AI's productivity benefits are concentrated among those with existing advantages—access to tools, social networks, firm-level training, and organizational support. Without active intervention, AI could accelerate the K-shaped divergence, deepening the zero-sum mentality and making the social consensus needed for proactive labor policy even harder to achieve.

4.5 Policy Philosophy: Protect People, Not Jobs

A clear policy philosophy emerges: governments should protect economically vulnerable people through social safety nets, not protect existing jobs through regulations that distort firm behavior.

Korea's labor market is more rigidly regulated than commonly understood—not only in firing

protections but in wage determination and working condition changes. Empirical evidence shows that job protection reduces total hiring more than it reduces firing: the net effect is lower overall employment. This particularly harms young people trying to enter the labor market. Germany's Hartz reforms, Spain's youth employment initiatives, and Greece's post-crisis labor market liberalization, are examples that show that well-designed labor market flexibility can increase total employment while improving outcomes for both incumbents and entrants.

The deeper argument concerns policy instrument choice. Governments face a choice between two approaches to protecting the vulnerable: (1) regulations that constrain firm behavior (firing restrictions, wage mandates)—which appear "free" to government budgets but impose large hidden costs on the economy through reduced hiring, suppressed innovation, and misallocation of resources; or (2) social safety net spending (unemployment insurance, transition support, retraining)—which costs tax revenue but imposes fewer economic distortions. Most governments, facing fiscal constraints, default to the first approach. However, this may be problematic if the economic distortions from regulation-based protection are larger and more damaging than the fiscal costs of safety-net-based protection.

Applied to AI, the implication is that rather than regulating AI adoption to slow displacement (which risks ceding competitiveness to countries that adopt faster), Korea should invest in social infrastructure that supports workers through transitions—while allowing firms the flexibility to adopt AI at the pace required by global competition. In an era of rapid technological change, markets are better positioned than governments to determine which industries and technologies to pursue. The government's role is to ensure that the inevitable disruption does not leave the most vulnerable behind.

5. Scenario Analysis: Korea's Labor Future in the Age of AI

5.1 The Scenario Framework

The afternoon portion of the symposium employed a scenario analysis methodology to structure discussion of Korea's possible futures. The methodology was explicitly framed as a thought experiment—a device for exploring what policies would be needed under different conditions, not for predicting which future is most likely. Participants were instructed to accept each scenario as a given worldview and explore its implications, rather than debating the scenario's plausibility.

The framework was built on two axes:

- **X-axis: The dominant mode of AI adoption.** This axis does not measure the level

of AI technological development but rather the social equilibrium that emerges from how society chooses to adopt AI. On the right (augmentation), AI is adopted in ways that enhance and expand human work—redesigning tasks, raising productivity, creating new roles. On the left (degradation), AI adoption is dominated by substitution and replacement of human capabilities, with rising dependence on AI and erosion of human skills. Critically, this is not a technology-determined outcome: it reflects firm decisions, worker and societal acceptance, and institutional choices.

- **Y-axis: Societal response to labor transition.** The upper end (active transition) represents a society with flexible job transition systems, effective education and retraining, robust social safety nets, and proactive institutional adaptation. The lower end (passive transition) represents rigid labor markets, mismatched education, weak safety nets, and institutional inertia.

This produced four scenarios, each understood as containing elements of both augmentation and degradation—what differs is the dominant tendency:

- Scenario A: Society Leading the Evolution of Labor (augmentation active transition). AI is a collaborative tool; humans retain the key. Jobs disappear but job types multiply. The challenge is not mass unemployment but managing transition speed—ensuring that those who fall behind the pace of change are supported. “Working hours have decreased, but the weight of decision-making has grown heavier.” In-firm transition training becomes mandatory; education strongly backstops professional capability.
- Scenario B: Coexistence of High Efficiency and High Anxiety (degradation active transition). AI agents perform most value-creating tasks. Active transition systems keep people employed, but chronic instability prevails. Lifelong learning is constant; the state must continuously fund retraining and unemployment benefits. “I’ve changed jobs four times in seven years—never unemployed, but always preparing for the next change.”
- Scenario C: The End of Existing Social Systems (degradation passive transition). Mass unemployment and middle-class collapse. “I lost my job three years ago. I received training but can’t find matching work.” A small pyramid of AI capitalists and elite engineers monopolizes wealth while most people are excluded.
- Scenario D: The Emergence of a Technological Caste System (augmentation passive transition). AI technology is available and productive, but access and benefits are radically unequal. “The company introduced AI, but my work hasn’t changed—the changes happen only for those who use it better than I can.” The mismatch between available technology and prepared workers deepens existing divides.

Figure 1: Scenario Framework — Korea’s Labor Future in the Age of AI

	Degradation / Displacement	Augmentation / Enhancement
Active Transition	<p>B. High Efficiency, High Anxiety</p> <p><i>Precarious Co-existence</i></p> <p>No unemployment, but no stability either. Constant reskilling; “continuously redesigned humans.”</p>	<p>A. Society Leading Labor’s Evolution</p> <p><i>Symbiotic Evolution</i></p> <p>AI as collaborator, not replacement. Jobs change but multiply. Challenge: supporting those who fall behind.</p>
Passive Transition	<p>C. End of Existing Social Systems</p> <p><i>The End of Society as We Know It</i></p> <p>Mass unemployment, middle class collapse. Technology advanced but society fractured.</p>	<p>D. Technological Caste System</p> <p><i>Isolated Revolution</i></p> <p>AI is everywhere but benefits are radically unequal. “The changes happen only for others.”</p>

X-axis: Dominant mode of AI adoption (societal choice). Y-axis: Societal response to labor transition.

5.2 Where Participants Expect Korea to Be in 10 Years

Across all three breakout groups, the majority assessment was sobering:

- Breakout Group 1 reached consensus that Korea is on a trajectory toward Scenario D (augmentation with passive transition). Participants assessed Korea's current institutional posture as fundamentally passive. Achieving active transition—like Nordic flexicurity—would face deep structural resistance. The group concluded that the Y-axis (societal response) is more important and more difficult than the X-axis (adoption mode), and that the realistic policy goal is to move upward along the Y-axis regardless of where Korea lands on the X-axis.
- Breakout Group 2 conducted a detailed analysis of each scenario in reverse order (D, C, B, A), examining who would be "winners" and "losers" under each. They identified Scenario D as the most realistic near-term risk but offered a provocative reinterpretation of Scenario C (discussed below).
- Breakout Group 3 tallied individual assessments: Scenario A received 0 votes, Scenario B received 3 (with one participant placing themselves between B and C), Scenario C received 2, and Scenario D received 6. The group identified Scenario B as the most realistic outcome if Korea achieves some active transition, and Scenario D as the most feared given Korea's labor market rigidity.

5.3 Key Insights from the Scenario Discussions

On the meaning of the axes. Participants in one group surfaced an important nuance:

augmentation is not automatically "good" and degradation is not automatically "bad." If AI enables people to work less while maintaining living standards, that could be positive. AI also expands choices—enabling one-person enterprises, more diverse work arrangements, and new forms of professional satisfaction. What matters most is the Y-axis: whether society manages the transition actively and equitably, or passively and unequally. This insight reframed the policy question: the goal is not to prevent AI from replacing human tasks but to ensure that society adapts its institutions proactively.

On Scenario D (Technological Caste System)—the most feared outcome. All three groups identified Scenario D as the most likely under current conditions and the most feared. The central risk is not AI capability itself but structural exclusion: the gap between those who can access, learn, and leverage AI tools and those who cannot. One group emphasized that this is not an "ability gap" but a "structural exclusion"—the result of industrial and organizational structures, not individual effort. Training and education systems exist but are accessible only to a narrow subset of the workforce. AI literacy education alone is insufficient. Workers in SMEs, self-employment, and non-standard work arrangements are in the blind spots of existing support systems. Participants argued that Korea's existing dual labor market already constitutes a form of "technological caste system," and AI will deepen it.

On Scenario C (End of Existing Social Systems)—a surprising reframing. One group offered a provocative reinterpretation: "Is The Matrix dystopia or utopia?" If AI and robots maximize productivity to the point of absolute material abundance, Scenario C need not be catastrophic—it could represent liberation from survival labor, provided that the fruits of productivity are distributed through appropriate policies such as universal basic income or technology-based redistribution. Work would be redefined: from wage labor to self-realization through art, philosophy, service, and community engagement. A labor union representative captured this shift: "We started by discussing the most negative scenario, and suddenly the most negative words became positive—we began talking about labor liberation." However, participants were unanimous that this "utopia" is not an automatic outcome of technology. It requires deliberate policy intervention, social trust, and sustained public dialogue. Without these, Scenario C collapses into pure dystopia.

On Scenario B (High Efficiency, High Anxiety)—the "realistic alternative." One group identified Scenario B as the most likely if Korea achieves some active transition. Another group raised a deeper question: can the perpetual churning of Scenario B be called "employment" at all? The phrase "continuously redesigned humans" captured the anxiety of a society where workers are in a permanent state of reskilling and adaptation. The transition cost dilemma is stark: if borne by individuals, the weakest fall behind; if borne entirely by the state, fiscal sustainability and political legitimacy become problems. The data dividend concept was introduced in this context: if individuals' data (behavioral, transactional, production data) contributes to corporate AI profits, individuals should receive compensation. While data dividends alone are unlikely to constitute sufficient income, the concept addresses a real fairness concern and could supplement other safety net mechanisms.

On Scenario A (Society Leading the Evolution of Labor)—the aspiration. No participant predicted that Korea would reach Scenario A without major policy intervention. One group raised a counterintuitive concern: if Scenario A amounts to organized job-sharing in a world of AI-driven productivity, is it really employment stability? The consensus across groups was that the realistic goal is to move along the Y-axis—from passive to active transition—and that this movement requires concrete policy action in multiple domains simultaneously.

5.4 Deeper Themes from the Scenario Discussions

The meaning of work. The most philosophically substantive thread in the scenario discussions concerned the meaning of work itself. If AI continues to advance and can perform an ever-larger share of human tasks, societies will face a fundamental question: what is work for? Many AI discussions rest on premises that are "anti-humanistic and distant from human dignity." The constitutional aspiration in Korea's social security framework is "a person worthy of human dignity" (인간다운 사람)—an aspiration that cannot be satisfied by income preservation alone. Labor and play are the two representative human activities; labor is a means of personality realization and self-actualization, not merely a source of income. Education on the meaning of work should begin in childhood, and Korea's constitutional right to work (근로권) must be re-examined: what does it mean when AI makes most labor unnecessary? This thread ran through all three groups and several participants identified it as the question that will define the next generation of AI-and-labor debate.

Critical thinking and foundational education. Critical thinking is the capability most costly and difficult for AI to replace. The discussion emphasized that foundational education—in logic, mathematics, reasoning, and evaluative judgment—cannot be skipped in favor of application-level AI training. Without deep foundations, workers cannot exercise the judgment needed to supervise, verify, and direct AI systems. This reinforces the upskilling paradox: the skills most needed in the AI era are built through sustained, deep learning, not through accelerated technology training.

The ATM analogy. ATMs did not eliminate bank tellers but shifted their role from transaction processing to advisory and relationship management. AI should similarly prompt each profession to rediscover its essential purpose. The legal profession's essential purpose is not document production but justice and judgment; the accountant's is not bookkeeping but financial insight; the doctor's is not diagnosis but care. This reframing suggests that AI adoption, when managed well, can elevate rather than diminish professional work.

AI surveillance and power concentration. Concerns about AI's surveillance capabilities and its potential for social manipulation is real. Wealth creation may concentrate among the few firms that control AI systems and data, creating new forms of structural power that require democratic oversight.

6. Policy Options

Based on the symposium's breakout discussions and plenary debate, we identify policy options across seven domains. These are presented not as a single prescriptive package but as a menu of options that policymakers, employers, educators, and workers can draw upon. Many of these recommendations are mutually reinforcing: progress in one area enables progress in others.

6.1 Institutionalizing Multi-Stakeholder Dialogue

The challenge: Korea lacks an effective, sustained mechanism for multi-stakeholder dialogue on AI and labor. The Economic, Social & Labor Council (경제사회노동위원회) exists in principle but has been largely inactive or ineffective in recent years, with major labor unions declining to participate. Youth voices are notably absent.

Policy options:

- **Revitalize and expand social dialogue mechanisms.** A new or reformed council on AI and labor should include not only the traditional tripartite parties but also representatives of non-standard workers, platform workers, youth, and the academic and technical communities.
- **Address the representation gap.** Special attention must be given to groups typically excluded: young workers who have not yet entered the labor market, workers in SMEs and subcontracted positions, and self-employed and gig workers. As one group asked: who represents the youth? Previous youth representatives served repeatedly without clear objectives and questionable representation. The answer may be context-specific. For example, with regard to the upskilling paradox, universities may need to play a more active role in representing labor market entrants - their soon-to-graduate students.
- **Confront the effectiveness question honestly.** The symposium revealed that even strong proponents of social dialogue could not answer how to make it effective in practice. Past social dialogue in Korea has produced high-level agreements with little follow-through. Future dialogue should focus on specific, implementable measures with clear timelines. But it must also be acknowledged that a first-stage goal—simply institutionalizing the recognition that AI creates labor challenges requiring collective response—has value even before specific policies emerge.
- **Learn from international models while adapting to the Korean context.** Nordic flexicurity models offer valuable lessons, but participants agreed that direct transplantation is unlikely to succeed. Korea must develop its own model.

6.2 Government Communication and Public Awareness

The challenge: Korean government messaging on AI has focused almost exclusively on opportunity and competitiveness. The potential for labor market disruption has been largely absent from official communications.

Policy options:

- **Recognize that communication itself is policy.** When the government promotes AI investment and communicates about economic opportunity, it must simultaneously acknowledge and address the social and labor impacts. This dual messaging is not a precursor to policy—it is policy: it sets expectations, builds public readiness, and creates the political conditions for proactive measures.
- **Be honest about uncertainty and risk.** Public trust requires acknowledging what is not known. Overly optimistic messaging undermines credibility when disruption materializes.
- **Target messaging to affected groups.** Specific communication about AI's impact on youth employment, on non-regular workers, and on specific sectors is needed alongside general messaging.

6.3 Research, Data, and Measurement

The challenge: Effective policy requires a strong evidence base, but Korea's data and research infrastructure for understanding AI's labor market effects is underdeveloped. As one presenter noted, labor market data in the context of fast-changing AI is itself extremely difficult to collect and interpret.

Policy options:

- **Invest in AI-specific labor market data collection.** Existing labor force surveys should be supplemented with new data designed to track AI adoption, AI-related task changes, and AI-driven displacement across occupations, firm sizes, and employment types.
- **Support sustained academic research.** Korea needs long-term independent research funding on AI's labor effects. The symposium's presentations demonstrated both the value and the difficulty of such research.
- **Enable data-driven policy experimentation.** Korea's rich administrative data (employment insurance records, tax data) could support field experiments: A/B testing different interventions, using control and treatment groups to identify optimal policies. If data is treated as a public asset, revenues from data use could also fund social safety net programs.

- **Develop new productivity metrics for the AI era.** Current methods of measuring individual and firm productivity may be inadequate when AI transforms what "work" means. New measurement frameworks are needed.
- **Track distributional effects specifically.** Data collection should monitor whether AI's impacts are falling disproportionately on particular groups—by employment type, firm size, industry, age, gender, and region.

6.4 Social Safety Net Reform

The challenge: Korea's social safety net is relatively thin compared to other OECD countries and poorly designed for the type of rapid, sector-specific displacement that AI may cause.

Policy options:

- **Extend unemployment insurance for AI-displaced workers.** Workers who lose jobs due to AI adoption should have access to adequate income support. The symposium specifically discussed extending eligibility to voluntary job changes triggered by AI restructuring—not just involuntary termination—and lengthening benefit duration when displacement is AI-related.
- **Pursue job transition flexibility, not hiring-firing flexibility.** The appropriate response for Korea is not American-style employment-at-will but rather task and role transition flexibility: making it easier for workers to change roles within or across firms without losing employment protections. Firms reported that even internal role changes face significant regulatory and contractual barriers.
- **Design trigger-based safety net mechanisms.** Programs could automatically scale up when AI-related displacement indicators exceed defined thresholds—removing the need for politically difficult ad hoc decisions.
- **Examine the data dividend concept seriously.** When individuals' data (behavioral, transactional, production data) contributes to corporate AI profits, there is a fairness argument for compensation. However, there are significant challenges: quantifying individual data's contribution to corporate profit is technically difficult, and data dividends alone are unlikely to constitute meaningful income. The concept is better understood as one component of a broader social contract, not as a standalone solution.
- **Address the dual labor market as a precondition.** Reforms to reduce the gap between regular and non-regular workers are essential foundations for equitable AI transition. Korea's labor market duality means that AI's burdens will fall disproportionately on those with the least protection.
- **Keep basic income on the table without overcommitting.** Universal basic income

was discussed extensively but no group reached consensus. It is best understood not as a primary policy response but as a potential backstop if displacement proves more severe than anticipated, and as a concept that requires continued research and debate rather than premature dismissal.

6.5 Workforce Development and Training

The challenge: Korea invests significantly in corporate training, but symposium participants—from both industry and labor—identified much of this training as formal, compliance-oriented, and ineffective. The training workers need for an AI-augmented economy is fundamentally different.

Policy options:

- **Reform corporate training from task instruction to systems thinking.** Training should shift from teaching workers specific tasks to developing the capacity for systems thinking, problem definition, and workflow comprehension. This aligns with the legal sector finding that education should teach "systems, not endpoints." Another option may be to expand the "scope of the firm" from the perspective of training by seeking new and early stage training opportunities through active partnerships and collaborations with universities and educational institutions.
- **Address training quality, not just quantity.** The symposium identified a critical gap: Korean firms conduct extensive training, but much of it does not build genuine capability. Government support should be conditioned on demonstrated training effectiveness measured by actual skill gains, not hours completed or credentials issued.
- **Fund training appropriately.** Korea's employment insurance fund, being employer-financed, is structured for occupation- and industry-specific training. Broader capability-building (foundational reasoning, social skills, critical thinking) is more appropriately funded through education ministry budgets. Recognizing this distinction prevents mismatches between funding sources and training goals.
- **Create incentives for firms to invest in junior development.** Government subsidies for hiring and training junior workers—similar to existing youth employment subsidies—directly address the upskilling paradox. Firms face reduced incentives to develop junior talent when AI can substitute for junior-level tasks; policy should counterbalance this market failure.
- **Evaluate training effectiveness rigorously.** Korea should invest in rigorous evaluation of workforce training programs, including randomized controlled trials where feasible. Credential effectiveness—whether a particular certification actually improves employability or productivity—should be measured and published.

6.6 Education Reform

The challenge: Korea's education system, while producing high levels of formal attainment, is widely regarded as poorly suited to the demands of an AI-augmented economy.

Policy options:

- **Prioritize critical thinking and foundational skills.** Critical thinking is the most costly capability for AI to replace. Foundational education in logic, mathematics, and evaluative reasoning cannot be skipped in favor of application-level AI training. Universities can prioritize teaching foundational theory well and have industry handle applied training, but their lack of resources is a constraint.
- **Address the university funding crisis.** Korea's tuition freeze policy has constrained university budgets, limiting investment in the small-class, high-engagement teaching that develops critical thinking and social skills. Universities want to provide strong foundational education, but they have no data, no resources, and no personnel. Without addressing this funding constraint, education reform proposals will remain aspirational. This problem becomes more acute when considering the immediate and likely substantial investments needed to upskill instructors (professors and lecturers) in the deployment and use of AI in education.
- **Consider separating university and vocational education.** A proposal emerged to more clearly distinguish universities (liberal arts, foundational knowledge, critical thinking) from vocational training institutions. This would reduce confusion for students who are uncertain whether they are pursuing education or job preparation, and allow each type of institution to focus on its comparative advantage.
- **Strengthen social and interpersonal skills—but cautiously.** As AI automates cognitive tasks, social intelligence becomes more valuable. However, participants raised important concerns: evaluating "human attractiveness" or interpersonal skills risks creating new forms of inequality. OECD data shows Korean managers score lower on general trust than their employees—suggesting, as one participant pointedly noted, that "the people who need character education most may be the bosses." The trust environment matters: people exhibit trustworthy behavior when they perceive such behavior as justified, not when they are lectured about virtue.
- **Address post-COVID campus disengagement.** When in-person classes resumed after the pandemic, 70% of Korean university students preferred online instruction. Students came to campus but attended lectures remotely—they wanted the campus community but not face-to-face classroom interaction. Campus social activity is declining. American universities invest heavily in residential community-building; Korean universities treat it as secondary. This trend threatens the informal learning and socialization that universities have traditionally provided.
- **Build industry-academia bridges.** Firms should share data and practical challenges

with universities for educational use. Retired corporate scientists and engineers, often at the peak of their expertise when they leave industry, could return to universities to teach, bringing practical knowledge that complements academic theory. Programs modeled on LG's AI Graduate School represent promising models.

- **Invest in the meaning of work as an educational theme.** Education should help students, from childhood onward, develop a capacity to think about what work means for human life, dignity, and identity. This is not "character education" in the narrow sense but a deeper philosophical preparation for a world where the relationship between humans and labor is fundamentally changing.

6.7 Public Finance Considerations

The challenge: Many of the policy options outlined above require significant public investment. In a context of fiscal pressure, the question of how to finance proactive labor policies is critical.

Key considerations raised at the symposium:

- **Robot/AI taxes are generally considered a poor policy instrument.** While superficially appealing, taxing AI or robots directly risks reducing the productivity gains that could finance broader social support.
- **Employment insurance funds have structural limitations.** Korea's employment insurance fund is employer-financed and has been used primarily for occupation- and industry-specific training. Its current structure and funding level may be insufficient for the scale of investment needed. More importantly, the fund's occupation-specific orientation may not align with the foundational, general-purpose capability building that AI-era workers most need.
- **Education budgets need rethinking.** General educational investment—through education ministry budgets rather than employment insurance—may be more appropriate for the foundational and liberal arts education that participants identified as most important for AI-era workforce preparation.
- **Minimizing market distortions is critical.** Government intervention should be designed to minimize economic distortions. The goal should be to support individuals through transitions while allowing markets to allocate resources efficiently.
- **Data revenues as a funding source.** If data is recognized as a public asset and platform/AI firms are required to compensate for its use, the resulting revenues could supplement traditional funding sources for social safety net programs. This remains conceptually attractive but practically underdeveloped.

7. Conclusion

7.1 The Urgency of Proactive Action

The AI and the Future of Labor Symposium in Seoul produced a clear and consistent message: Korea is at a critical juncture. The rapid advancement of AI technology is already affecting Korean workers and industries, and the effects will accelerate. Without proactive policy intervention, Korea risks drifting toward a future of deepening inequality—a “technological caste system” in which the benefits of AI accrue to those with existing advantages while those in precarious positions are further marginalized.

This outcome is not inevitable. It is the product of institutional choices, policy decisions, and social agreements—or the lack thereof. The symposium demonstrated that Korea has the intellectual resources, the institutional capacity, and the historical experience of managing rapid technological change to chart a different course. What is needed is the political will and social consensus to act.

7.2 The Core Insight: Upskilling, Not Just Reskilling

If one finding emerges most clearly from the symposium, it is this: the central labor challenge of the AI era is not reskilling displaced workers for entirely new occupations. It is preserving and redesigning the institutions through which workers at all levels continue to develop deep expertise—the upskilling problem. The traditional skill ladder, in which novices become experts through on-the-job learning under senior supervision, is eroding as AI substitutes for the routine tasks that constituted junior workers’ training ground.

This finding reframes the policy challenge. The question is not primarily “how do we retrain displaced workers?” but “how do we ensure that professional expertise continues to be developed in a world where AI handles an increasing share of the tasks through which expertise was traditionally built?” Meeting this challenge requires a new social compact among workers, industry, educational institutions, and government, a compact in which the costs and responsibilities of workforce development are shared rather than shifted onto the most vulnerable.

7.3 Challenges Ahead

The symposium surfaced several fundamental challenges that do not have easy solutions:

- **The speed problem.** AI technology is developing faster than institutions can adapt. What took earlier software-driven transformations 5–10 years, AI is compressing into far shorter timeframes. The lag between technological change and institutional response is inherent, but reducing it requires more agile policymaking and anticipatory governance.

- **The social consensus problem.** Korea's history of social dialogue on labor issues is mixed. Major labor unions have disengaged from formal tripartite processes, and youth are largely unrepresented. Even symposium participants who strongly supported social dialogue could not articulate how to make it effective in practice.
- **The global competition problem.** Korea cannot treat AI-and-labor as a purely domestic question. If Korea slows AI adoption to protect workers, its competitors, especially China, which is further ahead than many Koreans realize, will not wait. Clinging to existing models while the world changes is the surest path to decline.
- **The college graduate problem.** Despite extensive discussion of the challenges facing young workers, who face a labor market in which AI is eliminating many entry-level positions while the skill ladder is eroding, the symposium did not produce clear policy solutions for this group. Government subsidies for junior hiring and closer firm-school integration were proposed but remain underdeveloped.
- **The meaning-of-work problem.** If AI continues to advance toward performing an ever-larger share of human tasks, societies will face a fundamental question about the role of work in human life. Korea, with its deep cultural connection between work, identity, and social worth, may find this question particularly challenging. Education on the meaning of work, from childhood onward, was identified as essential but practically difficult.

7.4 Opportunities Ahead

The challenges are real, but so are the opportunities:

- **AI as a response to demographic decline.** Korea's shrinking workforce makes AI adoption not merely a competitive choice but a demographic necessity. If managed well, AI could help sustain economic output and living standards even as the working-age population declines.
- **Korea's adaptive capacity.** Korea's history of rapid economic development, its highly educated population, and its world-class digital infrastructure provide a strong foundation for managing the AI transition. The country has navigated radical economic transformations before.
- **An opportunity to build a better labor market.** The disruption caused by AI, while painful, also creates an opening to address long standing structural problems: the dual labor market, the rigidity of employment relationships, the inadequacy of the social safety net, and the mismatch between education and labor market needs. Even dystopian scenarios can be reframed and reexamined to pave potential pathways to a more human-centered economy, if accompanied by deliberate policy intervention.
- **New forms of value creation.** The symposium surfaced examples of young

professionals using AI to create entirely new forms of value—legal technology platforms, innovations in healthcare governance, and AI-assisted entrepreneurship and research at unprecedented scale. If education and institutions enable rather than constrain this kind of innovation, the opportunities are substantial.

7.5 A Call to Action

The participants of the Seoul symposium, representing the full spectrum of stakeholders in Korea's AI and labor landscape, arrived at a shared conclusion: the time for proactive action is now. The window for shaping AI's impact on Korean workers will not remain open indefinitely. As technology advances and market forces drive adoption decisions, the cost of delayed action rises.

The symposium's scenario analysis made this concrete: every breakout group concluded that Korea, under current conditions, is heading toward a technological caste system in which AI's benefits are captured by those with existing advantages. No group believed Korea would reach an optimistic scenario without major policy intervention. The Y-axis—whether society responds actively or passively to the AI transition—is more important than the X-axis of how AI develops. And on the Y-axis, Korea's current posture is fundamentally passive.

Korea has the opportunity to demonstrate that rapid AI adoption and worker welfare are not in conflict. Realizing this vision will require sustained commitment from government, industry, labor, educators, and civil society. It will require the honesty to acknowledge that past models, however successful, may not serve the future. And it will require a new social compact, one built through the kind of multi-stakeholder dialogue that this symposium represents.

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