

Briefing | Eureka all day long

What if AI made the world's economic growth explode?

Markets for goods, services and financial assets, as well as labour, would be upended

Jul 24th 2025 | 14 min read

UNTIL 1700 the world economy did not really grow—it just stagnated. Over the previous 17 centuries global output had expanded by 0.1% a year on average, a rate at which it takes nearly a millennium for production to double. Then spinning jennies started whirring

...

Economies originally grew largely through the accumulation of people. Bigger harvests allowed more mouths to be fed; more farmers allowed for bigger harvests. But this form of growth did not raise living standards. Worse, famine was a constant menace. Thomas Malthus, an 18th-century economist, reasoned that population growth would inevitably outstrip agricultural yields, causing poverty. In fact, the reverse occurred: more people did not just eat more, but had more ideas, as well. Those ideas led both to higher output and, eventually, to lower fertility, which set output per person climbing. AGI, the theory runs, would allow for runaway innovation without any increase in population, supercharging growth in GDP per person.