

The Profound and Complex Impact of Change on Local and Global Economy

For those who believe that the Earth was formed 4.5 billion years ago, one could imagine its entire history in twenty-four hours, with all of human history taking place in the final 77 seconds. Despite the time spent on this planet being minuscule in a larger context, human impact has been anything but small. The explosion of advancement within society has had a remarkable impact, and that advancement only grows. For example, it only took us 66 years to put a man on the moon once we unlocked the secret to flight. Achievement in human society is a Snowball Effect, and the development of AI, microchips, and others has proved that this snowball is far from the bottom of the hill.

Innovation can be described as the implementation of new ideas or methods into society that create a positive change, with investment in cancer research and AI technology being a few examples. In the case of AI, many are concerned that this innovation does not contribute to a positive change, as job loss transforms from a sci-fi movie idea to reality. For example, according to an MLive article, Acrisure, an insurance brokerage company based in Grand Rapids, plans to lay off 400 employees globally, with “Roughly half the positions set to be eliminated... based in West Michigan” (McVicar). This is concrete evidence contributing to the idea that the world's emergence of AI is already having negative side effects, right in the backyards of Grand Rapids residents. People are already being laid off due to AI replacing their jobs, resulting in a likely increase in structural unemployment. Additionally, on a global scale, Geoffrey Hinton suggests that AI will create “massive unemployment and a huge rise in profits” (Ma) when speaking about AI in general in a recent article published by Fortune. Comments about the potential for serious damage due to AI from the ‘Godfather of AI’ himself are certain to raise concerns about the legitimacy of the innovative power of AI, especially if this

“innovation” leads to large numbers of unemployed people. However, when looking at the innovative power of AI from a more optimistic perspective, there are promising pieces of information being published constantly. As seen in an article published by the Insurance Journal, Randy Thelen, the CEO of The Right Place, states that “AI didn’t concern him because, as happened with previous technological advancements, employees will find different ways to use their skills” (Hinkley). This idea of a calm shift in the industry can be backed up by the many new businesses sprouting up in Grand Rapids, such as Mutually Human and Humming Agent AI. Where some jobs are being lost due to AI, others are being created through these new businesses promoting various AI models. Additionally, a study was done by PriceWaterhouseCoopers that concluded that “AI adoption could boost global GDP by an additional 15 percentage points by 2035” (PwC). Therefore, when tracking back to the idea that innovation is the implementation of new methods that create a positive change, AI is a perfect example of an innovation that may greatly boost economic growth both in Grand Rapids and on a global scale, by allowing for new jobs to be created and bolstering a stronger Gross Domestic Product.

When it comes to technology, anyone can truly see the nuts and bolts of what AI can do in local and global economies when its functions are explored. AI uses a training system where it is essentially taught information based on human input. AI can quickly become efficient in identifying trends, problems, and miscellaneous information about the world in a short matter of time. When applied to economics, a CNN article posted four main incorporations of AI into the economy: Research, teaching, forecasting, and employment impact (Mena). When focusing on forecasting, the true power of artificial intelligence can be seen in a study published by the St. Louis Fed. Two researchers tested a large language model of AI against trained economists and found that “PaLM’s inflation predictions produced fewer errors than those of the [Survey of

Professional Forecasters]” (Mena). AI is still developing, and it’s already better than some of the most advanced minds in the economic world. This should be seen as an opportunity to improve many aspects of our economy, mainly through efficiency. In an article published by the Congressional Budget Office, it is stated that “businesses that implement AI can be expected to become more productive than businesses that do not” (CBO). The article goes on to further describe how businesses can create their own AI models tailored to their company’s needs, turning redundant tasks into automation. This function of AI would allow businesses to spend less money on labor and instead invest it into growing their company, while focusing on training workers to complete more complex tasks, thus improving their productivity from a human labor perspective as well. Additionally, AI has the potential to evolve, constantly improving. While AI improves, it can be trained to take on more complex tasks where humans falter. In a graph published by the International Labour Organization, it is illustrated that in advanced economies, AI has been taking on more complex tasks, showing the further transition into AI-driven economies. If this trend continues, AI may benefit the economy by boosting the global GDP by more than expected. With automation, tasks become concrete with less risk and greater output. If companies can put AI to tougher tasks, they will increase their productivity, which increases output, boosting the economy.

From a social standpoint, there are multitudes of factors impacting the global and local economy, from politics to social media. When Donald Trump regained the presidency in January of 2025, he almost immediately began to involve the United States in a tariff war with countries like China and Canada. Many people voted for Trump in 2025 because they wanted to see some sort of change in the state of the country, and Trump did just that. By using politics to advance his economic interests, Trump increased taxes on foreign imports across a wide range of

products. As a result, the US GDP saw slower growth than usual. When countries retaliated by imposing tariffs of their own, US consumers purchased fewer goods, while at the same time selling fewer goods to other countries. As a result, global trade was at a standstill. This slowed economic growth across multiple countries, as no one was exporting as many goods.

Additionally, when Trump signed his “One Big Beautiful Bill,” he imposed tax cuts for families but at the same time cut social programs. As a result, this helped households and businesses feel wealthier in the short run, but eventually began to increase long-run national debt. In response to increasing national debt, the government may increase interest rates to fund deficit spending, which makes borrowing more expensive. Consequently, businesses are less likely to borrow money to invest in their company, resulting in crowding out. While this result of Trump’s policies hasn’t been seen much yet, it is very possible that it could happen in the future. On the global scale, the US has also been making waves. With military threats in Iran, negative supply shocks drove up oil prices from OPEC nations. Therefore, the threat of war has a significant impact on the prices of necessary materials in the economy on a global scale, not just within the United States. Another cultural factor driving the economy is social media. With the development of smartphones and the internet, humans now have ways of reaching an audience across the globe within seconds. As internet influencers gain popularity, they have the opportunity to influence the buying tendencies of average consumers by setting trends. In an article published by the US Bureau of Labor Statistics, this impact is described as the ability to “benefit both sellers and influencers by ease in which products have a large showcase” (Roach). By manipulating the purchasing habits of consumers, influencers can utilize social media to change the focus of economies and change the level of investment going into specific sectors of the economy. When looking at the influencer market as a whole, it has grown to around 250

billion dollars in 2024, per Business Insider. This is a significant difference, especially when looking at the numbers from 2021 and 2023, which were two billion and 20 billion, respectively. With an economic boom like this, companies have started to invest more money into advertisements on social media platforms like TikTok and Instagram, which target younger audiences than people who typically watch television regularly. With this shift in advertising habits, younger people are more likely to become targeted consumers, which forces businesses to begin manufacturing products that align with current trends. A good example of this is when Stanley water bottles exploded in popularity, and all of a sudden, stores like Target were selling caps for straws to match the water bottles, as well as running a promotion with Starbucks and Stanley, where demand for the limited-edition water bottles was incredibly high. In conclusion, the culture of trend-hopping due to social media popularity affects the economy by constantly changing it to be tapped into whatever short-period trends are, instead of products that last generations.

In all, the economy is affected by various factors, and subfactors bring about more change than one might expect. AI creates structural unemployment, but it also allows for future job creation. AI also represents the current epitome of technology, by performing automated tasks better and faster than any human. The world's governments' policies easily affect economies through tariffs and war plans. Lastly, social media influences the younger generations to become involved in a consumer market focused on short-term trends, which is seen all over the world, not just in the United States. When exploring the many impacts imposed on the local and global economy, one can see change as a threat. However, it is human nature to dislike change, since humans crave normalcy. Changes in innovation, technology, and society can instead be seen as opportunities to grow and potential for the betterment of the lives of all.

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