

Print Edition

Friday 9 October 2026

EDITION NO. 78 • 2 PIECES • 7 PAGES

IN THIS EDITION

1. *An empirical agenda for AI* • Stripe Economics 1
 2. *If a Budget falls in a forest and nobody notices it, did it really happen?* • Process & Product, with Gavan Reilly 5
-

An empirical agenda for AI

BY ERNIE TEDESCHI • STRIPE ECONOMICS • 8 OCTOBER 2026

AI's economic promise is one familiar to human history: cheaper, more capable tools that raise productivity and prosperity. Even if we assume that AI eventually delivers, much remains unsettled about how, when, and to whom the gains will spread.

Most outside commentary so far has focused on first-order questions, such as AI adoption or token spend, or on the most immediate anxieties around AI, such as automation and job displacement. Those who focus on the long run often do so with either vague promises of a hyperabundant future or predictions of imminent doom. In either case, there are scant details on the path to reach it.

History suggests that many of the most confident predictions about technology are falsified and what gets the most immediate attention is rarely the most consequential. The electrification of America in the early 1920s brought predictions of mass unemployment of factory workers, but not only did US factory employment not fall, it continued rising for more than 50 years, and subsequently declined for reasons largely unrelated to automation (Pierce and Schott, 2012). Meanwhile, predictions about the IT revolution boosting aggregate productivity did eventually become true, but only after decades of IT investment and some puzzlement—most famously from Robert Solow—about the lack of obvious effects on the data (Henry, Sarte, and Taylor, 2024).

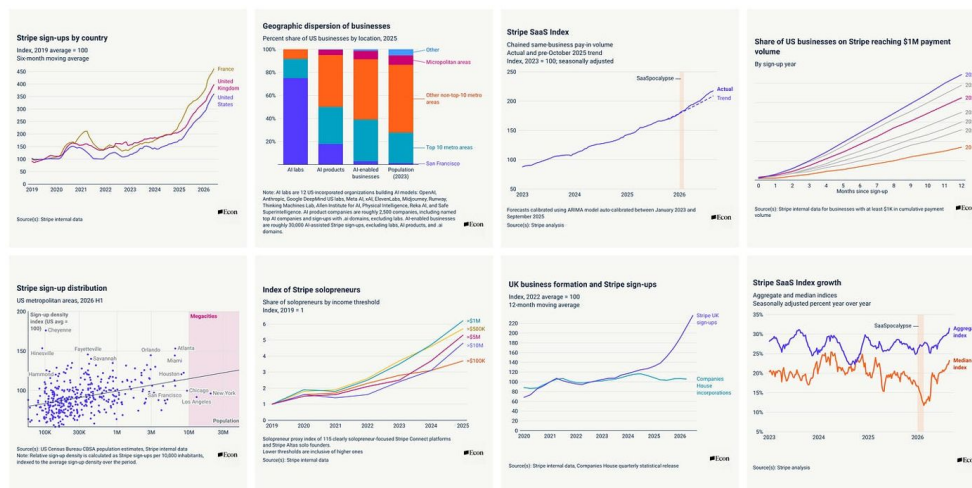
Conversely, the most interesting transformations wrought by general purpose technologies are often second-order and unexpected. Women entering the labor force en masse in the 1960s, for example, was made possible by electrification combined with the complementary innovation of indoor plumbing, as well as other social changes (Greenwood, Seshadri, and Yorukoglu, 2004). The internet created entire new job categories that would have been unimaginable to the contemporary commentariat. The

majority of employment today is in jobs that did not exist in 1940 and that emerged due to new technologies (Autor et al., 2022).

We believe that AI is likely to follow a similar pattern and that we should therefore approach the study of its impact with humility, curiosity, and rigorous empiricism. The answers to how AI will transform society will depend on how businesses reorganize, markets adjust, and workers respond.

But anyone could endeavor to pursue an empirical research agenda related to AI—and many others are—so why do we believe Stripe Economics has anything original to add? The answer is our data. Stripe, via the products it offers and businesses it serves, produces one of the richest real-time datasets on how today's economy is evolving, including transaction data on payments, sign-up data on business formation, and survey data on business sentiment. To protect the businesses on Stripe, this data cannot be shared publicly, but the insights and analyses this data produces can. This is what Stripe Economics is for.

We've already begun using our data in this way to show that there was convergence, not divergence, in spending between high- and low-income areas of the United States. We shed light on what is behind the recent rise in business formation in the US and elsewhere (that is often not being captured in national statistics). We showed how new AI-era businesses are increasingly forming outside major metros and core urban areas. We showed that the AI-driven market turbulence of early 2026 was not reflective of SaaS business reality.



Private data always has some biases. In our case, the primary bias is that Stripe's user base skews more tech-forward than the economy as a whole. But even this is particularly useful for understanding the current moment. Stripe serves 88% of the Forbes AI 50. We also serve the most tech-forward non-AI businesses, which are digital canaries for how AI is likely to percolate through the economy and affect firms more broadly.

Even with such a privileged starting point, we know that understanding AI's impact will require data beyond Stripe, approaches beyond economics, and analyses beyond our own. We are sharing our AI research agenda below—and a snapshot of how Stripe data can contribute to an-

swering important questions—to invite others to collaborate with us and contribute. Stripe’s Economics of AI Fellowship already supports early-career researchers studying growth, labor, risk, and market design. We welcome further opportunities for academics, writers, and private-sector researchers to work with us. Suggestions and proposals can be sent to stripeeconomics@stripe.com.

Questions we’re thinking about, and how Stripe data can help answer them

The following is a point-in-time snapshot and assumes future access to OpenRouter data (Stripe’s acquisition of OpenRouter has not yet closed), as well as the ability to survey Stripe users on topics such as hiring.

- **When will aggregate productivity gains materialize?**

Economic evidence so far suggests AI is already raising the speed and quality of individual tasks well before those gains appear in revenue, because sales processes, pricing, management, and customer demand adjust more slowly. And if the price of intelligence keeps falling, the net effect on productivity may be pulled in two directions, as lower input costs will drive higher productivity among AI users but might yield lower revenues among AI providers. We expect that AI will eventually move the productivity needle positively, but the interesting story will be the cadence, persistence, and distribution of those gains.

What Stripe data can tell us: the relationship between AI spending and revenue growth, what industries are adopting AI and how intensively

- **What will be the unexpected complements of AI?**

As Alex Imas has pointed out, AI could increase demand for “mimetic goods” like human relationships, judgment, trust, or taste, even as it lowers the price of routine cognition. Similar to travel agents seeing their jobs decline but value rise in the wake of the internet, AI could lead to a premium on human produced and curated content while AI-driven content becomes cheap and accessible. AI could increase leisure time, but it may alternatively raise expectations of productivity within existing work hours. It’s possible that some of the most transformative changes from AI will come from combining it with complementary innovations, such as domestic robots, drones, or AI-directed wetlabs, that extend its impact from the digital to the physical world.

What Stripe data can tell us: what AI-adjacent sectors are seeing rapid growth, changes in the relative prices of different good and services

- **Will AI create new classes of economic risk?**

The recent discourse has emphasized the civilizational risk posed by AI, but we’re at least as concerned with the more traditional variety: macroeconomic risks as AI investment ebbs and flows. AI-enabled cybersecurity attacks on critical infrastructure. The use of AI by terrorists and criminal groups. The rise of AI-assisted autonomous weapons. The rise in AI-assisted fraud and scams. The possibility of a future AI-related incident caus-

ing meaningful economic and financial harm is a real one, especially as AI becomes more “systemically important.”

What Stripe data can tell us: how spending on AI-related risks (e.g., cyber) is trending, how different sectors of the economy are impacted by new economic risks

- **What is the shape of the market for intelligence?**

The long-term market structure for intelligence remains unclear. Much of the focus today is on the immediate question of AI lab profitability, but if intelligence becomes a factor of production, then where price and supply of intelligence stabilize will have implications for many parts of the economy. Which jobs are augmented or replaced by AI is at least in part a function of the relative price for humans and machines to execute them. Which new industries emerge depends on how cheaply intelligence can be deployed in pursuit of innovation. Intelligence prices may turn out to have important short- and long-run macroeconomic implications too, in the same way that energy prices do.

What Stripe data can tell us: how token usage and spending are trending, how prices are changing, who is spending more/less on AI, how this relates to various other economic indicators

- **How will AI affect labor markets?**

Attempts so far to identify AI displacement effects have yielded mixed results, with some showing negative effects and others showing muted or even positive effects, with important differences among different subpopulations, industries, and occupations. And AI may already be impacting employment in unexpected ways. Job postings for software engineers are up over the last two years, despite the fact that AI has “cracked” coding. Digital arts jobs are down since 2022, but live arts jobs are up. AI may also be driving job creation and wage growth in unusual places—for example, among electricians to support data center construction. And it remains difficult to disentangle all of these effects from other economic shocks, such as high interest rates and greater adoption of remote work.

What Stripe data can tell us: (via survey) whether new firms are hiring and in what roles, the relationship between AI spend and headcount, changes in output per employee

- **How will AI reshape competition as well as the structure of the firm?**

We’ve already seen a surge in new business formation in the age of AI, particularly among solopreneurs. This may prove to be the new equilibrium: more firms that are smaller on average. On the other hand, AI may also mitigate friction that allows companies to become big in the first place. For example, benefits from proprietary models or increased costs of doing business due to new classes of risk (e.g., cybersecurity) could increase returns to scale.

What Stripe data can tell us: how many new firms are forming and where, what sectors they are in, how fast they are growing, how concentrated industries are

- **How will agents change broader market dynamics?**

Agents go well beyond a simple algorithm and can compare, negotiate, and execute transactions on behalf of humans. This may improve price discovery, reduce transaction costs, and generally increase the efficiency of a wide range of markets. But agents could also be used as rent seekers: looking for inefficiencies and regulations to arbitrage. Sellers will also bring their agents to bear in negotiations, making it hard to predict the net effect on both prices and consumer or producer surplus. And consumer acceptance of a parallel agentic economy is uncertain and will likely be downstream of overall AI adoption.

What Stripe data can tell us: who is using agents to spend, what agents are spending on, how prices change when agents are involved

If a Budget falls in a forest and nobody notices it, did it really happen?

BY GAVAN REILLY · PROCESS & PRODUCT, WITH GAVAN REILLY · 7 OCTOBER 2026



THE MINISTER on the stairs was brief, but frank, in their assessment of how the whole Budget might be received. It was “good”, they said, their mind already on something else.

Another senior politician, who has seen more than 20 budgets during their lifetime in Leinster House, said it was the first time they’d sat through speeches and not heard any unheralded measure. Literally every single measure had been touted in the press beforehand, and not a single one had been withheld from leaks.

That was true: the only tangible new information in the speeches of either Simon Harris or Jack Chambers was the finer details of what Harris hopes will eventually be the signature policy of this Budget, namely the thresholds and taxation rates of the new Irish Investment Account.

But even that may not seem like a signature Budget policy, given how widely discussed it was in advance. And while Harris has enthusiastically championed it, it’s not solely his initiative either: the European Commission has been banging the drum for better investment account products since September 2025, before Harris even took over as Minister for Finance.

For a full house, the Dáil chamber itself still felt oddly flat. Neither speech was interrupted with a clear round of cheering or approval. Harris tore through his 7,500 words of speech without any interruptions from either side of the house. Chambers’ 6,673 words of content didn’t exactly breed contentment among his peers either, punctuated only by murmurs on a mention of childcare subsidies and an amused guffaw when the Dublin West TD - watched on from the Distinguished Visitors’ gallery by his father from Newport - prefaced his announcements on sports funding by a mention of Mayo finally claiming Sam Maguire.

The opposition did their best to dangle their quips on the announcements too. Pearse Doherty, issuing his 17th response to a Budget as Sinn Féin’s finance spokesman, said the rewards of lower taxes or fuel costs were “gone before you get them”. Labour’s Ged Nash said it was a Budget “which promised little and failed to disappoint”. Ruth Coppinger of Solidarity, who shares a constituency with Chambers and little more, wondered if his public sector efficiency taskforce was an Irish translation of Elon Musk’s infamous DOGE.

But it all felt a little bit by rote. Mary Lou McDonald posted a mid-morning video to Instagram about how workers and families struggling to get by would be left behind. A few hours later she posted another about how Noel Gallagher - “the Noel Gallagher! Oasis Noel Gallagher!” - had signed a letter of support for the residents of the Garvaghy Road. 24 hours on, the latter video has ten times as many likes and 16 times as many shares.

Outside the Kildare Street gate, the crowd barriers lay stacked and ready for action. Gardaí are always now prepared for dissatisfied gatherings on Molesworth Street, but have stopped automatically closing the street. It’s too disruptive for the traffic around Merrion Square, St Stephens’ Green and Nassau Street to have two central streets closed unless a mass gathering requires it - and it’s bad news for some of the cafes who

routinely find themselves trading for nobody if a barrier must be mounted. If the crowd comes, the barriers are there.

The barriers lay untouched. The sole protestor in attendance was desperately upset over the plight of babies given unauthorised or cold burials after dying in mother and baby homes. She is there often. Budget Day was just another Tuesday.

Harris and Chambers filed into the press auditorium of Government Buildings and fielded 70 minutes questions on anything and everything from national and international media. The Fiscal Council - set up as a budgetary watchdog to help Ireland avoid a repeat of previous mistakes, where the country became increasingly reliant on a single form of tax income and couldn't survive without it - said too much 'windfall' corporation tax was now being used for everyday spending. Yes, Harris said, we cannot be reliant on that tax - but billions from that revenue was going into infrastructure, and billions more channelled into two long-term national savings funds. The questions moved on. Political landmine not quite defused, but suppressed.

The ministers disappeared - Harris off to his wife and four-day-old daughter, Chambers to Ballymount for a debate on The Tonight Show - as the Dáil voted through some of the on-the-night measures, like putting €1 on cigarettes and raising the thresholds for inheritance tax. Opposition deputies squirrelled away trying to find more landmines of their own. Some observed that while the weekly fuel allowance is being raised, it will be paid for fewer weeks this winter than last (after an ad hoc extension in spring 2026). As a result, recipients will receive less in cash payments than they otherwise would. Would that be the banana skin upon which all this collapses?

And what of fuel costs, where the pump price of petrol and diesel was left untouched? Would the idea of simply extending the existing subsidies be enough to stop a repeat of April's blockades?

Those were issues for another day. After the busiest of weeks and the notionally busiest day in the political calendar, special advisors realised their work was over by 8:30pm.

For one of them, a happy day. "This is the time of year," they said, "when we are literally the furthest way from a Budget."

Thanks for reading Process & Product, with Gavan Reilly! This post is public so feel free to share it.