

A Turing Test: A.I. IPOs and the Future of Labor

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Key Takeaways

1. While doomsday scenarios of A.I. eradicating the workforce grab headlines, the future is notoriously hard to predict; at present A.I. is still a tool that can enhance human productivity, not replace it.
2. As A.I. capabilities and adoption grow, new human skills for interacting and collaborating with it will emerge, with subject matter experts still at the forefront of new achievements.
3. The trio of forthcoming A.I. Initial Public Offerings will be significant tests of market liquidity, as their large index weights and link to the future of skilled labor could create substantial purchase demand.

Background and Summary

In 1950, British mathematician Alan Turing proposed an experiment to assess whether machines can think. A human participant would submit questions to two anonymized sources: one human and one machine (now called a computer). If the reader cannot reliably distinguish their responses, the machine is said to have passed the test.

This paper mirrors that design. A human author wrote a 500-word essay on the market implications of the upcoming A.I. Initial Public Offerings ("IPOs"), and then asked the latest version of ChatGPT to write an essay of similar length on the same topic¹. Both responses are shown below, in a randomly determined order.

In case the Turing Test is passed, and the sources are not obvious, an ensuing section contains the reveal and points out some shortcomings of each essay. Neither is perfect, so the idea of humans using A.I. as a tool – rather than a replacement for all critical thinking – still aligns with how other technologies are used today. For written documents, an A.I. revision of human drafts (or possibly in the reverse order) may strike the most productive balance. Other tasks, such as exploratory analytics without precise directions, may require more human involvement. Unlike Turing's binary thought experiment, today's A.I. programs will cultivate a range of opportunities for new human knowledge skills to develop. Selecting which A.I. tools to use, what prompts and constraints to provide them, and how to balance A.I. computing costs against their expected benefit will all become important decisions for humans to make.

¹ Specifically, the prompt given was "write a 500-word essay on the market implications of the upcoming LLM IPOs and potential differences between white-collar and blue-collar investor preferences for them."

Essay 1: When Your Career Hedge Goes Public

Anthropic (Claude), OpenAI (ChatGPT), and SpaceX (xAI) are all reportedly preparing for IPOs this year. These public transitions will be historic events in the financial markets, with implications extending far beyond the companies themselves. Index providers are already exploring ways to break their own rules and fast-track these stocks into their indices (which demonstrates that even "passive" products make active decisions). With more money than ever tracking those indices, the purchase demand and potential price impact on these stocks could be enormous right out of the gate.

Perhaps more significantly, the introduction of pure play Large Language Models ("LLMs") to the stock market unlocks a new dimension of the A.I. trade². Most white-collar workers, but especially young software engineers, consultants, etc., should want these stocks as insurance against their careers becoming obsolete. If a draconian A.I. future for skilled labor occurs, then presumably the LLM stocks themselves would have appreciated, and could help cushion that blow. This concept of "human capital hedging" has been pitched before as a reason Value stocks could outperform indefinitely, even if the market is aware of their outperformance. If many investors desire a particular payoff scenario, their demand will bid up the price of securities that seem to provide it, which lowers the expected returns on those stocks going forward. Conversely, companies that lack the desired quality see higher expected returns baked into their prices, so that the market clears and somebody holds the shares.

Historically, this line of reasoning has focused on blue-collar workers seeking insurance against mechanical automation replacing their physical labor, but in a world of expanding A.I. abilities, physical labor is probably more protected. A.I. cannot fix your plumbing, put out a fire, or build a house, and it is hard to imagine software engineers being able to pivot to those careers easily. As a result, the blue-collar workforce may have access to a superior frontier of potential investment returns, as their human capital risks do not require building A.I. job insurance into their portfolios.

This thought experiment is not trivial. The amount of wealth held by today's white-collar workforce is staggering. According to the Federal Reserve, the top quintile of household income has \$49 trillion in liquid wealth (e.g. stocks and mutual funds), which is more than the combined market caps of the "Magnificent Seven" stocks. The top 1% controls around half of that \$49T, and would probably include CEOs and older workers that either face trading restrictions or are nearing retirement anyways. Still, if even a fraction of the other top earners follow this line of reasoning and decide they need to own the public LLMs, that could represent billions or even trillions of dollars of retail buying demand for those stocks, potentially colliding with the historic purchase demand from fast-tracked index inclusions.

² SpaceX would obviously be more of a conglomerate, having merged with xAI in February 2026.

Essay 2: A.I. IPOs and Investor Preferences

The upcoming wave of large language model (LLM) IPOs has the potential to meaningfully reshape public equity markets. As foundational A.I. companies transition from private to public ownership, they could alter capital flows, sector weightings, volatility patterns, and investor behavior. At the same time, investor preferences for these offerings may vary across demographic and occupational lines, particularly between white-collar and blue-collar investors.

From a market structure standpoint, LLM IPOs would expand the investable A.I. universe beyond semiconductor and cloud infrastructure firms into pure-play model developers and A.I. platforms. That shift could concentrate capital into companies positioned as core infrastructure for knowledge work. If investor enthusiasm is strong, initial valuations may price in substantial long-term growth, reinforcing a “winner-take-most” dynamic in which a small number of dominant A.I. platforms command outsized market capitalizations.

Significant IPO demand could also accelerate sector rotation. Investors may reallocate funds from legacy software, traditional IT services, or even non-tech sectors into A.I.-centric equities. This would amplify the weight of A.I. in major indices, particularly if newly public LLM firms grow large enough for inclusion in benchmarks such as the Nasdaq 100 or S&P 500. Passive index funds would then be required buyers, further increasing capital inflows and potentially reinforcing upward momentum.

However, elevated expectations could also increase volatility. IPOs in transformative sectors often experience sharp price swings as markets recalibrate between narrative-driven optimism and fundamental financial performance. If revenue growth lags expectations or regulatory scrutiny intensifies, corrections could be swift and sector-wide, affecting correlated technology stocks.

Investor preferences for these IPOs may differ meaningfully between white-collar and blue-collar investors. White-collar professionals—particularly those in technology, finance, consulting, law, and corporate management—are more likely to interact directly with A.I. tools. Familiarity can breed conviction. These investors may perceive LLM companies as long-term productivity infrastructure and may be more comfortable underwriting aggressive growth assumptions. Additionally, higher average incomes and greater exposure to equity markets through retirement accounts or brokerage platforms may increase their capacity to participate in high-growth IPO allocations. Some may also view investment as an economic hedge against job displacement or workflow disruption driven by A.I. adoption.

In contrast, blue-collar investors may exhibit more conservative preferences. Historically, households with lower discretionary income or less exposure to financial markets tend to favor established,

dividend-paying companies or diversified funds over speculative growth equities. Without direct engagement with A.I. tools in daily work, LLM business models may appear abstract or uncertain. Concerns about valuation, profitability timelines, and market hype could lead to lower participation rates in early-stage A.I. IPOs.

These differences in participation could have reinforcing effects. If white-collar investors disproportionately allocate capital to LLM stocks, price momentum and trading volumes may initially reflect a concentrated investor base with high conviction but similar risk profiles. That homogeneity can amplify both rallies and sell-offs.

Ultimately, LLM IPOs could mark a structural deepening of A.I.'s role in public markets. Their long-term impact will depend not only on technological progress and earnings performance, but also on how different segments of the investing public choose to engage with one of the most consequential technological shifts of the modern economy.

Comparing the Passages

In case it is not obvious, the human essay was placed first by random assignment, followed by ChatGPT. The author spent an hour writing their passage, plus some additional time refining and proofreading. ChatGPT returned its passage in a matter of seconds, which is an impressive demonstration of the efficiencies Generative A.I. can offer. The computer passage is well-written, found mostly accurate content, and reached several of the same lines of reasoning.

The A.I. essay seems to ramble a bit though, and at 517 words violates the limit it was assigned. It also frequently lays out multiple possibilities without taking a stance on which it believes is most likely. This neutrality is both an advantage and disadvantage: it can introduce counterarguments that weren't previously considered, but may also preclude any actionable conclusions, similar to the joke about two-handed economists ("on the one hand this might happen, but on the other hand it might not"). There are also a few field-specific nuances that A.I. gets wrong. The three LLMs are already large enough for inclusion in the Nasdaq 100 and S&P 500, and IPO *allocations*, which are set by investment banks after a campaign of institutional investor meetings, are typically not widely available to individuals.

The human passage has its own flaws, and may be more identifiable because of them. Topics of personal interest sneak in (was the sidebar about passive decisions really necessary?), and the author fails to define certain terms readers may not be familiar with (e.g. Value stocks). Even the blue-collar vs. white-collar characterization is a bit crude. Dentists and resort managers are probably secure from A.I. replacement too, so perhaps "manual labor" and "thought labor" would have been better.

New Tools, New Skills

Choosing word combinations for the prompt of a LLM program is itself a critical decision for humans to make, as slightly different inputs can snowball into widely different responses. In this case, the explicit inclusion of "blue-collar," "white-collar," and "investor preferences" seemed to point ChatGPT down a distinct path which would not have been reached otherwise. In fairness then, the two essays were not independent and might be harder to distinguish than a true experiment should have been, since the author's focus created a unique plane of interaction with the A.I. program.

Knowing which A.I. program to use, and understanding their limitations in certain applications, is also valuable. As their name implies, Large Language Models perform well at generating written content, which made the Turing Test intriguing for this paper. However, a similar comparison for an analytical project on index liquidity was not even close. The same A.I. program failed to retrieve any data, returning only a template spreadsheet with errors in certain formulas. In contrast, a human research staff not only completed the assigned task, but identified ways to improve and expand it.

In broader terms, Generative A.I. programs are most powerful in the hands of subject matter experts, and therefore still represent tools to enhance productivity rather than replace a human workforce. Terence Tao, a recipient of the Fields Medal in mathematics, reached a similar conclusion with three co-authors last year (Georgiev, et al. 2025). They applied an A.I. system called AlphaEvolve to 67 mathematical problems. The team found that their best efforts required carefully defined inputs, constraints, and verification systems to avoid trivial solutions or "loopholes," and that "it was the combination of human expertise and computational abilities that led to the best results overall."

Back, to the Future Predictions

Perhaps the most profound question, which has roiled entire industries in the stock market during the first quarter of 2026 and gives rise to the "human capital hedge" concept in the first place, is how far might Generative A.I.'s capabilities reach in the future? The functionality of ChatGPT and competing models have grown rapidly since their introduction in 2022. Extrapolating that pace of advancement implies that a technological singularity could be reached at some point, where even expert human knowledge and ingenuity is inferior to A.I.

That scenario of total computerization sounds bleak, but it is just one possibility in a range of outcomes, and forecasting the development and deployment of new technologies is notoriously difficult. Albert Einstein once doubted that nuclear energy could become feasible. In the business world, famous companies and industries have been declared obsolete, only to revive or survive much longer than

anticipated (see Apple in the late 1990s, Amazon in the 2000s, or Best Buy in the 2010s). Pop culture provides even more amusing examples. Recall that the 1989 movie *Back to the Future Part II* envisioned a world where in 2015 everyone would be driving flying cars, only to return home to communicate via fax machines.

With those cautionary tales in mind, a dystopian A.I. future should not be viewed as certain or even likely, but it would be similarly naïve to expect no shifts to the skillsets that are highly valued in the workforce. The upcoming LLM IPOs will provide a unique perspective into how investors collectively feel about those possible futures, but the balance of wealth across investor types may create its own amplification loop once the stocks begin trading. As always, investors should conduct their own individual assessments before making decisions, possibly even with the help of an A.I. program...

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