

**AUTOMATION, CRISIS AND UNEMPLOYMENT: A REVIEW OF THE BOOK
"AUTOMATION AND THE FUTURE OF WORK", BY AARON BENANAV**

***AUTOMAÇÃO, CRISE E DESEMPREGO: UMA RESENHA DO LIVRO
"AUTOMATION AND THE FUTURE OF WORK", DE AARON BENANAV***

***AUTOMATIZACIÓN, CRISIS Y DESEMPLEO: UNA RESEÑA DEL LIBRO
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ABSTRACT: The Western world faces the dismantling of the labor. Unemployment statistics are growing all over the world. A wide literature has developed crediting to the automation process of the economy this drastic social transformation. It is in this debate that the book Automation and the future of work, by Aaron Benanav, is inserted. The book seeks to question that answer. For Aaron Benanav, there are other causes for the dismantling of labor all over the world. By investigating the causes of this process, Benanav can also discuss the alternatives that are generally presented for this social problem, pointing out the limits of each of the answers. His book, very well documented, figures as an important contribution to the debate on the future of the world of work and its social effects.

KEYWORDS: Labor productivity. Automation. Economic stagnation. Crisis. Unemployment.

RESUMO: O mundo ocidental enfrenta o desmantelamento do mundo do trabalho. As estatísticas de desemprego não param de crescer em todo o mundo. Uma ampla literatura se desenvolveu creditando ao processo de automação da economia essa transformação social drástica. É nesse debate que o livro Automation and the future of work, de Aaron Benanav se insere. O livro busca questionar essa resposta. Para Aaron Benanav existem outras causas para o desmantelamento do trabalho em todo o mundo. Ao investigar as causas deste processo, Benanav pode também discutir sobre as alternativas que, em geral, são apresentadas para esse problema social, apontando os limites de cada uma das respostas. Seu livro, muito bem documentado, figura como uma importante contribuição no debate sobre o futuro do mundo do trabalho e seus efeitos sociais.

PALAVRAS-CHAVE: Produtividade do trabalho. Automação. Estagnação econômica. Crise. Desemprego.

RESUMEN: El mundo occidental encara al desmantelamiento del mundo del trabajo. Las estadísticas de desempleo están creciendo en todo el mundo. Una amplia literatura ha desarrollado el crédito al proceso de automatización de la economía esta drástica transformación social. En este debate se inserta el libro de Aaron Benanav "Automation and

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the future of work". El libro busca cuestionar esa respuesta. Para Aaron Benanav hay otras causas para el desmantelamiento del trabajo en todo el mundo. Investigando las causas de este proceso, Benanav puede también discutir las alternativas que se presentan generalmente para este problema social, señalando los límites de cada una de las respuestas. Su libro, muy bien documentado, figura como una importante contribución en el debate sobre el futuro del mundo del trabajo y sus efectos sociales.

PALABRAS CLAVE: *Productividad laboral. Automatización. Estancamiento económico. Crisis. Desempleo.*

Aaron Benanav is an economic historian and an important social critic for the contemporary world. His research on the nature of work in late capitalism, based on historical economic research from the 19th and 20th centuries, is relevant to understanding contemporary market dynamics. His debut book *Automation and the future of work* confronts an urgent debate head-on: is automation destroying jobs? Many would answer yes without hesitation. Benanav, however, is more measured, he takes a distance from the question to critically investigate the foundation of this perception – as he well notes, it has become increasingly common: from online stores to smartphones, from robot vacuum cleaners to ATMs, from driverless cars to intelligence algorithms to, of course, industrial robots in manufacturing plants around the world.

It is in this debate that Aaron Benanav inserts himself, presenting a book that swims against the current of interpretations about automation. Based on extensive research on the discourse of automation theorists, who are on the rise these days, Aaron seeks to build a divergent interpretation, clearly demonstrating the contradictions to the arguments of these theorists.

However, the explanation they offer – that runaway technological change is destroying jobs – is simply false. There is a real and persistent underdemand for labor in the United States and the European Union, and even more so in countries such as South Africa, India and Brazil, but its cause is almost the opposite of that pointed out by automation theorists (BENANAV, 2020, p. 80, our translation).

As Benanav notes, such an interpretation of reality gains relevance in view of the current trend that is taking hold around the world: “there are simply too few Jobs for too many people”. This situation of chronically low demand for work is clearly manifested today: rising unemployment and growing job insecurity; rise of far-right politicians based on resentment and fear; the deepening of the gap of structural inequality. Perhaps it is because of this latent urgency that the automation discourse has become so accepted in society.



According to Benanav, the automation discourse is based on four main propositions: (i) jobs are being eliminated by technological development, resulting in growing technological unemployment; (ii) this situation would be a good indicator of the trend that society is heading towards, indicating a highly automated future that, consequently, would reduce the supply of work; (iii) however, even in the face of this scenario, work still stands as a basic form of social mediation through which the material reproduction of life is guaranteed; (iv) to contain this situation, it is necessary to expand job posts with unproductive spending, generally guided by the State, or guarantee a universal basic income, breaking the connection between the income people receive and the amount of work they perform.

However, for Benanav, this interpretation loses focus on what is happening:

In reality, labor productivity growth rates are slowing, not accelerating. This should have increased demand for labor, except that the productivity slowdown was overshadowed by another, more striking trend: in a development originally analyzed by Marxist economist Robert Brenner under the heading of the “long downturn” – and belatedly recognized by mainstream economists such as “secular stagnation” or “Japanification” – economies have been growing at a progressively slower pace. The cause? Decades of industrial overcapacity killed the engine of industrial growth, and no alternatives were found, least of all in the slow-growing, low-productivity activities that make up most of the service sector. As economic growth slows, job creation rates slow, and it is this, not technology-induced job destruction, that depresses global demand for workforce (BENANAV, 2020, p. 8, our translation).

The author will try to demonstrate that it is not the contemporary technological development (advanced robotics, artificial intelligence and machine learning), which is destroying jobs and decreasing the rates of creation of new jobs. The cause of unemployment, for Benanav, is a persistently low demand for labor, represented by high unemployment peaks during recessions and with increasingly weak recoveries. The effect of this is that the low demand for labor implies a decline in the share of all income obtained by wages, which reduces the demand for goods, which, in turn, cools down even more the demand for labor.

For the author, this is not about “long-term technological unemployment”, in which the total automation of production and services would lead society to total unemployment. If this prognosis were true, work would no longer be necessary and, thus, in the face of total automation, what we would have was an unemployment apocalypse, forcing a social reorganization.

Thus, Benanav builds a critical argument to the theory of automation: it was not the “runaway technological change” (unbridled technological change) that caused the low demand for work. However, despite being critical of automation theory, Benanav will differ from other



critics because they have a theory that explains the drop in demand for labor only in high-income countries or because they do not produce a radical vision of social change.

Benanav then suggests thinking about the relationship between the variation in production growth and labor productivity growth in order to ascertain the employment growth rate. For any economic sector, the output growth rate (ΔO) minus the labor productivity growth rate (ΔP) equals the employment growth rate (ΔE). Thus, $\Delta O - \Delta P = \Delta E$. In this way, the author perceives that productivity growth rates have remained high in relation to production growth rates, but not exactly because productivity has been growing faster than before, which would, in fact, be a sign of automation acceleration. What is observed, on the contrary, is that production has been slowing down. Although one cannot yet speak of an absolute decline in industrial production, what happens is that “the rate at which output grows has slowed, so output growth has become consistently slower than productivity growth” (BENANAV, 2020, p. 23, our translation).

Although much of the academic literature understands that deindustrialization is more commonly defined as a decline in the share of industry in total employment, for Benanav the situation is more complex. These theorists assume that the rapid increase in labor productivity would be the main cause of industrial job losses. However, according to Benanav, this explanation is inadequate. According to him, deindustrialization as it happens in the world cannot be explained in purely technological terms. In fact, for Benanav, the cause of the job meltdown, especially with the deindustrialization process, is due to the serious economic stagnation and the global redundancy of productive and technological capacities.

The result was that the engine of capitalist growth based on industrialization choked due to the dissemination of technical capabilities creating redundancy of production and fierce competition in global markets. Benanav, however, does not explore the historical development of this trend. The result of this is then the generalization of low-productivity and, in general, precarious jobs. At the same time, there is a turn of capital towards its fictitious form that seeks returns by owning relatively liquid assets instead of investing in the long term in new fixed capital.

That is, despite the high degree of overcapacity in industry, there is no more profitable place in the manufacturing economy for capital to invest. If this were the case, argues Benanav, we would have evidence of it in higher rates of capital accumulation and therefore higher rates of Gross Domestic Product (GDP) growth. Instead, what we see is continued divestment - with corporations using idle cash to buy their own stock or pay dividends - and long-term interest



rates falling as the supply of borrowed funds far outstrips the demand. Under these conditions, large amounts of money flowed into financial assets.

Given this scenario, it is possible to summarize the argument of the book. The social scenario that appears on the horizon is not a direct result of technological dynamism. For Benanav, the result is a consequence of the worsening economic stagnation after decades of excess capacity and underinvestment in industries. He criticizes automation theorists for assuming that an accelerated rate of productivity growth is the main driver of the decrease in the demand for labor, when, in reality, the main driver is a decelerating rate of production growth. He criticizes the disoriented search of these theorists to find evidence in technological development in an almost mythical position, able to support this interpretation about the causes of the low demand for work. Thus, with this leap of faith, writes Benanav (2020, p. 30, our translation), "automation theorists miss the real story that explains this phenomenon: overcrowded global markets for manufactures, falling rates of fixed capital investment and a corresponding economic downturn".

Faced with this reality, Benanav investigates the social consequences of this phenomenon. The main formulation that the author constructs is that, faced with the under-demand for work, what happens is the categorical imposition of "working at any cost", which means the dissemination of "non-standard jobs". However, the author notes, the expression is clearly a misnomer given that Fordist employment was, in fact, the residue of a mid-twentieth-century dream of full employment that never became a global reality, much less in the parts of the world where most people live. What this means in practice is that—with the exception of a small minority of protected employees—workers around the world are highly exposed to the ebbs and flows of labor demand. Thus, everything indicates that the continuity of this scenario will lead to the worsening of precarious work in different economic spheres. With the low demand for work on a planetary scale, workers fear they know objectively the difficulty of accessing jobs and, therefore, submit themselves to more degrading, harmful and precarious situations. Faced with job insecurity, these workers are forced to accept relatively stagnant wages and poor working conditions.

To build a response to this situation requires coordinated action. At different points of the political spectrum, both on the left and on the right, there is already concern about how to deal with this scenario of under-demand for work. Each one develops, therefore, its "silver bullets". Benanav analyzes two: the first, a "reloaded Keynesianism" that tries to think about the role of the State in reviving the demand for labor. The second is the bet on Universal Basic Income, which could be seen as a possibility of reversing the abysmal inequality, reversing the



scenario of poverty and job insecurity. However, the author is well aware of the difficulties in applying any measure, be it more “conservative” or more “progressive”, or more “right” or “left” if the diagnosis is wrong, as the author seems to indicate. Thus, Benanav, albeit somewhat superficially, seeks to put possibilities to build a future far from scarcity and that does not presuppose total automation, based on new ways of organizing work, sharing both the work that needs to be done when free time being guided by the idea of cooperative justice.

Benanav's book is undoubtedly an important contribution to understanding the world we live in and is among the attempts to think about alternatives to the difficult situation we face.

However, it seems to us that the text has some gaps that we will leave here in the form of questions. These are questions that arise from reading Benanav's text and that point to limitations in the author's argument. Exposing them is not a way to diminish the author's contribution, but to engage in a debate yet to be held.

The first limit of the book is not thinking about the historicity of the process that it describes. It would be easy to argue that what Benanav described as possible causes of the drop in demand for labor, namely, the spread of technical capabilities that creates redundancy in production and the fierce competition in global markets, were already historically placed in capitalism. It would be possible to trace these elements in the work of Karl Marx even in the 19th century. Therefore, what exactly would be the historical specificity of the moment in which we live?

Another point worth mentioning is that Benanav will criticize the reading of automation theorists who understand that the crisis we are going through is the result of the exacerbated increase in productivity due to the development of automation. For him, the causes are in the economic stagnation that generates an ever-lower production growth rate. It seems that Benanav structures his argument by understanding that one of the positions implies the exclusion of the other. In our perspective, there is, in fact, a double determination between the two terms presented. It's not just that the cause of economic stagnation is the crisis in the world of work; Unemployment is also the cause of economic stagnation in a dialectical reciprocity. In our perspective, this is exactly the foundation of the critique of political economy developed by Karl Marx. Since the substance of capital is human labor, the valorization of value can only occur to the exact extent that there is expenditure of labor power. But, as Marx himself develops, due to the pressure of competition on individual capital, the increase in labor productivity often implies the expulsion of workers from the productive spheres, which ultimately results in the inability to value. Therefore, it would be no exaggeration to say that there is an absence of critique of political economy in Aaron Benanav's book.



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