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Rethinking the economics of AI

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ABSTRACT

Economics needs to be rethought if it is to address the effects of artificial intelligence (AI) on work. In particular, rethinking is needed in the way that economics theorises the value of work. Economics needs to open up to new thinking and become more like a social science as opposed to a technical, abstract and aloof discipline. The prospect of economics accommodating such change remains remote, however, despite its urgency and necessity. This fact only underlines the need to craft different ideas and different visions of the future of work that both challenge and go beyond economics.

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1. Introduction

There is now much debate about the prospect of new technology – particularly artificial intelligence (AI) – racing ahead and transforming the economy. While different possibilities are envisaged, one that has captured the attention and imagination of researchers as well as policymakers is the possibility of AI technology automating jobs, leading to a possible future 'world without work' (Susskind, 2020). The median prediction for the arrival date of a ''general AI system' that could outperform most humans' is now estimated as 2033, though others predict that it could come even sooner (Brynjolfsson et al., 2025, p. 3). Such predictions have encouraged the view (including in the media and among the wider public) that work for humans is destined to disappear, with seismic and irreversible impacts on society.

This paper takes a step back from the details of the debate itself (including whether and when AI will take jobs) – instead, it takes a different approach by examining what this debate means for economics (including its present and possible future relationship with other social sciences). Economists remain prominent and influential in discussions about technological change and the future of work (Acemoglu & Johnson, 2023; Brynjolfsson & McAfee, 2014). Through their best-selling books, widespread coverage of their research in media outlets, their award of prizes (including a version of the Nobel Prize) and their direct policy advice to governments, the ideas of economists continue to have influence.

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The paper will argue that their influence has not been a uniformly positive one. Rather, it has come at the expense of alternative perspectives including from within the other social sciences. Economists remain unaware of or unwilling to engage with these perspectives partly because they do not take the form of standard economics research. The cost of the isolation of economics is high, however. Not only does it inhibit interdisciplinary thinking but it also leaves certain problems unresolved within economics itself. One particular problem relates to the conception of the value of work where economists continue to make narrow and erroneous assumptions. Their ability to understand what work means and how it might be changed by AI (both negatively and positively) would be improved with greater engagement with other relevant social scientific research. By taking an isolationist position, economists will continue to miss out on ideas that could enrich their own research. Their disproportionate influence on policy, in turn, will be more biased and less useful than it could and should be.

My criticism is a broader one. It is that economics is currently too narrowly focused and insular to tackle important societal issues such as the progress of AI and its impacts on work. It needs to broaden out and take into account ethical and political issues more directly. In short, it needs to open up to new thinking and become more like a social science rather than a technical, abstract and aloof discipline. That way, it can enhance its own thinking and retain its relevance and usefulness for the different challenges faced by society.

I am under no illusions, however, about the capacity of economists to resist change. They continue to adopt a formal way of thinking and to apply a fixed set of assumptions and methods that isolate economics from the other social sciences. I argue that the resistance to change within economics will only limit our understanding of the possibilities for reform including in the use of AI and in the place of work in life. In the final sections, I make the case for a revived political economy perspective: one that is able to oppose the nature and power of modern economics, while also addressing the limits and potentialities of technology as a means to secure a future of lighter work. Rethinking the economics of AI, in this case, will ultimately entail going beyond economics.

2. Let the machines take the strain

Debates on technological progress are not new in economics. Rather, they have existed for many years (Mokyr et al., 2015; Skidelsky, 2020). Economists have generally looked upon technology as a positive force. While debating whether technology can substitute for labour and whether it is labour saving (to the point where net job losses might be incurred), they have viewed the consequences of technology as favourable for society. Technological change promises two tangible benefits – firstly, it offers a means to raise living standards; secondly, it provides a route to less work. In the latter case, technology is associated with a reduction in the cost of work required to meet consumption wants. It is assumed to benefit individuals and society by enabling them to enjoy the same or higher levels of consumption with fewer hours of work.

The arguments made by economists have rested on particular assumptions especially about the value of work. They have assumed that work is something people do only for money and that they would gladly give up if they could. Assumptions about work's cost have differed among economists. Adam Smith (1976, vol. 1: 47), for example, regarded

work itself as costly and welcomed technology as a way to reduce the pain of work. While Smith acknowledged the suffering faced by workers in work (he thought that the simple and repetitive work associated with a detailed division of labour would destroy the intelligence of workers), he was confident that technological change would provide workers with more time away from work. Its long-run effect was positive, partly because it raised productivity, and in turn, reduced working hours. While work would remain stultifying, in the future, it would at least occupy fewer hours in people's lives. A prize of affluence was more leisure time.

Neoclassical economists, by contrast, have come to see work as an 'opportunity cost' – something that takes the place of leisure, which is assumed to give individuals positive marginal utility. The benefit of technology has been linked, in turn, to its capacity to increase the consumption of individuals with a smaller sacrifice of leisure time. This way of seeing technology has ignored the direct cost of work and instead focused on the benefit of leisure time, with automation seen as a means for people to enjoy longer hours of leisure.

Neoclassical economists have added the general assumption that wants are insatiable (indeed, this assumption has come to define the discipline of economics). The idea of humans as voracious consumers has led to the view that technology must keeping on advancing. The limitlessness of wants means that continuous advances in technology are needed to accommodate an ever-higher level of consumption. A view of subjectively defined scarcity has underpinned the idea that technological change is both desirable and necessary for progress in society. Progress in this context is equated with people consuming more and more with less and less work.

The above captures the supply side of the labour market – it reflects the decisions taken by people to allocate their time between work and leisure in a way that maximise their utility (or welfare). There is also the demand side of the labour market – the side where employers make decisions over the people they hire and the technology they introduce (any standard microeconomics textbook (e.g. Varian, 1996) includes a version of the theory outlined here). In neoclassical economics, employers are assumed to hire labour and introduce technology based on a simple cost–benefit calculus. The introduction of technology, in particular, is driven by the goal of increasing efficiency. Bringing the two sides of the labour market together, we can see how technology can develop both with positive effects on efficiency and on the capacity of people to work less. Increases in the efficiency of production linked to technological progress make possible increases in leisure time. Whether and to what extent people realise these possibilities will depend on their own preferences. Neoclassical economics, while assuming the benefits of a leisured future, has still left room for individual choice in realising the latter.

In summary, economists, both classical and neoclassical, have assumed the benefits of a world where technology advances and work declines. Classical economists focused on the long-run advantages of technology in resolving poverty and reducing the human exposure to drudgery. Neoclassical economists have assumed that technological progress is the product of choices made by employers and that its positive effects in meeting individual wants for consumption and leisure will depend on choices made by those (i.e. workers) who sell their labour services in return for wages.

There are certain problems with the above way of understanding technology and its effects on work. Firstly, the treatment of work is one-sided. Work appears as a cost only,

and in the case of neoclassical economics, just a loss of leisure time. The status of work itself as a potential benefit to workers is missed (see, for example, Gheaus and Herzog (2016) for discussion of the 'goods' of work), even though this may be seen to matter in terms of the welfare effects of technology on workers. If workers value work and lose their jobs through automation, they will face not just a loss of income and consumption but also a loss in meaning from not being able to work. The non-monetary costs due to the loss of work may be significant and match or even outweigh other costs from the loss of income.

In neoclassical economics, the direct effects of work on workers' well-being is overlooked. In effect, workers are assumed to be indifferent towards work, provided they are paid wages that match the opportunity cost of working time. This assumption misses not only the costs and benefits of work itself but also the wider costs and benefits of automation. On the one hand, there is no recognition of how workers may be deprived of work activities they value if their jobs are automated. On the other hand, it is not recognised how technology may have a potential liberating effect on workers by automating low quality work. In the emotive language of Graeber (2018), automation may help to release workers from jobs they regard as 'bullshit'.

Secondly, there is a materialistic and hedonistic assessment of the benefit of technology. This assessment is most evident in neoclassical economics. From the perspective of the latter, technology serves the interests of people as consumers and leisure-seekers, rather than their interests as producers and creators. Automation effectively means reducing work to a minimum and maximising consumption and leisure time. The idea that technology might provide people with opportunities to be creative at work and in leisure hours is eschewed. It is regarded as unimportant precisely because human nature is seen to be against work and for more consumption and leisure. Here leisure covers all time spent 'not working' and lacks substantive meaning – for example, people are assumed to enjoy more leisure, regardless of whether they are unemployed or employed, or rich or poor. The scope for technology to enhance the opportunity for people to be and act as creative subjects in work and beyond it, is simply ignored.

Thirdly, the view of technology lacks awareness of how it is influenced by politics. The fact that employers may use technology to deskill and disempower workers is now well-known at least outside of economics (Braverman, 1974; Marglin, 1974). This fact reflects the way that employers can use technology for their own interests and against those of workers. The negative effects of technology are not just measured by job losses but also by a lower quality of work. Neoclassical economics has assumed mutual gain-sharing between employers and workers (e.g. workers can trade-off more leisure for less consumption if they so desire and can avoid the direct costs of work because of their assumed neutral preferences for the content of work). It fails to show how the politics of work influence the choices made by employers over the use of technology. Rather than securing a shared prosperity through harnessing technology, employers can use technology in regressive ways that leave workers not only without work and suffering unemployment (the antithesis of 'leisure') but also with little meaning (and lots of 'bullshit') in work.

3. A new future of work (or leisure)?

Enter, then, modern economics debates on the development and roll out of AI. These debates present contrasting viewpoints – some point to the key lesson from history

that technology has advanced under capitalism while work has persisted (Autor, 2015). The threat of mass automation will not be realised any time soon, even though some highly-cited evidence suggests that AI will decimate the labour market in the next twenty years (Frey & Osborne, 2017).

Others, however, place credence in this evidence and argue that 'this time will be different' (Brynjolfsson & McAfee, 2014; Susskind, 2020). AI will develop in the future that will replicate human skills not just in routine jobs but also in complex ones. In this regard, AI could spell an end to work for humans. At least, this potential outcome must be taken seriously by economists and factored into their analysis of technological change (Acemoglu & Restrepo, 2019).

What is interesting about the above debates is the new space they have opened up in economics for the discussion of well-being and meaning in life (Brynjolfsson et al., 2025). Economists have come to realise that the disappearance of work matters for people in ways that go beyond the loss of pay – rather, they now acknowledge explicitly and forcibly that the loss of work itself can be directly harmful to well-being. Instead of just seeing work as something that people tolerate for money and which they regard as a 'disutility' (if not directly then in relation to its opportunity cost), they now see it as an activity that is 'beneficial' and 'meaningful' to people and that they would miss if it was automated. Work matters, in short. It is not simply a means to an end, but also a direct shaper of people's quality of life. Its automation, therefore, will likely harm people in profound and potentially irrecoverable ways.

This shift in viewpoint has gone largely unnoticed. At least, it has not been commented on directly by economists. It has been presented as their following the evidence – in particular, research has consistently found that unemployment has a strong negative effect on people's subjective well-being. This finding is explained not just by people losing income but also by their losing the ability to perform and contribute through work (Clark & Oswald, 1994). Similarly, research shows that those who are without work are more likely to suffer so-called 'deaths of despair' (Case & Deaton, 2020). Work is needed for people to live healthy and fulfilling lives and its automation represents a direct threat to well-being. In fact, it could threaten a greater loss of life.

Different explanations for why work matters for well-being are given. Some like Brynjolfsson and McAfee (2014, p. 234) focus on the advantages of work itself, from sociality to the development and use of skills. These advantages are seen as almost universal. Work is always better than no work, even if it entails working in an Amazon warehouse, where conditions have been shown to be oppressive and potentially health-limiting. A positive conception of work is used to argue against a universal basic income (UBI), which has been suggested as a possible response to the loss of income-generating work. The criticism is that a UBI provides income and not work, which people need to live well (Brynjolfsson & McAfee, 2014, p. 234). Policymakers, instead, should aim to equip workers with the skills to 'race with machines' because that way they will be able to maintain their position in work. The correct response to automation is not to guarantee income but to preserve paid work.

Others like Acemoglu and Johnson (2023, pp. 416–417) support the creation of more 'good' or 'meaningful' jobs. These are not just well paid but also offer high intrinsic rewards. Acemoglu and Johnson also reject a UBI on the basis that it only offers income to workers – if work disappears, even with a UBI, workers will suffer a loss of

well-being through being without work itself. They support policies beyond upskilling – instead, they back a suite of reforms aimed at steering technology away from automation and towards the provision and protection of meaningful work (Acemoglu & Johnson, 2023, p. 402). The authors assert that automation is not destiny – rather, a work-full future can be achieved if society makes the right choices over the use of AI.

A positive is that economists are now willing to see value in work itself and are open to the direct costs that arise for people from the absence of work. Their analysis of automation recognises that society might want to maintain work, not simply to give people the opportunity to consume, but also to give them the opportunity to gain fulfilment in their lives.

There are downsides, however. Firstly, the focus on work's benefits is at the expense of consideration of its costs (both direct and indirect). When economists now speak of work being 'beneficial' and 'meaningful', they neglect the extent to which it can act as a barrier to well-being. There is lots of evidence that while work can be a positive source of well-being, it can also erode it quite significantly (Green et al., 2024). Blanket assumptions about work's general (positive) relationship with well-being are not validated by available evidence. There are also the direct (negative) impact of AI on the quality of work to consider. AI has been used to create more low paid work for long hours and under intensive and heavily monitored conditions in the gig-economy (Woodcock & Graham, 2020). The maintenance and delivery of AI has also led to the creation of exploitative and unhealthy work in developing countries. As vividly documented by Muldoon et al. (2024), work entailed in powering AI is not normally 'beneficial' and 'meaningful' but is often directly harmful and a barrier to good health. In practice, progress in AI need not increase (and may actually reduce) the quality of work if the same imperatives (i.e. the drive for higher profits and power in the workplace) remain in place.

The scope for AI to embed work rather than eliminate it heightens the concern over the neglect by economists of the costs of work. Sceptics doubt that AI will develop the potential to take jobs (at least in great numbers), partly due to its limited intelligence. Bender et al. (2021), for example, refer to AI as a 'stochastic parrot' because it is still reliant on data from web-based sources. While it remains limited in this way and prone to biases and errors, the concern will be over its impacts on the quality and outcomes of work rather than on its ability to replace human workers.

Acemoglu and Johnson (2023), to be sure, raise concerns about the consequences of AI particularly its use for the monitoring of workers. They also cast doubt on its capacity to raise productivity and outcompete human intelligence. But they otherwise promote a view of work as a positive force in people's lives. In wanting to protect work, they lose sight of the case for combatting the costs of work. Work must be protected to ensure that workers lead meaningful lives – the idea that the costs of work may be deep-rooted and that they may persist despite and indeed because of developments in AI is side-lined by a rhetoric and discourse that presents work as (or nearly always as) a 'good thing'.

A second problem is that the goal of reducing working hours is missed, even while its achievement may be viewed as a benefit of automation. Modern mainstream economists, unlike their predecessors, seem intent on preserving a 'world with work'. This is again on the basis that work is 'good' for people and for society. Omitted in this approach is the idea that technology might help to reduce working hours and add to leisure time. Not

that this is necessarily happening at the moment, nor that it will happen in the near future – many workers still work long hours, often due to the use of technology. The smartphone, for example, has helped work seep more deeply into home life, blurring the divide between work and non-work time. Rather, the point is to signal that technology ought to help give us more time for ourselves, even if it is not currently doing so.

On this point, we can reflect back on an essay by Keynes (1930/1963) that appeared in 1930. In it, he expressed his hope that the progress of technology would diminish working hours (he predicted, wrongly as it turned out, that the working week would continue to fall through time, eventually reaching fifteen hours in 2030). This hope was based on a vision of a better future: one where our lives would be spent cultivating great art rather than pursuing more money through paid work and capitalist investment. This vision remains powerful, not least as a counterpoint to the economy that we know now; however, it is one that is overlooked by modern economists. The latter favour a work economy over a leisure economy. Led by an overly positive view of work, they miss the opportunity to enhance well-being by reducing the amount of time that work takes up in people's lives. The economics of automation, in this respect, remains limited. Indeed, it offers a roadblock to reform by promoting the same work routine and by obliterating hope for a future of more free time.

4. Role of power

A traditional blind-spot in economics has been around the influence of power. The dimension of power linked to class position, in particular, has been erased by a focus on the isolated and seemingly sovereign individual. In the labour market, workers have been assumed to 'choose' whether to work or not, and how long they work. The fact that most workers are forced to work for a living and have no direct say over the hours they work has been ignored. Neoclassical economics instead has painted a picture of an idealised world where harmony and mutual gain-sharing prevail. In the case of technology, it has abstracted from the role of power in affecting the direction and outcomes of technology. It has been left to other researchers in sociology and political economy to investigate the politics of technology and its impacts on work (Braverman, 1974; Marglin, 1974).

With the rise of studies on AI, however, economists have begun to accommodate a power perspective. Acemoglu and Johnson (2023), notably, have shown how capital owners have shaped technology in ways that have suited their interests over those of workers. In practice, workers have had to rely on unions and the state to protect their interests and to win the benefits that technology has to offer. In the present, AI technology risks adding to inequality if it is not managed effectively. This sentiment leads Acemoglu and Johnson (2023, pp. 396–398) to hint at the benefits of redistributing power. This will be important in ensuring that the fruits of technological change are more evenly distributed.

The new concern with power relations is a positive – at least, it gives the economics of AI a critical edge. But it also raises certain questions. These include the coverage of other relevant literature. For example, what about the volume of work on monopoly capitalism from the past (Cowling, 1982)? This work addresses the power of large firms to direct technology in the interests of their owners and senior managers and has direct relevance to the role and influence of big tech companies in the present (Conyon et al., 2022) –

specifically, it shows how transnational tech corporations (e.g. Amazon and Uber) can wield power in and over nation states and how they can set up extended value chains based on the exploitation of labour. Mainstream economists are seemingly in the business rediscovering ideas (e.g. on power) that have existed in other (long-marginalised) schools of economic thought for many years. There is also the non-economics literature on technology and the future of work (Benanav, 2020; Muldoon et al., 2024), where issues of power are well-understood. Acemoglu and Johnson fail to pick up on the arguments associated with this literature, partly because it exists outside of economics.

Also, there are questions around the interests of workers. Why should workers only be concerned with the preservation of work? Why should their interests not also include the move to curtail working hours? Oddly, Acemoglu and Johnson say nothing about the case for working less, even though the latter goal may be seen as a longstanding and critical demand of organised labour and as something compatible with the pursuit of automation. Keynes's prediction of work time reduction was made partly on the basis that workers and their unions would continue to demand shorter working hours. Acemoglu and Johnson discount wrongly the concerns of workers in securing a shorter working week and thereby miss one important aim of automation.

In addition, if power truly matters, as Acemoglu and Johnson now suggest, then why not more root-and-branch reform in workplaces to accommodate the power of workers to control and direct technology? Is not worker ownership the only democratic solution to the unequal politics of capitalist production?

On this last question, Acemoglu and Johnson do support the redirection of technology, but they fail to link this back to ownership. They lack the vision of Keynes of technology being harnessed to reduce working hours, but seemingly agree with Keynes on a kind of benevolent capitalism delivering to workers the things (except a shorter working week) they need and demand. Support for 'redirecting technology' (Acemoglu & Johnson, 2023, p. 417) is not tied to shifts in ownership from capital to labour that might be anticipated to be important in creating an environment where progress in the quality of work coincides with reduction in working time (Benanav, 2020; Muldoon et al., 2024).

There is also the role of the state. Economists have tended to focus on the state's role in enhancing skills. This fits with the idea of the state fixing market failures and pursuing the objective of workers remaining in work. Acemoglu and Johnson take a broader perspective, arguing for state action to tackle the power of those currently directing AI technology. This action would include 'subsidies and support for more worker-friendly technologies, tax reform, worker-training programmes, data-ownership and data-protection schemes, breaking up of tech giants, and digital advertisement taxes' (Acemoglu & Johnson, 2023, p. 402). They also support new wealth taxes and a stronger social safety net (the latter is supported in preference to a UBI). These policies are well-intentioned, though somewhat vaguely defined. For example, what exactly is a 'work-friendly technology' and how can the state encourage its use if technology remains in private hands? This is not to say that the state is without influence over the nature and direction of technology – to the contrary, via regulations to make firms more accountable for the technology they use and by enforcing strong labour standards (including possible provisions that require the fruits of technological progress to be shared with workers), technology can be pushed in more progressive directions. Yet, while Acemoglu and Johnson seemingly leave unaddressed the question of ownership and focus on stimulating employment,

their approach to reform will be weak and compromised. To be truly 'worker-friendly', in short, technology must be democratised through changes in ownership. This requires us to rethink not just state policies towards technology but also the future of capitalism itself.

5. From economics to political economy

A key problem is that the economics of AI remains discipline-bound. Economists like Acemoglu and Johnson still invoke standard concepts like 'marginal productivity' out of conformity with economics. These concepts are not necessarily valid – indeed, they can be questioned not just because of their abstractness and lack of connection with reality but also because of their denial of unequal power and exploitation. They are invoked to show how the economics of AI is still a part of 'economics', though the conformity is at the cost of critical thinking.

There is also a neglect of heterodoxy. For many years, critical political economists from heterodox perspectives have highlighted how technology has uneven and negative effects (including on the quantity and quality of work) and how its uses for positive ends depend on changing the ownership conditions under which it is used. Classic references such as Braverman (1974) and Marglin (1974) stand out in this respect. Yet, in the birth and development of the economics of AI, these perspectives have been ignored. It is as if Acemolgu and Johnson are ploughing a virgin field rather than a well-worn one. In their 2023 book, they make no reference to either Braverman or Marglin – this oversight is symptomatic of their limited focus on orthodox economics.

The point to make is that heterodox economics or better political economy has things to offer now that are still missed in the economics of AI. Where political economy is introduced here, the focus is on an integrative approach: one that has a root in economics (at least its heterodox versions) but also draws on and applies insights from other social sciences (Benanav, 2020; Danaher, 2019; Spencer, 2022). A political economy of AI has several key insights to offer, which can be listed below.

Firstly, in terms of work, it recognises its costs as well as its benefits. Work is neither all bad nor all good. Rather, its costs and benefits derive from its content and organisation. This suggests that technology can add to the well-being of workers where it replaces onerous aspects of work. It also suggests that technology can reduce the well-being of workers where it takes away meaningful parts of work. The issue is how technology is used and where it is used. This point replaces ideas of AI technology eradicating or preserving work and instead focuses on its use in reducing the costs and increasing the benefits of work.

Secondly, on power, the politics of technology are captured explicitly rather than marginalised or treated trivially. Capital hires labour and retains the right to direct technology. Unequal power is an essential feature of the capitalist employment relationship. This is not to say that workers are unable to effect positive changes in work. Rather, it is to argue that there are inherent biases in the use of technology and that workers will need to secure and retain bargaining power to promote their interests. AI technology that is 'labour-friendly' will prove exceptional unless workers fight for it. In the end, the use of AI for the benefit of workers will require shifts in power from capital to labour.

Thirdly, there is the aspect of vision – or more concretely, the goals that society should aim to achieve. Traditionally for economics, as argued below, the key goals have been the

maximisation of consumption and minimisation of work. Technology has then been seen as a way to maximise consumption with the least work possible. Modern economics, by contrast, focuses on maintaining work against an AI-led threat of automation. This goal tends to supersede that of more consumption – at least, it is more to the fore in the consideration of responses to AI. Based on a 'work preservation' perspective, there is no vision of using technology to reduce work to a minimum.

A political economy perspective offers a different vision. On the one hand, it promotes, like Keynes, the idea of reducing working time. This is on the basis that automation can free up time for people to act in ways that they cannot achieve in work. It can liberate them to be and do things that they value and that enhance the quality of their lives. Note this implies an active rather than passive view of leisure and a conception of people as creative beings not incorrigible idlers. It also suggests a re-evaluation of work – it gives more value to work outside of the formal labour market (e.g. in caring for others), while accounting for and promoting what amount to self-determined leisure activities performed for pleasure. It links to discussions around a UBI – namely its capacity to decommodify labour by providing the time and opportunity for people to perform unpaid work as well as leisure activities for their own ends (Standing, 2017). Like advocates of a UBI, it rejects the exclusive emphasis on paid work as a source of well-being and instead places stress on the activities (necessary but unpaid or voluntary but meaningful) that people have reason to value and pursue themselves.

On the other hand, there is the goal of turning work into something that is meaningful. This does not mean keeping all jobs, but rather transforming them such that as many as possible can allow workers to achieve well-being. The focus on the transformation of work replaces that of protecting work and allows for the possibility of fully automating work in areas where it exists as drudgery and of partially automating it where it has positive redeeming or essential features.

Finally, there is the question of reform. The state can enact reforms aimed at strengthening the rights of workers. This might entail implementing a UBI or taking action to reduce working time (e.g. by setting a shorter working week as a direct policy goal). In terms of AI, a 'human-centred' approach might be adopted, with new legal protections to ensure that workers do not lose out to employers (Shneiderman, 2022). Workers, for example, might be given the right to challenge automated decisions and be granted legal protections from management by algorithm. The state's role would be to level the playing field and ensure technological progress benefits workers directly.

A bolder programme of reform, however, would entail shifts in ownership. This would be with the intention of giving workers greater control over AI technology. Concretely, the state might facilitate reforms in firm governance – for example, it could look to strengthen the ability of workers to influence decision-making in firms. The codetermination system found in Germany has shown how higher job quality and shorter working hours can be combined in managing the process of technological change. This system offers some lessons to policymakers in tackling the challenges of AI (Krzywdzinski et al., 2022). More profoundly still, we can consider the possibility of workers becoming joint owners of firms and running them collectively in their own interests. This would presuppose a radical shift in state policy towards collective ownership – it would also suggest a move beyond the capitalist economy and towards a cooperative economy.

The above is to invoke the aspect of vision promoted by some past writers. Marx, notably, looked forward to a future where capitalism would give way to communism – in the latter case, technology would end the alienation of work and extend free time. Keynes, though a staunch opponent of Marxism and communism, argued that technological progress would also offer a basis to end capitalism. The transition to a post-capitalist future would be peaceful (it would not entail a revolution). Yet, it would lead to a profound shift in society, including the demise of capitalist values of money-making. Keynes's vision of the future entailed people living without work and indulging their own passions – in this respect, it overlapped with that of Marx (Spencer, 2024).

A renewed political economy in the present would encompass similar thinking, challenging economics for its growth fetish and for its newly-found insistence on keeping people in paid work. Instead, following the lead of Marx and Keynes, it would urge us to see technology (including AI) as a mechanism that can aid the transformation of society from capitalism to post-capitalism. In visionary terms, it would aim to subvert the status quo as opposed to uphold it.

6. An economy of hope?

The above discussion is to suggest the need for the economics of AI to be radically reframed, revised and redirected. Indeed, the argument is that it should be founded on political economy rather than on conventional economics. But what of the chances of making such a shift? The answer to this question is not positive at least as things stand in economics.

Firstly, economics remains inward-looking and essentially detached from the other social sciences. A revival of political economy from within economics remains virtually impossible and the resistance of economists to anything other than an economics that fits a certain (orthodox) mould makes it unlikely that change will come about through pressure from without. Rather, external critics will continue to be ignored.

Take the example of Acemoglu and Johnson (2023). They offer a mix of political and economic analysis. They move from consideration of power to formal models based on assumptions of equal and free exchange. They make this move partly because of the limits of economics. Making sense of a messy and contested reality requires that they move beyond economics and enter the terrain of political economy. But they fail to do this consistently and effectively. Their analysis is held back by a highly formal and abstract way of thinking. They adopt this thinking to maintain their position within economics but the consequence of their taking this position is that they restrict the explanatory and visionary power of their analysis. It evident that they would get much further in their analysis if they adopted a more open, pluralistic and interdisciplinary approach.

Secondly, there is the demise of heterodoxy. Heterodox economics survives on the margins of economics – indeed, due to the supremacy and 'superiority' of mainstream economics (Fourcade et al., 2015), it risks potential extinction in a matter of years. This suggests that any revival of political economy via heterodox economics is unlikely to occur.

Thirdly, there is scope for alternative thinking outside of economics. Could the other social sciences fill the gaps left by economics and offer a way to revive political economy outside of economics? The answer is a qualified yes. Yes, on the basis that the other social sciences, where there exists interest in political economy, could lead

on developing alternatives (including alternative narratives and visions) to the economics of AI. There are some good examples of research on AI that take a political economy perspective (Benanav, 2020; Danaher, 2019; Muldoon et al., 2024). These show the insight that can be gained from seeing AI in broader political terms and in contemplating its critical limits under capitalism and the possibilities for its redirection beyond capitalism.

The caution comes in the fact that political economy advanced outside of economics is unlikely to effect the status and hegemony of the economics of AI. Nor is it likely to change the direction of debates on reform. Economists can safely bat away the criticisms of political economists by dint of their confidence in their own way of doing economics. They can also continue to use their existing channels of influence to effect policy. The barriers to developing a political economy approach are not just academic (related to the dominance of mainstream economics, the fragmentation of the social sciences and the marginalisation of heterodox economics) but also political. While mainstream economists continue to have the ear of policymakers, the potential for a critical political economy to gain traction and have an impact will be extremely limited.

The consequences of a non-revival of political economy are clearly negative. Firstly, there is the risk that economic narratives and visions become stuck at the level of using AI technology to maintain work rather than to transform it. This is the risk currently with economists holding a powerful position in policy discussions and pushing reforms that support workers retaining jobs. The radical potential of AI for changing the economy will be lost in this case. Secondly, without political economy, the scope for challenge and pluralism in debate on technology and the future of work will be curtailed. The hope for change that fired past thinkers like Marx and Keynes and which continues to have resonance in the present will be replaced with a conservatism that suggests only piecemeal reform can be achieved. Progress in society will be limited as a result.

7. Conclusion

This paper has argued that economics must be rethought if it is to make sense of and respond to AI technology and its impacts on work. While some economists have begun to consider power relations at work and their influence on how AI technology develops, most of their analysis has continued to take a formal and technical form. Ethical and normative issues have been recognised, to be sure. For example, there has been recognition of the value of work and the existential threats posed by its disappearance. This recognition, however, has come at the expense of a narrowing in the reform agenda. Economists now push for work to be 'saved' from automation. The modern economics of AI, in essence, encourages support for the same kind of economy that exists now (one based on paid work) and offers no vision of a radically different future. Ironically, for all the hype over the possibilities for change, many economists now envision a better or ideal future where AI perpetuates work rather than reduces it.

The paper has supported an alternative political economy perspective. This entails seeing work for what it is – both a means and an end in itself – and technology as a potential route to the lightening of work – improving its quality and reducing its duration. The idea of the future that this perspective supports is consistent with a world where technology helps to advance the opportunity for meaningful activity in both work and leisure. As a new and emerging technology, AI must be directed towards expanding both

meaningful work and leisure. Harnessing it in this way, however, will entail confronting deeper questions, most obviously over its ownership and control. The potential for AI or any other technology to change and transform work requires us to think beyond present capitalist ownership structures and to contemplate futures beyond capitalism.

What are the lessons for economics? Firstly, there is the need for it to undergo internal reform. Specifically, it needs to open up to and recognise heterodox ideas that have long since been marginalised in economics debates. The continued peddling of different versions of neoclassical economics will only set back our understanding of technology and the future of work. Secondly, there is the need for economics to extend beyond its traditional boundaries and to embrace rather than ignore the ideas of other social sciences. There are now vibrant debates outside of economics – from radical political economy, economic geography and sociology (e.g. Benanav, 2020; Danaher, 2019; Muldoon et al., 2024) – on technology and work in the future that economists could and should learn from.

Yet, in making these two points, I am aware of the deep-seated barriers to reform within economics. Heterodox economists languish on the side-lines or worse still, are totally excluded from economics debates. Any move to genuine pluralism in economics appears forlorn. Mainstream economists, too, continue to see themselves as 'superior' to other social scientists. They prefer to work in isolation or to treat other subjects as targets for conquest. The spectre of 'economics imperialism' continues to overshadow the relationship between economics and other social sciences.

So long as these barriers remain in place, however, economics will limit its ability to understand the effects of AI on work. While undertaking its own internal debates on theory, it will continue to lack relevance in wider theoretical debates. By seeking to prop up the same work-based economy, it will also remain unable to accommodate any radical vision of the future. This second concern is a serious one. Economics still wields enormous power in policy debates. Hence, while economics may be detached from other social sciences and proffer theories that are seen by other social scientists as irrelevant, it continues to be a powerful and influential player in the policy realm. In this sense, challenging economics is important not just at the level of ideas where its wider influence is somewhat limited but also at the level of policy and politics where it retains a strong and enduring effect. If we are to mitigate the costs and realise the benefits of AI, we will not only need to challenge the economics of AI, but also the powerful interests that benefit from its influence outside of academia. Rethinking economics and developing a political economy alternative, in conclusion, is a vital first step towards rethinking the economy and our economic future in ways that support human flourishing.

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