

# How Automation Threatens Third World Stability

BY BRENDA WALKER

We tend to think of the automation revolution now roiling the jobs economy as occurring in the industrialized world alone. However, as robots become increasingly less expensive, the machines are showing up in manufacturing in Asia and the Third World as well. And with that economic earthquake comes an array of problems that poor nations and those without social safety nets are not prepared to handle, with social unrest at the top of the list.

Fundamental change is coming all around the world from automation. A recent United Nations study forecast that smart machines would replace two-thirds of workers in the developing world. Companies or governments that run manufacturing industries are happy to substitute low-cost robots for workers who are now becoming comparatively more expensive even in cheap labor havens. Also the machines function 24/7 with no need for lunch or breaks or paychecks — accountants like that.

Here are some headlines from the past year:

- “Automation a threat to 69 percent jobs in India: World Bank” (*Times of India*)
- “Foxconn replaces ‘60,000 factory workers with robots’” (BBC report about the Apple supplier)
- “China Wants to Replace Millions of Workers with Robots” (MIT *Technology Review*)

Red China is curious in this regard: at the onset of the Great Recession a few years ago, the leaders in Beijing fretted about worker unrest as millions were laid off from the jobs slowdown. There were thousands of protests, some with violence, starting in 2008. For example, hundreds of unhappy workers tore up a factory in Dongguan while yelling, “It’s good to smash.” (“China fears riots will spread as boom goes sour” — UK *Guardian*)

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But now, the automation-caused job loss in the People’s Republic looks to be far worse and permanent, yet Beijing suits are quiet about the potential social downside. They have obviously made the choice to go robot along with the rest of the planet, and particularly because their economy depends on huge exports of manufactured goods.

The *Financial Times* noted the rejiggering of a sink factory in Guangdong (“China’s robot revolution”):

Nine robots now do the job of 140 full-time workers. Robotic arms pick up sinks from a pile, buff them until they gleam and then deposit them on a self-driving trolley that takes them to a computer-linked camera for a final quality check.

The company, which exports 1,500 sinks a day, spent more than \$3m on the robots. “These machines are cheaper, more precise and more reliable than people,” says Chen. “I’ve never had a whole batch ruined by robots. I look forward to replacing more humans in future,” he adds, with a wry smile.

Funny how business owners never notice the loss of shoppers that comes with mass unemployment. Don’t Chinese buy sinks?

One dynamic that makes China different is the large number of interior migrants: there are presently more than 200 million itinerant workers who travel from their rural family homes to factory cities near the coast to make money. That stunning number points to a heightened worker group loyalty since so many are separated from their families. China has seen a surge in labor strikes and protests, with a record-high 2,774 incidents in 2015, double the previous year. As the automation unemployment wave becomes larger, the PRC may well face more forceful complaints from the people.

Compared to Europe, America, and Asian rivals South Korea and Japan, China’s robot use is small, but market projections show the number of smart machines shooting up rapidly in the PRC. Unhappy Chinese workers will follow.

In the big global picture, the election of Donald Trump and his promise to “bring the jobs back from China” has gotten attention in Beijing. The Trump challenge plus keeping the huge American market have nudged the Chinese leadership into a corner they don’t want.

Gordon Chang, author of *The Coming Collapse of China*, appeared December 1 as a guest on Stuart Varney’s Fox Business show. Asked about Trump’s effect on Beijing, Chang responded that Chinese leaders have “already retreated into a dangerous form of nationalism under Xi Jinping and that is a continuation of what his predecessor Hu Jintao was doing, but under Xi, it’s actually accelerated, so Trump is going to face a very difficult time. Even in the best of circumstances, Chinese leaders test new American leaders — April 2001 for George W. Bush, and in March and May 2009 for President Obama. So Trump is going to get a hard time from the Chinese leaders, especially because they know that he has said all those things about China, therefore they want to defang him quickly before he can do real damage to their fragile economy.”

In response to Varney’s remark, “I’m dying to see how this plays out because it actually could be a very dangerous situation,” Chang replied, “It could be.”

Ginning up anti-American talk could easily become a strategy for Beijing to distract from China’s economic troubles and worsening conditions for labor.

Red China is a powerful nation and has done well as a manufacturing powerhouse. It has the means to cope with a downturn in the jobs economy. But smaller countries in the region that have been struggling to improve their economies are less capable of managing widespread unemployment.

In July, the International Labour Organization published a report, *ASEAN in Transformation: The Future of*

*Jobs at Risk of Automation*. More than half of workers in Cambodia, Indonesia, the Philippines, Thailand, and Vietnam are at risk of losing their jobs to automation in the next 20 years. The estimate of future replaceable workers in the region is 137 million — truly a stunning number, and one that foreshadows social chaos. First World nations might create a universal basic income for all, as suggested by Martin Ford, author of *Rise of the Robots: Technology and the Threat of a Jobless Future*. But poor countries don’t have the resources for anything like that.

It looks like the world social/economic order is about to undergo serious convulsions over the next couple of decades, but the form they will take is of course unknowable. Will workers storm the robot factories and destroy the machines, as English Luddites did in the early 1800s? Will some workers go back to the family land and take up subsistence farming just to survive? Will others form a resistance army against cruel robot capitalism? Will money itself become semi-obsolete when so many people don’t have it, with barter having a resurgence?

In the Western Hemisphere, Americans will certainly need Trump’s promised wall along the Rio Grande when jobs in Latin America disappear to machines. The run for the border will surely be exacerbated by further automation: for example, one industry being car manufacturing in Mexico (moved there largely because of NAFTA), with 675,000 employed in 2015. Companies move to Mexico and further south to save money, so they will continue to cut costs by replacing workers with machines there as well.

The topic of an automated jobless future would be less anxiety producing if it were at least being discussed by political leaders. Washington acts as if the employment universe is the same as it ever was, when it most assuredly isn’t. ■

