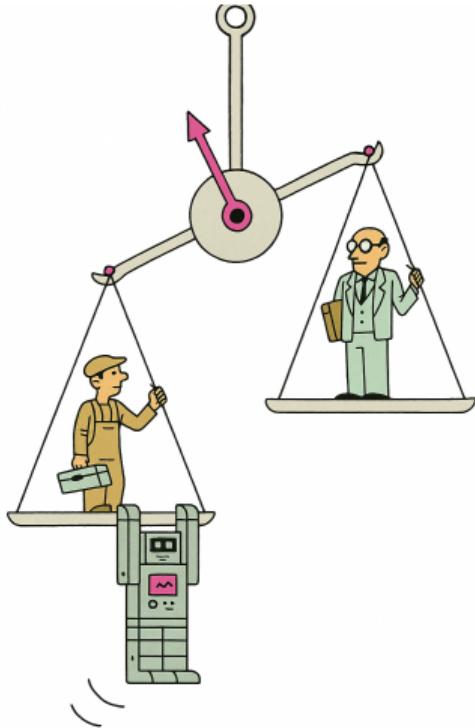


Automation, AI, and Democratic Challenges

Valentina Gonzalez-Rostani, University of Southern California

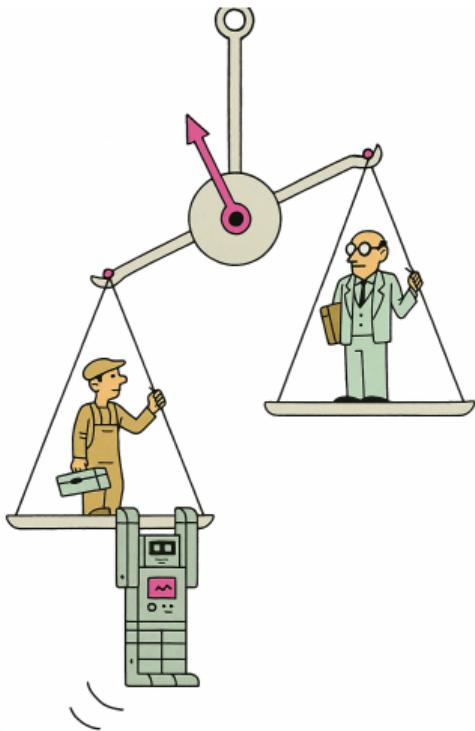
Hendricks Symposium Roundtable | November 2025

Production Automation in a Global Economy



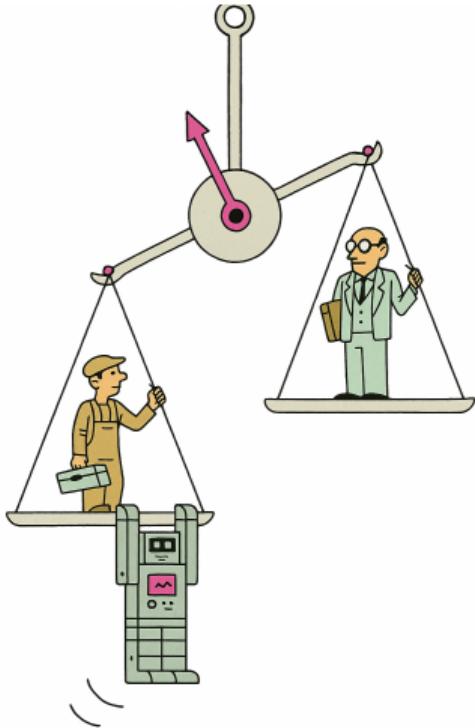
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Production Automation in a Global Economy



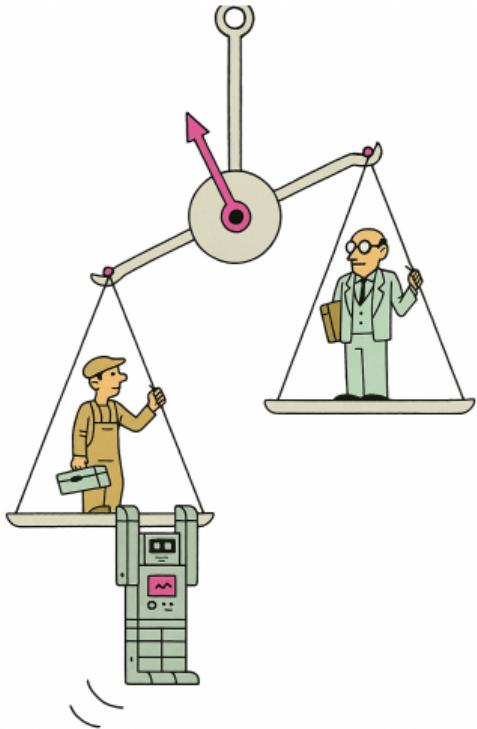
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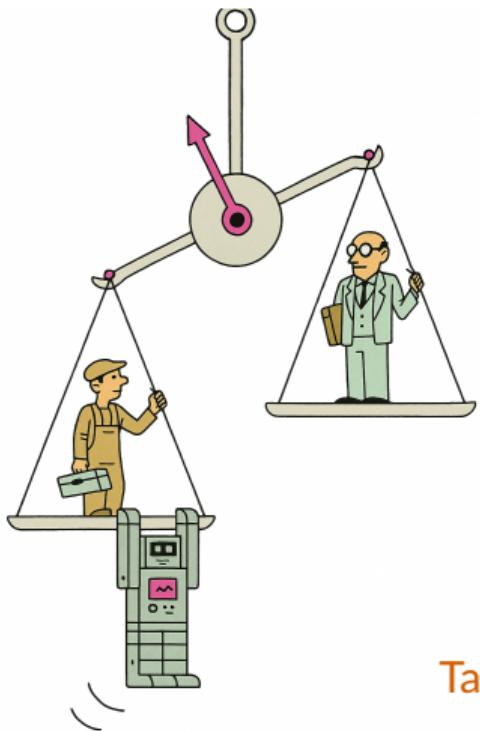
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Production Automation in a Global Economy



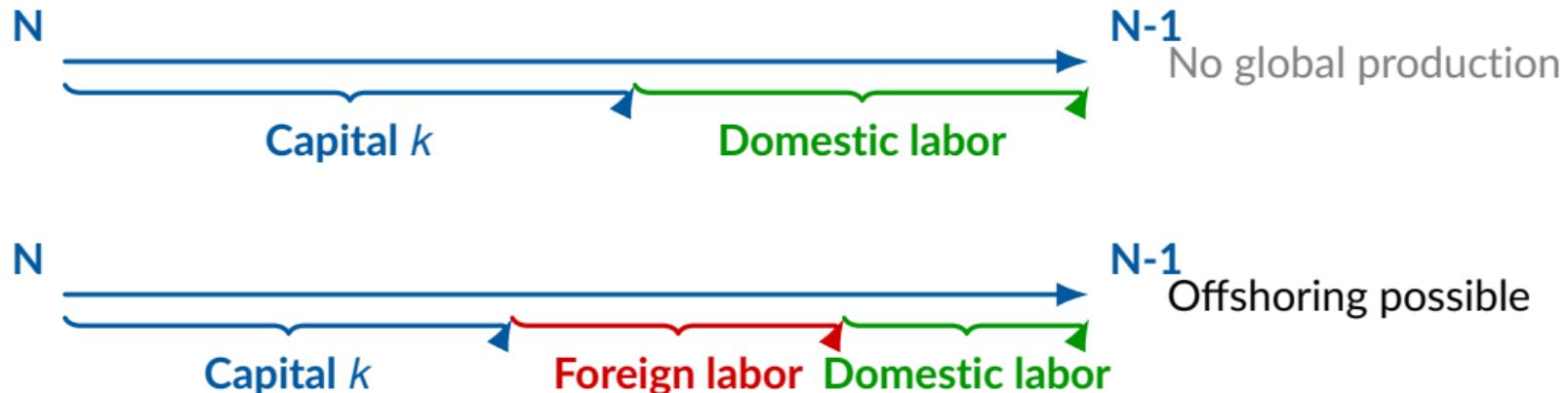
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Takeaway: disruption is large; distribution is uneven.

The Political Economy of Automation & Fragmented Production



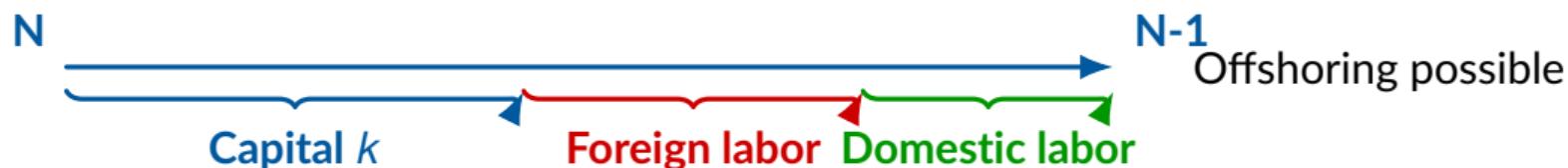
The Political Economy of Automation & Fragmented Production



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(Acemoglu & Autor, 2011; Acemoglu & Restrepo, 2019)

Political Channels

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- ▶ Info risks: bots, deepfakes, synthetic news.

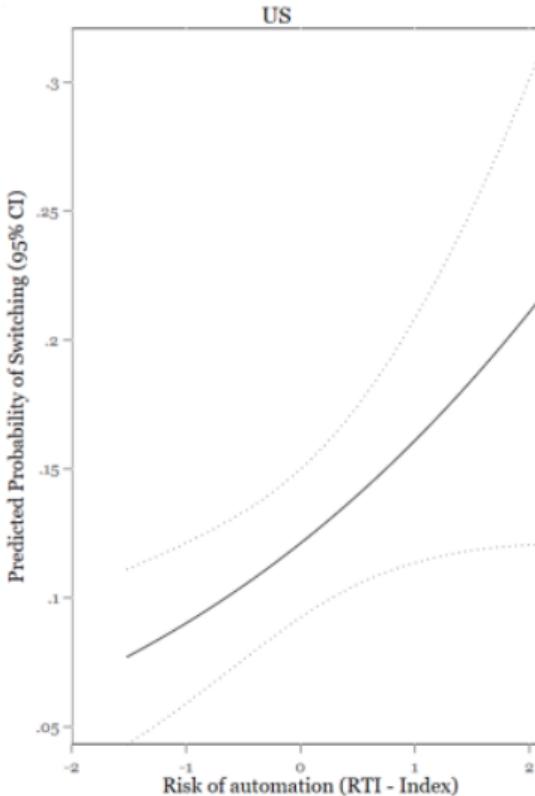
U.S. Snapshot

- ▶ Post-mid 90s: automation + trade shocks in heartland.

U.S. Snapshot

Exposure to automation risk and probability of switching **Obama → Trump**

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- ▶ Voting shifts in exposed counties since 2016.

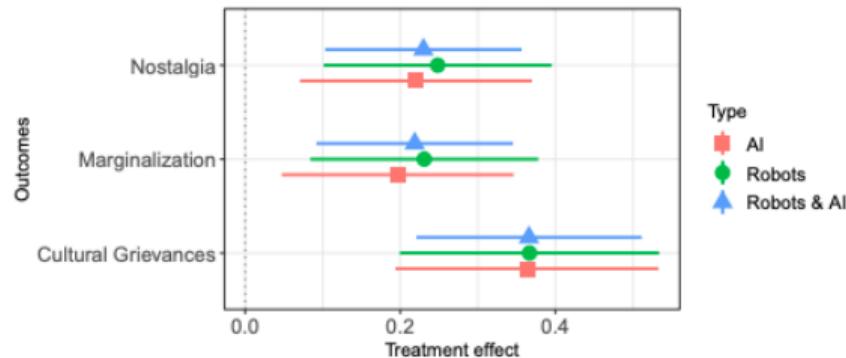


Source: Gonzalez-Rostani (2025)

U.S. Snapshot

- ▶ Post-mid 90s: automation + trade shocks in heartland.
- ▶ Voting shifts in exposed counties since 2016.
- ▶ Why? grievance → norm erosion debates.

Why? Exposure to automation risk treatment and cultural grievances



Source: Gonzalez-Rostani (2024b)

Mexico Snapshot



- ▶ Export-led model with assembly hubs

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- ▶ Economic effects: unemployment, informal work, ↑ primary goods (e.g mining)
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Automation crosses borders. US robot adoption ↑ ⇒
 labor demand ↓ ⇒ violent organized crime and Left-wing populism ↑

Examples: Reshoring

Caterpillar moving manufacturing from Mexico to Victoria, bringing 200 jobs



Reshoring

Trump Leans on Carrier to Keep 2,000 U.S. Jobs From Moving to Mexico



Reverse the decision to offshore

Automation & Unions

Unions:

- ▶ ↓ inequality & set labor standards (Becher & Stegmueller, 2021)
- ▶ mobilize workers → enhance democratic participation (Becher & Stegmueller, 2019; Frymer & Grumbach, 2021; Gonzalez-Rostani, 2024a; Iversen & Soskice, 2015)

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Recent evidence:

- ▶ Automation weakens workers' bargaining power and collective organization
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- ▶ Robot exposure ↓ unionization and working-class representation
(Balcazar 2022; Agnolin 2025, Becher & Stegmueller 2025)

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Can technological change also create conditions for a *union revival*?

Unions respond to automation & AI

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Southern California Hotel Workers Are on Strike Against Automated Management



Unions respond to automation & AI



'e on Strike



Hollywood writers have been among the most vocal in their demands for protection from the encroachment of technology.

Unions respond to automation & AI



strike

Hollywood write
technology.
AP

Workers protest California Gov. Gavin Newsom and his plan possibly allow driver-less long-haul trucking in California.

Unions respond to automation & AI



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Unions respond to automation & AI

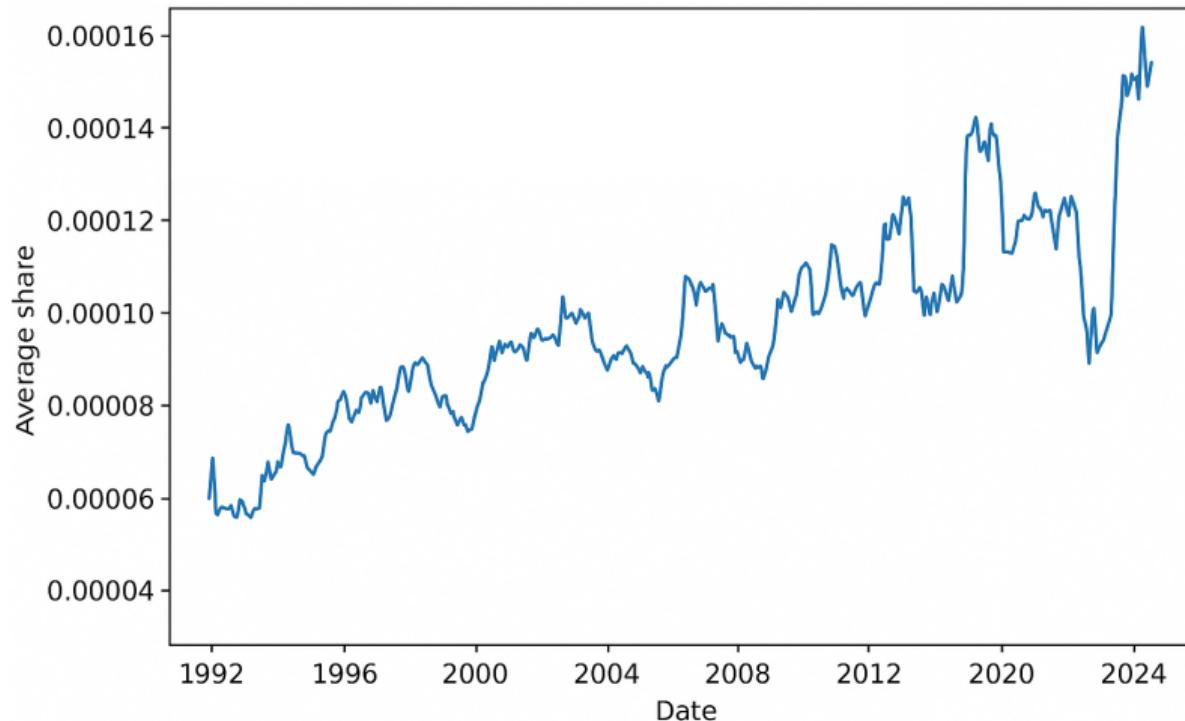


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AI and Democratic Stability: Effects of Monitoring Technologies

Share of words referring to monitoring in collective bargaining agreements



Source: Agnolin and Gonzalez-Rostani, 2025

Generative AI & Information Integrity

- ▶ Low-cost deepfakes and text at scale.
- ▶ Blurs reality; “everything is fake” cynicism.
 - 🇲🇽 Trust in news fell from 49% to 35%
(2017–2024) Digital News Report 2024
- ▶ Early cases noted in recent LA cycles.
- ▶ **Needs:** detection, labeling, platform enforcement, literacy.



Extracted from FNF report on *AI and its influence in Mexico's 2024 elections*

Generative AI & Information Integrity

Claudia Sheinbaum, víctima de *deepfake*: su imagen fue utilizada en un video fraudulento generado por IA

La IA ya ha irrumpido a las elecciones en todo el mundo. Este miércoles, Claudia Sheinbaum ha denunciado la aparición de un video donde se usa su imagen para invitar a los mexicanos a invertir en una fraudulenta plataforma financiera.



AI's Effects on Firms and Market Power

- ▶ **Market concentration:** control over data and compute drives productivity gaps and “AI-first” dominance. Concentrated gains can split elites. (Acemoglu 2022; Korinek & Vipra 2025; Bessen et al. 2020; Milner, 2025)

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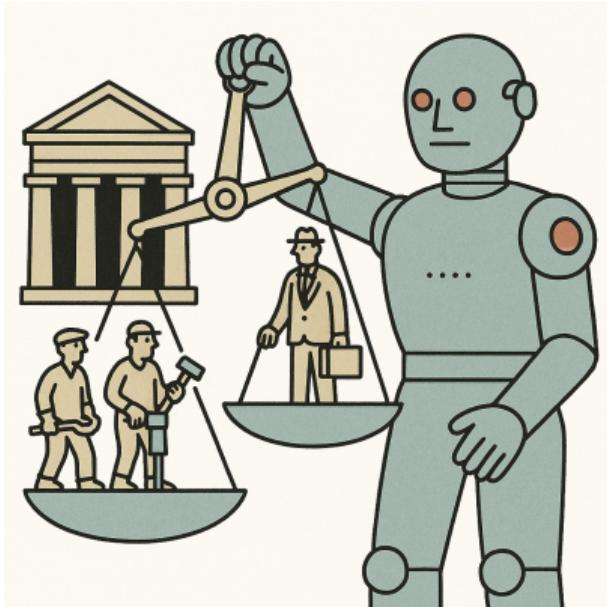
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- ▶ **Political implications:** **inequality and antidemocratic risks**
 - ▶ data access
 - ▶ compute costs
 - ▶ \$ → lobbying reinforce incumbents' influence:
 - ↑ risks for competition and democratic accountability.

Risks to Democratic Stability

- ▶ Inequality ↑ with weak buffers ⇒ social strain
- ▶ Alienation: turnout ↓ collective organization ↓
- ▶ Populist leaders may target institutions.
- ▶ Accountability undermined: information chaos & economic concentration.
- ▶ AI government → mass surveillance, and personalized propaganda



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→ **Open Questions:** How can democracies adapt to these tech-driven pressures?

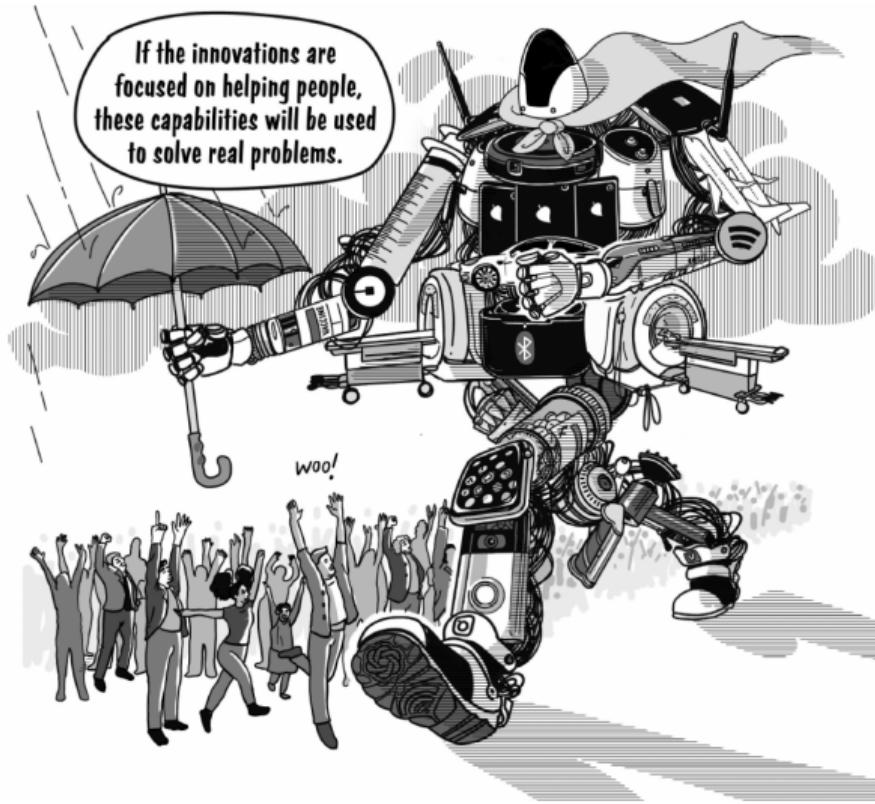
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Thank you!  gonzalez-rostani.com  gonzalez.rostani@usc.edu



Acemoglu & Johnson, 2024

Thank you!



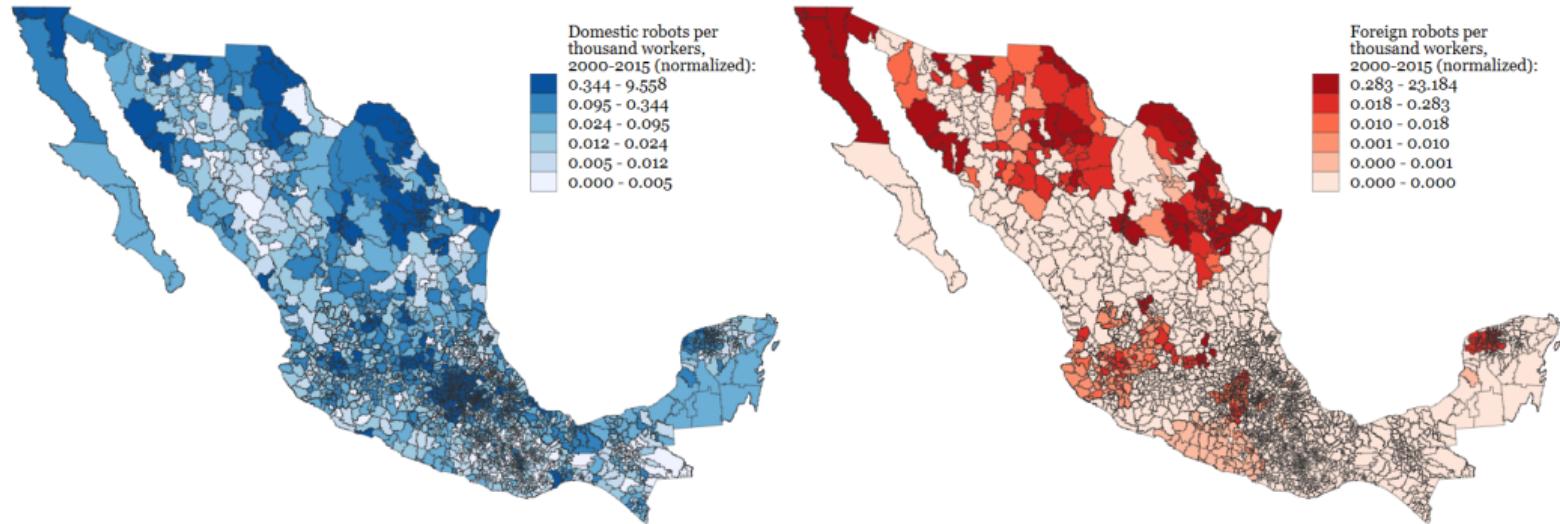
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Supplementary Slides

Exposure to Domestic and Foreign Robots, 2000–2015



Domestic Robots & Foreign Robots

Source: Boix, Gonzalez-Rostani and Owen, 2025

Policy Toolkit: Building Democratic Resilience

Labor & Regions

Upskilling & lifelong learning; place-based aid for automation-hit regions. Diversify Mexico's value chain; retool U.S. Rust Belt.

Institutions & Norms

Protect courts & electoral referees, foster civic AI panels, and deepen U.S.–Mexico coordination.

Sharing the Gains

Tax & transfer reform, portable benefits, and incentives for human-complementary AI. Interventions to minimize the polarizing effects of AI.

Information Space

Labels for AI-generated content, anti-deepfake rules, bot detection, and digital literacy.

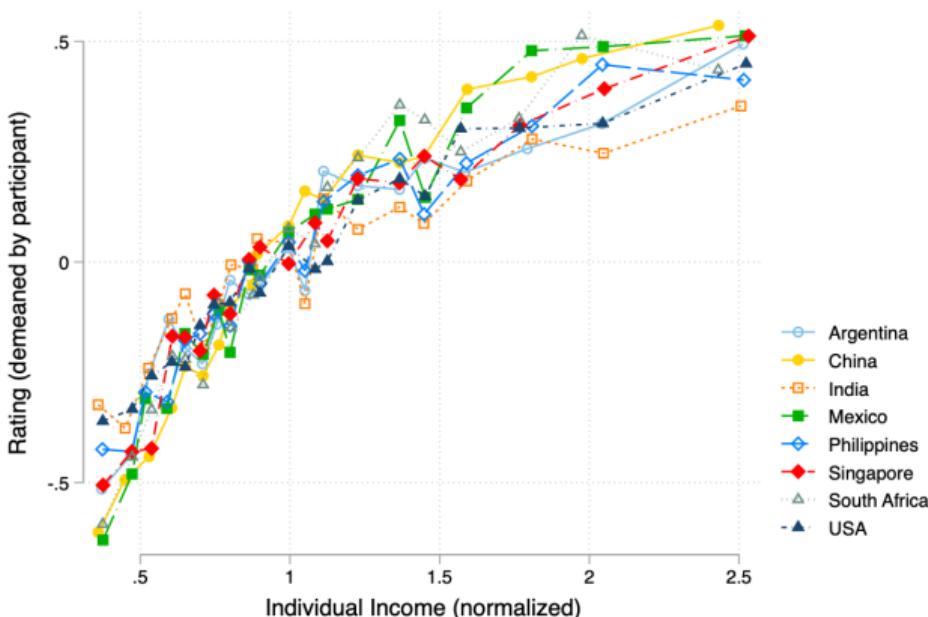
AI and Democratic Stability

- ▶ Effect on monitoring technologies
- ▶ Redistributive effect

AI and Democratic Stability

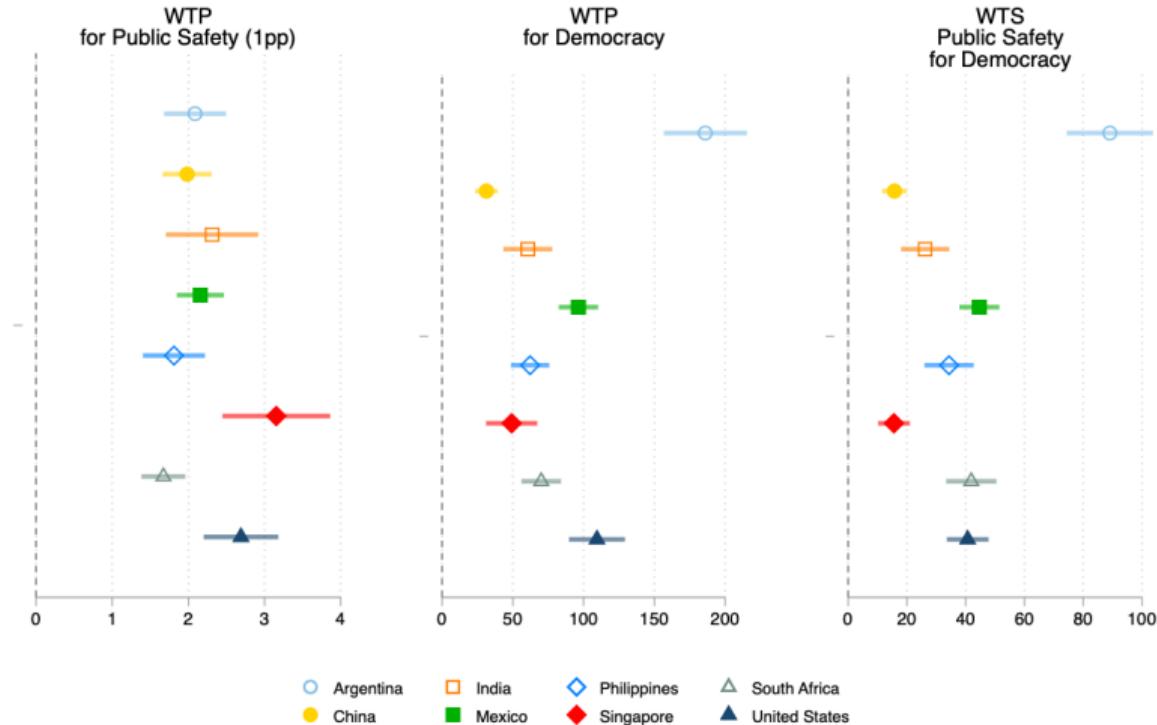
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Figure: Individual Income Preferences across Hypothetical Income Levels



AI and Democratic Transitions

Figure: Willingness to Pay for Democracy and Safety (Based on Ratings)



Public Safety measured in PP of days unafraid. Income: normalized. Preference measure: ratings.

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