

Book review of Agrawal, A., Gans, J., & Goldfarb, A. (2022). *Power and prediction: The disruptive economics of artificial intelligence*. Harvard Business Review Press. 268 pp. ISBN: ISBN: 978-1-64782-419-8.


Reviewed by

Babu George  

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¹ Professor of Business Administration & Chair, Alcorn State University, Lorman, MS - 39096, USA; Email: bgeorge@alcorn.edu

 Corresponding author



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We stand at the threshold of a new kind of renaissance, that of reclaiming the subjectivity that we lost to industrialization and the ascent of a science-driven world. We traversed life's path without truly savoring the world through our subjectivity, constrained by the modern mandate for objective engagement to chase material belongings. The second quarter of the 21st century is poised to offer us the possibility of a life where AI shoulders the objective tasks that generate material wealth, allowing us the freedom to immerse in the subjectivity of our existence. Simultaneously, it is important that we set our priorities straight. The jobs that help us earn our livelihoods now will soon become obsolete. We must put in place systems and processes to ensure that the abundance of wealth that AI and smart machines will produce will be equitably shared among all human beings.

This is a great paradigm shift that has the potential to take us back to our original call - to consummate life in its fullness in our own subjective ways. Or something that can annihilate us forever? This book is timely, to say the least. In their much-acclaimed book, "Power and Prediction: The Disruptive Economics of Artificial Intelligence" by Ajay Agrawal, Joshua Gans, and Avi Goldfarb, a reflective peep into the social, economic, and strategic realms affected by artificial intelligence (AI) is charted out. In an era believed by many to be the cusp of the next industrial revolution fueled by AI, this book seeks to herald a game changer to furnish its readers with the foresight necessary for the yet unfolding future.

We must appreciate the book for its captivating and clear narrative, lauding its pragmatic yet optimistic outlook on the potential harbored by AI. The assimilation of contemporary and pertinent literature, as evidenced in the extensive bibliography, bears witness to the authors' attunement to the ongoing pulse of AI evolution. This is further validated by real-world examples drawn from a spectrum of fields, illustrating AI's edge over conventional rule-based decision-making paradigms. The book speaks especially to individuals in managerial echelons, as it delineates how enterprises can steer through and exploit the AI terrain. Its pertinence is underscored by endorsements that I see online for academic incorporation as a textbook and a key reference resource, affirming its scholastic merit.

The authors contend that the transformative potential of AI chiefly lies in system solutions, encompassing comprehensive modifications across organizational hierarchies and entire industries. Unlike point and application solutions, which merely refine or enhance existing processes, system solutions are hailed as the true game-changers, albeit accompanied by significant implementation challenges. This viewpoint resonates with the broader conceptualization of digital transformation, perceived as an integrative process distinct from mere digitization or digitalization. However, a cautionary tone is to be sounded regarding the potential dangers of a fully integrative AI system that could intertwine all knowledge systems and power levers globally, ushering in a potentially uncontrollable scenario in adverse conditions. Although the systemic approach bore substantial relevance during the nascent stages of digital architecture, the unique challenges ushered in by AI called for the conception of a fundamentally distinct framework to effectively guide its adoption and integration. A viable starting point in this direction could be to amalgamate the Cyber-Physical System (CPS) paradigm, Computational Thinking (CT), Adaptive Systems Thinking, Human-Centered Design (HCD), and various Quantum Computing paradigms, with the hope that a superior alternative would materialize.

The book's somewhat narrow perspective of AI is something that concerns me as an observer of new technology development. When I say narrow, what I mean is that the authors tend to treat AI as a prediction machine having a predictable trajectory. This is far from true. Portraying it as a ripe technology ready for full-scale adoption, rather than as the complex and continually evolving domain it actually is, there is an extra dose of unjustified determinism. Say, something like the analogy to the progression of electric motors is an oversimplified metaphor for AI's assimilation and integration into societal fabrics: this can make readers think in too simplistic terms about something that even the experts struggle to fully comprehend. Criticism may also

stem from the book's apparently cursory examination of AI's diversity, reducing myriad complex models into mere functions of prediction and decision-making. This simplistic viewpoint will likely be challenged by AI practitioners and innovators, who might find the categorization and theories propounded to lack profundity that something as disruptive as AI demands.

I felt the emergence of new sectors driven by AI like fintech, pharmaceuticals, automotive, and retail could have been explored more, shedding light on how AI is reshaping traditional business models and creating new economic paradigms. Also, the ethical considerations surrounding AI, such as bias and data privacy, are crucial topics that could have been presented in a way that highlights the nuances of even understanding these. While these topics are complex and perhaps beyond the primary economic focus of the book, they are integral to the broader discussion surrounding AI's integration into society and the economy. The authors, a trio well-versed in economics and innovation, have deep and unquestionable expertise; it is an understandable struggle to present content that fully meets the expectations of a diverse audience.

Notwithstanding the mild criticism above, the book deserves to be extolled as a stellar resource for business proprietors, leaders, and even lay readers fascinated by the burgeoning confluence of AI and economics. I would celebrate it for demystifying complex notions, illuminating the profound impacts AI has and will continue to have across diverse sectors, encompassing education and infrastructure. The use of everyday metaphors to make sense of complex concepts is a definite appeal factor. How to make the coming AI disruptions work for businesses and policymakers rather than against them is in the minds of everyone and this book offers a lot of good guidance in this matter. Perspectives on the upcoming changes in the way decisions are made and resources are allocated will be helpful for organizational designers and also for strategic planners. The disruptive opportunities and threats identified in the book too will be immensely helpful for the practitioners.

To recap, "Power and Prediction" provides a worthwhile introduction to the economics of AI, although its insights may cater more to novices or those in executive roles rather than AI aficionados. Philosophers of technology like me may quickly notice that it has a somewhat reductionist view by simplifying complex AI models into the basic function of prediction, overlooking the multifaceted nature of AI technologies. Despite these, this book is a stimulating compendium on the ubiquitous influence of AI. For those keen on grasping the broad economic transitions AI is set to trigger, it is a commendable read indeed.

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