



The Daily Dish

# The Policy Response to AI

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## *Eakinomics: The Policy Response to AI*

*Guest authored by AAF's Presidential Bot*

Fear of technological innovation is a time-honored tradition in economics (the most notable example being the [Luddites](#)) and nothing has changed in the 21st century. The current leading boogeyman is “Artificial Intelligence” or AI. Prominent thinkers like Bill Gates and Stephen Hawking have called for regulating AI. Elon Musk went even [further](#), calling AI “our greatest existential threat” in a 2014 interview: “I’m increasingly inclined to think that there should be some regulatory oversight, maybe at the national and international level, just to make sure that we don’t do something very foolish.”

But what is AI and, thus, how should it be regulated? Big Blue — the chess-playing computer — was an early version of AI. Self-driving cars are AI. Industrial robots are AI, and come in an enormous array of sophistication, [from semi-automated to fully automated](#). This leads to the key insight: AI is a general purpose technology that is, and will be, embedded in firms, industries, and activities in a great variety of ways. As is currently the case, it may be that economic incentives will need to be supplemented by regulatory frameworks to get the economic, safety, environmental, and other benefits that voters desire. But it might equally be the case that deregulation is the key; e.g., will we still require automated semitrucks to maintain a safe distance from each other even though slipstreaming will save fuel?

The biggest fear is that AI will replace the need for workers (“here come the robots!”). Undoubtedly that will be the case in certain occupations (e.g., taxi drivers); after all we have seen this before — the blacksmith industry is just not what it used to be. But the basic prescription in these circumstances is to improve educational attainment in the K-12 system, improve STEM (science, technology, engineering, math) education, provide better coordination between businesses and educational institutions, and provide effective lifelong career and technical education. Isn’t that something that the United States should be doing anyway? What has the advent of AI actually changed?

AI is important, or perhaps more accurately, AIs are important. But they hardly represent a uniform call for aggressive regulation. Instead, there will be a mix of new regulation and needed deregulation. The importance of a smart regulatory strategy will be just as valuable in the future as now.