

UK's CMA, FTC, and the White House initiate regulation on AI's use and effects

Article

The news: Regulators are moving to better understand and challenge the rise of AI tools and their overall effects on business and society.

- The UK's **Competition and Markets Authority** (CMA) is launching a review of the artificial intelligence market. It's focusing on foundation models, including the software underlying popular chatbots like **OpenAI's ChatGPT**.
- **US Federal Trade Commission** (FTC) Chair **Lina Khan** wrote an op-ed in the New York Times calling for regulation of AI, fearing it could pave the way for Big Tech's dominance as well as fraud and a threat to personal privacy.
- **The White House** unveiled various initiatives to reduce the risks of AI, including a meeting between Vice President **Kamala Harris** and executives of AI and tech companies.

What regulators are saying:

- CMA CEO **Sarah Cardell** said **they will evaluate opportunities and establish principles to ensure competition** and consumer protection.
- White House officials pledged to release draft guidelines for government agencies to ensure that their use of AI protects "the American people's rights and safety." They added that **AI companies agreed to open their products to scrutiny at a cybersecurity conference in August**.

Why it's worth watching: Generative AI's mainstream popularity has already transformed the business landscape, but its arrival has been contentious.

- The shift from manpower to AI has already resulted in massive layoffs during a down economy.
- Education and learning company **Chegg** saw its stock crash 50% Tuesday. The company says students are increasingly using ChatGPT to help with homework.
- **IBM** plans to slow hiring and replace thousands of jobs with AI.
- AI pioneer **Geoffrey Hinton** left **Google** to speak out about the dangers of AI.

Our take: Government regulators are reacting to calls to step in on AI. **Paying more than lip service will require extensive investigation of the technology, how it is implemented, and its wider effects.**

- Regulatory bodies are overworked with existing Big Tech regulation. Planning guardrails and implementing them are very different things and could take months before plans solidify.

- **Regulation is coming whether AI companies like it or not.** They have an opportunity to help frame the narrative by working alongside regulators to help them better understand the technology.

