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GOVERNANCE OF ARTIFICIAL INTELLIGENCE INQUIRY BRIEFING

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TOP LINES

- The UK is an important country in the development of AI. The government is currently developing its AI strategy but it fails to protect workers and citizens from harm by the technology.
- We can better understand the risks from AI to society by separating them into misuse risks, accident risks, and structural risks, each of which requires different governance tools.
- The Labour Party was founded in part as a reaction to social problems caused by previous waves of technological transformation. These transitions can create the conditions for a better society for all, but this change won't happen on its own. It will happen through Labour governments ensuring these technologies serve the interests of society and protecting workers, families and the most vulnerable through these transitions.
- **To improve the UK's governance of AI, the government should: invest in greater internal government capacity to assess the progress, applications, and societal impacts of AI; create a 'compute fund' to provide computational resources to researchers and civil society organisations; and establish the Digital Markets Unit on a statutory footing and fund it adequately**

About Labour for the Long Term

Labour for the Long Term is a community of Labour members working to facilitate the development of policies tackling extreme risks to ensure a fairer and safer future. We face a number of dangerous risks, from the possibility of another deadly pandemic to runaway climate change, and the decisions we make now on these issues will affect generations to come.

We see a great opportunity for decisive action. Building on the work of previous Labour governments, we see a future where the UK can lead in reducing international tensions, become a world leader in green technology, and set the standard for regulating potentially harmful emerging technologies. Our group aims to help achieve this by holding events with MPs and researchers, producing rigorous briefings and providing actionable policy ideas.

The state of AI governance in the UK

Artificial Intelligence is governed in the UK through a combination of principle statements, guidance and legislation. Generally, legislation is viewed as the most robust form of regulation that can have the greatest impact, and is developed after broader principles and guidance have been proposed.

Regulations in other areas of technology can have important implications for the development of AI, such as data protection laws. Data is increasingly important in developing powerful AI systems. This makes the delay in the forthcoming Data Protection bill relevant to the work of the committee.

In addition, modern AI systems engage in algorithmic decision-making, which can be regulated by areas of law like non-discrimination law. For example, it is illegal for a company to use an algorithm in its hiring process that discriminates against people of colour. In addition, algorithmic decision-making can be limited by sector-specific legislation, such as if algorithms are used as part of the decision-making process to award loans. The Financial Conduct Authority's Principles for Business request that all customers are treated fairly in this process.[1]

In recent months, the UK government has looked to further develop its AI strategy. The National AI Strategy was released in September 2021 and offered a high-level overview of the pro-business strategy to develop the UK's technology sector. Most recently, the Government has also released a policy paper emphasising a 'light touch' and sectoral approach to regulating AI that will embolden existing regulators. In the paper, the Government details a number of cross-sectoral principles to help regulate the technology, including an insistence that AI is transparent and fair. It then seeks to embolden existing regulators to apply these principles to high-risk instances of the use of AI.

Though the policy paper is at an early stage, there are already signs that the current Tory government is failing to stand up for workers, consumers and citizens in a number of areas when it comes to AI governance:

- The focus on sectoral guidance and discrete high risk concerns from AI rightly identifies that context matters when assessing potential harms from AI. However, its focus on sectoral downstream deployments means that the paper ignores that issues of explainability, recourse etc. may require input from upstream model providers. This will only become more acute as increasingly powerful and general AI systems are developed that act as a foundation for many sectoral applications and become underlying infrastructure that could pose structural risks if it fails.

- This focus on high risk may also mean future regulations neglect important cases of bias and discrimination, where any one instance is relatively 'low-risk' but the overall effect of these small but widely diffuse impacts adds up to reinforcing structural inequalities. These cases can disproportionately impact women and people from minority backgrounds.

- The government's recent policy paper on AI regulation looks likely to be much weaker than the EU AI Act, putting our people at greater risk from AI systems. This should be strengthened by requiring more rigorous testing to ensure that systems have been developed safely, securely and ethically.

- Over the coming years, global AI standards will be shaped by the EU's AI Act (and the CEN-CENELEC standardisation process following it) and the US' NIST, coordinated through the

[1] PRIN 2.1 The Principles - FCA Handbook

EU-US Tech & Trade Council. The UK should seek to participate in or cooperate with this Council to shape these vitally important standards.

- A sole focus on the development of the UK's technology industry may lead the policy to neglect issues of harm and inequality that could result from technological development, as well as the longer-term impacts on future generations.

Labour's existing commitments on AI governance

In addition, Labour's recent Industrial Strategy made 'harnessing data for public good' a core mission and made a number of commitments on AI governance:

- *Many novel and promising uses of data are at a very early stage of development, implying a crucial role for the state and regulators in de-risking and nurturing these opportunities, while providing predictable and secure regulatory frameworks. Labour's pro-innovation regulatory regime would ensure the UK's data ecosystem is secure and trusted, providing certainty to businesses and delivering better outcomes for consumers.*

- *We cannot benefit from the full potential of this new resource while a disproportionate amount of data is held by a small number of firms. The tendency towards concentration within some data markets and digital business models requires a robust and agile competition and regulatory regime.*

- *A Labour government will stand up for the democratic, privacy and security rights of UK citizens, including by the influencing of international standards. We would also ensure the UK is the best place in the world for safe and responsible AI, by building the world's most competent regulatory environment for AI, and supporting a thriving and effective AI assurance ecosystem.*

Understanding the risks from AI

We are already seeing algorithmic systems being used across our society. From social media recommendation systems, to models beginning to be used for diagnosis and drug discovery in healthcare, to the automated monitoring and management of workers. The gig economy and the logistics industry in particular have become testing grounds for algorithmic management, from facial recognition used to verify Uber drivers to Amazon's delivery route algorithm directing drivers to meet often punishing quotas.[2] Labour governments have always fought for workers rights and algorithmic technology is now at risk of undermining these hard-won gains. There is a particular risk that companies will sneak these practices under the radar or justify them as necessary cost-cutting or efficiency measures after the pandemic and during the cost of living crisis.

In the longer-term, AI is likely to be a transformational, general-purpose technology, automating many tasks across a diverse range of industries, from self-driving delivery vehicles to AI-powered image generation. We can more systematically understand the risks from AI to society by separating those risks into three categories:[3]

1. **Misuse risks** result from the unethical use of AI. For example, automated facial recognition and object identification systems being used to invasively monitor workers, or deepfake videos being used for political attacks or identity fraud.

[2] Amazon's Cost Saving Routing Algorithm Makes Drivers Walk Into Traffic

[3] Thinking About Risks From AI: Accidents, Misuse and Structure - Lawfare

2. **Accident risks** result from unexpected behaviour or faults in an AI system, for example, a picking robot malfunctioning and trapping a warehouse worker or a misdiagnosis of cancer by an inaccurate chest-imaging model. The more AI is integrated into safety-critical systems such as autonomous vehicles and energy grids, the higher the stakes are for these accident risks.

3. **Structural risks** result from the increasing use of AI, especially over the longer term, to change political, social and economic structures and incentives. Widespread unchecked use of AI systems could exacerbate existing inequalities at work by locking in patterns of historical discrimination, rapidly displacing workers leading to frictional and possibly structural unemployment, and dramatically concentrating economic power in the hands of a few companies.

The Labour Party was founded in part as a reaction to the social problems caused by previous waves of technological transformation. We know that these transitions can create the conditions for a better society for all, but this won't happen on its own. It will happen through Labour governments ensuring these technologies serve the interests of society and protecting workers, families and the most vulnerable through these transitions. Otherwise, we are vulnerable to significant transitional and structural unemployment; rapid rebalancing of power in the economy and society; and unexpected long-term consequences (like the long shadow of climate change that began with previous industrial revolutions).

Three suggested improvements to the UK's AI governance ecosystem

As a first step to reduce the risks we discussed above, especially the structural issues that may arise from the development and deployment of AI, we need to:

- Increase the capacity of government and interested 3rd sector actors (e.g. civil society, unions, academia) to monitor and identify risks, which we explore in our first two suggested improvements, looking at internal government expertise and compute funds for the 3rd sector.
- Reduce excessive power of biggest private players, which we explore in our third suggested improvement looking at the digital markets unit and competition law.

(1) Invest in greater internal government capacity to assess the progress, applications, and societal impacts of AI.

The governance of artificial intelligence is made increasingly difficult by the fact that AI systems are being developed and deployed at a rapid pace. This pace often outstrips the government regulator capacity, allowing companies to exploit the lack of market regulation and leading to accidents, misuse and in the long-term, permutation of systemic inequalities and concentration of power.

The first step is investing in a greater capacity to monitor and assess the progress, applications, and societal impacts of AI.[4] Greater government capacity in assessing AI progress will reduce the information asymmetries between the government and the private sector, and thus rebalance power away from tech companies. This will allow the government to pre-empt the deployment of AI systems harmful to workers, families and wider society, rather than waiting for those risks to become reality and thus avoiding the hurried, imprecise, and uninformed policymaking of the current government.

Government should develop this capacity itself, rather than outsourcing it to consultants or relying on the private sector to provide the information. If not, private sector interests could exploit the lack of

[4] Why and How Governments Should Monitor AI Development

measurement and monitoring infrastructure to deploy AI technology that has negative externalities or fund entities to create measurement and monitoring schemes which align with their narrow commercial interests rather than broad, civic interests.

Government had previous successes in developing its internal technical capacity in other areas, which could provide inspiration and support for this endeavour. The creation of the Government Digital Service (GDS) in early 2010s led to the UK becoming a world-leader in digital transformation of public services, pushing forward government as a platform and establishing GOV.UK as a single point of contact for citizens. GDS's world-leading example inspired the creation of similar teams in Australia, California, Peru and other countries.[5]

This could be implemented through either increasing the scope and funding of existing initiatives that track AI progress and impacts or creating a new body. This could mean increasing the capacity of existing efforts to monitor AI progress and impacts, such as the Centre for Data Ethics and Innovation, or funding a new body housed within an existing organisation such as the Alan Turing Institute, which could also pilot monitoring programmes. A new body may have the advantage of being more flexible in its ability to prioritise between projects.

Monitoring could focus on three key areas:

1) Investigating active AI systems to identify possible harmful effects and other impacts
2) Monitoring progress, interest, and activity spikes in AI research
3) Assessing the technical maturity of AI capabilities relevant to specific domains of policy interest

Measurements of this kind can be used for a broad range of purposes including developing AI foresight tracking frameworks, which would aid in predicting longer-term structural risks from AI technologies.

(2) Create a 'compute fund' to provide computational resources to researchers and civil society organisations

Another way to redress the balance between tech companies and society in the governance of AI would be for government to create a 'compute fund' to provide free or subsidised computation resources to researchers and civil society organisations working on socially beneficial AI applications or AI auditing, safety and security.[6]

Leading AI models now cost tens of millions of dollars to train.[7] This is out of the reach of most academic, civil society and SME groups. This compute fund would help rebalance power between private tech companies and workers by allowing unions, civil society organisations and academics, who might otherwise lack the resources, to scrutinise, audit and hold accountable commercial AI systems. It would also provide an infrastructure for SMEs, cooperatives and unions to build alternative tools that allow workers to reap the benefits of automation while still retaining their autonomy and dignity at work.

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[5] GDS replaced 1,882 government websites with GOV.UK — Case Studies - Public Digital

[6] Future Proof: The opportunity to transform the UK's resilience to extreme risks p28; Toward Trustworthy AI Development: Mechanisms for Supporting Verifiable Claims; The National Artificial Intelligence Research Resource Task Force (NAIRRTF)

[7] Estimating 🌴PaLM's training cost

(3) Establish the Digital Markets Unit on a statutory footing and fund it adequately

The government has equivocated on empowering the Digital Markets Unit, the technology sector watchdog overseeing competition and innovation in digital markets. In the Autumn Statement, the Chancellor promised to introduce legislation to put the Digital Markets Unit on a statutory footing by the end of this parliamentary session, but such legislation has been delayed before. Even if it is empowered, the Unit will need continual support and investment in its capacity to hold tech companies to account.

Competition law could be one of the most important levers for AI governance and this is an important opportunity to develop state capacity to to prevent concentrations of power across the digital space and promote societal and consumer welfare above profit, while encouraging innovation and enabling cooperation when necessary for ensuring safety and sharing best practices.[8]

The government should follow through on its promise to put the Digital Markets Unit on a statutory footing and fund it adequately. This would allow it to designate powerful digital firms with "strategic market status" and impose precise conduct requirements on firms with strategic market status tailored to the particular harms associated with each firm's activities, including their development and deployment of AI systems.

Contact Us

If you have any further questions about this briefing, the wider topic of AI governance, or would like to be connected to any of the experts mentioned here, please get in touch with Tom Blake at committee@labourlongterm.org

[8] AI & Antitrust: Reconciling Tensions Between Competition Law and Cooperative AI Development