



## America's AI Policy Must Include Startups

Washington, DC, along with much of America, is all at once in the thrall of a seemingly new and rather ominous sounding two-letter combination – “AI” or artificial intelligence. AI is a specialized field of computer science that creates systems that can replicate human intelligence and problem-solving. It does so by processing vast amounts of data from which various patterns and relationships can be identified or inferred – “training” the machine – which is then used to analyze additional data to draw conclusions, predict outcomes, or produce requested outputs.

Though part of modern life for decades – powering everything from chatbots to Internet search results, targeted digital advertising to algorithm-driven social media – AI seemed to suddenly “go viral” with the launch last November of [ChatGPT](#) by research and development company [OpenAI](#). The age of AI has arrived, with its transformative implications being compared to other revolutionary technologies like Gutenberg’s printing press, railroads, electricity, and the Internet.



The response from policymakers has been swift. In the past few months, Congressional committees have held nearly a dozen hearings relating to AI, the most notable of which was conducted by the Senate Judiciary Committee's Subcommittee on Privacy, Technology, and the Law, during which OpenAI's CEO Sam Altman [called](#) for government regulation of the technology. On June 21st, Senate Majority Leader Chuck Schumer delivered a [major address](#) in which he declared AI to be "world-altering" and proposed a framework for Congressional policy action that he calls the SAFE Innovation Framework for AI Policy.

The Biden Administration has also engaged. In October of last year, the White House Office of Science and Technology Policy (OSTP) released a [Blueprint for an AI Bill of Rights](#). On January 26th, the National Institute of Standards and Technology (NIST) released an [AI Risk Management Framework](#). In April, the Commerce Department's National Telecommunications and Information Administration's (NTIA) [requested](#) public comment regarding AI accountability measures and policies. And in May, OSTP [issued](#) a request for information to inform the Administration's effort to develop a National Artificial Intelligence (AI) Strategy that will "harness the benefits and mitigate the risks of AI."

The speed with which policymakers have focused on the opportunities and challenges of AI has been impressive. But, unfortunately, that focus has to date omitted something critical – the implications of AI for, and the insights of, America's new and small businesses. For example, all the witnesses at the nearly dozen Congressional hearings in recent months have been representatives of large technology companies, academic scholars, or leaders of technology think tanks – no startups or small businesses have been included. That needs to change, for several important reasons.

First, thriving entrepreneurship is critical to a strong and growing economy. Repeated research has demonstrated that startups are disproportionately responsible for the innovations that drive [productivity growth](#) and economic growth, and account for virtually all net new [job creation](#).

Startups will no doubt play a leading role in the development and application of AI. Indeed, in some cases, startups will surely out-innovate and outpace large incumbent technology companies. Two quick examples – Chicago-based [Varuna](#) is an AI-powered platform that helps cities measure and analyze water quality, and Tampa-based [COI Energy](#) uses AI in its digital energy management platform to eliminate energy waste in buildings.

Second, entrepreneurship is risky – a third of new businesses fail by their second year, half by their fifth.

Finally, a significant spike in new business applications began in 2020, as many of the millions of Americans who lost jobs during the Covid-19 pandemic launched new businesses.



AI is, in fact, not new. As a theoretical notion – mechanical devices performing human-like computations – artificial intelligence dates back thousands of years. The modern field emerged in the years following World War II. In 1950, English mathematician and master code-breaker Alan Turing published “[Computer Machinery and Intelligence](#),” in which Turing proposed a test of machine intelligence called The Imitation Game. The term “artificial intelligence” was first used in 1955 at a Dartmouth University workshop arranged by computer science professor [John McCarthy](#). In 1959, American scientist [Arthur Samuel](#) introduced the term “machine learning” during a speech about teaching machines to play chess. The field accelerated dramatically in recent years with the availability of ever-greater amounts of data coupled with easier and increasingly affordable access to immense computing power.

With the launch of ChatGPT and the almost daily [introduction](#) of yet another AI tool or application, AI is, as Leader Schumer put it in his recent address “here and here to stay.”

He continued: “Innovation must be our North Star...because the U.S. has always been a leader in innovating on the greatest technologies that shape the modern world. But if people think AI innovation is not done safely, if there are not adequate guardrails in place, it will stifle or even halt innovation altogether. So, it is safe innovation we must seek.”

Leaders Schumer is correct. AI is a truly revolutionary technology with the potential to transform virtually every aspect of human existence – how we work, play, learn, conduct research, produce, and innovate. In its dramatic implications for productivity growth, AI will also no doubt accelerate economic growth and opportunity expansion. But the technology also raises the specter of job destruction, new ways to produce and distribute misinformation, new opportunities for social disruption and criminality, and countless other nefarious applications. AI tools and systems, therefore, must be designed, developed, and implemented in ways that are socially and economically responsible, that support and accelerate American innovation, that promote a more inclusive prosperity, and that consistently earn the trust and confidence of the American people.

Establishing appropriate guardrails is ultimately the role of government. As they develop those guardrails, it is critical that policymakers include the unique contributions, insights, and priorities of new and small businesses.

Simply put, if AI is a truly transformational technology – and it is – and if new and small businesses are the engine of innovation and economic growth – and they are – then startups are essential to the development of America's national AI strategy.

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