

Chapter 2

Governing the Future: AI Governance in the Modern Economy

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ABSTRACT

This chapter looks at the important role of AI governance in promoting ethical, clear, and accountable AI practices across different industries. It gives a close look at key governance frameworks, the economic and social effects of AI, and the strategic policy suggestions needed for effective implementation. By examining real-world case studies, the chapter shows the challenges and benefits of strong AI governance. It offers practical guidelines for businesses and policymakers to handle the challenges that come with AI technologies. The chapter also talks about the need to address biases, ensure fairness, and build public trust, while predicting future trends that stress the importance of global cooperation and adaptable governance in a fast-moving digital world. It highlights the need for continuous learning and engaging stakeholders to keep governance frameworks up-to-date and effective.

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INTRODUCTION

Artificial Intelligence (AI) has emerged as a transformative force in the modern economy. Its rapid development and integration into various sectors have brought about significant advancements. These advancements range from enhanced operational efficiency to innovative business models. However, alongside these benefits, AI has introduced complex challenges. Among these challenges, the governance of AI stands out as a critical concern. Effective governance ensures that AI technologies are developed and deployed responsibly. This chapter aims to explore the multifaceted aspects of AI governance, emphasizing its importance in shaping the future of economic systems.

As AI continues to evolve, so too must the frameworks that guide its use. These frameworks must balance innovation with ethical considerations. They must also ensure that AI contributes positively to society. By examining AI governance through various lenses, this chapter seeks to provide a comprehensive understanding of its role in the economy. The discussion will cover foundational concepts, historical development, and contemporary practices. It will also explore the economic, social, and policy implications of AI governance. This approach will offer readers valuable insights into how governance frameworks can be structured to maximize AI's benefits while mitigating its risks.

Overview of AI Governance

AI governance refers to the frameworks, principles, and practices that guide the development, deployment, and oversight of AI technologies. At its core, AI governance aims to ensure that AI systems are aligned with societal values, ethical norms, and legal standards. The concept encompasses a wide range of activities. These activities include establishing regulatory policies, creating industry standards, and fostering collaboration between stakeholders. AI governance is not merely about controlling technology; it is about enabling responsible innovation (Vanberghen & Vanberghen, 2021). Effective governance frameworks must address the complexities of AI, including its potential to disrupt industries, affect job markets, and challenge existing legal structures. They must also consider the global

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