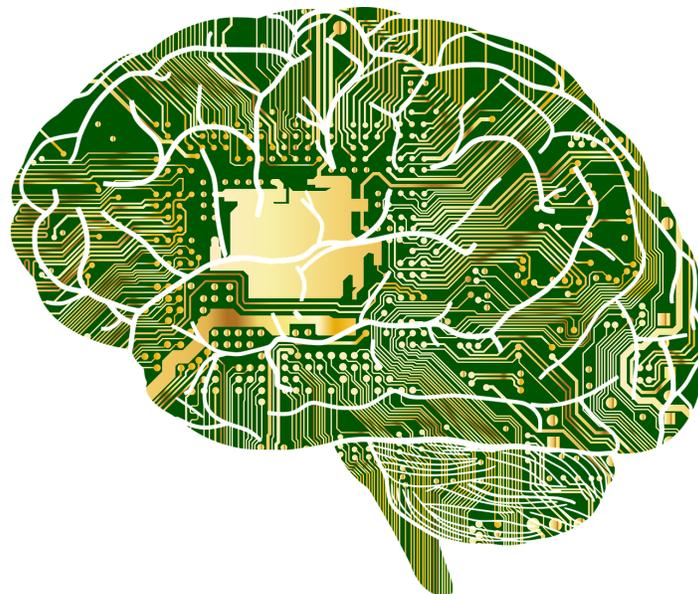


EVENT REPORT

20 March 2018

The Future of the Corporation: Law and AI



In Conversation with Professor Richard Susskind and Professor Colin Mayer

"If you ask the question, what is the future of the professions, you assume there is a future for professions. In the same way, if you ask the question, what is the future of the corporation, you assume there is a future for the corporation." Richard Susskind explained his premise that people need to change the way they think about the impact of Artificial Intelligence, or rather, "increasingly capable systems", and look at outcomes. So instead of deliberating over whether computers will replace people and the tasks they currently carry out, ask what outcomes people want and consider how computers might deliver these outcomes in better even if radically different ways. When it comes to business, ask what social and economic roles corporations play and how these can be improved upon through AI.

Professor Susskind highlighted four areas in which machines are influential: systems that can answer questions; systems that can make better predictions; robotics; and systems that can detect and express human emotions. He highlighted two examples: the court room and the board room.

For low value problems and disputes, Susskind said there must be better ways to find resolution than using the courts: "Is court a service or a place? Do you need to congregate together to have a state-based dispute resolution system?". He talked about systems that deliver similar outcomes. For example, the Lex Machina system which claims that it can predict the outcome of a patent dispute in the US more accurately than a patent lawyer. Although this may sound dangerous to many lawyers, it does provide a better outcome.

In terms of board rooms, in 2014, a Hong Kong venture capital fund appointed an algorithm to its board and allowed it a vote on investment decisions. Susskind stressed that people often wonder what it would look and feel like. But if you take a step back and consider that there is an entity that can more reliably and accurately review data and make predictions, you can imagine shareholders and decision-makers wanting this input.

The conversation moved to judgement and discretion and Professor Mayer asked whether an algorithm - with its vast store of data - can be relied on to exercise judgement and discretion. Susskind responded with a question. "But to what problem is judgement the solution? Currently the best way to solve certain categories of problem is to ask a human to exercise judgement. But if you ask the question why you need to call on judgement, then it's because you're uncertain about your situation - you have an issue you are uncertain about and you don't have the knowledge, expertise and inside experience to find the best answer. So the question should be how can a computer programme handle uncertainty. Can we deliver the outcome in different ways?"

Professor Susskind picked up the discussion by talking about the difference between narrow AI and general AI - a system that is capable of solving a specific category of problem, with one that is generally intelligent. He explained that commentators are worried about general AI. If a system is recursively self-improving, what happens the day after it achieves the same level of intelligence as humans? He concluded that a lot of the thinking has been in the field of science, but we need more philosophers, economists, lawyers and sociologists as a 'rapid response team' to give answers to these questions.

In the Q&A that followed, there was a lively discussion covering data, ownership, incentives and the rules of Go. Professor Mayer wrapped up with a question about policy recommendations for the European Commission and Professor Susskind clearly described the challenge, referring to his policy paper for the House of Lords Committee on AI. Firstly, European industrial strategy should be to lead the world in developing systems that replace human workers - focusing on building machines rather than competing with them. And secondly, Europe should think about what is being taught and how it

is being taught. Europe is still generating 20th century graduates and many degree courses are in subjects machines are already better at.

About Richard Susskind

www.susskind.com

Professor Richard Susskind OBE is an author, speaker, and independent adviser to major professional firms and to national governments. His main area of expertise is the future of professional service and, in particular, the way in which the IT and the Internet are changing the work of lawyers. He has worked on legal technology for over 30 years. He lectures internationally, has written many books, and advised on numerous government inquiries. He has advised on many government inquiries and, since 1998, has been IT Adviser to the Lord Chief Justice of England and Wales. Richard is President of the Society for Computers and Law, Chair of the Online Dispute Resolution Advisory Group of the Civil Justice Council, and Chair of the Advisory Board of the Oxford Internet Institute where he is also a Visiting Professor. He also holds professorships at UCL, Gresham College, London, and the University of Strathclyde in Glasgow.

About Colin Mayer

<http://ecgi.global/users/colin-mayer>

Professor Colin Mayer CBE FBA is Peter Moores Professor of Management Studies at the Saïd Business School at the University of Oxford, and academic lead of the British Academy's Future of the Corporation programme. Colin was the first Professor at the Saïd Business School in 1994, the first Director of the Oxford Financial Research Centre between 1998 and 2005, and Peter Moores Dean of the Business School between 2006 and 2011. He has assisted in establishing prestigious networks of economics, law and finance academics in Europe at the Centre for Economic Policy Research and the European Corporate Governance Institute. Colin was chairman of Oxera Ltd. between 1986 and 2010 and was instrumental in building the company into one of the largest independent economics consultancies in Europe. He is an Ordinary Member of the UK Competition Appeal Tribunal, a member of the UK Government Natural Capital Committee, and a Fellow of the European Corporate Governance Institute.

About the European Corporate Governance Institute (ECGI)

www.ecgi.global

The ECGI is an international scientific non-profit association which provides a forum for debate and dialogue focusing on major corporate governance issues and thereby promoting best practice. It is the home for all those with an interest in corporate governance offering membership categories for academics, practitioners, patrons and institutions.

Its primary role is to undertake, commission and disseminate research on corporate governance. Based upon impartial and objective research and the collective knowledge and wisdom of its members, it can advise on the formulation of corporate governance policy and development of best practice. In seeking to achieve the aim of improving corporate governance, ECGI acts as a focal point for academics working on corporate governance in Europe and elsewhere, encouraging the interaction between the different disciplines, such as economics, law, finance and management.

About the Future of the Corporation

<https://www.britac.ac.uk/future-corporation>

The Future of the Corporation is a major new initiative by the British Academy that is addressing the purpose of business and asking what its role in society should be. It is led by Professor Colin Mayer FBA, Professor of Management at the Said Business School, expanding on his 2015 Sir John Cass Foundation lecture entitled 'Reinventing the Corporation'.

The Future of the Corporation will address the purpose of business and ask what its role in society should be. It will ask whether shareholder value should remain the sole guiding principle for business and, if not, what other purposes should be considered. It will ask who should define the purpose of businesses, and how the interests of different parties, such as employees, customers, suppliers and investors, should be reflected in that purpose.

About The British Academy

<https://www.britac.ac.uk/about-us>

The British Academy is the UK's national body for the humanities and social sciences – the study of peoples, cultures and societies, past, present and future. We have three principal roles: as an independent Fellowship of world-leading scholars and researchers; a Funding Body that supports new research, nationally and internationally; and a Forum for debate and engagement – a voice that champions the humanities and social sciences.

About Hogan Lovells

<https://www.hoganlovells.com/en/locations/brussels>

Hogan Lovells LLP is an international law firm with more than 47 offices globally, operating in over 24 countries, with in excess of 2,700 lawyers, speaking over 80 different languages. They are ranked as one of the 12 most innovative law firms worldwide by the Financial Times, using innovative legal service delivery (LPM) and exploring the latest technology such as Artificial Intelligence.

As one of the EU's key regulatory hubs, Brussels is an essential city for companies doing business in Europe. Hogan Lovells provides an in-depth understanding of the European Commission, Parliament, and Council to their clients, handling the most challenging projects regarding antitrust, competition, regulatory and international trade law.

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