Teacher Answer Key

Case Study

1. The compliance requirements forced TechCorp to conduct a bias audit that revealed the algorithm was systematically disadvantaging candidates from certain universities. This suggests that mandatory oversight of high-risk AI isn't just bureaucratic overhead — it can identify harms that are invisible to operators because they are embedded in the system's logic rather than in any individual decision.

2. Compliance was expensive and time-consuming, representing the real cost of regulation on businesses. But it exposed a discriminatory practice that the company would not have found on its own, potentially preventing unlawful employment discrimination at scale. The case illustrates that the cost of oversight can be justified by the value of catching problems that automated systems hide.

Multiple Choice

1. A
2. B
3. C

Matching

1-C, 2-A, 3-B, 4-E, 5-D

Fill-in-the-Blank

1) revenue, 2) October, 3) states

Short Answer (Sample Responses)

Q1: A blanket ban would eliminate beneficial AI applications in medicine, education, and research. Completely unregulated AI would allow harmful applications in surveillance, employment discrimination, and manipulation. The tier system distinguishes between these cases — prohibiting genuinely dangerous applications while allowing beneficial or low-risk ones to proceed, matching the level of oversight to the level of actual risk.

Q2: Governments fear that strict regulation will drive AI development to less-regulated countries, making their own economies less competitive while not actually improving safety. Extraterritorial jurisdiction — applying the EU AI Act to all AI used within the EU regardless of origin — attempts to solve this by making compliance necessary for market access, regardless of where the AI was developed.

Q3: Sample — In favor of federal legislation: executive orders are unstable and state patchworks create compliance confusion. Comprehensive federal legislation would provide consistent protections and clear national standards. Against: legislation moves slowly, may lock in outdated standards, and the U.S. tech ecosystem thrives partly because of regulatory flexibility. The right answer depends on how one weighs innovation risk against safety risk.