

‘The government is so crucial in breaking down barriers.’ UK’s Magical Ride to AI Superpower



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hen people think about mega-sized tech companies, they are likely to think of corporations that were created and grew huge in the US or China. Those have dominated the sector in ways that no other country has achieved. That is, until recently.

As if by magic, the UK now ranks third globally in artificial intelligence. Private investments in British AI totaled \$28 billion from 2013 through 2024, trailing only China at \$119 billion and the US at \$471 billion, according to Visual Capitalist data. On the face of it, there’s no reason for the UK to be a magnet for artificial intelligence. But like it or not, much of it comes down to the government understanding that AI is the future. “It understands where things are going and is being proactive,” says Ted Mortonson, managing director and technology desk sector strategist at Baird, the investment firm.

Britain’s government isn’t just a cheerleader for AI. It’s also playing a vital role in getting things done, such as removing regulations and other red tape. “The government is so crucial in breaking down barriers,” Mortonson says.

The government also knows how fast AI is growing and how it may help lift Britain out of what looks like extended stagnation. And it may well do so, given what happened on the US West Coast after the COVID-19 shutdowns, says Bryan Ackermann, Korn Ferry’s head of AI strategy and transformation. An incredible amount of money from AI development turned around the fate of Silicon Valley and the San Francisco Bay Area, Ackermann says. He’s particularly impressed by the growth in Silicon Valley over the last 18 months. “If that happens to the UK, the real benefit will be for the economy,” he says. “It has a cascading factor.”

The UK is also attractive for AI investment because of its multiple universities and deep bench of AI experts and scientists in related fields. “Britain

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has been at the forefront of technology research, especially AI, for many, many years,” says Vinay Menon, a Korn Ferry senior client partner and global lead in its AI practice based in London. “We have a very strong cohort of universities that do cutting-edge work.”

But the most crucial thing about Britain’s AI miracle may have less to do with Britain itself and more to do with its tight relationship with the US. Already, American tech companies are investing heavily in Britain. Mortonson says the US sees the UK as a key strategic ally not just in business, but also in defense. In fact, the two go together in many ways. A healthy economy increasing the UK’s AI capability should help maintain a formidable defense force and raise wages and wealth.

Defense spending, especially in the UK and many other European countries, is both growing and shifting fast toward buying AI-driven weapons systems, such as autonomous drones that can detect and

identify the enemy’s moving targets. Ukraine has already embraced drone weaponry in its war with Russia. “We need weapons systems that we can rely on,” Mortonson says.

Of course, the UK government must surmount several hurdles before it can deliver what it has promised. Britain is currently deeply in debt. Parliament faces a country that has always been more risk averse than America, and its long-standing burdensome regulations have held back much needed change. The promised goal of building new power plants may meet resistance from future governments or from people living near new industrial buildings.

While the growing use of AI is likely to disrupt existing work roles, leaving people without jobs for a while, there may be a surprisingly favorable result over time, Ackermann says: “Every tech disruption has caused jobs to transition.” And these will be new roles. “Then it requires people to learn new skills,” he says. ▀

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