FORD SCHOOL
SCIENCE, TECHNOLOGY, AND PUBLIC POLICY
UNIVERSITY OF MICHIGAN

Cutting Through the AI Hype

January 2026

Rebecca Coyne, Master's in Public Policy '26

AI Sensationalism Distracts from Real Harms and Limitations

Every day, stories about how Artificial Intelligence is "reshaping society" and "transforming the economy" crowd news headlines. These dramatic narratives are rivaled only by even more grandiose claims about how the impending advent of Artificial General Intelligence, or AGI, will foment a full-scale revolution—eliminating the need for work; rendering humans irrelevant (or extinct); and/or rapidly solving our biggest problems, from cancer to climate change. [1]

These dynamics are part of the "hype" that often accompanies the introduction of new technologies.[2] When people are uncertain about what an emerging technology's capabilities will be, or how those capabilities will affect the world, sensationalist narratives tend to rush in to fill that void. Across current AI discourse, this overemphasis on the most extreme possible long-term consequences of AI—both positive and negative—is obscuring a clear-eyed evaluation of the smaller-scale AI issues that are affecting us right now.[3]

What AI Is (and Isn't)

AI is not a singular piece of technology with one specific meaning, but rather a lofty idea about machines' ability to learn and acquire human capabilities. The AI research field's foundational claim—that all aspects of human intelligence can be simulated by a machine—has not been proven since its emergence in the 1950s.[4] Nonetheless, such claims have survived through a widespread faith in the future possibility of AGI, a technology that could equal and surpass every aspect of humanity.[5]

In the meantime, some narrower, task-specific technologies have collected under the AI umbrella. Because the true definition of AI is so blurry, tech companies often use it as a shiny marketing term to boost excitement rather than as an objective description of their product. Ultimately, describing a piece of technology as "AI" is a political and rhetorical move meant to invoke the futuristic concept of AGI.

What AI Can (and Can't) Do

Here's what's really going on; in the last decade, most developments in AI have occurred in the sub-field of machine learning, which involves feeding large quantities of data into an algorithm and allowing that model to develop its own rules for prediction or analysis, rather than relying on programmers to explicitly codify them.[6] Although machine learning is good at finding patterns in a forest of data—for instance, to predict text, detect spam emails, or recommend social media content—it has proved less effective at accomplishing other tasks that require nuanced judgement or consideration of non-quantitative elements.[7]

There are too many examples of AI failures to attempt a comprehensive account here, but suffice it to say that AI tools for "predictive analytics" have produced discriminatory and erroneous results in hiring, lending, criminal justice, child welfare, health insurance coverage, and academic integrity.[8] One consistent issue with machine learning algorithms is that they often "learn" to rely on protected information, such as race, gender, and disability status, which is correlated with adverse outcomes due to structural inequities.[9] AI treats all "patterns" in its underlying datasets the same way, regardless of their root causes or contexts.

Recent commentary has (rightly) focused on how these features exacerbate inequities—but it's important to note that they also make AI systems wrong. Machine learning models can only be as accurate and reliable as the data used to build and inform them; any changes, collection issues, degradation, or biases introduced into underlying datasets will be amplified in a model's output.[10] Even when an algorithm is mostly accurate, its fundamental lack of transparency may make its errors harder to detect, predict, or mitigate when they do occur.

AI is at a "Peak of Inflated Expectations"

Before public service organizations can clearly evaluate the benefits and drawbacks of incorporating AI into their operations, they must break through the cloud of hype and sensationalism that shrouds it. Current levels of excitement, investment, and discourse indicate that machine learning advancements in AI are now near the peak of hype, where the gap between speculated and actual capabilities is at its widest. The Gartner Hype Cycle (see below) provides a visualization of this common phenomenon, where excitement about a technology exceeds its actual capabilities. A similar speculative bubble swelled around internet companies in the late 1990s, as rising prices and expanded web access convinced industry actors and the public that growth would continue indefinitely at the same breakneck pace. At the turn of the century, however, the "Dot Com" crash dispelled these notions.[11]

The recurrence of these boom-and-bust stories in the history of innovation should caution organizations against spending time and resources on adopting AI too soon. What may seem like "getting ahead of the curve" or "adapting to a new reality" could instead constitute a premature reaction to unsubstantiated hype and fear of missing out, ultimately leaving organizations with costly investments in tools that either underperform or misalign with their service goals.[12]

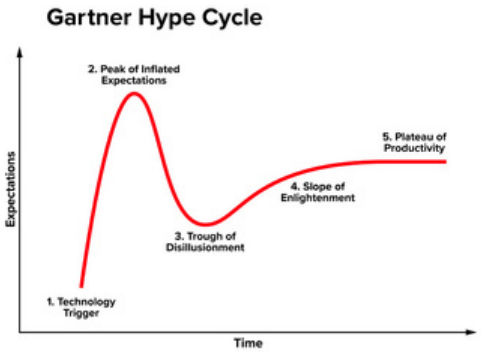

Photo credit: Peter Hermes Furian - stock.adobe.com

Public Service Organizations Should Resist AI Hype

Business management experts have urged executives and decision-makers to "spot AI snake oil" by interrogating AI tools on empirical terms rather than trusting the hype and asking specific questions about what (if any) unique value these tools may add to existing organizational practices.[13] Throughout this evaluation process, it's important to remember that many AI companies' claims about the capabilities of their current products are actually claims about the future capabilities of those products because of their unfounded belief in the imminence of AGI. Affording these claims a high measure of skepticism will allow public service organizations to stay focused on their objectives and resist the pitfalls of trusting AI hype.

Questions to Dispel AI Hype and Assess Its Real Capabilities

The obscuring effects of AI hype can trigger overvaluation of technologies that incorporate machine learning. Before investing vital resources and energy into a specific AI tool or application, public service organizations can use the following questions to systematically evaluate its true value and capabilities:

1. **Truth in Advertising:**
   a. What does the company promoting this product claim that it can achieve? Does the company back up those claims, and if so, how convincing is the evidence provided?
   b. Are there any reviews or reports from similar client organizations that have used this product? How satisfied were they with the outcome?

2. **Performance Evaluation:**
   a. What concrete metrics can be used to evaluate the AI tool's effectiveness? Are independent performance evaluations available?
   b. What internal tests can the organization employ to collect performance data? Can these tests be conducted before committing to implementation?

3. **Data Quality:**
   a. What data source was used to train this algorithm, and what source(s) is it currently drawing on? Are there any issues with the quality of that data, including completeness, accuracy, or bias?
   b. If the AI tool uses human data, to what extent do these underlying datasets represent the population that the organization serves?

4. **Cost Analysis:**
   a. How much labor, time, and money will be required to acquire and integrate this technology into the organization? How else could those resources be spent?
   b. What additional labor will be required to maintain rigorous human oversight?
   c. What specific benefits will be necessary to offset the costs of implementation?

5. **Alternative Pathways:**
   a. Can the organization achieve its goals with simpler process improvements or automation that does not use AI?
   b. Is AI adoption the simplest path forward?

6. **Consequences of Failure:**
   a. How might the organization be harmed if the AI tool does not work as expected?
   b. What level of financial risk, uncertainty, and disruption is the organization willing to take on in order to incorporate AI? [14]

Endnotes

1. Will Knight, "Could AI Solve the World's Biggest Problems?" *MIT Technology Review*, January 12, 2016, https://www.technologyreview.com/2016/01/12/163910/could-ai-solve-the-worlds-biggest-problems/.

2. Jeffrey Funk, "What's Behind Technological Hype?" *Issues in Science and Technology*, 36, no. 1 (Fall 2019), https://issues.org/behind-technological-hype/.

3. Karen Hao, *Empire of AI: Dreams and Nightmares in Sam Altman's OpenAI* (Penguin Random House: 2025), 234.

4. Daniel Leufer, Alexa Steinbrück, Zuzana Liptakova et al. "The Term AI has a Clear Meaning," AI Myths, October 25, 2020, https://www.aimyths.org/the-term-ai-has-a-clear-meaning.

5. Eric Siegel, "The Great AI Myth: These 3 Misconceptions Fuel It," *Forbes*, July 29, 2024, https://www.forbes.com/sites/ericsiegel/2024/07/29/the-great-ai-myth-these-3-misconceptions-fuel-it/.

6. Daniel Leufer, Alexa Steinbrück, Zuzana Liptakova et al. "AI Can Solve Any Problem," AI Myths, October 25, 2020, https://www.aimyths.org/ai-can-solve-any-problem.

7. Vyacheslav Polonski, "Why AI Can't Solve Everything," *The Conversation*, May 25, 2018, https://theconversation.com/why-ai-cant-solve-everything-97022.

8. Chiraag Bains, "The Legal Doctrine that will be Key to Preventing AI Discrimination," Brookings Institution, September 13, 2024, https://www.brookings.edu/articles/the-legal-doctrine-that-will-be-key-to-preventing-ai-discrimination/.

9. Jacob Ladd, "Discrimination By Proxy: How AI Uses Big Data To Discriminate," *Michigan Technology Law Review*, April 2022, https://mttlr.org/2022/04/discrimination-by-proxy-how-ai-uses-big-data-to-discriminate/.

10. Brooks Hanson, Shelley Stall, Joel Cutcher-Gershenfeld et al. "Garbage In, Garbage Out: Mitigating Risks and Maximizing Benefits of AI in Research," *Nature*, October 31, 2023, https://doi.org/10.1038/d41586-023-03316-8.

11. Funk, "What's Behind Technological Hype?"

12. Brian Eastwood, "How to Break the 'AI Hype Cycle' and Make Good AI Decisions for Your Organization," Ideas Made to Matter: MIT Sloan School of Management, July 21, 2025, https://mitsloan.mit.edu/ideas-made-to-matter/how-to-break-ai-hype-cycle-and-make-good-ai-decisions-your-organization.

13. Seb Murray, "How to Spot Real Value in AI — And Avoid the Snake Oil," Ideas Made to Matter: MIT Sloan School of Management, June 23, 2025, https://mitsloan.mit.edu/ideas-made-to-matter/how-to-spot-real-value-ai-and-avoid-snake-oil.

14. Trevor Odelberg, *Artificial Intelligence Handbook for Local Government* (University of Michigan Science, Technology, and Public Policy Program and Michigan Municipal League: September 18, 2024), https://stpp.fordschool.umich.edu/sites/stpp/files/2024-09/michigan-municipal-league-AI.pdf.