OpenAI's AGI chase is a tricky mix of concept and contract

REUTERS, *New York*

Imagine a wildly successful partnership that dissolves once something happens. Except it's not clear what this event is, whether it's occurred, or even if it's possible. That's the challenge facing OpenAI and Microsoft as they contemplate the possible arrival of artificial general intelligence. The opacity of their agreement, and the huge sums of money at stake, make it almost inevitable that a theoretical debate will turn into a contractual dispute.

The concept known as AGI is the point where autonomous systems can match or surpass humans at intellectual tasks. In Silicon Valley this is both an aspirational goal and existential threat. Creating a self-learning system could, theoretically, result in outcomes ranging from a golden age for humanity to extinction.

OpenAI was founded in 2015 with this explicit objective. Sam Altman, Ilya Sutskever, Elon Musk and others set out to create AGI, which they defined as "highly autonomous systems that outperform humans at most economically valuable work, for the benefit of all humanity". In line with the idea that the love of money is the root of all evil, OpenAI was founded as a non-profit.

Ego and goodwill were not sufficient, though: the AI race also required huge financial resources. So the company established a for-profit arm in 2019, and a partnership with Microsoft. The software giant invested $1 billion and provided computing infrastructure in exchange for access to OpenAI's technology. The startup insisted that, once AGI was achieved, exclusive rights for the technology would revert to the startup.

This was probably an easy concession to make at the time. Yet as AI systems have rapidly grown more capable, defining AGI has become a less abstract question. On measures such as visual reasoning, English-language understanding, or competition-level math, advanced systems have surpassed average human benchmarks, according to Stanford Institute for Human-Centered AI.

Here's where the conceptual debate turns into a contractual one. Like Supreme Court Justice Potter Stewart's subjective explanation of obscenity – "I know it when I see it" – AGI was poorly defined. OpenAI's clause was neither concrete nor easily observable, as researchers at Google pointed out in a 2023 paper which tried to lay out a framework for such declarations.

Take the provision that the milestone would be reached when systems could outperform most humans at economically valuable work. What does "most people" mean? Can you measure this without deployment in the real world, or if use is slowed for legal or ethical reasons? Finally, the economic value of many jobs is hard to define.

OpenAI CEO Sam Altman speaks at OpenAI DevDay, the company's annual conference for developers, in San Francisco, California.

Meanwhile, training and deploying AI models requires voracious amounts of cash. Microsoft, Alphabet, Meta Platforms and Oracle have sharply increased capital expenditure in response to these needs and plan to spend over $700 billion this year. As a startup without existing revenue sources, OpenAI needed support.

Microsoft ended up pumping in a total of $13 billion. That wasn't enough for OpenAI, though, and the increasingly complex agreement between the two companies, several parts of which depended on the AGI clause, chafed with both sides.

Other industries have learned that vague agreements and large sums of money don't mix. Take catastrophe bonds, which help companies lay off the financial risk from hurricanes, floods or pandemics. These events are rare, but the $1.4 trillion bill from a storm hitting a big US city like Miami might make the whole insurance industry teeter. So companies bring in outsiders willing to take on gigantic but low-probability risks in exchange for payments. Initially opaque agreements led to bitter disputes, such as the five-year legal fight between a reinsurer and bondholders over what exactly was covered following a 2008 hurricane.

Catastrophe bonds have since moved towards more concrete and easily observable triggers, lowering uncertainty and avoiding disputes. Think of measuring wind speeds at a specific location, say, rather than overall insurance industry losses or whether a government declares a state of emergency.

In biotech mergers, companies use contingent payments to bridge the gap between buyer and seller when valuing experimental drugs. These usually incorporate non-debatable triggers, like whether the US Food and Drug Administration has approved the treatment by a certain date.

OpenAI and Microsoft have since reached a form of détente, probably because extended negotiations might end up with both sides losing out. A new agreement, signed late last year, says an independent panel must verify any OpenAI claim that AGI has been achieved.

Microsoft keeps a 27 percent stake in the company, most recently valued at $840 billion, and has the right to some technology until 2032, even if AGI is achieved. Sam Altman's company now can pursue partnerships or an initial public offering. There is still reason for tension, though. OpenAI sends about 20 percent of its revenue to Microsoft, and that essentially goes away if AGI occurs. Such a large financial shift would make a big difference to OpenAI's finances as it prepares to sell stock to the public.

The argument over how to define AGI hasn't really been settled. Sam Altman said late last year in a podcast that people didn't really notice and it didn't change the world much, but "we built AGI". Microsoft CEO Satya Nadella appears to focus more on large effects, claiming last year that AGI would be "senseless benchmark hacking" and the real benchmark of success would be the world economy growing at an improbable 10 percent.

The debate has also moved on. Even AI evangelists like Altman admit AI still does some things poorly, such as complex reasoning and the ability to learn. He now touts the idea of superintelligence and AI systems doing things humans cannot do, or systems doing jobs, like being US president, better than a human. That's still a woolly definition, though.

Altman is still chasing. OpenAI's recent $110 billion fundraising included a big contribution from Amazon which could hang on whether the company goes public or achieves AGI, the Information reported.

In an interview with CNBC following the agreement, Altman said AI progress remains rapid, and since AGI is a "near-term thing", the company isn't doing new deals that stop when it's reached. That timeline may be optimistic, but if so, the dispute still has time, and incentive, to flare up again.

Alibaba shakeup hints at an AI business model

REUTERS, *Hong Kong*

How do you make money from artificial intelligence? The question has plagued both US and Chinese technology giants from OpenAI to Alibaba. But there are signs that the $325 billion e-commerce giant and compatriots in the People's Republic have a glimmer of an answer.

Alibaba on Monday announced it is separating its AI businesses from its cloud computing arm. That implies it will no longer focus on bundling a full technology stack, from cloud infrastructure to foundational models to applications and software, for enterprises. Just as well. That strategy has disappointed in part due to Chinese firms' reluctance to spend heavily on IT services. Sales from the cloud division are forecast to hit 156 billion yuan, or $23 billion, in the fiscal year to March 2026, per Visible Alpha, up an impressive 32 percent but still below OpenAI's mooted annualised revenue as of February.

Wu's newly-formed Alibaba Token Hub Business Group will be better placed to tap into the country's recent craze for digital assistants that can manage emails and calendars, among other tasks. The viral popularity of OpenClaw, an open-source agent that anyone can install on their devices and grant broad access to, has prompted Alibaba, Tencent and other rivals to launch their own versions for consumers and businesses.

Digital assistants are powered by AI models that consume tokens. Unlike chatbots, OpenClaw and its ilk are continuously making decisions

People visit an Alibaba booth during the World Artificial Intelligence Conference in Shanghai.

and executing tasks 24/7; an OpenClaw agent consumes tens to hundreds of times more tokens a day than a chat session, estimates Poe Zhao, a China tech analyst and founder of Hello China Tech. Users can decide which models to run their agents on.

That has changed the economics of consumer AI, which largely relied on charging subscriptions for chatbots – a strategy that never took off in China, where people are generally used to free or low-cost apps. Agents may change that. Upstart MiniMax, for instance, whose low-cost models have attracted many OpenClaw users, said its annual recurring revenue for February topped $150 million, nearly double its 2025 sales, and that average daily token consumption of its flagship model has grown sixfold compared to December. That signals consumers and companies are at least willing to pay for tokens.

Prime Bank FinTech gets central bank nod to operate MFS

STAR BUSINESS DESK

Prime Bank FinTech Limited, a subsidiary of Prime Bank PLC, has been recently awarded a licence to operate Mobile Financial Services (MFS) in the country.

This enables Prime Bank FinTech to formally launch its own brand of MFS services in Bangladesh.

According to a press release, with this regulatory approval, Prime Bank FinTech is set to reshape the country's digital financial ecosystem by addressing the vast untapped spaces.

The goal is to move beyond traditional competition and foster a collaborative market environment that prioritises financial literacy and inclusive growth.

By acting as a digital guardian for users, this will aim to bridge the gap for the unbanked and empower every individual to navigate the cashless economy with confidence and security.

Prime Bank FinTech will operate its

MFS under a dedicated brand identity. The brand will work closely with regulators, partners and stakeholders to ensure compliance, operational excellence and a seamless customer experience as it prepares for its formal launch.

Section 301: A new trade test from Washington

These include Section 301; the temporary tariffs announced on February 20 under Section 122; and Section 232, which allows tariffs on imports said to threaten national security.

These Section 301 investigations are not tariffs. Not yet. The formal process follows public comments, which close on April 15. Hearings on the structural excess-capacity investigations begin on May 5; hearings on the forced-labour investigations begin on April 28. Consultations and findings come after that. No tariff wall faces Bangladesh tomorrow. But the legal scaffolding for one is being erected.

The excess capacity investigation deserves scrutiny because its economic logic is tenuous. USTR identifies Bangladesh as exhibiting structural excess capacity and production. The implicit argument is that Bangladesh's garment success reflects a government-distorted production base harmful to US workers.

This argument collapses under closer scrutiny. Jeffrey Sachs of Columbia University – one of the world's leading development economists – has argued that "excess capacity" is a meaningful trade complaint only under narrow conditions: if a country is producing goods for which there is no genuine global demand, or if it is exporting them at a loss.

Where a country is simply an efficient, low-cost producer of things the world actually wants, the term becomes, in his words, not an analytical category but a political weapon. Nicholas Lardy of the Peterson Institute sharpens the point further: if producing more than you consume domestically is the offence, then the United States – which exports roughly 80 percent of its domestically produced semiconductors – is guilty too.

So is Germany, which exports nearly 80 percent of its cars, and Japan, which exports around half its automotive output.

Bangladesh exports labour-intensive garments for which there is obvious demand. That is not a distortion; it is not the artifact of government policies such as subsidies, state financing, and industrial planning that allow factories to keep producing even when market conditions do not support it – it is comparative advantage.

The "excess capacity" label has ceased to be an analytical category and has become a political one, deployable against competitive exporters whenever domestic pressures require it. Its economic foundations may be thin; its legal consequences are not. Bangladesh should challenge the reasoning in the forthcoming comment process. It should also take the threat seriously.

The forced-labour investigation appears to rest on two linked concerns: whether Bangladesh is doing enough to keep goods made with forced labour out of its imports and supply chains, and whether any failure to do so gives its manufacturers an unfair cost advantage over American firms. This aspect of the US case may have more traction because the underlying concern is not entirely implausible. Washington removed Bangladesh from its Generalized System of Preferences in 2013 over labour-rights failures, only months after the Rana Plaza collapse killed more than 1,100 workers. Since then, Bangladesh has made some important but incomplete progress through inspections, legal reforms, and compliance programmes. Yet enforcement has remained uneven and, at times, visibly weak.

The February trade agreement had already dealt with this. Bangladesh committed in writing to "prohibit forced labour imports and strengthen collective bargaining rights." Washington is now investigating whether those commitments were genuine, making this notably the first time Section 301 has been used to target a government's alleged inaction on forced labour as an "unreasonable" trade practice.

There is, however, a certain irony in Washington's present posture. The United States is invoking labour rights as a basis for trade enforcement, even though it has itself ratified only a limited number of International Labour Organization conventions; indeed, it has not ratified some of the most important ones on freedom of association and collective bargaining.

That does not make forced labour any less unacceptable, nor does it excuse Bangladesh, where reform remains incomplete. But it does underline a familiar asymmetry in international trade politics: powerful countries often demand, through trade instruments, standards that they have accepted only selectively.

Moral inconsistency on the part of the stronger party does not, however, absolve the weaker party of its legal exposure.

What must Dhaka do now? Three things follow. First, engage Section 301 processes before April 15. This is not a formality – it is an opportunity to present evidence, challenge the excess-capacity charge, and distinguish Bangladesh's circumstances from China's, the economy these investigations were primarily designed to target.

Second, treat labour governance as a trade priority. Weak enforcement and supply-chain opacity are no longer domestic governance failures – they are external vulnerabilities. Implementing the February agreement's labour commitments in a visible and verifiable manner would make it harder to sustain the forced-labour investigation.

Third, hold no illusions about what bilateral agreements with Washington can achieve. Bangladesh is not the primary target here –

China's goods trade surplus was nearly $1.2 trillion in 2025, about 70 percent of the global total; Vietnam's bilateral surplus with the US hit $178 billion; Mexico's reached $197 billion.

By comparison, US goods imports from Bangladesh totalled $9.5 billion in 2025, while the US goods trade deficit with Bangladesh was $7.1 billion. Yet in April 2025, Bangladesh faced a proposed tariff of 37 percent – steeper than Germany's, higher than Japan's, and above most of the world. The logic had little to do with Bangladesh's bilateral relationship and everything to do with Washington's domestic political imperatives.

The larger lesson is sobering. The US Supreme Court ruling may have restricted one route for presidential tariff action, but it did not make countries like Bangladesh immune from US trade pressure.

It merely redirected that pressure into more structured and perhaps more durable legal forms. While Section 301 is, in itself, not the tariff, it is the basis for future tariff action. Bangladesh would do well to recognise that now, before the next stage of pressure begins.

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Stagflation risk

While Europe would certainly face inflationary pressures on energy too, it was also seeing a growth "stimulus" as it dramatically ramps up defence spending, after Washington "made it very clear that you cannot depend on the US for your defence", he said.

Trump's policies had meanwhile significantly weakened the US economy even before the war, he maintained. Stiglitz pointed to troubling

indicators, like the lack of labour force growth in 2025 and last month's hike in unemployment.

And while there had been growth, it had been "unbalanced", he said, with around a third coming from the creation of artificial intelligence data centres.

The stock market, meanwhile, "is doing well because it's dominated by AI and tech firms", he said.

"If you look at the rest of the stock market, it's just languishing."

At the same time,

Stiglitz said he expected to see Trump's tariff policy boost inflation.

Typically, when applying tariffs, a country could expect to see the value of its currency rise, since it is buying fewer goods abroad, which should lower inflation, the economist said.

But in this case, he pointed out that "the dollar has gotten weaker".

That, he said, is because "Trump has destroyed confidence in America and the dollar".