Comments of Matt Mittelsteadt in response to Request for Information on the Development of an Artificial Intelligence (AI) Action Plan

I appreciate the opportunity to provide comments related to the Office of Science and Technology Policy (OSTP)'s Request for Information on "the Development of an Artificial Intelligence (AI) Action Plan." These comments do not represent the views of any party or special interest group but are intended to assist the OSTP as the agency formulates administration AI policy.

In the service of the administration's emphasis on continued AI innovation, I seek to emphasize two key points:

1. Efforts to combat AI ideological bias could stifle necessary industry experimentation and innovation and should be avoided. As an alternative, administration policy should oppose *government-imposed ideological bias.*
2. New tariffs challenge the administration's stated goal of "American AI leadership." To avoid industry-limiting cost increases and supply constraints, the administration is strongly encouraged to rethink the current tariff strategy.

Efforts to Combat AI Ideological Bias Could Stifle Necessary Industry Experimentation and Innovation

At the AI Action Summit, Vice President JD Vance articulated a commitment to "ensure that AI systems developed in America are free from ideological bias and never restrict our citizens' right to free speech."[i] No matter the intentions, federal actions aimed at influencing AI ideological bias present significant practical and innovation risks.

AI bias is an inherent aspect of AI technology. While developers can refine and influence model outputs, completely eliminating bias remains impossible. Modern AI systems rely on probabilistic methods and extensive, complex training datasets, resulting in variability and scale that make exhaustive testing or screening prohibitively expensive and impractical. Leading AI companies openly acknowledge these limitations. For example, xAI's disclosures note that as AI is "rapidly evolving and is probabilistic in nature" users should expect outputs that might be "offensive," "objectionable" or inaccurate.[ii] If leading labs already struggle to limit unwanted outputs and biases, federal anti-bias efforts will face even greater challenges.

Efforts to influence ideology are not just impractical, but risk significantly hindering today's breakneck AI innovation. Currently, developers prioritize technical advancement without being encumbered by complex ideological compliance requirements, enabling fast model iteration and releases. The value of this innovative freedom is evident in the rapid tempo of recent releases.

Just months after OpenAI released O1 and introduced the frontier-pushing "reasoning model" paradigm, competitors xAI and Anthropic were free to rapidly pivot and release their own reasoning models, Claude 3.7 and Grok-3. Likewise, just six weeks after Google pushed frontiers with its Gemini Deep Research tool, OpenAI was able to nimbly respond in kind with its own Deep Research model. This unparalleled market agility is only possible because leading AI labs are free to focus on innovative model design, not ideological content.

Government attempts to regulate ideological bias would significantly slow this innovative cycle. If pressured to curate outputs, developers would need to conduct extensive testing, implement costly safeguards, and continuously monitor compliance. This would extend development timelines, increase costs, and reduce agile market response times. This slowdown would disadvantage American companies in the highly competitive global AI race.

Ideological bias concerns are best addressed through market-based solutions. Differences in organizational philosophies, politics, and market strategies already provide a wide variety of consumer choice. For instance, Anthropic's models are guided by the United Nation's Declaration of Human Rights,[iii] while xAI emphasizes more conservative approaches based on "Reasoning from First Principles."[iv] Open-source models further broaden these options, allowing users to select models aligning closely with their values and to compare outputs to identify biases.

While AI ideological diversity should be left to the market, administration policy should take a firm stand against *government-imposed* ideological bias**.** By clearly communicating this stance, the administration can positively influence regulatory norms that could influence states, other nations and perhaps even future administrations.

Burdensome Tariffs Will Constrain AI Development

In 2025, American firms have committed over one trillion dollars in new AI investments over four years.[v] This unprecedented investment represents a generational innovation opportunity. To maximize potential, the administration should eliminate unnecessary costs and regulatory barriers that could hinder progress. High tariffs are particularly concerning, posing significant risks by reducing the impact of investments and possibly disrupting essential supply chains. To sustain American AI innovation, the administration must consider the negative impacts of restrictive tariffs.

Currently, many critical components for AI and digital technologies depend on imported materials unavailable or not manufactured in the U.S. due to regulatory restrictions or inadequate domestic supplies. For instance, gallium arsenide,[vi] used to manufacture a range of cutting edge electronic and semiconductor components, has not been produced in the United States since 1985 due to Clean Air Act restrictions.[vii] Similarly, tantalum, vital to Nvidia's leading AI graphics processing units (GPUs), has not been domestically produced since 1959 because of low-grade domestic mineral reserves.[viii] Tariffs cannot incentivize reshoring or domestic production for these materials; they can only raise tech industry cost burdens.

Even where domestic production of AI-critical components is technically feasible, increased tariffs could significantly raise costs. Proposed new tariffs on semiconductors present the most

direct and concerning example for AI development.[ix] Economic analysis of the 2018-19 Section 301 Chinese tariffs revealed not only a 3-4% increase in semiconductor prices,[x] but also imposed a $32 billion tax burden on the technology sector.[xi] This recent history suggests cost increases should be expected, especially considering the scale and breadth of new policies.

The administration should also consider that many industry price burdens will result from tariffs on commodities seemingly unrelated to artificial intelligence. For instance, when constructing data centers, the primary component of the "shell" or facility that houses the servers is steel. As facility costs account for an estimated 23% of total data center construction expenses, new steel tariffs could depress U.S. data center buildout.[xii] Beyond basic steel, tariffs will hit an unpredictable array of components, big and small, potentially adding to a significant industry burden.

In the uniquely critical case of power transformers, tariffs risk not only cost increases but supply disruptions. Transformers are a data center supply chokepoint – without these essential components new data centers cannot receive energy supply and cannot be brought online. Presently, transformer stock is heavily constrained and purchasers are facing extensive lead times of 120-210 weeks.[xiii] Currently, Canada, Mexico, and China supply the majority of U.S. transformers,[xiv] with domestic production covering only 20%.[xv] Proposed and levied tariffs on these three essential suppliers risk dangerous economic blowback. In retaliation to tariffs, China has already deployed export restrictions on AI-relevant materials,[xvi] while Canada has threatened oil, critical mineral, and electricity restrictions.[xvii] If these nations extend such restrictions to transformers, already precarious supply constraints could be exacerbated with the possible impact of halting or disrupting the AI data center buildout.

I strongly urge the administration to reconsider restrictive tariffs. Open trade and stable supply chains are vital for sustaining economic success and capitalizing fully on current AI investment opportunities.

Conclusion

Artificial intelligence offers immense potential, and the forthcoming AI Action Plan must avoid barriers to innovation. High tariffs risk diluting crucial investments and inviting disruptive supply constraints. Efforts to influence ideological bias are impractical and threaten market agility and innovation. By avoiding these policies, the administration can fully embrace its commitment to unfettered innovation, securing economic benefits and American economic success.

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[i] The American Presidency Project, "Remarks by the Vice President at the Artificial Intelligence Action Summit in Paris, France," *UC Santa Barbara*, February 11, 2025.
[ii] xAI, "Terms of Service – Consumer," last updated February 14, 2025.
[iii] Anthropic, "Claude's Constitution," May 9, 2023.
[iv] xAI, "Our Mission," accessed March 13, 2025.
[v] Julaiza Alvarez and Lynn Doan, "Tech Giants Have Pledged Over $1 Trillion in US Investment, So Far," *Bloomberg*, February 25, 2025.

[vi] Omanjana Goswami, "Chipping In: Critical Minerals for Semiconductor Manufacturing in the U.S.," *MIT Science Policy Review 4* (August 21, 2023): 118–126.
[vii] PubChem, "Gallium Arsenide," *National Library of Medicine*, accessed March 13, 2025.
[viii] "Mineral Commodity Summaries: Tantalum," *U.S. Geological Survey*, January 2024.
[ix] Callum Jones, "Trump Threatens 25% Tariffs on Foreign Cars and Semiconductor Chips," *The Guardian*, February 18, 2025.
[x] Peter Herman et al., *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries* (United States International Trade Commission, March 2023).
[xi] Trade Partnership Worldwide, LLC, *Analysis of Section 301 Tariff Impacts on Imports of Consumer Technology Products* (Consumer Technology Association, July 2022).
[xii] John McWilliams et al., "Data Center Development Cost Guide," *Cushman & Wakefield*, 2025.
[xiii] National Infrastructure Advisory Council, *Addressing the Critical Shortage of Power Transformers to Ensure Reliability of the U.S. Grid* (National Infrastructure Advisory Council, June 2024).
[xiv] World Integrated Trade Solution, "United States Parts of Electrical Transformers, Static Conver Imports by Country in 2023," *The World Bank*, accessed March 13, 2025.
[xv] Kevin Jacobs et al., "Supply Shortages and an Inflexible Market Give Rise to High Power Transformer Lead Times," *Wood Mackenzie*, April 2, 2024.
[xvi] Amy Lv et al., "China Expands Key Mineral Export Controls After U.S. Imposes Tariffs," *Reuters*, February 4, 2025.
[xvii] Jarrett Renshaw and Arathy Somasekhar, "CERAWeek Canada Could Restrict Its Oil Exports to U.S. If Trump Trade War Escalates," *Reuters*, March 12, 2025.