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October 24, 2024

**Evangeline McLean**  
Clerk  
House Judiciary Committee  
2138 Rayburn House Office Building  
Washington, DC 20515  
Email: [Evangeline.McLean@mail.house.gov](mailto:Evangeline.McLean@mail.house.gov)

Dear Ms. McLean,

Please find attached my responses to the additional question submitted for the record following my recent testimony before the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust. I appreciate the opportunity to elaborate further on the topics discussed during the hearing, titled "Artificial Intelligence: Examining Trends in Innovation and Competition."

My response includes the full text of the question in bold, followed by my answer in plain text. I trust that these responses will assist the Committee.

Thank you again for the opportunity to contribute to this important dialogue. If there are any further questions or requests for clarification, please do not hesitate to contact me.

Sincerely,  
**Neil Chilson**  
Head of AI Policy  
Abundance Institute

**ATTACHMENT: QFR Answer**

## **Questions for the Record from Rep. Lou Correa for Mr. Chilson**

**1. The Administration continues to announce sweeping tariffs on countries that supply essential materials and products that are fundamental to the Artificial Intelligence (AI) industry. For example, much of the hardware and electrical equipment for data centers, steel, aluminum, and key components come from other nations. Construction costs will also soar. As other countries respond, American businesses that sell equipment used in data centers abroad will also suffer.**

**These tariffs will disrupt the supply chain, cause market volatility, drive up costs, delay innovation, advancements, and implementation, harm American leadership in AI, and the U.S. economy generally.**

**Would you agree that tariffs will impede the free market, competition, and the expansion and development of the U.S.-based AI industry?**

Yes. In theory, tariffs may advance certain non-economic policy interests – but the negative economic impact of tariffs is clear, both theoretically and empirically. As Cato economist Scott Lincicome often says, “Tariffs not only impose immense economic costs but also fail to achieve their primary policy aims and foster political dysfunction along the way.”<sup>1</sup>

If tariffs drive up the costs and increase the volatility of expenses for inputs to the U.S.-based AI industry, and prompt reciprocal tariffs on the sale of U.S. products overseas, this will certainly impede the U.S.-based AI industry.

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<sup>1</sup> Cato Makes Free Trade Go Viral, May/June 2018,  
<https://www.cato.org/policy-report/may/june-2018/cato-makes-free-trade-go-viral>.