Tech Policy Recommendations for the Next Administration

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I. Principles

The next presidential administration should prioritize economic policy principles that foster innovation and global competitiveness. Effective policy requires recognizing that most interventions involve tradeoffs that require careful analysis. The administration can achieve its goals by following these principles:

- **Measure First, Act Purposefully:** Government intervention - whether through regulation, subsidies, or other policies - should target demonstrated problems rather than all possible hypothetical harms. Policy should focus first on measurement and evaluation, with action following when evidence shows clear opportunities to improve outcomes.
- **Target Narrowly, Execute Cleanly:** Government programs should maintain clear focus on their primary objectives. Adding multiple unrelated requirements, however well-

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intentioned, can reduce effectiveness and increase costs. Success requires resisting the temptation to use any single program to achieve multiple policy goals.

- **Emphasize Clear and Measurable Outcomes Over Prescriptive Rules:** Policy should focus on defining and measuring desired outcomes rather than dictating specific approaches. This enables innovation in how goals are achieved while maintaining accountability through objective metrics.
- **Promote Innovation Without Picking Winners:** The government's role is to create conditions that enable innovation broadly rather than directing specific outcomes. This means supporting fundamental research and removing barriers while avoiding policies that favor particular technologies, companies, or industries.
- **Improve Global Competitiveness Through Openness:** America's innovative capacity depends on remaining open to global talent and ideas. This requires welcoming high-skilled immigrants and enabling cross-border data flows.

II. Regulations: Strengthen Cost-Benefit Analysis

Cost-Benefit Analysis (CBA) provides a framework for evaluating regulatory actions against the status quo to determine which yield the greatest net benefits. While every president since Nixon has supported CBA, the process needs updating.

- **Expand CBA Requirements:** Extend mandatory cost-benefit analysis to independent agencies, matching requirements already in place for executive branch agencies.
- **Establish Measurable Outcomes:** Focus on quantifiable economic impacts rather than aspirational goals to prevent mission creep and enable clear evaluation.
- **Separate Efficiency from Equity:** Conduct distributional analysis separately from efficiency analysis to allow explicit consideration of each factor without compromising either.
- **Address Agency Incentives:** Account for institutional biases in how agencies estimate costs and benefits of preferred and opposed policies.
- **Strengthen Evaluation:** Require early-stage analysis and reproducible methods to identify costly regulations before commitment. Build comprehensive data on regulatory impacts to inform future rulemaking.

III. Antitrust: Return to Consumer Welfare Standard and Rigorous Economics

The principal goal for antitrust policy should be to embrace mainstream antitrust principles based on the consumer welfare standard and rigorous economics. As part of this focus, the antitrust agencies should:

- **Restore Consumer Welfare Analysis:** Review and revise both the 2024 Merger Guidelines and ongoing monopolization cases to ensure they align with the consumer welfare standard and avoid preventing procompetitive mergers.
- **Realign Recent Antitrust Enforcement Activity:** Reevaluate recent antitrust enforcement actions and consider adjustments that are more consistent with market analysis and economic evidence.
- **Preserve AI Innovation:** Assure that antitrust enforcement does not stifle or slow the pace of artificial intelligence innovation.

IV. Digital Speech: Protect Free Expression and Innovation

Freedom of speech, as codified in the First Amendment, is a cornerstone not just of American democracy, but also of innovation.
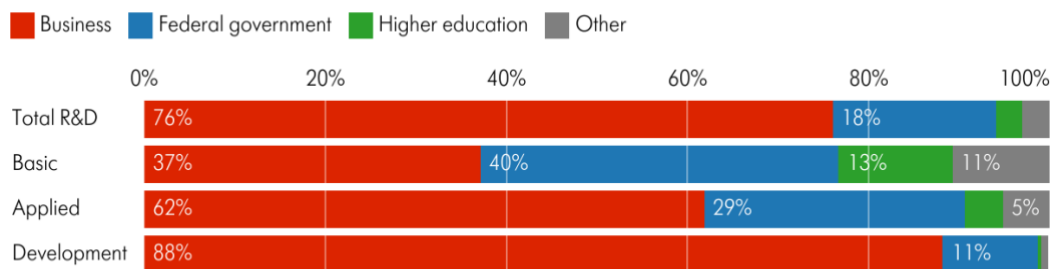
- **Maintain High Barriers for Government Involvement in Content Regulation:** Any government restrictions on platform content must meet an extremely high threshold, limited to clearly illegal content like child exploitation and copyright violations.
- **Reject Government Role Arbitrating Truth:** While misinformation poses serious challenges, the administration should resist calls to make government the arbiter of truth. Instead, maintain the traditional approach of countering false speech with more speech.
- **Preserve Platform Moderation Flexibility:** Preserve platforms' ability to moderate content effectively at scale using both AI and human moderators. Avoid regulations that would undermine platforms' ability to develop and implement these essential systems.
- **Protect Section 230 Framework:** Maintain the dual framework of Section 230's legal safe harbors and platforms' self-developed moderation systems. This structure enables innovation while allowing platforms to establish appropriate community standards.
- **Enforce Due Process in Platform Oversight:** Prohibit government officials from using their authority to pressure platforms into specific content decisions, as such pressure constitutes de facto censorship.

V. Industrial Policy: Support Basic Science and Don't "Pick Winners"

Government plays essential roles in supporting basic scientific research and addressing clear market failures or national security needs. However, attempts to direct commercial development or pick industry winners can lead to inefficiency and capture by special interests.

- **Strengthen Basic Research:** Maintain strong federal funding for basic science that enables long-term technological progress but may lack immediate commercial application. Design R&D tax credits to stimulate new research rather than subsidize existing work.

Share of R&D Spending by Source of Funds, 2022

Legend: ■ Business ■ Federal government ■ Higher education ■ Other

	Business	Federal government	Higher education	Other
Total R&D	76%	18%		
Basic	37%	40%	13%	11%
Applied	62%	29%		5%
Development	88%	11%		

Source: National Center for Science and Engineering Statistics, National Patterns of R&D Resources (2021–22 edition).

- **Target Interventions Narrowly:** When intervention is justified by market failures or national security, design programs with clear metrics, sunset provisions, and regular evaluations. Support multiple competing approaches rather than selecting individual winners.
- **Prevent Mission Creep:** Resist expanding programs beyond their core objectives. Ensure that government funding stimulates, rather than replaces, private investment.
- **Expand Market-Based Innovation Incentives:** Increase use of prize competitions, public-private ventures, and other mechanisms that drive innovation through competition rather than direct funding. Build on successful models like Operation Warp Speed and DARPA challenges that define clear objectives while allowing multiple approaches.

VI. Global Framework: Maintaining U.S. Leadership in the Innovation Economy

America's technological leadership has been built on openness—to talent, to ideas, and to information flows across borders. To maintain this leadership, we must strengthen our commitment to attracting global talent and resist growing pressures for data localization that could fragment the digital economy.

- **Reform High-Skilled Immigration:** Dramatically increase H1-B visa quotas from the current cap that provides visas to only about 20% of approved applicants (85,000 of 442,043 in FY 2022) and strengthen existing entrepreneur visa programs to better support international founders. Modernize all immigration processes to reduce costs and processing times, recognizing that immigrants have been crucial founders, CEOs, and venture capitalists in America's innovation economy.

H1-B Visas Approved and Quota
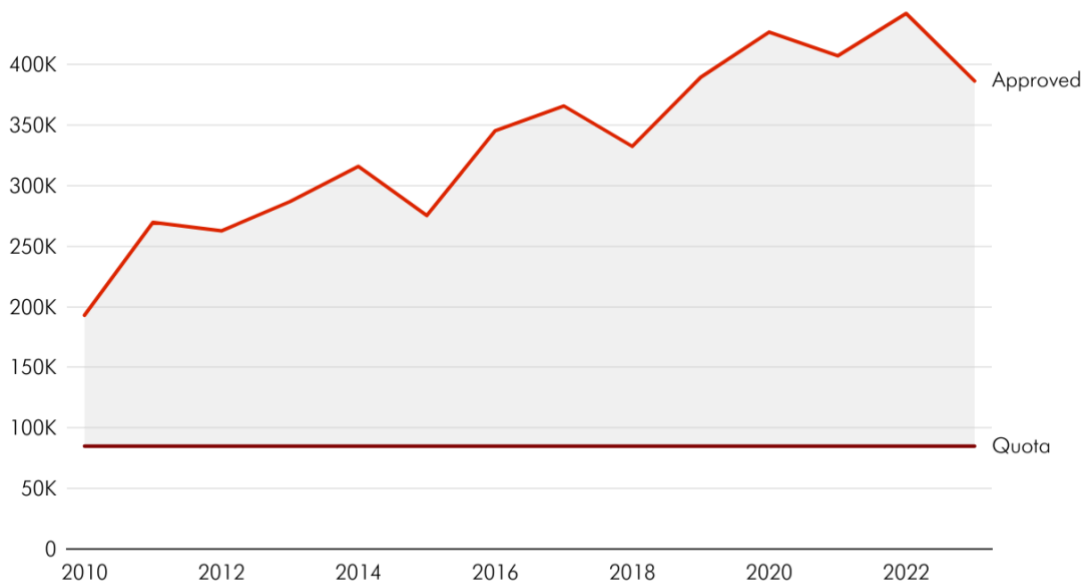
Source: USCIS

- **Combat Data Localization:** Counter the growing trend toward data localization requirements. Direct the U.S. Trade Representative to oppose localization mandates while developing privacy-respecting frameworks for international data transfer.

VII. Broadband: Modernize Policy for Today's Technology and Markets

High-speed internet access is crucial for economic opportunity and social participation. However, broadband policies have not kept pace with dramatic changes in technology and markets. The administration should:

- **Adopt Technology-Neutral Policies:** Adopt technology-neutral policies that recognize that costs vary by technology and context, moving beyond outdated concepts of "high-cost areas."
- **Set Subsidies on Demand and Cost:** Set explicit per-location funding limits considering consumer demand, deployment speed, and alternative technologies like LEO satellites.
- **Restore Program Focus:** Return broadband programs to their core mission of expanding connectivity. Recent programs have added numerous unrelated requirements that increase costs and complexity while reducing effectiveness.
- **Reform Low-Income Support:** Provide technology-neutral vouchers while preventing providers from identifying recipients to avoid price discrimination.
- **Modernize Spectrum Allocation:** Develop new market-based mechanisms to determine use patterns (e.g., licensed, unlicensed, shared, etc.) based on revealed valuations rather than technical claims and lobbying. Ensure all users, including government agencies, face opportunity costs of spectrum use.
- **Require Rigorous Evaluation:** Build evaluation into every program focused on measuring outcomes achieved relative to costs, not just compliance.

VIII. Artificial Intelligence: Build Evidence Base Before Regulating

AI, particularly generative AI, is in its infancy. While private investment is driving rapid advancement, federal and state governments should focus on understanding impacts, avoid premature interventions that could stifle innovation, and use AI to improve its own efficiency.

- **Measure and Evaluate:** Track and evaluate AI outcomes, particularly regarding bias and other identifiable harms. This approach enables identifying both positive outcomes and areas needing improvement. Build systematic evidence about both benefits and problems rather than relying on anecdotes or hypothetical concerns.
- **Prevent Premature Regulation:** Avoid rules based on the precautionary principle that attempt to prevent theoretical harms without evidence. Such preemptive restrictions can stifle beneficial innovation. When concerns arise, target demonstrated problems rather than hypothetical risks.

- **Guide Government AI Adoption:** Promote AI use to improve government efficiency while establishing clear limits on surveillance applications. Government use of AI can inform broader policy development and demonstrate both opportunities and limitations of the technology.

IX. Conclusion

These principles outline an approach to innovation policy based on evidence rather than theory, focused objectives rather than scattered interventions, and frameworks rather than prescriptive rules. By embracing market mechanisms while addressing market failures, the Trump Administration can maintain America's innovative edge while ensuring its benefits are broadly shared.