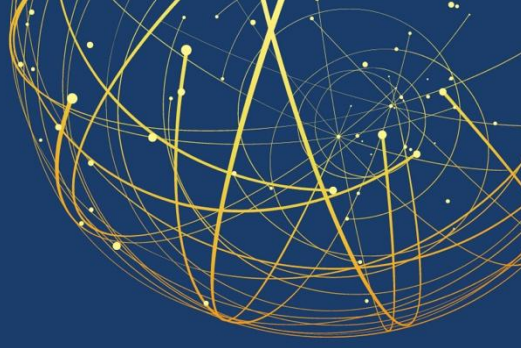

PART 1: A CONVERSATION WITH WHITE HOUSE OFFICE OF SCIENCE AND TECHNOLOGY POLICY DIRECTOR MICHAEL KRATSIOS

Julia Boorstin

Good morning, everyone. I'm Julia Boorstin, CNBC's senior media and tech correspondent, and I'm thrilled now to get an opportunity to interview Michael Kratsios, assistant to the president and director of the OSTP, Office of Science and Technology Policy, at the White House. You really sit at the intersection of so many essential things right now. National strategy, innovation, AI, all of these are on your plate, not to mention nuclear, what's going on with space—the list goes on and on. But, we only have 20 minutes, so I want to dive right into what you see as your key priorities right now and how you measure your success.

Michael Kratsios

Yeah. Our key priority across all of our different topics is ensuring American leadership in emerging technology. For us, we believe that emerging technology are going to truly unlock great American prosperity. They're going to be the drivers of economic growth. They're going to be the places where Americans are going to be working, and they're going to be bettering the lives of everyone across the country. So, for us, we have to maintain our leadership in things like AI, quantum, nuclear, advanced manufacturing, space. And for each of those portfolios, our office helps coordinate a national strategy across them. So, what's very unique about the United States versus a lot of countries in the world is there isn't a tech or science agency or ministry, if you will. All of that work is spread out across a number of

departments, so the White House helps coordinate that effort. There is important diplomatic work that's done, for example, at the State Department. There is research and development work that's done at the National Science Foundation, or places like DARPA or our national labs. And the one place we can bring all this together and make sure that all the pieces of government are talking to each other and moving ahead are essentially our office.

Julia Boorstin

Yeah. So, you're sitting at the middle of all these different departments, and—when it comes to this very complex question of AI, there's been a lot of attention recently on Anthropic. Anthropic doesn't want its AI to be used for unrestricted military use, and then the Pentagon responded by blacklisting Anthropic as a supply chain risk. So, how are you advising the government to use Anthropic?

Michael Kratsios

So, broadly, the Anthropic question, especially around Mythos, touches a wide variety of policy areas. So, I think it's important to break those down in different pieces and understand the policy process behind them. So, the first, before Mythos was even released, was this question of what types of models should be available to American war fighters in classified environments. And for a very long time, the Department of War was actually reliant on a single vendor, and that's obviously not in the best interests of the department or the war fighter itself. So, we spent the last two months trying to figure out how to solve that problem, and on Friday of last week, we announced that all the other major AI vendors are now on board for using their models in classified environments. And again, the North Star is we want to provide the best possible tools to our war fighters as they're abroad doing the very hard and very challenging, very important, work that all of us as American citizens rely on and actually appreciate. Now, the second piece of that puzzle is this question of Mythos, which is a pre-release model, has not been released publicly. And the question around that is how do we use that model in order to ensure that we can harden government systems and set up a structure and a plan around how a lot of the other critical infrastructure and critical systems in the private sector are also protected going forward? And that's a more discrete cyber-response question that is being run by our national cyber director.

Julia Boorstin

So, with Mythos, there's also this concern. Anthropic has said Mythos is too powerful to release publicly, to deploy safely, to be able to deploy it. What do you think of this strategy of a limited release for Anthropic, and how do you think about preparing the government for what cyber risks may come because of Mythos or other similarly powerful technologies?

Michael Kratsios

Yeah. I think broadly speaking, what you want to do when these new powerful models come out is ensure that our most critical systems are protected. And what's very unique about Mythos is that it is very good at identifying cyber vulnerabilities. And these are issues that we have within our own government systems, which individual companies have disclosed publicly that Mythos has been able to identify these vulnerabilities. And in some ways, we should think of this as an opportunity. We have a moment in time where we can build the strongest cyber fortress in the world by using this model to identify these vulnerabilities, to patch them, and ultimately make them resilient to adversaries who may want to penetrate them.

Julia Boorstin

How concerned are you about cyber risks right now?

Michael Kratsios

I think, generally speaking, we're at a moment where our white hat actors have availability to the Mythos model as well as GPT-5.5, which came out, which has shown that it also has really good cyber capabilities, And this is an example of how we can kind of come together and make sure we're pushing ahead with this necessity of a buildout for AI leadership, but also doing it in a responsible way where individual Americans are not negatively impacted.

Julia Boorstin ~~07:30~~

Yeah. It's interesting thinking about your job and how you're working across all of these different departments and agencies. And the OSTP doesn't directly control budgets, so you have to figure out how to drive alignment in what could be a very fragmented landscape. How do you prevent a fragmented system where different agencies have different rules and different policies or different standards about what types of technology or AI they feel comfortable working with?

Michael Kratsios ~~07:56~~

Yeah. So, one bucket of work is around our research and development dollars. So, the federal government spends about $200 billion a year on R&D—and that's spread out across a wide variety of agencies, from the National Science Foundation to our national labs, Department of Energy—and every year, I write a memo with Russ Vought, who's the director of the Office of Management and Budget, where it essentially sets the presidential or the White House priorities for R&D. And then that document is then used to inform the budgets across those agencies. So, you kind of use this, it sounds very government boring, but there's memos out there that essentially direct agencies on what to prioritize, and that's a good way to kind of get at least the R&D dollar shaping together. And broadly, for a lot of our other technological domains, we end up sort of running or creating national strategies which give direction to individual

agencies on actions they should take. And some of you may be familiar with the AI Action Plan—which the president released in July of last year, and that was kind of our national strategy as a government on how we can ensure that America wins the AI race—it talked a lot about individual actions agencies can take to ensure that we're leading in innovation, so those are regulatory-related issues or R&D issues. The second pillar was all about infrastructure—so, back to what we were talking about, the Ratepayer Pledge—how do you make sure that we're building out the right infrastructure to power the AI revolution? And the third bucket is about international engagement—how do we make sure that ultimately the whole world is running on American AI?

Julia Boorstin

And you were really an architect of the AI Action Plan, so, this was something you worked on and in doing so, I'm wondering how you think about balancing deregulation to enable AI innovation with, on the other hand, risk mitigation, because there are so many risks associated with AI.

Michael Kratsios

Yeah. So, generally, I think when we think about regulation—what's unique about the US versus a lot of the rest of the world—our North Star broadly on regulating AI is it has to be at first principles, use case, and sector specific. So, attempting to create sort of one single law for AI ultimately kind of falls apart. The Europeans have attempted to do it—hasn't gone very well. And when we say use case and sector specific, we mean that for individual use cases, the relevant agencies should be doing the regulation. So, if you are creating an AI-powered medical diagnostic, the FDA should be the one regulating that. If you are creating a commercial drone, then the FAA should be regulating that, and kind of the list goes on. And in that environment, you can imagine that each of our existing regulatory agencies build capacity in order to regulate the AI applications that apply to their system. Now, on the same token, there are very important national frameworks that have to be in place for people to have more confidence in AI and for it to be ultimately able to proliferate more broadly. So, we released a draft legislative proposal to Congress last month—and this was our attempt to figure out or, at least put forward to Congress, if you did want to pass an AI law, what would be in it? An example of that is protecting children. That's something that we as an administration deeply care about—most American parents care about. So, how is it that we can create a system that actually mandates that technology companies provide tools to parents so that parents can make decisions on what their children see, who they interact with, and how the AI interacts with their child? So that's an example of the type of national framework we look at.

Julia Boorstin

And so, when you look at these different categories, where pharmaceutical use of AI will be governed through those bodies, when you look at something entirely new, like a chatbot or generative AI tools, where do those fall? Or, are those governed under the child safety category that you just mentioned?

Michael Kratsios

So, generally, if you apply a large language model to a health issue, for example, then the FDA would be the one that would be regulating that use case. And if you commit crimes using a chatbot, for example, then existing law on hand that regulates those particular criminal activities already exists. So, at first principles, you always have to see what law is already on the books and then start thinking about what else needs to be added given the chatbot. Now, on the chatbot front, I think children are very important to protect, and that's something that the president has spoken about, the first lady has been very vocal on, and we hope that Congress can ultimately move on.

Julia Boorstin

And when it comes to this Anthropic issue, Mythos issue, it seems like that raises questions about dual-use AI, for both consumers and also government access or military use. Do you think it would be useful to have a framework for approaching specifically these dual-use companies?

Michael Kratsios

So, in the national AI framework we proposed to Congress, we did talk about the importance of building capacity within the federal government in order to better be able to evaluate the risks associated with these models. And I think what has been interesting about the conversation over the last month or so, it's been very focused on the cyber risk, which obviously is here now, and that's what sort of the strength of this Mythos model is. But, in reality, we as a government need to have the capacity in order to evaluate risks across a wide variety of domains. Today's model, for example, may be really good at cyber—and we want to be in a position to make that evaluation and be able to respond accordingly—but future models may be really good at things related to biological threats or may be really good at nuclear-related threats. So, for us, when we think about it sort of broadly as a government, we have to build that capacity across a wide variety of technical domains to test these models as they improve capabilities.

Julia Boorstin

And when you look at the introduction of these states' AI laws, you made your recommendations to Congress, but there is a possibility that there will emerge a patchwork of laws from all these different states. Given what kind of threat that could pose to the ability for companies to innovate, how are you approaching that?

Michael Kratsios

So, in the proposal, we called for a one national framework so that we would not have individual states passing individual laws and creating this patchwork for our AI economy. I think what people often don't

think about is that this patchwork, in some way, actually is very beneficial to incumbents and very large players. If you're a very large, well-financed, multi-trillion-dollar technology company in Silicon Valley, you can hire all the lawyers in the world and go out and comply with all 50 states, if they have different laws. The challenge is—it's the entrepreneurs, it's the new companies, it's the startups. Those are the ones that would be disadvantaged in an environment where you have this total patchwork. So, the proposal that we had to Congress was, can we have one national framework where ultimately there's only one law and you don't have individual states running in all these different directions, and you provide some clarity and some certainty to innovators who are doing all sorts of incredible applications of AI and shouldn't be hindered by this patchwork.

Julia Boorstin

What kind of time frame are you looking at for that kind of legislation to be passed?

Michael Kratsios

Well, our hope would be this year, and that's something we said when we announced it. Obviously, there's a lot of challenges in getting anything through Congress, but our hope is that we'll be able to get something done.

Julia Boorstin

Another big concern when it comes to AI is the potential for mass layoffs. We just saw meaningful layoffs from Meta, Amazon, Oracle over the past several months, and there is a real concern among the American public that AI is going to be taking their jobs, especially entry-level jobs, which could have a whole set of ripple effects. How are you advising the president and the various departments that you work with on these issues, and how do you think about the question of upskilling?

Michael Kratsios

Yeah. For us, the workforce question is very front and center. I don't think there's been a president in recent history that has been more committed to the American worker than President Trump. And that has extended across a wide variety of programs and efforts that we have done to empower the American worker and prepare him to take advantage of the 21st century economy. We've done big efforts at Department of Labor around apprenticeships and reskilling programs that can allow federal dollars to be used to help prepare Americans for the jobs of the future. But, I think, ultimately, it's an important partnership to have with the private sector. These companies across the private sector are not necessarily going to be eliminating jobs and then never hiring anyone again. The hope is that we can work with these companies in order to have them do a much better job of retraining and reskilling their own workers to grow the pie. But, one optimistic area that I've seen—and it's something that Administrator Loeffler, who

runs our Small Business Administration, always talks about—is the value that AI is playing in the small business community. There has never been a bigger unlock for the American entrepreneur than artificial intelligence. It has never been easier to start a disruptive company than today because of these tools. It's this very special moment in time where things that appeared much harder for one- or two-man teams to go out and accomplish are now actually easy. So, for us, we're trying to gear a lot of our small business programs and our investments in order to provide these tools to American entrepreneurs so they can fulfill their American dream and start their own companies.

Julia Boorstin

But, for the larger companies, do you anticipate that AI will drive layoffs that will impact unemployment numbers?

Michael Kratsios

I'm not a labor economist, so I can't speak to that generally, but—I do believe in the fullness of time—I'm very optimistic about the resilience of the American workforce. And ultimately, we as a country, and even as the world, have gone through a wide number and multiple types of pretty dramatic disruptions in technology—from the Industrial Revolution to so many other things—and each of those times the US economy has been quite resilient, and Americans have found ways to create entire new industries that we never thought imagined, and create the employment structure we have today. So, I remain optimistic.

Julia Boorstin

Great to hear the optimism. And it sounds like you're talking to a lot of companies all the time, both the tech giants and perhaps some of the more traditional industries about how to deploy technology. When it comes to the tech companies in particular, what concerns are you hearing from them right now? What are your conversations like?

Michael Kratsios

To me, what we always have is our North Star. Our report to the president was called America's AI Action Plan—it's called Winning the AI Race in the AI Action Plan, and the question always is, what did we mean by winning the AI race? And the answer that I always give is adoption, adoption, adoption. The way that we ultimately win, and the way that we ensure continued US leadership in this critical technology, is by having Americans and the world using our technology. And for us, it's very important that the government use it. It's important that industry uses it. It's important that individual consumers use it. And I think it's important for the world, as they start using this AI, to be using our technology and not the technology from our adversaries. So, the conversation that we always have with them is how can we responsibly be

able to turbocharge the deployment and adoption of this technology across a very wide variety of use cases.

Julia Boorstin

You mentioned adversaries. There's been a lot of conversation about the AI race with China. There was recently an order for Meta to unwind its acquisition of Manus. What can we take that example to mean for what we're going to see more of in the future?

Michael Kratsios

I think what it shows is that the Chinese realize that the US is the undisputed leader in artificial intelligence, and, just like any competitor, whether it's the PRC or anyone else, they will do everything they possibly can in order to try to catch up with us. And we need to be aware of that as we operate globally and as we try to export and push American technology around the world. One of the things that we made very clear—one of just three pillars—was how do we export American technology to the world? How do we make sure that the Global South and all these countries that are aspiring to create AI economies are actually reliant on the American tech stack? And that's what we've been working on for months, and there'll be a lot more to talk about in the months ahead on that.

Julia Boorstin

And I know I've been mostly asking you about AI, and I know there's a panel about AI following this, but your job involves so much more than AI. What are your biggest interests and concerns when it comes to all these other categories you're working in right now?

Michael Kratsios

I think I have probably the funnest portfolio in the White House. We were just at the launch for Artemis a few months ago—last month—and I think that was a moment that reminded the country of the importance of science and technology in inspiring a nation. I think many times we as a country tend to be divided on a whole host of issues, but I think during that 10-day period when they launched and came back, I think the country was united in a way that I think we hadn't seen in a long time. And it inspires me as someone who works on science and tech every day that ultimately pushing human progress forward is something that all of us think is in the interest of our country, and it's exciting to see the US accomplish such great things.

Julia Boorstin

Yeah, nothing like watching kids get excited about astronauts to drive interest in science and technology. I'm sorry we don't have more time. We're going to have to leave it there. Director Kratsios, thank you so much for this—

Michael Kratsios

Thank you.

Julia Boorstin

—time today. Thank you. Thank you.

Michael Kratsios

Thank you so much.

Announcer

We hope you enjoyed the discussion. The next panel will begin shortly.

Disclaimer: This transcript was reviewed by individuals for accuracy and serves as a reference. However, it may still contain errors or omissions. Please verify any critical information independently.