

Why Trumps AI Action Plan can Fail

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President Donald Trump has unveiled a comprehensive AI Action Plan (source: [Whitehouse](#)), titled “Winning the Race: America’s AI Action Plan,” aimed at establishing U.S. dominance in artificial intelligence. This plan, accompanied by three executive orders, focuses on accelerating AI innovation, building robust AI infrastructure, and asserting American leadership in global AI diplomacy and security.

The core of the strategy is to foster a market-driven approach, promoting open models, and expanding the global adoption of U.S. AI technologies. The plan outlines over 90 federal policy actions, emphasizing the removal of regulatory “red tape” to spur development and deployment of AI across various sectors.

Key pillars of the AI Action Plan include:

- **Accelerating AI Innovation:** This involves removing cumbersome federal regulations that hinder AI development. The plan also encourages private sector input on which rules to eliminate. A significant aspect is the focus on creating “trustworthy” AI systems, free from “ideological bias” and designed to pursue “objective truth.”
- **Building American AI Infrastructure:** The plan calls for expediting the permitting process for data centers and semiconductor manufacturing facilities. This includes loosening environmental regulations, such as clean air and water laws, to accelerate construction. The administration also aims to bolster the workforce with skilled individuals in high-demand occupations needed for this infrastructure buildout.

- **Leading in International AI Diplomacy and Security:** The strategy emphasizes exporting the complete American AI “stack”—including hardware, models, software, and applications—to allies. This is positioned as a counter to China’s growing influence in international AI governance. The plan also calls for strengthening export controls on sensitive AI technologies to prevent adversaries from accessing them.

A notable element of the plan is the focus on eliminating what the administration terms “woke AI.” One of the executive orders prohibits the federal government from procuring AI technology that has been “infused with left-wing bias.” This reflects a recurring theme of addressing perceived ideological slanting in AI systems.

The spanner in the works

The plan has garnered support from some tech giants and is seen as a move to align with Silicon Valley’s interests in deregulation and rapid innovation. This favourable outcome is supposed to be aligned with Project Stargate unveiled in early 2025 by Donald Trump ([Source: Reuters](#)). It was to be a monument to American AI ambition: a \$500 billion joint venture between OpenAI and Japanese titan SoftBank to blanket the nation with next-generation data centers. It was the ultimate private-sector manifestation of a new national priority. But by July, the dream seems dead. As reported by The Wall Street Journal ([Source: WSJ](#)), the grand vision had crumbled into disputes over funding and location, the behemoth project shrinking to a single, stalled facility in Ohio. The first great AI alliance of the new era had dissolved not with a bang, but with the quiet friction of conflicting interests.

The Real War Isn’t Over Ideology

This collapse is more than just a corporate drama; it’s the starkest signal yet of the true nature of the 21st-century’s great power competition. While Washington rolls out policies to ensure American AI dominance, a far more brutal, undeclared war is being waged on a different front. It’s a physical war for finite resources: for electricity to power the models, for water to cool the servers, and for the specialized silicon chips that give them life. This is the Resource War, and it’s a conflict that no government action plan alone can win.

A Tale of Two Realities

The Stargate saga reveals the flaw in that assumption. It represents the messy reality that collides with clean policy lines. Here was a project perfectly aligned with the national plan—a massive, private infrastructure buildout. Yet it was derailed not by government red tape, but by its own internal gravity and the scramble for control. While the government was trying to pave the highway, the drivers were already fighting over the keys and the map. The tension between OpenAI and SoftBank shows that the private sector is not a monolith; it’s a collection of competing kingdoms, each with its own agenda.

Mapping the Battleground

The feuds over Stargate are just symptoms of the underlying resource scarcity. The real battlefronts are physical:

- **The Power Crunch:** Across the country, the AI boom is straining the electrical grid. In states like Virginia and Arizona, utility companies are openly warning that they cannot keep pace with the “unprecedented” energy demand from new data centers ([Source: S&P Global](#)). The administration can fast-track a building permit, but it can’t fast-track a new power plant.
- **The Silicon Scarcity:** The heart of any AI is the GPU, and the market is in a permanent state of scarcity. Companies are reportedly facing multi-quarter backlogs for Nvidia’s latest chips, with giants like Microsoft, Google, and Meta buying up the lion’s share of future supply. This creates a “compute divide,” where access to cutting-edge AI is limited to those who can afford to hoard the hardware.
- **The Water Wars:** In the drought-stricken American West, the immense water required to cool data centers is becoming a flashpoint. Communities are beginning to question whether they should sacrifice their most precious resource to fuel the thirst of AI, leading to local opposition that federal deregulation cannot simply override ([Source: The Verge](#)).

The Unilateral Move

The turning point in this story is not a government proclamation, but a stark business decision. Having failed to secure the Stargate alliance, OpenAI CEO Sam Altman did not wait. He independently locked in a colossal \$30-billion-per-year deal with Oracle for data center capacity. This wasn’t just a pivot; it was a unilateral move in the Resource War. It signals that for the leaders in this race, alliances are secondary to securing a private supply chain. If you can’t share a kingdom, you build your own fortress.

The Arms Race Accelerates

Altman’s move has triggered a domino effect. The message is clear: you are on your own. In response, other major players are accelerating their own infrastructure spending to avoid being left behind. This frenzied, competitive buildout further strains resources and widens the gap between the handful of “Kilowatt Kings” who own the infrastructure and everyone else—from innovative startups to university researchers—who are increasingly priced out of the race.

The Kicker? A War of Physics, Not a Contest of Ideas

While the AI Action Plan aims to orchestrate a national victory, the reality on the ground looks less like a coordinated strategy and more like a frantic scramble. The administration is focused on the rules of the road, but the most powerful players are busy trying to buy all the fuel and claim every available path for themselves. In the 21st century’s great technological race, victory may not go to the nation with the best policies, but to the corporation that can secure enough power to simply turn the lights on.