



Podcast Transcript

The Cloakroom with Peter Roskam: 37th Annual Legislative Seminar – Congressman Ted Lieu (D-CA)

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Guest: Peter Roskam, Heath Shuler, Congressman Ted Lieu, **Host:** Leeann Lee

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For questions and comments contact:



Peter Roskam

Partner
Washington, D.C.
T: 1.202.861.1605 | proskam@bakerlaw.com



Heath Shuler

Senior Advisor
Washington, D.C.
T: 1.202.861.1763 | hshuler@bakerlaw.com

Lee: Welcome to “The Cloakroom with Peter Roskam.” Former Congressman Peter Roskam leads BakerHostetler’s Federal Policy team. Through interviews with leading members of Congress, Peter provides an insightful, firsthand view into the latest policy and political debates on Capitol Hill.

In today’s episode, Peter is joined at the 37th Annual Legislative Seminar in Washington by his BakerHostetler colleague, former Congressman Heath Shuler, and Congressman Ted Lieu, a Democrat from California. [Congressman Lieu](#) is the vice chairman of the Democratic Caucus, the fourth-highest ranking House Democrat – also making him the highest-ranking Asian American to ever serve in House leadership. First elected in 2014, Lieu is a leading policy voice on artificial intelligence, climate change and civil liberties.

Peter, Heath and Congressman Lieu discussed artificial intelligence and Congress’ role in creating guardrails while also promoting AI innovation.

Let's listen in to "The Cloakroom with Peter Roskam."

Shuler: Ted, welcome back.

Lieu: Thank you.

Shuler: I think there was, we were trying to figure out, it was either three or four or five years ago when you first came and we were over at the other hotel, and you started talking about AI. And you made one statement. You said, well, how many of you use AI? And there was only a couple of people even raised their hand in the room. And you said, well, just wait. It won't be no time that in a year, maybe two, that all of you will be using AI. And you were right. I mean, I don't do anything without AI anymore. I mean, it literally is to the point where I no longer Google search, I AI search. And so, you gave us a real insight of what was going on in the world of AI.

So, my first question, I want you to give us a real insight as it relates, not to AI, because there is several questions that is going to relate to that, but give us the insight that is really going to happen within the party. You're number four currently now. If the Democrats win, you'll move up. How is the party going to balance the difference between just being anti-Trump and then the other is this pinned up policy, just to feel that we got to get something passed that hopefully, even though it falls and dies either in the Senate or with the presidency, how are you guys going to balance that as a leader now of the Democratic Party?

Lieu: So, thank you, Heath and Peter, for moderating this discussion. Thank you for that question. Democrats are going to do what we're telling the American people we're going to do, which is going to try to lower costs when we take control of the House. So, I imagine some of the first bills we'll pass are going to reverse the largest cuts to Medicaid in U.S. history, reverse to cuts to the Medicare because of the way the Republicans wrote the reconciliation bill, and then to put in ACA tax credits. That is different than what our committees might be doing. And so, Judiciary Committee, which I sit, the oversight committee, we're all going to get subpoena power. I imagine we will subpoena administration witnesses and ask questions that the American people would want us to ask.

Roskam: Ted, what is your sense? Let's get into AI. Because now I feel like first time caller, longtime listener. You know what I mean? Like you were, you've been talking about this and a little bit of voice in the wilderness giving us an over-the-horizon perspective, like Heath said a couple years ago. Walk us through your sense of this pressure, the inherent conflict of data centers and the need for this just massive amounts of power and a reluctance and where the country is. Nobody is wild about the data centers. I've not seen polling, but you can just tell. It is not popular. And yet there is an inevitable feel to this. It is coming. And so where do you think this lands and what are lanes that people should be understanding? Because there is an inevitable feel to it. We are going to need breathtaking amounts of energy. How does this get sorted out in your view?

Lieu: Sure. I was appointed as a co-chair of the Democratic Commission on AI and the Innovation Economy along with Valerie Foushee and Josh Gottheimer. So let me explain why Leader Jeffries created this commission. Because we took a look at the strategy from the White House and Republican leadership, and basically what we saw is an attempt to suppress legislation at the state level and then fail to do so, a direct suppression of legislation at the federal level related AI. And that's caused two things to happen. One is immense backlash from the public, and two, the industry is now being regulated by like 27 states on AI, exactly the opposite of what the administration and Republicans were trying to avoid.

And so, we looked at it and said, that is just a really stupid way of doing this. So, we're going to come up with a framework to deliver to Leader Jeffries by the end of the year. We're meeting with all stakeholders. And so, what would Democrats do when we're in control? And one of the issues we will focus on is data centers. And right now, you see a lot of opposition to data centers, both from Republicans and Democrats. They do use a lot of energy. They use some water. And I think it is more for a lot of folks a symbol of their fear of AI. The AI is going to take away their jobs. And because data centers are approved at a local level, it is something that constituents can go to and express how they feel. And I think that is why you're seeing a lot of this happening, because there is all these meetings at city councils and local jurisdictions where consumers realize, oh, I could actually take action three weeks from now on this issue, and they go ahead and take action.

So, I think we have to at least hold harmless the communities in which a data center appears. Some of the AI companies have said they will do that, they will pay more for that data center. But overall, you're just going to need more energy because it is not just one data center in a community. It is lots of data centers and lots of communities that is going to drive up energy costs. And it is just a simple supply and demand curve. And you're going to need more energy, which is why I think it is a stupid, horrible idea for the Trump administration to cut wind power to reduce renewable energy. We just need all sources of energy going forward.

Roskam: The IP lawyers in our practice are interested in where intellectual property, the consumption of IP by these models, how does that get navigated? And my wife Elizabeth and I have a friend who is a young author who found that his published work was being taken up. He successfully sued as part of a group, but this has got to be an ongoing battle. Is there a role for Congress? How do you view this?

Because last time, just to give you a confidence that we listen when you say things, you laid out, look, there's some areas of concern. You said, I'm concerned with AI that discriminates against people where it gets cooked in so deep you can't, it becomes a fiat accompli. You were concerned about AI making decisions in military firing exercises. You were particularly concerned about AI as it relates to moving things that can kill us. That is all intuitive. This new IP thing, which is new for me, it is not new for people that have been in this issue, but it is like, yeah, they're just getting, are they just getting ripped off? And is there a compensation structure or something that is contemplated? What do you think?

Lieu: First of all, I'm super impressed you remember some of those points, so that is pretty cool. By the way, I did manage to pass last term on a bipartisan basis a law that basically says, we're never going to let AI launch a nuclear weapon by itself. There's got to be meaningful human control. So, my first view is let's not have AI kill us all.

Now, just because AI isn't going to kill us all doesn't mean it couldn't cause harm. And one of the ways it can cause harm is to essentially steal from creators and to steal intellectual property. There is a series of lawsuits happening right now. They're moving through the court systems. I think what Congress is going to do is we're just going to wait a little bit and just see what happens in these court cases and how it shakes out. And then I imagine we might do some legislation next term, depending on what the court cases say. Some companies have already engaged in settlements. So Anthropic actually did engage in a settlement with a number of creators. And so, we'll see what the industry by itself does as well. But this is an area that is very fast moving and you've got litigation ongoing. And so, I think Congress will wait a little bit and then we're going to try and fix it if there's some glaring holes and errors.

Shuler: Okay. So, the U.S. has been leading in the technology sector for quite some time. Are we losing the AI battle to China?

Lieu: We're clearly still the most advanced in terms of AI chips. And so, you do need advanced AI chips on a mass scale to train these large language models. And as of now, there is still essentially a formula that shows the bigger the compute power you have, the smarter your model is going to be. And as long as that holds true, you're just going to get more and more demand for more and more advanced chips at a higher scale. So, we lead China in AI chips, which is why there is bipartisan opposition to selling advanced AI chips to China. It is not clear to a number of Republicans and Democrats in Congress why the administration would want to do this.

Now in terms of the software part of it, we still lead in the closed systems models. So Anthropic and ChatGPT, their most advanced models are better than Chinese models. There is a lot of literature saying they're open-source models. The Chinese have a better job in terms of doing open-source models such as DeepSeek. So, we're still ahead, but in terms of open-source models, I think China is ahead of the U.S.

Roskam: I'm super sensitive to your time because I know you got to bang the gavel and go. Can you just go back, and I may have missed it, when you were talking about this preemption dynamic and that you got these 20 plus states that are regulating, how does that get recalled? Or is there a, are you contemplating a preemption model that says, look, we're just going to figure this out and we can't have, we don't have 50 states telling people how they can manufacture drugs. We have one standard, et cetera. Is that where we need to go?

Lieu: So, I'll give you two models to think of. One is if there is a strong federal standard on topic A, then I think it would not be unreasonable to have preemption on topic

A. What the White House is trying to do is saying, we're going to do some legislation on topics A, B, and C, which is all fine, and then we're going to preempt topics C through Z. That is a problem. That is, I believe, something that is not going to pass Congress. So, one way is just to have specific preemption when there is specific federal standards in a specific area.

The other model to think about is we can do preemption where it is a floor, not a ceiling, having much broader. Now, you may want to ask, well, why would we do that? Well, because once the federal government sets a standard, a lot of states are like, oh, why would we legislate here? The federal government's, got it. So, HIPAA is an example. When HIPAA passed, a lot of states said, well, why would we mess around with this law? Looks pretty good. It is actually a floor. And so, some states have in fact gone further than HIPAA privacy requirements, not a lot. And that's actually helped industry, it is helped patients and so on. So, there will be another model because if let's say the federal government comes in with strong testing disclosure standards for frontier AI models, and that is a floor, a lot of states are going to go, well, you already did it. Why would we mess around with this? And then it is also easier for governors and state legislators to say, why would we engage on this issue? Let's go do something else.

Roskam: Thank you for coming over. I know your morning is jumbled and you've come and you've shoehorned us in on a super busy day and you're going to go at 11 o'clock to solve the world's problems. So, thank you for coming, Congressman Ted Lieu.

Lieu: Thank you.

Lee: Thank you, Peter, Heath and Congressman Lieu. If you have any questions for Peter, his full contact information is in the show notes. As always, thanks for listening to BakerHosts and "The Cloakroom with Peter Roskam."

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