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**Remarks of Chair Lina M. Khan
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Hi, everyone. It's great to be here, and to see so many familiar faces. Thanks so much, Roy, for the kind introduction. And many thanks to Bloomberg Beta and YCombinator for welcoming me to RemedyFest.

It's energizing to be here with so many people shaping the future of digital markets—from those who build innovative new products and services, to those who help set the legal and policy frameworks shaping development and innovation.

At its best, the United States represents a sense of endless possibility, where anyone with enough skill and hustle can pioneer breakthrough ideas and strive to make the world a better place. From the industrial revolution through the digital revolution, America's ability to incubate talent and foster innovation has been second to none. Founders and start-ups have been essential to America's economic success and the technological edge that it enjoys today. Outsiders with a different way of looking at a problem, or disruptors who've spotted an opening in the market that the incumbents have overlooked. It is through having an ecosystem where these tinkerers and visionaries can take a shot and be rewarded when their ideas take off that America has remained ahead.

Ensuring that this system works—a system where the best ideas and talent can win—means ensuring that our markets are open, fair, and competitive. All too often, however, the FTC hears from start-ups and founders about how they're blocked from bringing their ideas to market, or how they're unfairly muscled out if they show signs of success.

For founders and start-ups, getting access to customers today often means going through a digital gatekeeper. Dominant intermediaries can control access to markets, and—when unchecked by competition—they can often call all the shots. All too often, start-ups and small businesses find their fates controlled by the arbitrary whims of the existing giants. These gatekeepers can charge hefty fees, sometimes even a huge fraction of the value that start-ups are creating. They can demote apps or shadow ban them, so that even when start-ups do get access to the platform they aren't readily visible to users. They can discriminate in favor of their own services, or appropriate a start-up's idea and give their own version a leg up. Given their sprawling businesses, these gatekeepers often have myriad levers they can use to pick winners and losers. And even if a developer is fortunate enough to have a thriving business through a gatekeeper, it can all abruptly end, with no notice.

Nearly 40 years ago, President Reagan famously declared that “the nine most terrifying words in the English language are ‘I’m from the government, and I’m here to help.’”

Today I might offer a slight revision. For many developers and start-ups, the most terrifying words in the English language may be “I’m from the App Store developer support team, and your application has been rejected.”

Ensuring that our markets are open, competitive, and fair—and that start-ups are getting ahead or falling behind based on their own skill and ingenuity, rather than the dictates of an existing giant—is critical for ensuring that we continue to foster the breakthrough innovations that have kept America ahead.

There are a whole set of policy tools and levers that will be key. But history shows that that antitrust enforcement and strong competition policy are essential parts of the answer.

The antitrust laws and the Federal Trade Commission were established to ensure that market outcomes—who wins and who loses—are determined by fair competition, not by monopolistic gatekeepers who can serve as de-facto private regulators. Protecting fair competition means that businesses get ahead by competing on the merits rather than by exploiting special privileges.

With the rapid deployment of artificial intelligence tools, taking on these core questions of power and governance is especially important. We hear how automated technologies could open the door to breakthroughs across fields, making life better for millions of people. But the trajectory that AI will take is not an inevitability. The decisions we make now will determine whether we will have a vibrant, competitive AI ecosystem that unleashes the full potential of this technology—or instead whether a handful of dominant firms will concentrate control over these key tools, locking us into a future of their choosing.

As we all explore the future of AI, and in technology markets more broadly, our past can be instructive. Our history is replete with examples of how government action to protect free and fair competition has opened up markets for innovative, scrappy start-ups to enter and thrive.

When most people think of antitrust action against AT&T, they think of the lawsuit that resulted in the 1982 break-up of the Bell System. But an equally important action by the Justice Department was its 1956 consent decree with AT&T, which allowed the company to stay vertically integrated but required the company to license its existing patents on a royalty-free basis. Empirical research shows the consent decree unleashed waves of follow-on innovation, driven by young and small companies that were able to build on Bell Labs’ technologies.

There’s also the action government took in 1998, when federal enforcers sued Microsoft for violating the antitrust laws. This lawsuit followed a chorus of complaints from start-ups who had called foul on Microsoft for tactics designed to lock out new firms that threatened its monopoly. Critically, these new firms were introducing products that would create new pathways for accessing services in the digital age. Because these new layers, such as browsers, would disintermediate Microsoft’s control, it engaged in a scheme to kill them off. The government’s lawsuit ultimately prevented Microsoft from further centralizing control and paved the way for small scrappy firms, like Google, to enter and grow.

Today, whether and how we enforce the antitrust laws can be the difference between:

A laid off tech worker having the freedom to take her talent to a competing company—or being blocked from that opportunity because of a noncompete clause.

A founder pioneering a better version of a product we all use and rely on and reaping the benefits of doing so—or watching a monopolist brazenly cut off or appropriate that product.

A venture capitalist making the leap to invest in the next big start-up—or passing over that company, and all its potential upside, because it might get crushed by a monopolist whose dominance it might dislodge.

Similarly, a couple years ago one VC shared with us how the most innovative ideas often don't come from bigger players, despite their endless engineers and giant R&D budgets. He aptly laid out that if the incumbents “ultimately stagnate, because they're now giant bureaucracies, and if new tech companies can't get funded... then we're not creating new technology and we're not giving American businesses and workers the chance to get ahead, [which] gives us the worst of both worlds.”¹

These are just a few ways that antitrust can structure the conditions that spur more opportunity and innovation. And after decades of dormancy, there's renewed interest in vigorously using these tools once again.

It's exciting to see leaders who have been at the forefront of that shift. Senator Warren and Senator Vance, for example, have championed critical legislation that would make our banking industry more competitive and resilient. Colleagues in the Administration—from the White House to the Justice Department—have helped lead the charge to implement the President's mandate to reinvigorate fair and honest competition as we look to power and harness our country's economic strength.

Against this backdrop, the FTC has been firing on all cylinders to promote open and competitive markets where the best ideas win and innovation can flourish.

First, we're looking to ensure companies aren't blocking competition through the use of noncompete clauses. Last year, we proposed a rule to ban noncompete clauses in employment contracts and have since received over 26,000 comments from people across the country, ranging from engineers to screenwriters to journalists to tech executives. Technological advances benefit from the free flow of talent and knowledge between companies and start-ups, and our proposal recognizes that tying down workers through noncompetes risks blocking this progress.

Second, we're taking on coercive gatekeepers and stopping deals that risk stifling future innovation.

In partnership with seventeen states, the FTC sued Amazon for deploying tactics to deprive rival platforms of the scale needed to meaningfully compete against Amazon. This lawsuit, and others filed by federal and state enforcers against dominant digital platforms, tell stories about gatekeepers that benefited from network effects and the accelerated growth that

¹ Comment by Bradley Tusk, *FTC and Justice Department Listening Forum on Firsthand Effects of Mergers and Acquisitions—Technology* at 7 (May 12, 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/FTC_and_Justice_Department_Listening_Forum_on_Firsthand_Effects_of_Mergers_and_Acquisitions-Technology_May_12%2C_2022_0.pdf.

digital markets can deliver—but then, after achieving dominance, resorted to monopolistic tactics to pull up the ladder behind them.

The rapid expansion of AI tools is reminding us that the technologies of tomorrow will be built on the inputs that companies have access to today. One of the first merger lawsuits we filed after I joined the agency blocked Nvidia’s attempted acquisition of Arm—which would have been the largest semiconductor chip merger in history. Our team determined that giving one of the largest chip companies control over the computing technology and designs that rival firms rely on to develop their own competing chips would be bad for competition and would hamstring innovation of next-generation technologies. The trajectories of both companies in the wake of this action has illustrated how organic growth and competition can spur firms to further innovate in ways that benefit the business and the public alike. Not only has Nvidia remained the leading AI chip maker in the AI arms race, with a surging stock valuation—but Arm ended up going public and has a forward earnings multiple that is now more than double Nvidia’s.²

Third, through enforcement and policy, we’re looking to ensure fair and honest competition win out in AI.

Our new Office of Technology has hit the ground running—deepening our agency’s expertise as we navigate this fast-moving moment of opportunity and risk. Our case work and policy initiatives have benefitted tremendously from the talent and experience of our technologists, ranging from user experience researchers to engineers to data scientists.

Together, our technologists and attorneys are looking closely at the ways companies may be using their power to thwart fair competition or trick the public. As part of this effort, we recently launched a market inquiry into the investments and partnerships between the most dominant and deeply resourced cloud providers and AI developers. Our team did this to see whether these ties let big players exert special influence or have privileged access in ways that might undermine fair competition.

Across all our work we’re making clear that there’s no AI exemption from the laws on the books. Firms can’t use claims of innovation as a cover for lawbreaking, and we’ve made that clear in a number of AI-specific contexts. For instance, companies that want to suddenly use the data they collect for AI training should have to actively notify consumers of this change—rather than quietly and retroactively re-writing their terms of service.

As we continue this work, a few key principles are driving our efforts.

First, we’re scrutinizing bottlenecks across the AI stack. We want to make sure that powerful firms don’t take control of key inputs—like cloud infrastructure and GPUs—and impose coercive terms, charge extractive fees, or deepen their existing moats at the expense of fair competition.

Second, we’re looking at how business models can create and drive incentives. Just as we’ve seen behavioral advertising fuel the endless collection of user data, AI model training is emerging as another feature that could further incentivize surveillance. Our remedies make clear

² Kif Leswing, *Arm’s Post-Earnings Pop Leaves Stock Trading At Over 100% Premium To Nvidia*, CNBC (Feb. 8, 2024), <https://www.cnbc.com/2024/02/08/arms-post-earnings-pop-leaves-stock-trading-at-premium-to-nvidia-amd.html>.

that the drive to refine algorithms can't come at the expense of people's privacy or security, and special access to customers' data can't be used to undermine competition. I heard from start-ups about their fears that by using models they might be unwittingly feeding competitively sensitive data back to major AI firms, so we recently put market participants on notice about this practice.³

And third, we're crafting easily administrable remedies with bright-line rules on the development, use, and management of AI inputs. On the consumer protection side, that means making clear that some data—particularly people's sensitive health, geolocation, and browsing data—is simply off the table for model-training. On the competition side, that means ensuring that remedies can restore the competition lost through the illegal conduct rather than allow firms to reap the scale and data advantages obtained through breaking the law.

I'll close by addressing what I view as a common misconception about the tech ecosystem, which is that tech companies, one and all, are a monolith operating with the same set of interests. Especially in policy conversations, we often see the broad assumption that what incentivizes the biggest companies also incentivizes smaller and medium-sized players.

Last year during my visit to Silicon Valley, I had the opportunity to hear directly from many founders, and I was repeatedly reminded of how misguided that assumption truly is. That is why it's so essential that federal enforcers continue to hear from the folks in this room and from market participants across the tech ecosystem.

Thanks so much for your time. With that, I'd be happy to dive into questions from the audience.

³ FTC Technology Blog, *AI Companies: Uphold Your Privacy & Confidentiality Commitments* (Jan. 9, 2024), <https://www.ftc.gov/policy/advocacy-research/tech-at-ftc/2024/01/ai-companies-uphold-your-privacy-confidentiality-commitments>.