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Antitrust Myth Busting

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Thank you, Aurelien, for that kind introduction, and thank you to the George Washington University Competition and Innovation Lab for inviting me to join you all today. As this administration continues to lay out our approach to antitrust enforcement, I thought I would take the opportunity to address a few myths that have become unfortunately common. Some myth busting about trust busting, if you will.

I have five substantive myths in mind, and then one high level policy misperception.

Myth #1: "Antitrust is Regulation"

This one is a personal pet peeve of mine. It is unfortunately very common to see not just the press—who I can almost excuse—but even some practitioners refer to "antitrust regulation." The problem is that simply is not a thing.

Antitrust is law enforcement, period. Full stop. Not only is the enforcement of the antitrust laws not regulation, when properly undertaken antitrust enforcement can prevent the need for regulation in the first place.

Vigorously enforcing the antitrust laws to promote and protect competitive markets, if successful, helps us to avoid the very sorts of distorted or broken markets that invite intrusive government regulation.

By preventing market failures, antitrust is actually a deregulatory tool. As this administration pursues its deregulatory agenda, antitrust enforcement will have a key role to play in helping to maintain the market conditions that obviate the need for regulation by promoting fair competition.

Myth #2: "Vertical Integration is Always Procompetitive"

Vertical integration is often procompetitive. In many cases, it reflects legitimate growth and investment. But it does not guarantee competitive outcomes. Nor does the potential for efficiency gains fully explain why some firms pursue it.

Much of the traditional framework for analyzing vertical integration comes from physical industries — like manufacturing — where integration often yields real efficiencies: reduced transaction costs, economies of scale, stable supply, and asset coordination. In these settings, switching suppliers required retooling factories or reorganizing logistics.

In many modern markets, however, the dynamics are different. In digital markets, for example, software is oftentimes modular, adaptable, and interoperable by design. Integration rarely reflects physical constraint. When it leads to foreclosure, it is more likely the product of strategic design and contractual leverage — efforts to raise switching costs or lock out rivals—in short: moat building. Integration that blocks third-party access or suppresses rival alternatives under the guise of product improvement demands scrutiny.

Vertical integration can also create conflicts of interest. When a firm controls both infrastructure and the applications on top of it, for example, it can structure interfaces, ranking systems, or data flows to favor its own offerings — not because they are better, but because it shapes the rules. These advantages operate through information asymmetries, contractual commitments, and opaque design choices that degrade competition while often remaining invisible to users.

Myth #3: "Innovation Can Justify Exclusion"

In antitrust debates, innovation is too often treated not as one economic metric that can be used to apply law to facts, but a floating abstraction — a sweeping defense that excuses exclusionary conduct and avoids scrutiny by reframing anything on the path to dominance and power as progress. This focus on ends without considering means is not a defense of innovation – it is a veiled attempt to abandon the rule of law.

Genuine innovation flourishes when firms compete on the merits — when better products win by attracting users, not by blocking alternatives. Yet today, firms often point to past inventions, R&D budgets, or engineering talent as if those alone justify their business practices — even when those practices rely on default arrangements, coercive contracts, or restrictive product design.

We saw this logic in a recent Wall Street Journal editorial, which dismissed concerns about search defaults by citing Google's investment in product development.[1] But 50 states, D.C., Guam, Puerto Rico, and the U.S. Department of Justice — under both Republican and Democratic leadership — did not bring an antitrust case because Google invested in R&D. They challenged the company's use of contractual defaults to block rivals' access to all other meaningful distribution channels that could be used to reach users.

[1] Editorial Board, *Trump's Rearview Antitrust Battles*, Wall Street Journal (April 24, 2025), https://www.wsj.com/opinion/trump-antitrust-google-search-doj-ftc-amit-mehta-business-monopoly-2944d098?mod=author_content_page_4_pos_7wall

This kind of framing creates the false dilemma at the heart of the kitchen sink "innovation defense": that enforcers must choose between enforcing the law and supporting innovation. But that choice is illusory.

The central question for antitrust enforcers is distinguishing between competition on the merits and unfair methods of competition — whether in the form of collusion or exclusion. When exclusionary tactics are justified on the grounds that a firm once innovated in the past, we don't reward innovation — we weaponize it to suppress the very rivalry that is supposed to drive *continued* innovation.

Antitrust enforcement should protect the conditions that allow innovation to thrive. That means distinguishing genuine product improvements from conduct that forecloses alternatives. It means recognizing that true innovation invites challenge — it doesn't depend on lock-in. And it means rejecting the suggestion that past success grants any firm a perpetual exemption from the rules of fair competition.

Myth #4: "We Need National Champions to Compete with China"

There's a familiar argument that often resurfaces when a large incumbent faces scrutiny: that antitrust enforcement threatens America's global position — that weakening our biggest companies would hand the future to China. We're told to protect so-called national champions, even when it entails limiting the freedom of Americans to build, compete, and speak.

But the irony is hard to ignore. Some of the very firms warning that enforcement would harm U.S. competitiveness are investing millions in research partnerships, AI collaborations, and data ventures that directly advance China's technological capabilities. They invoke national security as a shield against domestic accountability — while deepening ties with China abroad. That's not economic patriotism. That's hedging your bets. Americans deserve businesses that are all in for us.

The deeper flaw in the national champion model is that it conflates market power with competitiveness. America's commercial leadership didn't come from using the levers of government to consolidate economic power into the hands of a few firms. It came from open markets, fair competition, and the belief that progress flows from preserving the conditions for liberty and human flourishing — not central planning and abdication of law enforcement. When policymakers defer to powerful firms under the banner of national security, they achieve the opposite by insulating these actors in ways that make the American economy less competitive and our supply chains less secure.

Even China — the country referred to most often in putting forward this myth — is shifting course. Its own development strategy increasingly emphasizes market diversification and competition among multiple firms in facilitating production rather than reliance on state-favored giants. China is trying to unlock the same dynamism that made America successful. It would be a grave mistake to abandon our principles just as others begin to adopt them.

We won't beat China by copying China. America wins when we remember the principles that make America great— free enterprise, competition, and the idea that no firm is above the law. Strength comes not from shielding incumbents, but from protecting industrial liberty and freedom to compete — for innovators, entrepreneurs, workers, and the next great challenger whose name we don't yet know.

Antitrust enforcement is not about facilitating anarchistic power grabs. It is economic realism rooted in our shared national history of free enterprise and economic competition.

Myth #5: "Structural Remedies Are an Extreme Measure"

There's a common claim that structural remedies — such as breakups — are too aggressive, too disruptive, or too uncertain when used to address exclusionary conduct. That antitrust should limit itself to fine-tuning behavior through settlements or ongoing oversight and avoid touching market structure. We are told that breakups will harm efficiency and hamper innovation (there it is again).

But history tells a different story.

Last year, GE voluntarily broke itself up into three different companies. The result was not lost efficiency, but actually better products and services that unlocked even greater shareholder value.

The breakup of AT&T didn't stifle innovation — it turbocharged it. It cleared the way for new technologies, new business models, and new competitors across telecom and computing. Removing structural barriers didn't create chaos. It reopened pathways for rivalry and renewal that had been artificially suppressed.

These experiences reveal a deeper truth: in many cases, firm structure isn't just the backdrop for exclusionary conduct — it's the product of it. In dynamic markets, firms don't just gain market share; they reshape the marketplace itself. But after acquiring market power they often then lock in users, foreclose rivals, and construct ecosystems that reinforce their position.

In these contexts, structural remedies aren't a rejection of free markets. They are a way of restoring them. They work to undo durable barriers created by exclusion — reopening competition on the merits and giving innovation a chance to reemerge.

Of course, not every case requires structural relief. But when exclusion has produced structural lock-in that is difficult to unwind, behavioral conditions may not be enough. Restoring competition sometimes requires restoring the conditions under which competition can occur — especially when the harm is embedded in architecture, defaults, or control over distribution. Structure is not off-limits when structure becomes the source amplifying the problem.

Myth #6: "Conservative Support for Antitrust Enforcement is Just Sour Grapes over Censorship"

There is a widely held belief that conservatives' renewed interest in antitrust enforcement is little more than sour grapes over Big Tech censorship. If the speeches that Assistant Attorney General Slater and I gave last week weren't enough, allow me to disabuse you of that notion now.

Treasury Secretary Bessent recently put it well: MAGA doesn't stand for "Make M&A Great Again." This administration is committed to advocating for the interests of Main Street, and that means protecting competition across the economy. Technology platforms and products are a vital part of our daily life, and therefore incredibly important, but so too are markets like groceries, healthcare, and energy.

When I worked in the Senate, I heard more than one lobbyist say something to the effect of, "If we allow them to enforce the antitrust laws against Big Tech, then they'll do it in every industry."

To which I can only respond: God willing.

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Thank you.