

Room to Run: Regulatory Responses to Dynamic Changes in the Organization of Work

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Thank you for having me. I just returned from a trip to Greece, and so, with your indulgence, I would like to kick off the discussion of this very new topic with a very old story.

In 490 B.C., a greatly outnumbered Greek army defeated a huge Persian invasion. This was very big news at the time. According to the legendary story, the news of the Greek victory was entrusted to Pheidippides, a professional messenger who had recently completed several other amazing runs in service to the war effort. Pheidippides ran from the battlefield all the way to Athens, a distance of about 25 miles. Poor Pheidippides died from the extraordinary exertion of his final run, but the news he dramatically delivered with his dying breath was that the Athenians had just won the Battle of Marathon.

Today, things wouldn't be quite so romantic. A bystander in Marathon would have tweeted the news in 140 snarky characters.

The world we live in is almost incomprehensibly different than the world Pheidippides experienced. Of course, people still laugh and fall in love in much the same way as they always have. Many of the biggest differences between the world of 2015 A.D. and 490 B.C. are the result of well over two millennia of intervening technological innovation.

Useful inventions become technologies. Technology can eventually reorder markets and even whole societies over time. This process has been happening for a very long time, and it is likely to continue long after we are all gone.

The changes wrought by innovation are often disruptive. When markets reach an inflection point, the beneficiaries of the status quo regularly predict that the latest changes will lead to ruin. The original Luddites smashed textile machines in England. Today, the modern incarnations frequently run off to the government in an effort to staunch the flow of progress through stifling regulation.

Over the long term, these efforts to defend the older order almost always fail. When something can be improved, it inevitably will be. While progress normally wins out eventually, the defenders of the status quo can certainly muck up the works in the near term.

¹ The views expressed in these remarks are my own and do not necessarily reflect the views of the Federal Trade Commission or any other Commission. I would like to acknowledge my attorney advisor, James Frost, for his important contribution to this speech.

For a regulator, the potential benefits of these changes are a key signal to proceed carefully. If people are broadly benefitting from changes in the economy, we should be particularly cautious about taking actions that may abridge or eliminate them. As regulators, it is also not our job to pick winners and losers in the economy. In the absence of identified, concrete harms, we do not need to be closely regulating private economic activity.

So let me suggest that a better course here is caution. We can simply wait and see what develops in this area. If real harms actually do arise, that is the appropriate time for action. At that point, we will know a lot more than we know now and we can more closely tailor whatever regulation might be required to address that clear, identifiable harm. For now, we should let the market do one of the things it truly excels at: sorting out the innovations that are ultimately useful and beneficial to society.