Across history, we've routinely seen large firms—going back to U.S. Steel in the early 1900s, to Alcoa in the 1930s, to IBM and AT&T in the 1970s, to Boeing in the 1990s, and to dominant technology platforms today—argue that their market power is good for America.[1]

And yet, when you concentrate production, you concentrate risk. Unfortunately today we are living through the heavy costs of undue concentration. United Airlines CEO Scott Kirby recently drew a straight line between the 1997 mega-merger between Boeing and McDonnell Douglas and the transformation of Boeing from a highly profitable world-class engineering enterprise to an ossified money-losing corporation with dangerous quality issues.[2] After the merger, organized labor lost out, as the combined entity took on a union that had been essential to maintaining Boeing's innovative culture and commitment to quality.[3] Shareholders have lost out too, not having seen a dividend in four years.[4]

Boeing's journey is no different than that of many large corporations that policymakers have historically shielded from competition, and whose market power masked the decline and degradation of internal capacity. The difference between Boeing and many of those companies is there's simply no masking airplanes falling apart in the sky.

Today, policymakers across government recognize the importance of learning from these missteps as we navigate the challenges and opportunities posed by AI.

At the FTC, the rapid development and deployment of AI is informing our efforts across the agency, as we work to promote fair competition and protect Americans from unfair or deceptive tactics. There is no AI exemption from the laws on the books, and we're looking

[1] Government officials have often agreed. In the 1990s, officials even reportedly threatened the Europeans with sanctions if they wouldn't allow the merger of Boeing and McDonnell Douglas. As one White House advisor put it, aerospace was the "only sector where we have a de facto national champion and you can be an out-and-out advocate for it."
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closely at the ways companies may be using their power to thwart fair competition or trick the public.[5]

As part of this effort, the Commission today is launching a market inquiry into the investments and partnerships being formed between AI developers and cloud service providers.[6] Through using the agency’s 6(b) authority, we are scrutinizing whether these ties enable dominant firms to exert undue influence or gain privileged access in ways that could undermine fair competition across layers of the AI stack.

As we continue this work, a few key principles are top of mind.

First, we are focused on scrutinizing any existing or emerging bottlenecks across the AI stack. History shows that firms that capture control over key inputs or distribution channels can use their power to exploit those bottlenecks, extort customers, and maintain their monopolies. The role of antitrust is to guard against bottlenecks achieved through illegal tactics and ensure dominant firms aren’t unlawfully abusing their monopoly power to block innovation and competition.

The agency is taking a close look across the AI stack to understand the extent of competition across the various layers and sub-layers. We are examining whether dominant firms with control over key inputs—like cloud infrastructure and access to GPUs—may be able to impose coercive terms, charge extractive fees, or deepen their existing moats. We’re k ovea5co3ITu[(. H)2 o und data cannot be used to undermine competition.[9]