



LexNext Innovation Examiner

THE TECH AND NATIONAL SECURITY NEXUS

APRIL 4, 2024



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LINA KHAN'S "NATIONAL CHAMPIONS" CANARD

Federal Trade Commission (FTC) Chair Lina Khan has launched a troubling, strange, and fundamentally misleading campaign against America's leading defense and technology companies, slamming them for being "national champions." She also claims, "One of the clearest illustrations of how consolidation threatens our national interests is the risk monopolization poses to our common defense."

SPEECH TO CARNEGIE ENDOWMENT

In a [March 13 speech](#) to the Carnegie Endowment for International Peace, she said, "We are starting to hear the argument that America must protect its domestic monopolies to ensure we stay ahead on the global stage. Rather than doubling down on promoting free and fair competition, this national champions argument holds that coddling our dominant firms is the path to maintaining global dominance." Chair Khan does not say who these "domestic monopolies" are, who is making these arguments, and why they supposedly do not face competition. That's because none of this exists.

Like other comments Chair Khan has periodically made in [television interviews](#) and elsewhere, the Carnegie speech is big on bashing large American companies and relatively short on explaining America's strategic challenges and global competition with China. Whoever emerges as the pre-eminent technology power in that struggle will also be the pre-eminent economic power.

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While Chair Khan began her speech by saying of the FTC, “We focus primarily on domestic markets and the US economy,” her failure to acknowledge that America’s leading companies face global competition is a glaring omission. So is her refusal to acknowledge that the FTC, under her leadership, has aided the European Commission as it imposes billions of dollars of fines and other penalties against US companies.

Perhaps it is because of the March Madness college basketball tournament that Chair Khan has turned to the “national champions” language. However, unlike in a single-elimination sports event, businesses cannot terminate their competitors or even control who their competitors will be. Let down your guard as a big business and you will empower a bevy of competitors.

DIVERSE OPPOSITION AND CONCERNS

Among those taking strong issue with Chair Khan’s speech is [Dorothy Robyn](#), who served on President Bill Clinton’s National Economic Council from 1993-2001 and as a Deputy Undersecretary for Defense in President Barack Obama’s administration.

Responding to the March 13 speech she wrote, “The term ‘national champion’ typically refers to a company in a strategic sector that receives government support, including protection from domestic competition, in exchange for advancing national interests. Europe has long relied on a national-champion strategy, and Airbus is a prime example...By contrast, the US government has eschewed a national-champion strategy, which it sees as both inconsistent with this country’s capitalist tradition and of questionable effectiveness.”

In a March 12 [open letter](#) to Financial Times’ Editor Rana Foroohar, who also spoke with Chair Khan after her Carnegie Endowment speech, the US Chamber of Commerce raised concerns. The Chamber pointed out that the FTC under Chair Khan is aggressively working to slow mergers of mid-size companies, which after mergers typically make greater research and development investments and are thus able to better take on America’s biggest companies.

Chair Khan refuses to recognize the importance of scale in the pursuit of advanced technology, particularly those involving information technology. A single chip fabrication facility can cost \$20 billion. Efforts to develop Artificial Intelligence programs are extraordinarily expensive.

Only major tech companies with deep experience, broad technical capabilities, and a major place in the market, the companies Chair Khan derisively terms national champions, have the incentives and the means to pursue the new generation of advanced technologies.

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CHINA'S FORMIDABLE CHALLENGES MUST BE CONFRONTED

Pursuing these technologies is essential given America's strategic challenges and global competition with China.

"Our world is in flux. We face grave threats from China, Russia, and other nation-states. Chair Khan's anti-business agenda will hamper American companies' ability to compete in the global marketplace," said Sean Heather, Senior Vice President for the US Chamber.

Dr. Audrey Kurth Cronin, Director of the Carnegie Mellon Institute for Security and Technology recently argued that, "To win a great power competition with China, the United States needs to be able to work with its powerful tech companies." Instead, Chair Khan wants to penalize them.

Also conspicuously absent from Chair Khan's speech was any reference to China's annual economic blueprint, issued in early March. It calls for a 7.2 percent jump in military funding and an increase in research and development spending by 10 percent.

Furthermore, the Associated Press reported, "China will encourage more venture capital and equity investment and use 'market-based measures' to promote faster development of computer chip manufacturing and advanced information technology."

CHALLENGES ARE WELL BEYOND THE FTC'S SCOPE

Relatedly, returning more manufacturing to the United States from China and elsewhere will strengthen the Department of Defense's supply base significantly. The Administration has recognized this problem, particularly in semiconductor production, with the recently implemented CHIPS Act. In support of our national security, the US government is investing tens of billions in the leading US chipmaking companies.

Chair Khan's speech has numerous textbook examples of Orwellian disinformation. She criticizes things that do not exist, mistakenly says large US companies are inherently monopolies, and downplays, even dismisses America's global economic and military challenges.

Chair Khan heads an agency that is supposed to protect American consumers. For decades, it has successfully done this by fighting fraudsters and opposing mergers where consumers will be harmed.

Being head of the FTC is not a license to unduly pontificate on national defense issues, the structure of the US economy, or to bash successful companies. Chair Khan should take that to heart, as well as the pressing threats China poses, if she wants to truly serve the public.

