



The Daily Dish

Next Up – Nvidia

DOUGLAS HOLTZ-EAKIN | OCTOBER 9, 2024

The Department of Justice (DOJ) and the Federal Trade Commission (FTC) are seemingly investigating every firm in America. Next up: Nvidia.

True story. While vacationing in a not-to-be-named country this past summer, Eakinomics was outed during a trivia contest and immediately asked: “Why is the DOJ after Nvidia?” The honest answer: “I have no idea.”

Now, thanks to the [latest](#) from Angela Luna, we know that:

The DOJ sent subpoenas to Nvidia after rivals raised concerns suggesting that Nvidia promotes exclusive use of its chips and prioritizes customers that can immediately use its products, as well as that its recent acquisitions, particularly the purchase of AI management firm RunAI, foreclose competition from potential rivals.

Put Eakinomics firmly in the underwhelmed column. When the rivals start whining, it is hardly strong evidence for a federal case. And – despite this administration’s predilection for arbitrary criteria – simply being large and successful is not an antitrust violation, either. Nvidia’s chips are very, very successful. The only issue is whether Nvidia has “tying” agreements that pair the use of its chips with the obligation to purchase complementary artificial intelligence (AI) services.

Now, it is true that Nvidia has been busy, including with the purchase of AI-management firm RunAI, development of software and specialized computing services, and fostering a large [community](#) of AI programmers who innovate with its technology. But this kind of additional scale and scope is not unusual. What’s the proper response?

As Luna concludes:

Targeting firms like Nvidia for their size alone would come with significant negative consequences, both for the economy and national security. Therefore, Congress should undertake appropriate oversight to ensure the antitrust agencies stay focused on practices that harm competition – such as the ability to control prices and tie-in products – rather than simply industry concentration.