

Senate Judiciary Committee
Hearing on “Big Fixes for Big Tech”
April 7, 2025
Questions for the Record
Senator Amy Klobuchar

For Garry Tan, CEO, Y Combinator

In March, Y Combinator wrote a letter to the White House explaining how Europe’s Digital Market Act promotes innovation by American companies.

- Why should the Administration support measures that allow small technology firms to compete with dominant platforms and ensure our trade policies do not hinder our ability to enact similar measures here at home?

A competitive market is foundational to American economic success, and small technology companies are often at the forefront of groundbreaking innovation, driving economic growth and technological advancement. Dominant tech platforms, if left unchecked, can engage in anti-competitive practices, such as self-preferencing and creating barriers to interoperability, that undermine innovation, restrict consumer choices, and stifle new entrants.

Europe's Digital Markets Act (DMA) is a leading example of legislation designed to combat these harmful practices by enforcing interoperability and prohibiting gatekeepers from giving preferential treatment to their own services. Such measures ensure fair competition, enabling smaller companies to innovate and thrive based on merit rather than being sidelined by monopolistic behaviors. These protections are essential to maintaining an innovative and dynamic tech ecosystem in the United States.

Our trade policies should reflect our domestic commitment to competition, facilitating the implementation of similar pro-competition regulations domestically. Rather than viewing such measures as burdensome, the Administration should recognize them as aligning directly with American values of free enterprise and competition. Supporting robust competition rules internationally and domestically helps prevent monopolistic gatekeepers from hindering the growth of smaller, innovative American businesses.

In short, measures like the DMA promote an environment where American startups and innovators can succeed. Encouraging open and fair markets both abroad and at home safeguards America's economic leadership and ensures continued innovation and consumer welfare.

Garry Tan
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QUESTIONS FROM SENATOR CORY A. BOOKER

1. In your testimony, you discussed a startup that created “created cutting-edge technology capable of detecting deepfake fraud—such as fraudulent calls targeting elderly parents” and how it was unable to go to market because it was denied API access by dominant platforms.

- a. Can you talk about the efforts this startup made to gain access and whether that process required an investment of resources and time?

Deepfake voice calls are a rising problem. This startup built the tech needed to solve the problem and successfully detect such calls. However, iOS does not allow 3rd party applications to access real-time audio from voice calls on iPhones. As a result, the team had to abandon the project and pivoted to a B2B service. Pivoting isn’t an uncommon occurrence for early-stage startups that go through Y Combinator. The real loss here is that the world lost superior technology which presumably would have ended countless fraudulent calls to unwitting victims.

- b. What impact would the divestiture of Big Tech companies have on small business tech startups that would help avoid situations like this?

In this example I cited during in my testimony, it would not even necessarily require Apple to divest certain assets. It’s simply lifting the block on interoperability – or deep access to the iOS APIs which control certain features of the phone.

2. Can court imposed (non-personal) data sharing requirements on Big Tech open the door to innovation?

Yes.

3. What would effective remedies to encourage open access in the market look like from the perspective of an investor?

Anything that successfully compels gatekeepers like Apple and Google to end egregious forms of self-preferencing and embrace more interoperability. This would allow startups to begin filling a vacuum for more products and services, and capital would follow.

4. In your view, are there any behavioral remedies that can effectively open the market to small startups?

Yes. The deepfake fraud detection app described earlier would be allowed to exist if iOS provided documentation describing how developers could access real-time phone audio. Mandating Apple publish such API documentation and providing access would be an example of a behavioral remedy which opens more market access for startups.

5. How could effective remedies increase the likelihood of small businesses bringing beneficial technological innovations to market, rather than pivoting because, as you testified, their innovations are sometimes blocked from reaching customers due to monopolistic behavior by companies with large network effects?

Effective remedies can significantly increase the likelihood of small businesses successfully bringing innovative technologies to market by addressing and mitigating monopolistic behaviors from dominant companies. Specifically, mandating open API access ensures startups can integrate with widely-used platforms, directly enabling innovative products and services to reach consumers without undue barriers. Similarly, enforcing interoperability requirements allows startups to provide solutions that seamlessly integrate with existing technologies, enhancing consumer choice and innovation opportunities. Finally, clearly defined limitations on self-preferencing prevent dominant companies from unfairly disadvantaging smaller competitors, thus fostering a fair competitive landscape. Collectively, these remedies protect and empower small businesses, ensuring their innovative technologies reach the market rather than forcing pivots due to blocked pathways.

6. What are the harms of allowing market concentration by Big Tech to continue, especially as other countries are rapidly developing new technologies? Will the United States be able to compete globally?

Allowing continued market concentration by Big Tech significantly harms innovation, consumer choice, and America's global competitiveness. Monopolistic practices limit market entry for new innovators, slow technological advancement, and reduce the diversity of available solutions. As other nations accelerate technological development and adopt pro-competition policies, the United States risks losing its technological leadership position. Without timely interventions to ensure fair competition, American innovators may increasingly find more favorable conditions abroad, undermining domestic economic growth and global competitiveness.