

**Opening Statement of Chairman Greg Walden  
Subcommittee on Communications and Technology hearing:  
“Telecommunications, Global Competitiveness, and National  
Security”**

**May 16, 2018**

Thank you, Madame Chairman. I want to welcome our witnesses to this hearing on “Telecommunications, Global Competitiveness, and National Security.”

These topics are not just timely, but ones which we have long set aside partisan differences, as we counter national security threats and empower our innovators to compete around the world. As chairman of this subcommittee in 2013, I held a hearing on this very same topic. These are challenges that still vex us, as demonstrated by our subcommittee on Digital Commerce and Consumer Protection Subcommittee’s hearing on CFIUS legislation just last month

Discussion on these topics usually happens in a classified setting, so there will be limits on our conversation today. But, as I mentioned, the Energy and Commerce Committee has the expertise on communications technology and a key oversight role in this debate.

For years, concerns have been raised about the supply chain, and potential vulnerabilities that may be introduced in our networks. Of concern are foreign vendors that integrate seemingly private companies with their military and political institutions.

There are also concerns about counterfeit equipment and fraud.

In more recent months, there have been alarm bells going off at all levels of government about the potential threats to our communication networks.

As startling as these threats are, some of the proposed solutions can be even more distressing.

Before committees in Congress, and different federal agencies, launch solutions to this complex challenge without proper coordination and investigation, I argue that we take a more thorough approach.

Any net assessment of a serious challenge requires some fundamental questions be asked at the outset:

How significant is the problem?

Is it getting worse?

What are the potential solutions and potential unintended consequences?

Most importantly, in a resource constrained environment, how do you prioritize solutions?

In the second half of the twentieth century, we faced similar questions as our adversaries appeared to out-pace us in strategic areas.

In response, the United States invested heavily in the research & development of cutting-edge information and communications technology.

It's estimated the government's share of R&D at that time was two-thirds of total U.S. R&D investment. This laid the ground work for both U.S. military superiority, and unprecedented economic growth.

But today, the ratio of government-to-private R&D investment is completely reversed. Moreover, the barriers to entry in advanced technology have been substantially reduced as costs have come down, research is globalized, and formerly advanced technologies are now readily available.

Our competitors are more sophisticated than before, and some use their understanding of market dynamics to manipulate the market in their favor.

We cannot simply replicate 20<sup>th</sup> Century strategies for the 21<sup>st</sup> Century economy, and we must be wary of protectionist policies. As the Chairman pointed out in her opening statement – the marketplace for technology is global.

Nor can we rely on government-centric approaches to simply “spend” our way out of this problem.

Simply reacting to our competitors in symmetric, tit-for-tat responses is never a winning strategy.

If you are reacting, then you are losing.

A better approach is to find and exploit the asymmetries that benefit us – the core competencies that define our economy, and our society more broadly.

This means development and early adoption of the next generation of disruptive technologies.

It means strengthening our private sector through greater information sharing about threats.

It means better coordination among government agencies, so the private sector knows where to go when they encounter vulnerabilities in networks, and not burdening them with redundant, conflicting regulations or unnecessary costs.

It means greater dissemination of best practices and empowering the inclusiveness and transparency of standards-setting bodies.

We can either lead the world in these areas, or we can follow it.

Today's hearing is a step in the direction of leadership, and I look forward to the captains of industry in technology and telecommunications heeding our call.

I thank the Chairman for convening this hearing, and I look forward to the testimony of the witnesses.