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**Subject:** Trump, stop this foreign takeover of US tech giant

Qualcomm is at the point of the spear in creating the next technological leap to 5G



**The Power Beat Daily**  
*All The News That Doesn't Fit the Page*

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**Trump, stop this foreign takeover of US tech giant**

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**House passes sex trafficking bill, but faces uphill battle in the Senate**

*In a rare bipartisan push, the House of Representatives has voted to pass legislation making it more difficult for online users to engage in sex trafficking and empower victims to fight against web makers that facilitate inappropriate online content. However, this bill is no stranger to controversy and has sparked outrage from some lawmakers and technology companies. While this bill takes a necessary step in combating a growing problem, it also might create a few new ones.*

**The National Interest: The World Cries Wolf on U.S. Tariffs**

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**THE HILL**

## Trump, stop this foreign takeover of US tech giant



By Richard Manning

In our globalized world, national security threats take many forms, and one area of increasing concern is the attacks on U.S. companies who are instrumental in building the nuts and bolts of the modern Internet. America's free market economy, our way of life, can easily come under threat from foreign nations whose national interests do not align with ours if we are not careful about what happens to American-based companies and their intellectual property.

There is no better example of this dilemma than Broadcom — a Singapore-based technology company — moving to attempt a hostile takeover of Qualcomm — an American technology firm based in San Diego, Calif. Under normal circumstances, such an acquisition would be a fact of life in a free market economy. However, a hostile takeover of the one U.S. company on the cutting edge of 5G technology by a foreign company raises serious national security concerns.

The fact of the matter is, Qualcomm has played an integral role in the development of smart phone technology. Perhaps most famous as the developer of both 3G and 4G technology, Qualcomm is at the point of the spear in creating the next technological leap to 5G. The future leap will see machines talking to and directing the activities of other machines, pushing society into a world where driverless vehicles are the norm and many aspects of life are literally on automatic pilot.

Qualcomm is one of the companies most likely to create the software to make this system run, but China's Huawei is among those competing to be first. An immediate review by the United States Government's Committee on Foreign Investment in the United States (CFIUS) of the attempted takeover of Qualcomm by Broadcom is of the utmost importance because whoever wins the battle in developing 5G, will be providing the guts of the world's industrial future. It can be expected that an unscrupulous company controlled by a foreign government would use this advantage to put backdoors into various systems, making the world's economy vulnerable to blackmail.

The Chinese technology company, Huawei, is already reported by news outlets such as Reuters to be on the verge of major 5G breakthroughs. Given Broadcom's suspected business ties with China, the access Chinese companies could have to Qualcomm's intellectual property and 5G development

would guarantee the dominance of the global Internet by an authoritarian regime and competitor to the United States.

CFIUS is a specialized institution within the U.S. Department of Treasury designed to handle financial deals of such grave national security importance, such as this hostile takeover of Qualcomm. President Trump and Treasury Secretary Steven Mnuchin must immediately engage the CFIUS process to ensure that American interests are being met. CFIUS was designed to prevent dangerous technology transfers through both sales of computers and other products, but also through the sale of companies with the patents and know-how which transfer of control over would have potential disastrous consequences.

Generally, when one company moves to acquire another, it is a perfect example of our capitalist system at work. Investors benefit along consumers and we see a greater efficiency in the market. However, we must not ignore the interests of America as a whole either. When major acquisition deals threaten our national security, there is a necessary and important constitutional role for our government to play to ensure that American citizens will continue to remain free. The Broadcom attempt to takeover Qualcomm fits this criteria to a tee.

In 2016, President Obama succeeded in giving away operational control over the Internet's domain name system to a non-profit vendor without ties to the U.S. government, a move which candidate Donald Trump wisely opposed. Now it is up to the Trump administration to deny the foreign takeover of the one company in America that is building the guts of how business will use the Internet in the future.

With all the threats around the world, this little discussed one is as important over the long-run as the nuclear threat posed by North Korea and others. We simply cannot afford to have foreign governments through their managed corporations, have the ability to claim exclusive control the 5G technology that will be running the economy of the future.

*Rick Manning is the president of Americans for Limited Government.*

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House passes sex trafficking bill, but faces uphill battle in the Senate

# H. R. 1865

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## AN ACT

To amend the Communications Act of 1934 to clarify that section 230 of such Act does not prohibit the enforcement against providers and users of interactive computer services of Federal and State criminal and civil law relating to sexual exploitation of children or sex trafficking, and for other purposes.

By Natalia Castro

In a rare bipartisan push, the House of Representatives has voted to pass legislation making it more difficult for online users to engage in sex trafficking and empower victims to fight against web makers that facilitate inappropriate online content. However, this bill is no stranger to controversy and has sparked outrage from some lawmakers and technology companies. While this bill takes a necessary step in combating a growing problem, it also might create a few new ones.

The legislation H.R. 1865, or the Allow States and Victims to Fight Online Sex Trafficking Act of 2017, removes immunity from liability for online actors who “promote or facilitate the prostitution of another person... promotes or facilitates the prostitution of 5 or more persons; or acts in reckless disregard of the fact that such conduct contributed to sex trafficking”. Currently, the 1996 Communications Decency Act (CDA) protects websites from liability for material posted by third parties; this allows these websites to evade criminal and civil lawsuits.

Missouri Republican Ann Wagner introduced this legislation due to a Congressional investigation taking place against the website Backpage. The Senate report on the website concludes, “Backpage has maintained a practice of altering ads before publication by deleting words, phrases, and images indicative of criminality, including child sex trafficking... Backpage also knows that advertisers use its site extensively for child sex trafficking, but the company has often refused to act swiftly in response to complaints about particular underage users—preferring in some cases to interpret these complaints as the tactics of a competing escort.”

Representative Wagner called the issue of online sex trafficking a problem “hiding in plain sight” and hopes the act will empower victims and the legal system to take action against websites that facilitate this crime.

Although the legislation passed through the House on a 388-25 bipartisan vote, the Senate expects an entirely different obstacle.

As Evan Engstrom, leader of an Internet startup advocacy group named Engine that represents companies like Reddit and Pinterest, explains to [NPR of Feb. 2018](#), the CDA was integral in protecting websites like YouTube, Facebook, and Yelp which would have otherwise been sued out of existence. As NPR reports, “Engstrom argues this could prove counterproductive. He says websites, especially small ones, might decide to not even know at all what happens on their platforms to avoid liability.”

The legislation broadly allows for litigation against any website that promotes or facilitates illegal prostitution or sex trafficking, which has raised concerns over widespread implementation and over litigation.

Conservative organizations faced similar questions regarding the limitations to the First Amendment this bill presents since it encourages companies to censor material that could produce liability. Americans for Limited Government President Rick Manning notes, “The implementation of this law could have the effect of encouraging Facebook or other internet entities to engage in a delete first, ask questions later policy to protect themselves from liability. Given Google’s hiring of the Southern Poverty Law Center to monitor YouTube content, it is not difficult to see how this good idea could turn into a disastrous result.”

As the Congressional investigation into Backpage suggests, online sex trafficking and criminal activity is a serious issue that must be addressed but discovering the best method to address the issue has proved challenging. While this legislation could empower victims to fight against pages which facilitate crime, it could also open a stream of litigation which redefines how our internet functions.

*Natalia Castro is a contributing editor at Americans for Limited Government.*



ALG Editor’s Note: [In the following piece from The National Interest](#), Salvatore Babones looks at the trade tariffs announced by the U.S. and tells everyone to breathe and calm down:



The World Cries Wolf on U.S. Tariffs

By Salvatore Babones

When U.S. president Donald Trump announced sweeping new tariffs of 25 percent on imported steel and 10 percent on aluminum Thursday, the world's commentariat broke out in a frenzy of condemnation. Trump was accused of playing politics in a way that could "destabilize the global economy." It was said that Trump's actions could "bring global trade growth to a halt" (notwithstanding the fact that levels of global trade have already been declining since 2011). His critics screamed "trade war." Canadian and European leaders immediately threatened retaliation. China didn't, but American China experts predicted that Beijing soon would.

It is likely that few, if any, of these experts have read the two detailed Commerce Department reports that prompted the tariff decision, or the Defense Department memo endorsing their findings. The goal of the tariffs proposed by Commerce and endorsed by the president isn't to punish Chinese dumping or put an end to free trade. It's to ensure that the United States retains any domestic steel and aluminum production at all. Like President Barack Obama's controversial auto industry bailout in 2009, these tariffs are about keeping an industry for the future, not about making it profitable today.

If China has merely expressed concern over Trump's plans, it's because China is not really the target of the planned tariffs. China's massive state-owned steel and aluminum firms may ultimately lie behind the world's glutted markets, but Chinese products account for only a fraction of U.S. imports (2.2 percent for steel and 10.6 percent for aluminum). The real problem is that other countries—including allies like Canada and the European Union—have responded to years of Chinese dumping by subsidizing their own industries and imposing broad tariffs on Chinese steel. American antidumping measures have traditionally been more narrowly focused. In a sense, Trump is only catching up with what the rest of the world is doing already.

The simple fact is that the world produces much more steel and aluminum than it needs. A global shakeout is inevitable, and every country wants to make sure that its own industries are the ones that survive. The only question is: who will blink first? If one country has done a lot of blinking over the last twenty years, it's the United States, as the Commerce Department report amply documents. Embracing a free-market approach, being reluctant to provide subsidies, applying very selective tariffs and never even thinking about nationalizing its strategic industries, the United States has consistently ceded market share to its statist rivals overseas. The Trump tariffs bluntly but effectively draw a line under twenty years of creeping retreat.

In its evaluation of the Commerce Department reports, the Defense Department flatly concluded that "the systematic use of unfair trade practices to intentionally erode our innovation and manufacturing industrial base poses a risk to our national security" and agreed with the Commerce Department's conclusion "that imports of foreign steel and aluminum based on unfair trading practices impair the national security." Of the three national-security responses offered by Commerce, DoD preferred the second option, targeted tariffs, over the first (global tariffs) and third (global quotas). But that's a question of strategy, not principle.

The DoD is, obviously, a military organization, not an economic one. It is "concerned about the negative impact on our key allies" of a broad, uniform tariff. So the DoD prefers targeted tariffs on countries that, except for South Korea, are not U.S. allies. But as the DoD memo admits, targeted tariffs raise complicated enforcement challenges due to the international transshipment of steel and other jurisdiction-shifting exercises. The Commerce report estimated that targeted tariffs would have to be at least 53 percent on steel and 23.6 percent on aluminum to be effective. Trump's flat tariffs of 25 percent and 10 percent would be easier to implement and harder to avoid.

A single, global tariff also sends a simple, universally understood message that this time, the United States is not going to blink first. This dispute is not about the World Trade Organization, playing by the rules, commitment to globalization or the much-hyped international liberal order. It's about the fact that some countries are going to have to give up their steel and aluminum industries. The United States should not be one of them. Countries that have historically made high steel and aluminum output a matter of national policy should act responsibly to dismantle their bloated industrial bases. Until they do (and there are no signs that they will), the U.S. government should act to ensure a fair price for those few American producers that remain.

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