



The Daily Dish

Cutting the Pacific Light Cord?

DOUGLAS HOLTZ-EAKIN | AUGUST 30, 2019

Eakinomics: Cutting the Pacific Light Cord?

Last time I checked, the World Wide Web was supposed to be world-wide. And every time infrastructure comes up as a policy issue, high on the list of priorities is ubiquitous, high-speed Internet. So why is the Department of Justice (DoJ) threatening to block the 8,000-mile Pacific Light Cable Network (“Pacific Light”) across the Pacific seafloor between Hong Kong and Los Angeles? Because the Pacific Light is not just a joint project of Google and Facebook — it is also a joint project with the Chinese telecom Dr. Peng Telecom & Media Group Co. Citing national security concerns, the so-called “Team Telecom” at DoJ is threatening to deny the permits necessary to operate the network, even though it is essentially finished.

As *The Wall Street Journal* [noted](#), “If the U.S. rejects Pacific Light’s application, it would be the first time it has ever denied an undersea cable license based on national security grounds, and it could signal regulators are adopting a new, tougher stance on China projects.” It elaborated, “Team Telecom’s concerns over Pacific Light include Dr. Peng’s Chinese-government ties and the declining autonomy of Hong Kong, where pro-democracy protesters have been holding massive demonstrations for months against Beijing’s efforts to integrate the territory more closely.”

Security probably isn’t the true driving concern here. It is hard for me to imagine that Google and Facebook did not take steps to ensure the physical security of the cable during its laying. And the Federal Communications Commission has plenty of authority to require secure procedures of operation. So it would seem that this objection comes down to one and only one thing: China. Is the DoJ threat part of a government-wide effort to cut all economic ties with Chinese companies? If so, is that the right strategy? Greg Ip has a wonderful [column](#) in the *Journal* on the dangers of the backlash against China going too far. Among the many insights was: “So what’s the right strategy if not integration with China, as previous administrations sought, or decoupling, as this administration has threatened? All the experts I spoke with agree the U.S. needs to *unify its allies behind a common approach*” (emphasis added).

The unilateralist approach of the Trump Administration is simply not working: Action is taken, the United States suffers losses, the Chinese substitute another partner for the United States, and the economic activity occurs anyway. Only the United States loses. It may be hard to identify the right level of engagement, but there is no case for continuing to go it alone.