Howard Lutnick Confirmation Hearing

Howard Lutnick testifies at Senate confirmation hearing for Commerce Secretary. Read the transcript here.

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Vice President Vance (00:00):

... good salesman. When I visited New York on the anniversary of 9/11 during the campaign, and as you all know, campaigns are very busy. There is a lot going on. And Howard said, "JD, you need to come by my office because on 9/11 every day, and we've done it since 2001, we raise money for the families of the people who lost their lives that day." I said, "Howard, it's the middle of a presidential campaign, man. I'm the Vice Presidential nominee." And he said, "No, no. You're coming. Trust me, you're coming."

(00:29)
And I showed up on the floor, on the trading floor of Cantor Fitzgerald. And

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every single person was selling and working their tails off, not to make money for Howard Lutnick or the business that day, but to make money for the relief efforts and the families who they still take care of, what is it now, 24 years later. And that's an incredible testament to a guy who doesn't forget where he came from, who doesn't forget the people that he lost that day, and I can't think of a better person to be the Commerce Secretary than a person who is a product, who is a sales guy, and who is an incredible human being who doesn't forget the employees that he lost that day.

(01:06)
I want to make one final observation. So Howard has a beautiful family. It's good to see all the kids here and his lovely wife. On the campaign trail, one of the... as you all know, I have three little kids, and I like to take my kids with me on the campaign trail whenever possible because I'm a dad first. And as you also may know, whey you have little kids, sometimes little kids don't behave all the time. In fact, they often don't behave. And I remember when we took our kids to Howard's house on the campaign trail, and we actually had a fundraiser that evening in a different place, but we had a few hours. And I told my wife, I said, "We're going to take the kids to my buddy's house, Howard Lutnick's house." And she said, "You know, do you really want to take our three kids, energetic, wound up to somebody's house. They're going to destroy something. They're going to embarrass us." And I said, "Howard's house, his wife's house, yes, actually."

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(01:58)
And he spent the morning with them, we spent the afternoon with them, and then we went to our event. And I'll never forget afterwards, my wife looked at me and said, "We felt like the kids could just be kids." Even though they didn't know Howard and even though Howard didn't know them, he was a good enough guy to make it possible for our kids to just be kids. And I think that it's important to have the kind of person at commerce who can't just do the job, because Howard can certainly do the job, who hasn't just been wildly successful because, of course, Howard has been wildly successful but is just a good dude. And Howard is a good dude. He will make us proud as our next Commerce Secretary, but he makes me even prouder to call him a friend. God bless you, man.

Ted Cruz (02:52):

Mr. Vice President, thank you. Welcome back, and I will say to all the employees at the commerce department, you must be very pleased to know that your incoming secretary will be just fine if you break something or crayon on the walls or spill your grape juice. You can do all of those at the Department of Commerce. And with that, I recognize Mr. Lutnick for his opening remarks.

Howard Lutnick (03:15):

Thank you Chairman Cruz, Ranking Member Cantwell and members of the committee. And thank you JD, Mr. Vice President, for the kind introduction. I deeply appreciate our friendship and that he was able to join me today. I'm profoundly grateful to

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President Trump for the confidence and faith he has placed in me. It's an honor to appear before you as your nominee for Secretary of Commerce. My family is here with me today. I would like to introduce you to my wife Allison, who is sitting behind me, who for 30 years has been my great partner, advisor and a spectacular mother to our wonderful children, and my oldest son, Kyle, behind me, Brandon, Casey, and Ryan. My extraordinary sister, Edie, is also here as well as Alison's brother, Rick, and my sister-in-law, Abby, and many of my closest friends who have chosen to come down to support me.

(04:09)
I grew up on Long Island, New York. My mother was an artist, as you said, and an art teacher. My father was a professor of American History. My mother, Jane, taught me how to appreciate life. When I was 14, she was diagnosed with terminal cancer. But she decided, if she was going to die, before then, she was going to live. I'll never forget the day she pulled me out of class, so I rushed to the car and said, "Are you okay?" But she said, "I'm okay. Let's go." We drove to New York City. We went to art galleries, then we went to the opera. We went to a late night dinner, got home super late, and of course, she expected me to get up and get to school on time the next day. My mother died in February, 1978, when I was 16 years old.

(04:56)
A year and a half later, my father was diagnosed with lung cancer. He kept his diagnosis secret from me because he wanted to make sure I left to start college in the fall. He dropped me off at school, and a week later, he went

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for his first chemotherapy treatment at a local hospital. The nurse accidentally gave him the wrong dose, and he died right then and there. It was September 12, 1979, and I was 18 years old. So we all know losing one parent is heartbreaking, but losing both is something entirely different. It's life shattering. Without any support from our extended family, Edie and I put my 15-year-old brother in the boarding school right near my college, and he would sleep with me in my dorm room on the weekends.

(05:43)
The next year, Gary moved up to live with my sister and spent the next two years living with her while she earned her law and business degree. The three of us became inseparable, but as you can imagine the pain we suffered when Gary and 657 of my other friends and colleagues at Cantor Fitzgerald were killed on 9/11. The company was located on the top five floors of the World Trade Center. I still can't say about that without getting emotional, sorry. And no one in the office survived. I was taking my son Kyle to his first day at kindergarten, which is why I am with you today. The company was destroyed. But on September 12th, I hosted a call with my surviving employees, and I laid out two choices for them. We can either attend our friends' funerals, but that's 20 funerals a day for 33 straight days or we could try to rebuild the company to take care of the 658 families that we lost that day.

(06:44)
So this phone call led to one of the most extraordinary events in American business history. All of our employees, both new and those that survived,

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agreed to donate 25% of their salaries, their salaries, to the families of 9/11 colleagues. So together, we raised 180 million dollars over the next five years for those families. And my employees, they stitched my soul back together. My employees never expected to get paid back, but I had other ideas. So in 2008, we took a division of our company public. And I gave each and every one of those employees double of what they had given to those families.

(07:21)
I've worked at Cantor my entire career, 41 years. And rebuilding the company over the past 24 years is my greatest business achievement. After 9/11, we were down to about 1000 employees. Today, the company employs more than 14,000. I'm so proud of my exceptional friends at Cantor, BGC and Newmark. I saw the strength of the American spirit during President Trump's campaign, and it fueled my desire to serve our nation. We need healthy business, small, medium and large, to hire our great American workers to drive our economy. I will dedicate myself to making our government more responsive, working to ensure Americans have the greatest opportunity for success. I am an outcome-driven leader, and upon my confirmation, I will take a thoughtful and rigorous approach to leading this great department and serving our country.

(08:12)
Thank you. Thank you, Mr. Chairman. And I look forward to taking your questions.

Ted Cruz (08:18):

Thank you very much, Mr. Lutnick. And thank you for that heartfelt opening statement. Your background is very impressive, not only have you led several companies, which are global leaders in financial services, real estate and brokerage, you've rebuilt Cantor Fitzgerald in the wake of the unspeakable tragedy of 9/11. I appreciate your willingness now to serve your nation. Let me start with just a general question, why do you want to be the Secretary of Commerce.

Howard Lutnick (08:50):

I think America is in a place to teach the world and to show the world what leadership is like, what a great economy is like, what taking care of its Americans is like. And to be part of that administration, to be part of this historic Trump administration is one of the great honors of my life. So I'm just looking forward to being a part of this administration, to play my part in helping drive our economy's growth and driving the support and dedication to our American people.

Ted Cruz (09:28):

So, in your business career, you have been very successful. You've made a lot of money. You have told this committee in your questionnaire that you plan to divest your business interests in accordance with federal laws and regulations to avoid any conflict of interest. Can you explain what your plan is regarding your business interests and whether you will consult with the designated agency ethics officials?

Howard Lutnick (09:56):

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So my plan is to only serve the American people. So I will divest, and I will sell all of my interests, all of my business interests, all of my assets, everything. I've worked together with the Office of Government Ethics, and we've reached agreement on how to do that. And I will be divesting within 90 days upon my confirmation. So I should have no business interest, therefore, no conflicts of interest. I've made the decision that I've made enough money in my life. I can take care of myself, I can take care of my family. It is now my chance to serve the American people. And so upon confirmation, my businesses will be for sale, and someone else will lead them going forward. But the Office of Government Ethics and I have reached agreement, we've signed the document. I've made it public. And going forward, I will always consult. The Commerce Department has a great ethics department. I've already met with them, and I plan to stay in close contact with them and avoid all conflicts so I can just serve America.

Ted Cruz (10:59):

Thank you for that. Let's move to one of the important responsibilities you'll have as Secretary of Commerce. The National Telecommunication and Information Administration, NTIA, is the lead agency for managing federal government spectrum including critical mid-band spectrum. Over the past several years, Majority leader Thune, Senator Blackburn and I have all worked closely on a bill that would require NTIA to identify federal spectrum that can be more efficiently used freeing up some of that spectrum for commercial uses. To dominate in next generation wireless

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technologies, 5G and 6G, to stay ahead of our adversaries and to advance strong economic growth, the US must create a pipeline to expand commercial access to mid-band spectrum.

(11:50)
Will you commit to working closely with myself, other members of this committee on solutions that will expand commercial sector access to this key spectrum while at the same time protecting US national security interests?

Howard Lutnick (12:04):

You gotta ask me a tougher question than that. Absolutely yes.

Ted Cruz (12:07):

So tell this committee, in your judgment... All right, let's try another tougher one and a natural followup. Why is freeing up more commercial spectrum important? Why should the American people care that we get this accomplished?

Howard Lutnick (12:23):

So we start by the NTIA is the coordinator and advisor to the administration on spectrum. There's enormous amounts of spectrum held by the Department of Defense. And for our country to really reach the scale that it can be for it to be successful, we need to be the leader in the world of 5G and 6G. So we've got to work closely with the Department of Defense. As you said, we've got to make sure, of course, to protect ourselves, but all due respect, if I'm going to be your Secretary of Commerce, I kind of lean towards

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commerce. So I'd like to try to help us drive some of that spectrum towards our businesses to free us to drive to be the leader in spectrum in the world.

Ted Cruz (13:11):

Well, thank you. I look forward to working with you on that. Let's turn to NOAA, the National Oceanic and Atmospheric Administration. Last year, an activist judge in New Orleans vacated NOAA's existing biological opinion for the then Gulf of Mexico. I would note that President Trump has renamed the Gulf. I have to say I'm partial to calling it the Gulf of Texas, but everyone can have their own opinion on that matter.

(13:38)
NOAA must now file a new biological opinion on offshore work in the Gulf by May 21st. NOAA is notoriously slow moving on these biological opinions. And if it fails to get this one done on time, it could shut down oil and gas operations in the Gulf. Can you commit to hold NOAA's feet to the fire to make sure that it meets the May 21st deadline for reissuing this biological opinion?

Howard Lutnick (14:09):

I will work hard to make sure they meet that deadline, and we do our job on time rigorously and thoughtfully, and we will provide anything to do with it to get it in.

Ted Cruz (14:20):

And can you further commit that you will do everything to ensure that NOAA does not actively hamper energy production in the Gulf such as

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by implementing unverified and unsafe vessel speed restrictions?

Howard Lutnick (14:34):

I can commit to that. I don't understand. I will study, of course, the work of NOAA, but the speed restrictions seem illogical to our fishermen and to our businesses, so they need to be studied. But you have to take care of Americans as well. How about we put that at the top of the list? Let's take care of Americans.

Ted Cruz (14:55):

Thank you. Ranking member Cantwell.

Maria Cantwell (14:57):

Thank you, Mr. Chairman, and again, Mr. Lutnick, thank you for your symbol of resilience. It really is quite remarkable. Thank you for sharing even those most personal moments because I'm sure it is hard to do no matter how many times you've done it, so thank you.

(15:11)
I want to go as fast as I can, so if you can help me by being short answers, that would be great. I could cover more territory. Do you believe that the investments that we've made in the CHIPS and Science Act should be preserved?

Howard Lutnick (15:26):

I think they are an excellent downpayment. As a structure, I think we need to get it right. I think we need to review them and get it right. But as the way the Congress has set it, it's an excellent downpayment in our ability to bring semiconductor manufacturing back to America.

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Maria Cantwell (15:43):

Okay. It's good to hear because the President has said a little differently on that point, so good to hear. And then on NOAA, do you believe in keeping NOAA together and its responsibilities together?

Howard Lutnick (15:54):

Yes.

Maria Cantwell (15:56):

Okay. We're hearing that maybe they're going to try to separate some of it out and put it in CHEEREIO. You would fight that?

Howard Lutnick (16:02):

I want to do it right, and right now, commerce is doing it right. We understand how to do it, and I expect to continue to understand how to do it. So I have no interest in separating it. That is not on my agenda.

Maria Cantwell (16:14):

Good to hear. I believe we need a NOAA Organic Act. Believe it or not, it's 60% of your budget, and there is no underlying policy in the law about NOAA. So me, I think the way that my colleagues and I get good fisheries management is to put that into the law and say it's demanded, not what the whim of every scientist that comes along with a new administration, but we'll talk about that later.

(16:34)
Okay. Let's turn to the rule making that we're talking about. ICU is a big rule maker in a critical area, AI and exports, and the challenges that we face as a nation. So I'm trying to get to

who you are deep down about this. How are you going to go about this really challenging task because I have some ideas about what I think make good principles here and why it's so important because if you want to move fast, you have to be collaborative. I know other people think you can just my way or the highway, but usually, that doesn't work. And so the ramifications, the best thing that we can do is work together collaboratively like we did on CHIPS and Science.

(17:13)
Okay, so did you advise the President or anyone in his administration on his meme coins?

Howard Lutnick (17:19):

I did not.

Maria Cantwell (17:23):

Okay. Can you help me on this treasury issue, this little fight between Cantor Fitzgerald and CME, the settling of treasuries at the London Exchange. I don't understand this as it relates to a hierarchy of putting the United States treasuries in some drastic situation which we didn't see before, right, on our debt, and the debt ceiling is this debate we're having. Are we going to pass the debt ceiling or not? So why do you believe that settling in a London Exchange would be good for US treasuries?

Howard Lutnick (17:53):

It was just the people speaking about it didn't understand it. All US treasuries are held by banks in the Federal Reserve in the United States of America. They can't leave. So when

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their software was written, wherever it's written, the treasuries themselves, they only stay in America, the settling of treasury futures, of course, is in America. The partner Cantor Fitzgerald chose was the London Stock Exchange, which, of course, has been registered with the CMA properly since the year 2000. So it was just a lack of understanding, good for the press, bad for knowledge. They just got it wrong.

Maria Cantwell (18:30):

I personally don't think this is... Look, somebody tried to make my state the deep pockets on an in-run default, and I didn't appreciate it, and I passed a new law against the manipulation. So I know this very well. In fact, the Treasury Secretary just got asked by my colleague, Senator Cornyn, in a hearing last week what he thought about this. And he was like, "No. It shouldn't be ever." US treasuries in a debt hierarchy of a failure should never have London making decisions before we make decisions. And so I'll ask you more for the record about that. But I think Mr. Bessent got it right, and I hope that we can get a better answer from you.

(19:06)
On the one-to-one issue, I get that Tether had a problem, they basically weren't. As a stablecoin exchange, you came in, the CFTC find them, and then you came into the picture. And so my question is are you prepared, do you think the market needs to comply with audits about whether one-to-one ratios really exist on stablecoins?

Howard Lutnick (19:35):

I believe stablecoins, US dollar stablecoins, should be audited, should be completely backed by US treasuries 100%.

Maria Cantwell (19:44):

But how do we prove that if necessary is my question.

Howard Lutnick (19:48):

Well, an audit, US audit and one-to-one backed by US treasuries, and lastly, you can't change the rules meaning if someone has bought the stablecoin, you can't change the price. If someone's made a deposit with you, you can't say I'm going to withdraw, you're going to change the price.

Maria Cantwell (20:03):

So you really believe in a robust audit process and more opening than it exists today?

Howard Lutnick (20:08):

For sure.

Maria Cantwell (20:09):

Thank you. Okay. Did you ever own Tether?

Howard Lutnick (20:12):

A Tether, no.

Maria Cantwell (20:15):

Any Tether, any backdoor. Did you own Tether?

Howard Lutnick (20:19):

Cantor Fitzgerald, if you're asking for me, no. Cantor Fitzgerald has no equity in Tether.

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Maria Cantwell (20:27):

I'm not trying to be clever here. I'm trying to get did you or Cantor Fitzgerald own Tether other than the one-to-one packing?

Howard Lutnick (20:37):

Sorry. I'm trying to answer, so-

Maria Cantwell (20:38):

Did you as an investor ever invest or own Tether or did anybody at Cantor Fitzgerald other than the one-to-one backing own Tether?

Howard Lutnick (20:48):

Cantor Fitzgerald owns a convertible bond with Tether but as a bond with Tether.

Maria Cantwell (20:58):

Okay. So now, this back again to this big task on export controls and thwarting China and dealing with this AI problem and all the various interests, I do have some concerns too. I'm a big crypto person in general, as I said, CFTC oversight, but this issue about Tether and the amount of illicit market funding of Tether, the analysts who do this work now aim for a more robust system, but the analysts who do it now think there's as much as 19 billion dollars on Tether could be illicit activity by the North Koreans, the Russians, the Chinese. And so what do we do about that? What is your solution?

Howard Lutnick (21:44):

So the number one instrument of the world of criminals is the US dollar. The number two is the Euro. So these are just the things that people use. So

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Tether is the largest stablecoin, so criminals use it more than Circle, which is the second largest, has a ratio of the same. It's like blaming Apple because criminals use Apple phones. It's just a product. We don't pick on the US treasury because criminals use dollars. So I think it's just a product. They are and I've asked them to and they are signed up with all US federal law enforcement. They follow all federal law enforcement instantly.

Maria Cantwell (22:27):

So that's like saying that if you get a request from the FBI or DOJ, you're going to comply with maybe that wallet is doing or involved in illicit activity. I'm asking you a different question. When you have know your customers and any money laundering requirements, why aren't we taking more seriously a potential 19 billion dollar illicit market that's going against the United States? So obviously, we have other ways to track dollars, and we use those, and that is how we're successful. We've passed a couple of things recently on fentanyl that have really helped us track and basically crack down on this. But on Tether, it's a big illicit market, potentially 19 billion, so I'm wanting to know from you, because again, it's back to this whole crypto oversight, export controls, what are you going to do? What do you recommend we do to try to get a handle on that?

Howard Lutnick (23:24):

So in my due diligence and Cantor Fitzgerald's due diligence, Tether did no business with anyone who wasn't KYC appropriate. The fact that at

some point, their product was bought by someone and used it inappropriately, I think it's important for us-

Maria Cantwell (23:41):

Do you think secondary markets need rules here?

Howard Lutnick (23:42):

Oh, it's entirely secondary market, but I think what we can do-

Maria Cantwell (23:45):

So secondary market need rules. Chairman is going to cut me off, I'm over my time. So thank you. But could you just answer that? You can answer it for the record or you can answer it now.

Howard Lutnick (23:53):

I think AI tools used by the US government running through the blockchain of stablecoin issuers will rid the world of criminals using blockchain for illicit activity. Our ability to oversee that blockchain and rip through it with AI tools will eliminate it.

Maria Cantwell (24:14):

Thank you for that answer, and we will follow up. But we need an aggressive... The complexity here on conflict of interest, not you per se, but in general, is a very big challenge here. So thank you so much, Mr. Chairman.

Ted Cruz (24:27):

Thank you. Leader Thune.

John Thune (24:29):

Thank you, Mr. Chairman. And I think we've covered already the issue of spectrum, but we look forward to working with you on that. That is a critically important issue for our economy and our leadership in the world. I want to come back quickly to the NTIA Broadband Equity Access and Deployment Program. I didn't vote for the legislation that created this program, but it provided over 42 billion dollars to expand internet access to rural areas. And as you likely know, the program is yet to connect a single household. And the Biden administration included a number of requirements not envisioned by Congress in the program including climate change mandates, rate regulation, onerous labor requirements and other concerning items which is why they haven't signed anybody up. And there isn't a single telecom in South Dakota which represents or serves a lot of underserved areas that can use the program because of all these mandates and conditions they put on it.

(25:27)
So my question is, will you commit to working with states to remove these requirements so that funds can go to truly unserved areas?

Howard Lutnick (25:36):

I'm going to work to make sure that Congress gets the benefit of the bargain. You want to get broadband into the hands of low income people, let's go do it. But let's do it efficiently and let's do it swiftly. Let's use satellites, let's use wireless, and let's use fiber. And let's do it the cheapest, most efficiently we can, and I commit

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to working with you to make sure the states execute and deliver on the promise that Congress has made.

John Thune (26:04):

And will you also work to ensure that this bead funding is only used for actual broadband infrastructure goals?

Howard Lutnick (26:13):

Absolutely.

John Thune (26:15):

Well, thank you. I also mentioned and you've talked about it already, alluded to artificial intelligence, but I believe we need to craft a legislative framework that provides basic accountability for high risk AI models without onerous regulations. And as you and I know, the Biden administration only viewed AI as a threat which should be controlled. And I was encouraged to see President Trump's executive order reversing Biden's sweeping AI executive order and for his leadership in developing comprehensive pro-innovation AI plan that strengthens US global leadership in AI.

(26:53)
So I want to just get you if you can to talk generally, if confirmed, how you would approach AI regulation and to harness major advancements in artificial intelligence.

Howard Lutnick (27:05):

So the Department of Commerce has led the world in cyber. Our cyber technology and cyber rules are the gold standard of the world. Let's leverage that model into the standards

for artificial intelligence. Let's use what we're great at and leverage that again and use it again. So rather than think about it, we want to make sure we protect and defend our country, but we want to make sure that we lead. It has to be an American-driven leadership in AI. It is fundamental. So leverage what we're great at and issue standards and practices like we did in cyber that will encourage private sector to be the dominant winner, as we are in America, we've got to do that and make sure we win in AI as well.

John Thune (27:55):

And I just think it's really important is we think about it that we not stifle innovation. We want to be the leader, a light touch approach to this is what makes sense to me, and I hope as we move forward and Senator Klobuchar and I and others in this committee have a bill that we think gets at that, and I hope that we have an opportunity to work. This is one of those issues that ought to be bipartisan up here, I certainly think so.

(28:17)
I have a minute left, and I'm yielding it back, Mr. Chairman because Senator Wicker reminded me that I've used a minute prior to my question time. He said three minutes, it wasn't really three minutes, but... Thank you, Mr. Chairman.

Ted Cruz (28:34):

Thank you. Senator Klobuchar.

Amy Klobuchar (28:36):

This is why Senator Thune is the leader. We like that.

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(28:40)
Welcome. Thank you. We talked in my office about how I truly believe that if we're going to move the global economy, and I know you share this belief, that we must make stuff, invent things, export to the world. And we made huge bipartisan progress on that front. Not everything has been done. We all know that, and we want to continue America's lead and competitive edge. One way we've done that and Senator Cantwell asked you about this is by groundbreaking investments in chips and semiconductors. Despite being the land of 10,000 lakes, I've actually never called about fish to the commerce department. But I have talked about these issues.

(29:22)
So I just want to follow up on her question and just that Secretary Raimondo has done admirable work, I think, for both sides of the aile and if you are going to continue to operate the CHIPS program?

Howard Lutnick (29:36):

It is vital for America that we bring semiconductor manufacturing to the United States of America. We need domestic manufacturing. The CHIPS Act was an excellent downpayment to begin that process. We need to study it. But we need to make sure that you get the benefit of the bargain, and domestic manufacturing of semiconductors happens in America.

Amy Klobuchar (29:59):

Got it. But are we going to keep operating this because as Senator mentioned, there are funds that have

to be distributed, there's work that has to be done coming out of that law.

Howard Lutnick (30:09):

Oh, I expect to do enormous work to make sure you get the benefit of the bargain, we get the money out appropriately, correctly, and we build in America. That is vital. You've done it bipartisan, and I'm going to help execute that.

Amy Klobuchar (30:22):

So we're concerned about the freeze that happened, the proposed freeze would have affected that program. It's now on hold, temporary hold, because of a judge. But are you concerned about that?

Howard Lutnick (30:32):

Well, you let me have the time to, A, be confirmed, and B, dig in and study all of the documents that we've done so I can help get it out the door and get it done. We need manufacturing, I agree, we need manufacturing semiconductors in America, and I'm going to do everything I can to make that happen.

Amy Klobuchar (30:49):

Your life story is incredible, your motivation of your employees after this incredible tragedy. You and I talked about the commerce department. And some of the people that went to work there went for other reasons than your employees. They're not making as much money. And I personally have worked with the people who do trade enforcement for steel dumping. Both Vice President Vance and I share mines, and we care about those a lot, own our mines. And

it made a big difference over two President's administrations, when this enforcement, President Obama, Trump, Biden, actually was continued. And I met with who will be your employees if confirmed about this, 100 of them, and heard about the work that they did.

(31:33)
How are you going to motivate those employees because I think they're feeling very much under pressure, and some of them have expertise that if they leave, it's going to be really hard just to hire someone because they're not going to make as much money in the government as they might somewhere else?

Howard Lutnick (31:46):

I think the members of the commerce department are extraordinary. We have extraordinary scientists, extraordinary people with deep intellect and deep knowledge. And my job is going to be to leverage them, to make them feel

Howard Lutnick (32:00):

... heard and we are going to to be responsive. We will create a great, a great Department of Commerce that people feel respected, heard, and their knowledge used to the betterment of America, which is why they're there. They are going to know that I support them.

Senator Klobuchar (32:17):

Thank you. We talked about tariffs briefly, targeted or across the board. I gave you my preference for targeted tariffs for our economy. Weigh in on that.

Howard Lutnick (32:28):

I prefer across the board. I think when you pick one product in Mexico, they'll pick one product. We pick avocados, they pick white corn. We pick tomatoes, they pick yellow corn. All you're doing is picking on farmers, which is not going to happen. My way thinking, and I discussed this with the President, is country by country, macro. Let America make it more fair. We are treated horribly by the global trading environment. They all have higher tariffs, no-tariff trade barriers on subsidies. They treat us poorly. We need to be treated better. We need to be treated with respect. We can use tariffs to create reciprocity, fairness and respect.

Senator Klobuchar (33:15):

I'm sure we'll be discussing this more. The last thing just the broadband funding in the bipartisan infrastructure law. All of us has in this committee has worked on things, like improving mapping. Senator Wicker and I-

Senator Wicker (33:27):

Thank you.

Senator Klobuchar (33:28):

... worked on that. You're welcome. The work that must be done on getting broadband to some of the farthest corners of our country. We have an investment, once in a generation investment bipartisan infrastructure law. Again, the freeze would have affected this work, temporarily on hold, talk about your support for broadband.

Howard Lutnick (33:54):

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You passed the bill and they haven't put out any of the money or nobody's gotten broadband, so it's time for a new commerce secretary to broadband out to people and give you the benefit of the bargain. I want to give the Congress the benefit of the bargain, which is you appropriated money for broadband. Let's get it in their hands, and let's do it. The pause just gives me time to, A, be confirmed, and B, to study it, get the team working on it, and then when that pause ends, to get it out the door, and get it done.

Senator Klobuchar (34:24):

I'm out of time. Thanks.

Senator Cruz (34:26):

Thank you. Senator Wicker.

Senator Wicker (34:28):

Thank you very much, Mr. Chairman, Mr. Lutnick, I look forward to working with you. I think this is, it's going to be fun and productive to the American people. The leader was correct. Some members of this committee voted for the infrastructure act, and some of us didn't. It was bipartisan, but I think we all agree that broadband is one of the infrastructure issues of our time. It's really rural electrification issue of this century. Do you agree with that?

Howard Lutnick (34:56):

It is vital to America.

Senator Wicker (34:58):

Absolutely vital and and I would just point out that because we talked about it a lot, that not one single household has been connected. I'm

told that that there's been an endless round of back and forth negotiations about the application process. It seems to me that a man like you is going to be able to cut through that, at least tell the states, "Yes, your application, we know what that's about, and we're going to respond to your application."

Howard Lutnick (35:30):

I expect the states to provide the most efficient way, the most cost-efficient and effective way to get broadband to every house. I heard a story where they were planning to run fiber for $200,000 to a house that was worth $125,000. The waste of America is over in the Commerce Department.

Senator Wicker (35:52):

Good.

Howard Lutnick (35:52):

We are going to get broadband to people, but we're going to do it cost effectively, but get it. Get you the benefit of the bargain [inaudible 00:36:00].

Senator Wicker (36:00):

Two more things, if I can squeeze in. I'm glad we mentioned NOAA. NOAA, the National Data Buoy Center is at the John C Stennis Space Center in Mississippi. It is the national premier rocket propulsion facility. In the next few months, will you come see us and let me show you the the great potential we have there at the Stennis Space Center?

Howard Lutnick (36:31):

That sounds fun, glad to.

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Senator Wicker (36:33):

Okay, very good. So let's say by April.

Howard Lutnick (36:39):

Give me until May, shall you?

Senator Wicker (36:45):

Okay, all right. Good. We got a deal. Okay, also, in addition to infrastructure, the CHIPS and Science Act been mentioned favorably. Let me mention the CHIPS and Science Act as it connects with this fiscal year's NDAA. One of the things we did with the CHIPS and Science Act was 220, well, actually, $10 billion authorized were 20 regional tech hubs. The first round has largely been approved. In NDAA, we funded $220 million. It was authorized for 10 billion. 220 million for tech hubs and the potential for another $280 million for a second round. At this point, I understand your department has a choice.

(37:41)
It can either double up on those that have already been awarded or it can try to drive regional growth and global competitiveness by looking at other applications. That's what I hope you'll do. I just want you to understand that the right, obviously, wants you to work with Congress to maintain the growth, protect hub programs, particularly in rural areas. I would suggest that the Southeast did not do so well in the first application, so will you agree to take a closer look at assets in the Southeast region, include biotech companies, logistical expertise, academic research, national labs, entrepreneurs, as well as workforce within areas that are already collaborating to deliver

biotechnologies that meet commercial needs faster?

Howard Lutnick (38:43):

I'd be happy to.

Senator Wicker (38:44):

Good. Thank you very much. I look forward to working with you.

Howard Lutnick (38:46):

Thank you.

Senator Cruz (38:46):

Thank you. Senator Schatz.

Senator Schatz (38:51):

Thank you. It's so weird hearing everyone is done before their five minutes is up. Mr. Lutnik, thank you for taking the time. Thank you for your willingness to serve and for your family's willingness to support you in this endeavor. I want to start with the census. The work of the Census Bureau, as you know, is critical to the functioning of our democracy. It's included in our Constitution.

(39:10)
Both Article One, Section Two and the 14th Amendment require the federal government to conduct an accurate census. The 14th Amendment specifically requires a count of the whole number of persons in each state. So not a trick question, but just to get you on the record, if confirmed, will you ensure that the work of the Census Bureau is carried out in an apolitical manner?

Howard Lutnick (39:31):

I will adhere to the 14th Amendment of the United States Constitution rigorously.

Senator Schatz (39:35):

Thank you. And will you make sure that the bureau prepares to implement a census that counts every person?

Howard Lutnick (39:41):

Since the first sentence of the 14th Amendment back clause says, we will count each whole person. I promise you, we will count each whole person.

Senator Schatz (39:51):

Thank you.

Howard Lutnick (39:52):

That's what the Constitution says, and we will stick right to it rigorously.

Senator Schatz (39:56):

Thank you. I know this has been a bit of a love fest, so...

Howard Lutnick (40:02):

Oh, stick to it.

Senator Schatz (40:03):

Well, depends how you answer, sir, so-

Howard Lutnick (40:10):

Fair enough.

Senator Schatz (40:10):

.. let me quote something from last year, there was a sort of point of contention among people who care deeply about NOAA. From Project 2025, and I'll quote, "NOAA should be dismantled, many of its functions

eliminated, sent to other agencies, privatized or placed under the control of states and territories. Do you agree with that?

Howard Lutnick (40:32):

No.

Senator Schatz (40:33):

Thank you. We're still having our love fest.

Howard Lutnick (40:36):

Still the love fest.

Senator Schatz (40:39):

On to fish. I want to talk to you. I want to talk to you about the Hawaii longline fishery. We're one of the largest producers in the state. We're certainly the largest exporter of any kind of agricultural product in the state. In fact, if you're eating good ahi on the East Coast, there's a very good chance it was on a FedEx plane overnight. If you're eating bad ahi, I don't know where it comes from, but not from us. We also have an unusual management situation because of an international Fisheries Commission. Western and Central Pacific Fisheries Commission is also important to NOAA.

(41:17)
I want to quote the former senator from Maryland who took a very keen interest in NOAA, Barbara Mikulski. She used to say, "Nothing about me, without me." And I think this probably goes for the Gulf Coast states and the Mid-Atlantic and everybody else who has a fisheries matter. Do I have your assurance that before NOAA, National Marine Fisheries, or anyone makes a

move regarding our fishery in the in the Pacific, that you will consult with our office and our congressional delegation and the state of Hawaii?

Howard Lutnick (41:49):

I'd be delighted to consult with your office. I don't know about before they even make a move. There's lots of people doing lots of things, but of things that matter to you, I will happily commit to working with your with your office. It sounds like it'll make me better at my job., so I'd appreciate your input.

Senator Schatz (42:07):

Thank you. Elections have consequences. A bunch of EOs got posted over the last two weeks, and a bunch of Biden EOs were repealed. That's what happens when you have a new administration. But in particular, President Trump rolled back the Biden EO on the AI Safety Institute. I think there are a lot of people in industry and elsewhere who, whatever, however anyone ended up voting, however anyone ended up litigating AI policy under the previous administration, there was a sense that this was one place that we kind of agreed that there ought to be a Safety Institute. So I'm wondering what your thinking is on, what do we do in place of this, and how quickly can we get it done? Because that part of this was like one of the very few things we were not arguing about, as it relates to AI policy?

Howard Lutnick (43:03):

The Department of Commerce has the gold standard in cybersecurity standards. So I think AI standards,

along the lines of that gold standard, that same model, I think will be very effective. So I think if you think of it has standards, I think we can get bipartisan agreement that we can find the right way to set those standards in a way that makes America... It takes care of Senator Thune's comments of a light enough touch, but we need to protect America, but we also need to make sure that it's an American driven AI model in the world that's important to us as Americans. So I think standards would be a good way to think about it.

Senator Schatz (43:42):

I want to dig further into this, and I'll submit this for the record, but that's fine, and I'm not attached necessarily to an institute. Sometimes institutes do excellent work and sometimes they're ignored. I do think it's unclear to me what we're doing instead of the AI Safety Institute, and we've got to work on a bipartisan basis to figure out what takes its place. Thank you.

Senator Cruz (44:03):

Thank you. Senator Fischer.

Senator Fischer (44:05):

Thank you, Mr. Chairman and Mr. Lutnick, it is very good to see you today. Thank you for your testimony. I appreciate everyone who sits at that table and is willing to serve this nation. If confirmed, you will lead a massive federal agency across 13 bureaus. To start with, I want to highlight one that you've already heard of, the NTIA. It has critical influence over the US economy and over our security as well. Among its roles, as I know that, you know, and as you've heard today,

NTIA coordinate's spectrum management, ensuring that federal airwaves are being used most effectively.

(44:48)
As spectrum becomes more scarce, critical federal operations, especially those essential for our national security, have been seen as obstacles. At the onset, I want to make it clear to you that DOD air waves are not lying dormant, and that proposals to clear them would jeopardize our national security. We have constellations of DOD satellites that rely on spectrum. Our nuclear command and control relies on spectrum. Advanced fighter aircraft like F-35s rely on spectrum. We are investing 10s of billions of dollars in developing sixth generation aircraft that will rely on spectrum. We have radar systems on our Navy ships tracking incoming missiles around the world. These allowed us to help defend Israel from over 300 missile and drone attacks last year.

(45:58)
We rely on spectrum. I can go on and on, as my colleagues know. But this is all to say that I hope that we can work together, so that we can come up with a really strong strategy for federal spectrum management in the future. I'm from Nebraska and Nebraska's agricultural and manufacturing industries rely on our strong export markets for products. You and I talked about trade and about the need under this administration for trade to be front and center. We know that we didn't see much of that happen in the previous administration. We also know, though, sir, that other countries may try to retaliate against our

agricultural and our manufacturing industries. If confirmed, will you work with colleagues at other agencies to understand the impact of retaliatory tariffs on agriculture and manufacturing?

Howard Lutnick (47:03):

I will.

Senator Fischer (47:04):

Thank you. Can you also talk a little bit about what opportunities you view that are out there so that we can expand certain export markets over the next four years, under this administration?

Howard Lutnick (47:18):

I think our farmers, our ranchers and our fishermen are treated with disrespect.

Senator Fischer (47:24):

Always the fish. Always the fish.

Howard Lutnick (47:26):

Always. You have to include them. How often do we eat seafood, come on. They're treated with disrespect around the world, they are. Our farmers, our ranchers and our fishermen are treated with disrespect. The countries take advantage of American kindness, American gratitude, that we use to rebuild the world after the World Wars, and after the Korean War and after the Vietnam War. We need that disrespect to end.

(47:54)
I think tariffs are a way to create reciprocity, be treated fairly, to be treated appropriately, and I think it will help our farmers, our ranchers and

our fishermen to flourish. That's what I expect this administration is going to drive, and that's why I'm honored to serve President Trump in his pursuit of that reciprocity and that fairness, and the end of the disrespect. These countries have reliance on the American economy, they need to start to respect us and respect us now.

Senator Fischer (48:27):

Thank you. We heard about the BEAD funding from Senator Thune, other members of this committee as well, and I hope you will take that to heart and help our states get through some of those regulations that are out there. It has been an impediment to us. I'd like to talk a little bit here in the last few seconds about technology and competitiveness. I think I have Senator Wicker's time. In [inaudible 00:48:59], this committee has talked about the United States' AI capabilities and that we're in a dead heat with China.

(49:06)
This week, we heard about DeepSeek and that I think it's having us examine kind of where we are right now with that. If confirmed, given the Commerce Department's breadth of influence on that issue, how will you address different threats that we see coming from the CCP within these information and technology markets.

Howard Lutnick (49:30):

I take a very jaundiced view of China. I think they only about themselves and seek to harm us, and so we need to protect ourselves. We need to drive our innovation, and we need to stop helping them. Open platforms, Meta's open platform, let DeepSeek rely on it. Nvidia's chips, which they bought tons

of, and they found their ways around it, drive their DeepSeek model. It's got to end. If they're going to compete with us, let them compete, but stop using our tools to compete with us. I'm going to be very strong on that. I'm thrilled to oversee BIS, and I'm thrilled to coordinate, empower BIS tariffs that will improve the strength, when we say no, the answer's got to be no.

Senator Fischer (50:23):

I look forward to working with you, sir. Thank you.

Howard Lutnick (50:25):

Thank you.

Senator Cruz (50:25):

Thank you. Senator Markey. [inaudible 00:50:29], sorry, Senator Baldwin.

Senator Baldwin (50:31):

Thank you, Chair, Ranking Member. Thank you, Mr. Lutnick, for your willingness to serve. I'm going to ask at first, a sort of more general question, and then I want to dig into some details that you've heard a little bit about from my colleagues. But the Department of Commerce does significant work to ensure that US companies are able to compete with China and it also does a lot of work to drive innovation in America. I want to ask very broadly, how will you utilize the programs within the Commerce Department, including those authorized by the bipartisan CHIPS and Science Act to promote American innovation?

Howard Lutnick (51:17):

For the example, we want to bring semiconductors back to America. We want to look at the supply chain and bring that back to America. We want to create those great jobs in America, so that way we can go back to innovating, which is where we began. Intel began the chips, and then the world sort of leveraged our chips. TSMC leveraged us, and sort of took it from us, and who drove them? Apple.

(51:44)
Who's Apple? It's America. We want to bring that innovation back and make sure our great companies, and let's be clear, we have them all. There's no other country as the incredible technology companies, pharma companies that we have. Let's bring those companies manufacturing and innovation and have them do that, manufacturing America with American workers. Let's try that.

Senator Baldwin (52:09):

Thank you. The key parts of the bipartisan CHIPS and Science Act, as you've heard from me when we met privately, as well as from others, is the tech hub program. I'll bet when you were having your one on one meetings with others on this committee, you heard about their tech hubs-

Howard Lutnick (52:31):

I did.

Senator Baldwin (52:31):

... as you heard about ours. Wisconsin's Biohealth Tech Hub positions the state as a global leader in personalized medicine. It tailors healthcare treatment to a patient's

unique history and genetic code. Last week, I spoke with many in the consortium that presented the Wisconsin application, and their number one question was, can we count on future funding? The first tranche of funding has indeed been disbursed, but there are millions more that have been committed the tech hub over the next five years.

(53:10)
This week, the administration announced a freeze all federal financial assistance passed by Congress, including on a bipartisan basis, as most bills out of this committee and out of the Senate are. Mr. Lutnick, I am looking for a yes or no. Should Wisconsin biotech hub concerned they may not receive future tranches of funding that were pledged?

Howard Lutnick (53:36):

I think the best answer I can give you is, I have to look at it and understand it better. I can't really give you an answer as I sit here right now, because I don't know the details. I try to answer everything as best I possibly can. But if I don't know the details, the only thing I can say is, I don't know the details.

Senator Baldwin (53:53):

I think you'll hear from a lot, on this panel particularly, this is a key part how we lead innovation in the United States and support for our bipartisan work on this will be very important. You and I spoke also about the impact a trade war will have on Wisconsin's farmers and manufacturers. I know Senator Fischer just asked you about this also, but I want to say that their

experience under the first Trump administration makes them really nervous this time around. According to the Department of Agriculture, America's farmers lost $27 billion in export sales in 2018 and 2019 in large part because of the China tariffs. A generous share of Wisconsin's milk production ends up in dairy products exported to places outside of the US.

(54:55)
Proposed tariffs on Mexico, Canada and China, three of the main export destinations for US dairy products, are likely to reduce exports to a degree that would harm farm milk prices and processor profitability significantly. I've been hearing from Wisconsin manufacturers who are very concerned about supply chains and their own facilities that are in other countries. So Wisconsinites are concerned the prices are going to go up. What would you say to Wisconsin farmers, Wisconsin manufacturers who are concerned about their exports, their supply chains, and retaliatory tariffs.

Howard Lutnick (55:38):

Our farmers, our ranchers and our fishermen are the best in the world, and they are treated poorly. Canada, as we spoke about, treats our dairy farmers horribly. That's got to end. It's got to end. If Canada is going to rely on America for its economic growth, how about you treat our farmers or ranchers and our fishermen with respect.

(56:01)
I think the President and our Trump administration is going to improve the lives and is focused on improving the

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lives our producers, our farmers, our ranchers and our fishermen. These are vital. I'm going to work hard to make sure, as an example, for your dairy farmers, they do much, much better in Canada than they've ever done before, and that is a key focus of this administration.

Senator Baldwin (56:24):

Can you commit to the American people that prices will not go up?

Howard Lutnick (56:28):

I can commit that the economy of the United States of America will be much, much better. A particular product's price maybe go up, but all of them... This is not inflationary. The two top countries with tariffs, India and China have the most tariffs and no inflation. It is just a nonsense that tariffs cause inflation. It is nonsense.

Senator Baldwin (56:50):

Thank you for your testimony.

Senator Cruz (56:52):

Thank you. Senator Moran.

Senator Moran (56:54):

Mr. Lutnick, thank you. The reason we're so short in our questions is because you're so short in your answers, and it's pleasing. That happens rarely. Thank you for being direct. I want to indicate to you that we will have an opportunity to be well acquainted. I chair the Appropriations Subcommittee that funds the Department of Commerce. And-

Howard Lutnick (57:12):

How are you, sir?

Senator Moran (57:15):

All right, you've impressed me. That's what I was looking for.

Howard Lutnick (57:17):

Yes to your first question.

Senator Moran (57:22):

Oh, let me shuffle my questions. Let me tell you something about the BEAD grant, and just highlight. You have an opportunity to make this BEAD grant program work, as you heard Senator Thune indicate and others. Let me also tell you that the BEAD grant dollars are subject to taxes, so the company that receives the grant to put broadband into rural and underserved areas has to pay taxes on the money receipt. This is not something you can directly do something about.

(57:52)
We have legislation to eliminate the tax, and it seems to me that if you want the BEAD grant program to work and actually get the dollars to the people across the country, including Kansas, who need broadband services, reducing the amount of money that's available by taxing the grant makes no sense. Am I missing something here?

Howard Lutnick (58:10):

What you just said sounds entirely sensible.

Senator Moran (58:13):

That's not my first question.

Howard Lutnick (58:14):

Oh.

Senator Moran (58:15):

That one was too easy. We're working to solve that problem, but your input and support at a point in time may be helpful to us. A lot of talk about trade policy. I was going to ask you about your vision for agriculture. I only would highlight, again, Kansas is one of those states. This committee here is a very rural committee on the members who make up this committee often come from rural parts of the country, but there are significant challenges to farmers and ranchers.

(58:42)
Also, I would add to that list, we have a lot of small manufacturers who make farm equipment. And the consequence of a lousy farm economy has a consequence there, but so do tariffs upon steel and metals, aluminum, the manufacturing process of products that farmers buy. In the first Trump administration, President Trump included a robust 301 tariff exclusion process for American business. How will you approach an exclusive process, that exclusion process was a part of the Department of Commerce, and companies could make an application for an exclusion from the tariff. Do you have thoughts about that?

Howard Lutnick (59:18):

I think we, the President, signed an EO directing Commerce and the USCR to study tariffs and do a rigorous study, so I'm going to let the experts drive that study. But I'm a more simple view of tariff sort of guy. I think the President is of like minds, which is that the steel and aluminum had 560,000 applications for exclusions. It

just seems that's too many. I think we need to simplify it and make it more effective.

Senator Moran (59:52):

Let me ask a question about tourism, and you, within the Department of Commerce, have a national travel and tourism office. There's a creation of a large scale sporting event task force that we would encourage you to implement. This arises because of major events that are soon to occur in the United States, FIFA and the soccer tournaments across the country, the US Olympics coming to Los Angeles. These are huge events that develop lots of economic activity in the country and need attention of the Department of Commerce. Does that make sense to you?

Howard Lutnick (01:00:37):

That's a really good idea.

Senator Moran (01:00:38):

Thank you. Finally, Kansas, about 250 million years ago, was covered by an ocean. Therefore, I have a fish question. The previous administration had proposed a rule that sought to amend vessel speed regulations in an effort to further protect the endangered North Atlantic Right Whale. The intent behind this rule, I suppose, is commendable, though the industry was not consulted in its promulgation.

(01:01:14)
Can I have your commitment that as Secretary of the Department, will work with US marine industry, including boating, marine and maritime technology providers? There's

science and technology that can help address this issue that is being left behind. I want to make sure that it's considered the effort to protect marine life while also leveraging that technology availability.

Howard Lutnick (01:01:35):

Absolutely.

Senator Moran (01:01:36):

Thank you, sir.

Senator Cruz (01:01:40):

Thank you. Senator Markey.

Senator Markey (01:01:43):

Thank you, Mr. Chairman. Mr. Lutnick, welcome. On Monday night, President Trump's budget office issued a memo that directed agencies to cut off all federal spending, all federal spending outside of payments to individuals. The Trump administration issued this order even though this spending was authorized, appropriated by Congress and intended to benefit the American people. A bargain was struck here [inaudible 01:02:12] Article One, power of the purse.

(01:02:15)
The benefit is supposed to flow to the American people. The freeze could affect semiconductor, broadband groups, fisheries, disaster relief, habitat conservation, all programs in the Department of Commerce. Mr. Lutnick, do you believe that this action by President Trump was lawful?

Howard Lutnick (01:02:41):

I rely on the President. If his advisors say it was, then I'll rely on him and his advisors.

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Senator Markey (01:02:49):

Well, that's an unacceptable response, because this action has caused mass confusion, disrupted critical payments systems and violated directly federal spending statutes passed out of this committee and the Congress. So how can we ensure that if Congress passes an appropriations' law for the Department of Commerce that you are going to feel fully obligated to execute that law and spend the funding as it is written? Will you spend it as we wrote it?

Howard Lutnick (01:03:32):

It is my promise that I will try my best to give this committee and the Congress the benefit of the bargain that you have passed. You want broadband, if you want chips in America, my job is to execute on that plan. This pause will allow my time to be confirmed and us to study and attack it rigorously, but I promise you, I will give you, as best

Howard Lutnick (01:04:00):

As best as I can the benefit of the bargain that you have appropriated for, that is my objective, absolutely.

Senator Markey (01:04:05):

And that's exactly right. We do it, we do the negotiation, and then Article Two of the Constitution is the president, he's supposed to execute, y'all are supposed to execute, you work for him. So if President Trump directed you to unlawfully withhold federal spending that was authorized by Congress, would you comply with that order?

Howard Lutnick (01:04:22):

I guess I'd be spending a lot of time with lawyers but I do not think that's the way it will work.

Senator Markey (01:04:27):

Well, it's already worked that way. We know that the president has already unlawfully, in violation of the statute, fired inspectors general. That was not in compliance with the law. What happened two nights ago in the freezing of all federal funds, that's in violation of the law, the benefit of the bargain. So again my question to you is, given the unprecedented times that we're in and the Commerce Committee going back to being the first committee in Congress, we're wondering, obviously, what whether or not you are going to ensure that the law that we pass, the funding that's going out to all of these companies, all these individuals, there's a cloud over their head, will you ensure that an unlawful act is not followed at the Department of Commerce?

Howard Lutnick (01:05:35):

Well interestingly the the BEADs program hasn't connected anyone yet and the CHIPS has not really distributed much money, so the timing is not really impacted. We will work hard, and I commit to you to work hard, to deliver to this committee the benefit of the bargain. If you appropriate it, you should expect from me to deliver efficiently and effectively the outcomes that you anticipated or better, and that is my objective and that is my promise to you.

Senator Markey (01:06:05):

And again, you understand that the president's already violated the 30-day notice on inspectors general that was supposed to be complied with, they're already in violation of the Article one's Power of the Purse, and we believe, obviously, quite clearly, this is just going to be a pattern of conduct, and we need to know that the cabinet secretaries that we are voting on are going to comply with the law, that is the bargain that was struck with the American people to make sure they get the funding, they get the programs which are going to protect their families as well. So I'm not hearing a clear answer on that.

Howard Lutnick (01:06:44):

I will comply with the law, that's a clear answer for sure.

Senator Markey (01:06:48):

Right, but the law is not the president, the law is what we have passed Mr. Lutnick, that's the law. And what's happening right now is the president is seeking to arrogate all of that constitutional power into his hands, and that is not the law, that's an abuse of the law, that's a violation of constitutional separation of powers, and an arrogation of power into one office. I understand the unitary government theory that is out there but it is not constitutional, we do not have that as our system of government in our nation, so we're going to be very, very attentive to how in fact you will be conducting business at the Department of of Commerce because the people deserve the benefit of the bargain that was faithfully executed and constructed by this committee in

terms of the benefits that flow to the American people. Thank you Mr. Chairman.

Mr. Cruz (01:07:45):

Thank you. Senator Sullivan.

Mr. Sullivan (01:07:47):

Thank you Mr. Chairman, and Mr Lutnick, congratulations to you and your family, thank you for that very powerful opening statement and appreciated our meeting. I'm really enjoying this hearing, all the focus on fish, it's great. In all seriousness, certain secretaries, most secretaries in my view have not embraced their role that they are really important to our fishing community. As you and I talked about, this is really important to my state. Alaska is the superpower of seafood. Over two thirds of all Seafood harvested in America, commercial, subsistence, sport is harvested in Alaska's waters, over two-thirds. So we're it, we're the 800-pound gorilla. We have tens of thousands of Alaskans that are connected to this industry and we are a huge powerhouse in terms of American exports. So Mr. Lutnick, the Vice President in his opening statement called you a product guy, a sales guy, a good dude. That's a quote from the Vice President, "good dude."

(01:09:03)
I want to also maybe give you the title of Godfather of American fisherman or the Patron Saint of American fishermen.

Howard Lutnick (01:09:12):

This is working for me, this is really working for me.

Mr. Sullivan (01:09:13):

To keep a focus on these communities on these great Americans just like at Deadliest Catch and things like that and to be a leader on focusing them that has not always happened. As a matter of fact, it usually hasn't happened with the Secretaries of Commerce, can you commit to me on doing that?

Howard Lutnick (01:09:33):

Well, I love to fish and I'm happy to commit to you. The fishermen in the United States of America are one of our great assets, and it's easy for me to promise to take care of them.

Mr. Sullivan (01:09:43):

Great, and since you love to fish, this next question question might be the easiest one you get all day, I need a commitment from you to come to Alaska, you can bring the family.

Howard Lutnick (01:09:52):

As long as I can bring my family, we're coming.

Mr. Sullivan (01:09:53):

You can go fishing, but to meet these great American fishermen who are my constituents, and it'd be great for you to get up there soon to meet them. Can I get your commitment to do that as well?

Howard Lutnick (01:10:05):

It's my pleasure, that's right.

Mr. Sullivan (01:10:07):

Let me mention, we already talked about it. The last four years have been tough on my state, this is a chart I've shown all over the place, "The Last Frontier Lockup." we called it, 70 executive orders and actions from the Biden Administration singularly focused on shutting down Alaska, 70. Fortunately this is now a thing of the past, we want to get rid of that. On day one, the President issued this executive order. President Trump, it's called, "Unleashing Alaska's Extraordinary Resource Potential." And it's long and it's very detailed, and the Secretary of Commerce is mentioned in it. One of the lines in there, "It's the policy of the United States," This is from President Trump on day one, "to fully avail itself of Alaska's vast lands and resources for the benefit of the nation and the American citizens who call Alaska home." You're mentioned in this, the Secretary of Commerce, can I get your commitment to work with me on implementing every aspect effect of this really great Trump day-one executive order?

Howard Lutnick (01:11:20):

Yes.

Mr. Sullivan (01:11:21):

Great, thank you. You mentioned disrespect for our fishermen, you and I talked about what we've been enduring for the last 10 years. Russia instituted a ban on any exports of American seafood in 2014, and yet we had open borders essentially for them for the last 10 years, taken market share. Literally the most disrespectful unfair trading situation I could see anywhere in the world. They were

coming after our market share, our fishermen in America could not export one fish to Russia, and then I worked really hard to get that changed, we got a ban, and then the Russians started sending their fish to China to get to essentially create a loop hole then to come in to the US. We shut that down finally. Can you work with me to make sure sure we don't have that incredibly unfair Russia bans everything, and they can import everything here? Ridiculous. Same with China, you're a sales guy, a products guy, I want you to commit to me to promote American freedom fish, Alaska freedom fish, and don't allow communist fish from Russia and China coming into our markets, can you commit-

Howard Lutnick (01:12:40):

We got to get rid of those communist fish.

Mr. Sullivan (01:12:41):

Yeah, good. Can I get a commitment on that?

Howard Lutnick (01:12:45):

I do.

Mr. Sullivan (01:12:47):

Excellent, no communist fish. Freedom fish is what we want. Finally, Mr. Lutnick, the chairman is going to focus this committee a lot on energy, which I think is great, I know you care about unleashing our extraordinary energy potential. One of the big areas of focus of the Trump day-one EO, Unleashing Alaska's Extraordinary Resource Potential, is moving forward and finally getting done this massive Alaska L&G project that we've been

working on for a number years. We got all the permits during the Trump administration, of course Biden blocked those. This would create thousands of jobs, would revitalize the American steel industry, estimates are would reduce our trade deficit by about $10 billion a year. Can you commit to work with me, the president, who's very focus on that in his EO, the Secretaries of Interior and Energy, and other cabinet officials, including our Asian allies, to make this project a reality, which will be great for the country, great for our workers, great for our trade deficit, and really boost America's national security?

Howard Lutnick (01:14:04):

I can.

Mr. Sullivan (01:14:05):

Thank you, thank you. Mr. Chairman thanks very much.

Mr. Cruz (01:14:07):

Well, and as a Texan, I do want to clarify for the record that Red Snapper are not communist fish, and as a nod to my Alaskan friend, neither are Pink Salmon. Senator Peters.

Mr. Peters (01:14:23):

Thank you Mr. Chairman. Mr Lutnick, welcome. Congratulations on your nomination, certainly appreciated our kind of wide-ranging discussion we had in in my office recently. I know that tariffs are certainly a powerful and a and a positive tool that can be used, but they need to be used strategically, they need to be used thoughtfully, and that's why I called for 100% tariffs on Chinese vehicles last year, and well, I'm going to

continue to fight for aggressive trade policy when it comes to our relations with China. As a senator for Michigan, I'm particularly focused on manufacturing, we know how to make things in Michigan and I don't think you can be a great country if you don't actually make things, and that's what we do in my state and I want to work with the administration to make sure we're growing that sector as well as creating good paying jobs that result from manufacturing. However, I am concerned that President Trump's plan to impose tariffs on on Canada and Mexico before the rest of the world, in fact it could be in a matter of days is what what we are hearing, could hurt our manufacturers who do considerable trade back and forth, as we discussed in the office.

(01:15:38)
Michigan is the home of the two of the top three border crossings in North America, we're two of them, and a lot of that are auto parts that go back and forth, it's a highly integrated industry and our auto companies are very concerned about what those those tariffs might mean to cost, particularly to the cost of vehicles. Already something we discussed, I'm concerned about the high cost of vehicles, many families can't afford them now, and if tariffs are put in place that deal with that seamless trade that goes on with Canada, that that in the short run could definitely have an impact on prices and make cars even more unaffordable. I don't think that's something the American people want to see and I'm afraid it would hurt consumers as well as also hurt those workers. So my question for you, sir, is talk me through how

those tariffs would be implemented, what you're thinking will happen there, and how it's going to have an impact on prices, particularly in the short term?

(01:16:40)
I know what you're going to go on the long term, but all this stuff takes time, and especially when it comes to manufacturing, it's not an industry that can turn on a dime, it's much more complicated as I know you know.

Howard Lutnick (01:16:51):

So the the big tariff view is going to be studied, and the president launched that in an executive order where he asked the Commerce Department and the USTR to study the Tariff model long-term. The short-term issue is illegal migration, and worse even still, fentanyl coming into this country and killing over 100,000 Americans. There's no war we could have that would kill 100,000 Americans. The president is focused on ending fentanyl coming into the country. You know that the labs in Canada are run by Mexican cartels, so this tariff model is simply to shut their borders, respect America. If we are your biggest trading partner, show us the respect shut your border and end fentanyl coming into this country. So it is not a tariff per say, it is an action of domestic policy, shut your border and stop allowing fentanyl into our country killing our people. So this is a separate tariff to create action from Mexico and action from Canada, and as far as I know they are acting swiftly, and if they execute, there will be no tariff, and if they don't, then there will be. But it's an action-oriented model, that's not the ordinary tariff, the

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ordinary tariff need to be studied and examined, and that would start, as the EO said, in April.

Mr. Peters (01:18:21):

So that's a separate tariff?

Howard Lutnick (01:18:23):

Correct.

Mr. Peters (01:18:23):

After that study, what would be the timeline of that?

Howard Lutnick (01:18:26):

I think that's sort of in April, those studies will come out in the end of March and April, and then you'll hear about those at that time. So big macro issues with tariff are being studied but the micro issue is Canada and Mexico and the precursors from China, they need to end and we need to protect our Americans from Fentanyl, and our trading partners in Canada and Mexico, they should end it and stop disrespecting us and allowing this to come through our borders.

Mr. Peters (01:18:52):

Well, I think we all agree, we want secure borders, I'm with you all the way. Being a northern border state, Ranking Member on Homeland Security will want to do that. My concern though is what's going to happen in the April time frame, as to what could that mean in terms of increased costs to Americans if not properly implemented or properly thought through? What sort of assurances can you give us that we will not see that when that second set of tariffs get implemented, if they get

implemented, but it sounds as if that's your plan?

Howard Lutnick (01:19:23):

Well we are we are going to study those the actions and the economy of America and how it works, but if you think about it, we need to grow domestic manufacturing. As you said, Michigan is one of the great places where we build things, and the car manufacturing went to Canada, it went to Mexico. It is important that that come back to Michigan, and come back to Ohio, and come back to the great States of America that can build, and so I think a thoughtful tariff policy that drives domestic manufacturing I think is fundamental to the American workers, especially to the workers in Michigan.

Mr. Peters (01:20:01):

Very good. Thank you Mr. Chairman.

Mr. Cruz (01:20:04):

Thank you. Senator Blackburn.

Mrs. Blackburn (01:20:05):

Thank you Mr. Chairman, welcome. We're delighted that your friends and family are all here to support you and we look forward to you serving the nation well as our Commerce Secretary. You've heard a good bit about spectrum today and the NTIA, the FCC, the work that they're doing there. I will just highlight with you how critical getting that spectrum out, we need a lot of that mid-band spectrum going to auction, and we have auction authority that has lamps, Chairman Cruz is working to move us forward to re implement that and we would like your support there, as we realize how

important it is to have connectivity all across the country. And we want to do this without preference for whether it's wire line, wireless, fixed wireless, satellite, the point is to get people connected so your attention on that issue will be welcomed and we thank you for that.

(01:21:08)
I do want to talk with you a little bit about China, and we this is something in Tennessee that many of our innovators and manufacturers talk about. China is now the leader in 57 critical and emerging technologies when it comes to holding trademarks and patents, and they were the leader in three in the mid to early 2000s, 2010, and now they're leading in 57. We're very concerned about this, Senator Welch and I have worked on this issue of looking at these critical and emerging technologies, and what we have found is one of the issues is the US Patent and Trademark Office, which is one of those agencies that you will oversee, and many of the innovators in Tennessee talked to me about the frustration that they have with trying to get a patent pending, the amount of time it takes. I don't know if you've looked at the USPTO, the backlog of applications there is 820,000. It takes 21 months to get a patent pending, and as you know, some of our auto engineers, some of our health care engineers that are working on algorithms and new delivery Systems, they don't have that long to get that kind of assurance. So will you work with us, we need to do a pilot project so that we can push forward AI and Quantum and some of these patents that are requested in

these areas if we're going to go back to beating China in these?

Howard Lutnick (01:23:04):

The backlog is unacceptable and my pursuit will be the rigorous reduction of that to get it down. It used to historically be 500,000 and I thought that was unacceptable. I am a patent holder, I've used the patent office over many years, it could be much more productive but the Chinese are abusing us. They don't give us protection in China and they come in and use our patent office against us. This is going to end, we are going to study that, and we are going to work on ending that and making sure our American inventors get taken care of quickly and effectively.

Mrs. Blackburn (01:23:39):

I will tell, you... Thank you, because when I saw you held over 400 patents, I thought, "This is someone that can help straighten out the USPTO." which needs to be done. The other thing I want to talk with you about is supply chains. This comes under your purview at Commerce. Gary Peters and I have done a good bit of work on auto manufacturing as Tennessee has become such a manufacturing center, and you are going to be key in securing these supply chains for the American auto manufacturing sector and we want to make certain that whether it's autos, whether it's appliances, and then equipment for data centers and computers in facilities like xAI that is going into Memphis in my state. The supply chain issues have been noticed, they've been harmful, and they have been expensive, and many

times really a loss for our manufacturing entities. And whether it's the raw materials or the components that are needed for high-tech assembly we need to make certain that we straighten out the supply chain system so that we are able to repatriate us manufacturing.

Howard Lutnick (01:25:03):

Exactly, we need to bring manufacturing and supply chain domestic so that that production is domestic and flows through and employs great Americans to do so, I completely agree.

Mrs. Blackburn (01:25:15):

Thank you. Yield back.

Mr. Cruz (01:25:18):

Thank you. Senator Duckworth.

Ms. Duckworth (01:25:20):

Thank you Mr. Chairman. Mr Lutnick, welcome. Yesterday, President Trump paused disbursement of federal grants and loans including grants that have already been obligated, some of my colleagues have touched on this already, these include grants from the Department of Commerce. For the second week in a row, President Trump's actions are sewing confusion, uncertainty, and anxiety. When Congress directs federal agencies how to spend taxpayer funds, especially once those funds have been obligated, that funding must be dispersed, that is federal law. This kind of chaos will make America less globally competitive, not more. Other nations are watching and figuring out how to give themselves an advantage while we are dealing with the chaos of

poorly executed Eos. The Department of Commerce grants have real impact, for example, the Economic Development Administration recently awarded $51 million to the Illinois Fermentation and Agriculture Biomanufacturing, iFAB, tech hub. We've already discussed tech hubs and how important they are. They are important across the country. This is cutting edge work that is going to keep America an innovator and global leader in agricultural business and grow good paying jobs across the Midwest.

(01:26:28)
Mr Lutnick, if confirmed, will you commit to dispersing all obligated grant funding from the Department of Commerce on time and without delay?

Howard Lutnick (01:26:36):

If you add rigorously and making it as efficient as possible, I can say yes.

Ms. Duckworth (01:26:41):

Okay, thank you. If President Trump directed you to do something illegal or unconstitutional would you refuse to obey?

Howard Lutnick (01:26:48):

He won't.

Ms. Duckworth (01:26:53):

Would you refuse an unconstitutional or illegal order from President Trump?

Howard Lutnick (01:26:59):

The legal department of the Department of Commerce is excellent, I would go and get their advice and guidance but this won't happen, it just won't happen.

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Ms. Duckworth (01:27:10):

So your answer is not going to-

Howard Lutnick (01:27:13):

That's a hypothetical that won't happen so I don't-

Ms. Duckworth (01:27:15):

He has given given illegal orders before, he asked the Department of Defense to shoot protesters in the leg.

Howard Lutnick (01:27:23):

Well, I don't know that, I don't know that.

Ms. Duckworth (01:27:25):

We can send you that information. All right, as we discussed when we met last month, good commercial policy is critical for our national security, Supporting small and medium-sized manufacturing, ensuring farmers have access to international markets, developing strong relationships with friendly partners, strengthening supply chains and fortifying export controls to keep critical materials out of the hands of bad actors, this all helps keep our country safe and our economy strong. I especially enjoyed our conversation about the fact that our economy and at the Department of Commerce is also incredibly important to America's national security on a global scale, and I think we agreed on that and I enjoyed our conversation on that. Agriculture and Manufacturing are critical for Illinois and for the nation as a whole it's part of that national strength. They not only generate good paying jobs for hardworking Americans but they also advance US innovation in a highly

competitive global economy, you've touched on that today and I've enjoyed your remarks. If confirmed how will you work to advance America's agricultural and manufacturing Industries both at home and abroad?

Howard Lutnick (01:28:27):

I think our farmers, and our ranchers, and our fishermen are treated with disrespect overseas. Europe for example comes up with all these sort of policies that our ranchers can't sell steak. If you saw a European steer and an American steer, it's laughable, the American steers are three times the size, the steaks are so much more beautiful but they make up this nonsensical set of rules so that our ranchers can't sell there, our farmers can't sell there, it's nonsense they don't, like our fertilizer a little bit. We need to change those rules, we need to end the disrespect that our farmers, ranchers, and fishermen have to suffer with, and that's one of the things that I am just really excited about. I am going to help our farmers, ranchers, and fishermen be successful around the world. We are the best, our farmers are the best, it is clear, and they need to be able to sell their wares around the world and I need to help end the disrespect that they get elsewhere.

Ms. Duckworth (01:29:29):

I agree with you that our farmers are a national treasure and we should give them all the support they need in order to be successful. When done well, joint ventures with partner nations can boost our economic growth, as well as enhance our

national security. If confirmed, what will you do to foster an environment which concords joint ventures, especially with partner nations, especially those with whom we have national security agreements like Japan or Korea, that will enhance both our economy and our security?

Howard Lutnick (01:29:59):

Our great allies have taken advantage of our good nature, and they like steel in Japan and appliances in Korea. They've just taking advantage of us it's time for them to partner with us and bring that production back home. So I think we're going to work closely with our allies to increase their manufacturing productivity at home and I think your way of thinking about it, saying let's work together to do that and bring it home, I think is really important for us and really important for our workforce.

Ms. Duckworth (01:30:30):

I'm all for that. Thank you. I'm over time Mr. Chairman.

Mr. Cruz (01:30:33):

Thank you. Senator Young.

Mr. Young (01:30:35):

Good to see you Mr. Lutnick, I enjoyed our visit in the office, and one of the things you demonstrated to me uh during that roughly hour of visiting is that you really understand that science and technology is going to play a very important role going forward in our economic growth, in our national security, also demonstrated an understanding that China has prioritized, through a number of recent initiatives, boosting

science and tech funding and progress in a number of different technology fronts. How do you envision, Mr. Lutnick, should you be confirmed, increasing support and funding for basic research so that the United States remains at the forefront of global Innovation and job creation?

Howard Lutnick (01:31:26):

We have the greatest University system in the world, and we need to encourage that productivity from our universities, from our great scientists. We need to enhance their ability to get patents to protect them, we need to drive that model of AI innovation and make sure the baseline innovation is American. These things are vital for us and we need to drive it, we need to have standards of cyber security and standards for AI Innovation that keep things American. Exactly the way you think about it is vital for us to do it here and to do it now.

Mr. Young (01:32:04):

And have you given any thought to the leakage of our investments and the breakthroughs that are made, the intellectual property leakage to adversary countries and parties and how we might continue to be vigilant against that?

Howard Lutnick (01:32:22):

How could it be more clear than this week when DeepSeek, a Chinese AI says they they were they were able to create things dirt cheap. How? By leveraging what they've taken from us, stolen from us, or leveraged from us, it's outrageous and it needs to be addressed.

Mr. Young (01:32:39):

Indeed. Thank you. Mr Lutnick, it's of paramount importance that the United States continue to lead in international collaboration and engagement on AI, which you just alluded to, and I would say the voluntary standards that has been done at NIST, and that needs to continue to be done in some capacity somewhere. But if confirmed, NIST will be under your purview, and it's been a a vitally important non-regulatory, that is non-regulatory agency, when it comes to us leadership on AI and focusing on voluntary standards rather than heavy-handed regulations. So what are your thoughts on on artificial intelligence and the role that the Department of Commerce should play in supporting continued innovation and will you commit to continuing to support the great standards work being done at NIST?

Howard Lutnick (01:33:40):

I'm happy to support, I think NIST has some of the greatest scientists in the world, and they understand AI technology, quantum technology. This is a central hub of knowledge of the American government which I'm really excited to oversee. I think standards is the right model, as I've said, the the way we've done cybersecurity which is the gold standard of the world and everyone in the world follows our model, I think we should try to have a light touch model like that in AI. Set those standards so the world heeds our standards and goes with our standards would be very important for America and something I'm going to try to drive.

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Mr. Young (01:34:20):

Yeah, you can imagine a future in which, through your leadership and those of others in administration, we're able to tease out our own standards, harmonize those standards with other countries, non-china countries, and then for those countries to produce products and export them into the rest of the world, they'd have to abide by our standards of transparency, and openness, and consumer protection, all the rest of it. So I think you're headed down the right track there and I hope we'll have an opportunity to work on that should you be confirmed. Let me turn sir to digital trade. Despite the strength of US Digital Services, the previous administration abandoned US leadership on digital trade. They reversed Decades of bipartisan policy that promoted our digital exports. This includes withdrawing support for key digital trade provisions at the WTO, ignoring bipartisan Congressional directives, and leaving American companies vulnerable to discriminatory trade barriers and digital protectionism abroad. Mr Lutnick, if confirmed, will you commit to restoring US leadership in digital trade by advancing strong digital trade rules and prioritizing support for US digital exports?

Howard Lutnick (01:35:42):

Yes.

Mr. Young (01:35:43):

Fantastic. I'm out of time Mr. Chairman, thank you.

Mr. Cruz (01:35:47):

Thank you. Senator Rosen.

Ms. Rosen (01:35:49):

Thank you Mr. Chair, thank you Madam Chair. Mr Lutnick, thank you for being here, a pleasure to meet your family, I appreciated the conversation that we had ahead of this hearing and

Ms. Rosen (01:36:00):

I look forward to your responses how to carry out the department's mission to support Americans innovation, and however, with the administrations unconstitutional move to freeze federal funding, including critical investments in American innovation, like the Tech Hubs Program, heard of that in Nevada, building out our rural broadband infrastructure, really important again, in Nevada. I am skeptical on the ability of this administration to deliver on that mission and I also remain concerned that the policies outlined by this administration will raise prices on everyday goods, and have the potential to make housing and energy more expensive. But with that I'm going to turn to a few really critically important things to Nevada's economy that we touched on a bit. I want to [inaudible 01:36:46], everybody knows about well of course Southern Nevada and Las Vegas, are travel and tourism, key to Nevada's economy, top economic driver of every single state in this nation and so, backbone of Nevada's economy.

(01:36:59)
That's why several years ago, when I was Chair of the subcommittee on tours and trade and export promotion. I worked across the aisle, we passed

bipartisan legislation to create an assistant secretary of commerce for domestic travel and tourism. Unfortunately we did not nominate anyone for the position, even after I secured the funding for it in last years spending bill. So again, as tourism, top economic driver everywhere, really, really important. Urban and rural, every state in this nation has some place great and wonderful to go see. And while we as Americans love to do that, as people around the world. Just quickly yes or no, will you quickly work with me to fill this open position with a qualified nominee to be sure the department supports our travel and tourism economies across the United States.

Howard Lutnick (01:37:47):

Yes.

Ms. Rosen (01:37:48):

Thank you. I want to move on quickly to something else in Nevada, because Nevada, I don't know if you've been there, we got a lot of sun. They have a lot of sun.

Howard Lutnick (01:37:56):

I've been there.

Ms. Rosen (01:37:56):

And one of my top priorities, we have a lot of stars and a lot of sun, but some of the darkest skies, some of the biggest stars on the strip, darkest skies in the center of Nevada and a lot of sun up and down the state. One of my top priorities has been to protect the solar industry and the really great paying jobs it creates in Nevada. In fact, we have the most solar jobs per capita, more than any other state in

the nation, and so like you, I want to keep these good paying jobs here in America, I want to reduce our reliance on China, especially as pertains to the solar energy industry. We can talk more about solar manufacturing, but with that in mind, will you work with me to ensure that any new tariffs by the administration do not hurt American solar jobs by making components of the solar supply chain prohibitively expensive, because I believe failure to do so will hurt our many small business in Nevada. Small and large, not just in Nevada, but all across this country as this is a booming industry.

Howard Lutnick (01:38:56):

Ill be glad to commit to study that.

Ms. Rosen (01:38:59):

Thank you. I'm going to move on to something I know everybody's been talking about is the broadband BEAD funding. Earlier this month, NTIA approved Nevada's BEAD application. It unlocked $416 million, it's going to connect all Nevadans to affordable, reliable, high speed internet. We're in the top ten most largest states, we're a deep frontier state, we're one of the most mountainous states in the lower 48, we have significant challenges. And even before the OMB guidance is issued earlier this week, and helps in federal funding. Some of the administration have advocated for drastically altering this program, calling back funds already allocated to the states. Because of our geography and geology, we are years into the process in Nevada, as well as a few other states. We're on the edge of build out, and before you answer

these questions, may I remind you at the outset that laws are not simply suggestions from congress. So, can you commit that Nevada will not have to restart what has been a years long process and will receive its full, allocated amount that congress has allocated to it, under the BEAD program, given our plan has already been approved.

Howard Lutnick (01:40:19):

I can commit to you that if it has been rigorously done and deeply efficient and it is the most efficient use to get broadband to your constituents, then it's easy for me to commit to it. But if there's been errors and mistakes, you wouldn't mind if we made it better, you wouldn't mind.

Ms. Rosen (01:40:34):

The project has already been approved, we are complying with all the requirements and the guidelines, we are about to build out. Laws and allocations, appropriations from congress, they are not simply suggestions, it is the law. Now, just asking like others, if you will allocate what has already been applied with and what is ready to be built.

Howard Lutnick (01:41:00):

I will read through that. I can commit I will read through the document, understand it with precision, and make sure that the outcome that you appropriated for, which is broadband to your citizens, I'm totally committed to that, but I want to make sure it's done efficiently, and effectively-

Ms. Rosen (01:41:18):

That's not the question. The question was, will you comply with the appropriators of the United States congress?

Howard Lutnick (01:41:26):

Again, I would say it just the same way again. Rigorous review-

Ms. Rosen (01:41:30):

Laws are suggestions Mr. Lutnick?

Howard Lutnick (01:41:31):

Absolutely not.

Ms. Rosen (01:41:35):

Thank you.

Chairman Cruz (01:41:35):

Thank you. Senator Budd.

Mr. Budd (01:41:36):

Mr. Lutnick, welcome, and welcome your family as well. Thanks for your willingness to do this, to step away from quite a role and also your family as well, who supports you. I want to talk for a minute about something we've mentioned several times and that's DeepSeek. In the release of the Chinese AI model, which was allegedly trained on a batch of export compliant older generation semiconductors for just a fraction of the cost of our models. It shows that China, however they got there, they might not be as far behind as we assumed. So if confirmed, how would you approach this issue and ensure the United States wins the AI race against China? And I'll also say, as you enter this role, keep on your hat as an entrepreneur and don't lose that. I'm reflecting on Y Combinator, Garry Tan

who said, as a result of this DeepSeek disruption a few days ago, he said a thousand flowers will bloom, and that's specifically as a result of DeepSeek. So how do you see this as an opportunity, and how do we win here?

Howard Lutnick (01:42:46):

What they showed is that our export controls, not backed by tariffs are like a whack-a-mole model where they get prevented over here and China figures out a way around it over there. We've got to find a way to back our export controls with tariff models, so that we tell China, you are, you think we are your most important trading partner? When we say no, the answer is no. It's a respect thing. They've disrespected us, they've figured out their ways around it. I do not believe that DeepSeek was done all above board, that's nonsense, okay? They stole things, they broke in, they've taken our IP, it's got to end. And I'm going to be rigorous in our pursuit of restrictions and enforcing those restrictions to keep us in the lead, because we must stay in the lead.

Mr. Budd (01:43:45):

Thanks for that. Next question I want to ask you about the risk of our models being hosted on Chinese servers for American users, and the risk of reverse engineering models. The broader question really is about IP, so would you dig in to a little bit about how you want to enforce intellectual property, American intellectual property.

Howard Lutnick (01:44:04):

I think the Chinese use our patent office against us. They use our laws, they have huge applications, and those applications are growing like fire. They are trademarks. You know, what they would do is they would say, Senator Budd, and then they'd say S Budd and S Budd S, you know? I mean, they just go right around your trademark and abuse it, so I think we need to stop that. We need to address it, we need to stop it, we need to end it, and we need to have countries understand, if you do not respect our companies IP there, you should not expect the same treatment here. Reciprocity is a word that really is effective. We are treated hardly, we want that to change, but you should expect the same treatment here.

Mr. Budd (01:44:51):

Thank you. I want to ask this, with your financial background, I hear DeepSeeks founding company, I think it also owns a hedge fund, I'm still getting information on this. Do you think there's perhaps a financial play from China because of the loss in market cap, was it perhaps even a short sell play on our markets?

Howard Lutnick (01:45:10):

I don't know.

Mr. Budd (01:45:14):

Is it worth looking at?

Howard Lutnick (01:45:16):

Of course.

Mr. Budd (01:45:17):

Thank you. Are you concerned that in the U.S. we're focused, and perhaps

even here in congress, we're focused on regulating our own AI activities at the expense of China taking the lead and unlocking AGI or artificial general intelligence before we do?

Howard Lutnick (01:45:32):

Yes.

Mr. Budd (01:45:34):

What do you think we need to do here, to prevent us falling in that trap?

Howard Lutnick (01:45:39):

We were successful on the internet and created the greatest technology companies in the world because we had an American touch of it, right? We did the internet the American way, and that's why the tech companies of the world are ours, right? We need to do the same thing with AI. We need to make sure that we set standards that the world meets, so they're American standards that the world meets, and I think that's the way we'll keep our lead. Do it the American way, which we know is the winning way, our allies know it's the winning way, and we need to set those standards.

Mr. Budd (01:46:10):

Thank you. I do want to follow up on something we talked about in my office. On a completely different topic, and yes, it does involve fish. So, the previous administration, they withdrew their NOAA whale strike reduction rule, which would have had disastrous consequences for those in North Carolina, especially in the coastal communities. So will you and your team and your office continue working with the fishing and boating industry to develop policies and procedures

that protects marine life without limiting access to North Carolinas, and our nations, coastal waterways?

Howard Lutnick (01:46:42):

And easy commit.

Mr. Budd (01:46:43):

Thank you. Mr. Chair.

Chairman Cruz (01:46:46):

Thank you. Senator Kim.

Mr. Kim (01:46:48):

Thank you Mr. Chair. Mr. Lutnick, it's great to see you and your family. I just want to start, you know, I'm representing the state of New Jersey, and I remember exactly where I was when I saw the towers come down and as you were talking, I just spent some time on this hearing, actually just kind of counting through of the people we lost in New Jersey, how many were from Cantor Fitzgerald and if I got my number right, it was over 230 New Jersians that worked for Cantor Fitzgerald, which is roughly about a third of the victims of New Jersey, so I just wanted to just express that with you. People in New Jersey certainly remember that day, will never forget it and the work that you did and your colleagues did to try to help the victim families, I appreciate that.

Howard Lutnick (01:47:34):

Thank you.

Mr. Kim (01:47:36):

You know, it's still very much in that sense of national security. It was actually on that day that I decided I

was going to dedicate the rest of my life to national security issues. And some of the things we've talked about today actually, you know, the goal is towards that direction, that's what brought the bipartisan CHIPS and Science Act together, was this sense that we're entering a new era of national security concerns. And so I guess, you know, I heard what you said about, you know, CHIPS and Science being an excellent down payment, but I guess I'd like to just tease out and get a little bit more of a sense from you, just what you believe our role is in the U.S. government when it comes to building up industries, trying to be competitive, you know, are you someone that sees a role for government investment directly, like we have in CHIPS and Science, or are you somebody that still believes it needs to be more hands off, more market driven in that kind of case. Can you give me a little insights on how you approach this?

Howard Lutnick (01:48:31):

I think you gave the department of commerce the tools to bring domestic semiconductor manufacturing home. So I think it needed that jumpstart and you, in a bipartisan way, created that jumpstart and so I believe it was necessary and important, and you're going to see this department of commerce bring domestic manufacturing of semiconductors and then we're going to drive after that, the supply chain to the United States of America. Drive it here, we are too reliant on Taiwan, we need to have, for national security, and for our business, we need to have that production in [inaudible 01:49:15].

Mr. Kim (01:49:15):

I agree with that. I certainly want to see that manufacturing back and you know, Senator Budd and others were talking about DeepSeek, other types of concerns that we face, beyond just when it comes to semiconductor manufacturing, AI, and other types of technologies. So I guess what I'm trying to think through, being a member of this committee and elsewhere is, you know, is there a 2.0? You know, is there a 2.0 that we can build upon with CHIPS and Science? You know, have that kind of coalition and stay together. Maybe not necessarily specific on CHIPS anymore, but on a different element of critical manufacturing or critical technology innovations. You have, would that be something you'd be supportive of? You know, taking that kind of model of CHIPS and Science and apply it in a different sector?

Howard Lutnick (01:50:00):

I do. I think my job is to give you the benefit of the bargain. You passed CHIPS and Science, my job is to bring domestic production of semiconductors home to America, and then we are going to attack the supply chain. So we have the full supply chain, so we can be independent from a national security perspective. So if I need help, I'll come and talk to you about that, but first I need to execute what you have given me, which is CHIPS and Science. Lets go get you the benefit of the bargain. I'm not the kind of person to come and ask for more appropriations if we haven't delivered the first time.

Mr. Kim (01:50:38):

Well I hope this is something we can work on together, if you're confirmed, because I think it's important. On top of that, I mean look, I will say you have a job, not just selling things to the American people, but I hope as you engage with the president, I'm not positive where he stands with CHIPS and Science, I'll be honest with you. But some of what I hear, that he calls it a bad deal, called it a ridiculous program. I'm hoping that you and others can try to help engage there and see what it is we can do to try and move this in a different direction. Just one last thing before I conclude here, when you talked about tariffs, you talked about across the board, country by country, but I guess I want to ask you, especially when it comes to country by country, is there a prioritization list?

(01:51:21)
You know, are you distinguishing between allies and adversaries, because as I started this question about China being an overarching concern that all of us have. You know, why aren't we prioritizing predominantly on China especially when we have to consider whether or not we're going to use multilateral tools when it comes to terrorists, that will allow us to magnify our own effectiveness going up against such a large economy like China. Which, we're going to need our allies and our partners there, but are we burning those bridges if we're putting our tariffs targeting to our allies and our partners at this stage. So I just wanted your thoughts on that.

Howard Lutnick (01:51:57):

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I think Chinese tariffs should be the highest. Our adversary should be the highest. But the fact that we Americans cannot sell an American car in Europe is just wrong, and it needs to be fixed. So while they're our ally, they are taking advantage of us and they are disrespecting us, and I would like to see that end.

Mr. Kim (01:52:20):

I have no problems with that sense of [inaudible 01:52:22], but I do ask as we go through this that we keep in mind just the tremendous threat that we're under right now, in terms of our economic national security. And with that I'll give it back to the Chairman.

Chairman Cruz (01:52:34):

Thank you. Senator Schmitt.

Mr. Schmitt (01:52:35):

Thank you Mr. Chairman. Mr. Lutnick, it's great to see you, it's great to see your beautiful wife and your lovely family join you here today. Be very proud, and we're very fortunate as a country to have you step up, and your willingness to do this. Obviously your career has been laid out and your work in building a company, you should be very, very proud of and of course, after the events of 9/11, truly admirable. I also have seen your, this is, you've been very successful. It's not lost on me, your willingness to serve in this capacity and think it's a testament to how much you love this country. As we've had these conversations, I think that is your motivation here, which we appreciate, I know the people back home do. I do have to say something though, my democrat friends on the other side of

the aisle have suddenly found religion on following the law, like it is remarkable to me.

(01:53:34)
The reason why we have the freeze on grant applications right now is because the department of commerce outside of the law, interpreted it to say that you need to hire enough ex-convicts to build the CHIPS factory. The DEI required, that's why it's slowed down. The reason, one of the reasons why we don't have broadband laid in this country is because you require small contractors to have climate action plans. So spare me the outrage about suddenly now being concerned about following the law. The Biden administration was lawless. And through every agency, through every technical, through every artery, they infused this DEI stuff, they infused this climate activism stuff, and I agree with you, the Article 1 branch reigns supreme. We never voted on any of that stuff. We never voted on any of that stuff, so I look forward to you following the law as you've indicated that you will.

(01:54:28)
I do want to touch on a couple of topics, sorry I wasn't going to do that but I'm just sitting here, listening to this. Space. So I came into this chamber, in this body, two years ago, I never would have imagined that I would have been the ranking member of the Space and Science Committee, dealing with these commercial space issues, which are fascinating. America really is the innovator here, and you and I have talked about, this is a real race. I mean, we're talking about AI, but this is a real race with China, they're serious about this, they're

playing meaningfully in space. We are the leader right now, but we wouldn't if we didn't have the competition we have in the private sector, we wouldn't be talking about going to Mars in five years. And I know that we've talked about this, but in this public forum, that falls under your purview, how important it is to you and all. So there is a small agency within the department that I think, we probably need to give it a little more prominence, that deals with these issues.

Howard Lutnick (01:55:28):

I think space and the data that we can collect from space is fundamental to America. It's American innovation, but they've got to be American companies, right? It's vital that these are American companies, controlled by America, part of our oversight, is vital. I think we've got the lead, we've got to focus on it, we've got to encourage it and I think it would be a great national asset of ours going forward.

Mr. Schmitt (01:55:58):

I think, may people have touched on AI, and among armed services and commerce, you see kind of the military application, the commercial application, and I think a lot of people view it in separate buckets, but the truth is, for the Chinese Communist Party, everything is dual use, everything is dual use. And civilizations have come and gone because they lose the technology race in a military application. And I think that what we're talking about with AI, the energy that's required to go do this and the innovation, we're

better innovators than them, they copy pretty well. But what we can't allow them to do is be better innovators than us and I think that this DeepSeek's been mentioned. It's possible, it's possible that they, you know, used something called distillation, which is, they use, what we do really well, they ask a mill- They have an algorithm that asks what we have, a million questions and essentially copy what we've done, to gain the advantage that they- It's possible.

(01:57:03)
Like that's one explanation for what we saw but my hope is that it's sort of a Sputnik moment for us, that our focus is less about controlling this, which some of the proposals we've seen in the last couple years are about controlling or locking it incumbence. I don't think we need to do that, that's the European model. But to really have real innovation here and not be distracted with sort of this... The woke AI, we saw this, you know, the Black George Washington stuff. I mean we cannot be distracted with this. Like this is the real deal, AI is the real race. And I know that you're very focused on this and you've talked about this so I don't want to ask you the same question, but just as it relates to locking it incumbence, making sure we have really robust competition in space, can you talk a little bit about that with the time that I have left? Which is none.

Howard Lutnick (01:57:58):

We need to have the lead, we need to stay focused on it. We need to get the nonsense off the chart and just focus on raw, artificial intelligence, making us the leader, and have the standards

that we are the leader. It is vital for us. And I think your points are very well made.

Mr. Schmitt (01:58:17):

Look forward to working with you Mr. Lutnick. Congrats.

Chairman Cruz (01:58:20):

Following up with Senator Schmitt, I don't know if this is a Sputnik moment, but it is at minimum, a Lutnick moment. Senator Blunt Rochester

Ms. Blunt Rochester (01:58:29):

Thank you Chair Cruz and Ranking Member Cantwell. I also want to thank you Mr. Lutnick, for taking the time to meet with me in my office last week and I especially appreciated talking to you about the critical role that this department plays in unleashing and promoting economic opportunity in our country and around the world. And as I shared with you, securing our supply chains and making them resilient is one of my top priorities and I'm proud to co-lead bipartisan legislation with Ranking Member Cantwell and Senator Blackburn. We introduced this week the Promoting Resilient Supply Chains Act, senate S257 earlier this week, and I know that in our conversation, you expressed a very high level of confidence in the effectiveness of the presidents tariff agenda. But in what ways do you think imposing macro tariffs will impact our supply chains?

Howard Lutnick (01:59:28):

I think it will bring, it will assist us in bringing supply chains home. We need those supply chains here. It is vital to our national interests for

semiconductors. It's vital for us for pharmaceuticals. We've allowed our adversaries to take advantage of us and even our allies to take advantage of us. It is time for us to take care of ourselves and I think tariffs will encourage companies to come back and build in America. Which is something I think our workers need, and I think you and I agree.

Ms. Blunt Rochester (01:59:58):

This is one of the major things that we focused on as well, onshoring and nearshoring, when I led this in the house. But we also talked about this department leading on mapping and monitoring threats to our supply chains and making them more resilient. Can I hear a commitment from you that you will, as the head of this department should you get it, lead and focus on mapping and monitoring those threats?

Howard Lutnick (02:00:23):

Easy to do. Yes.

Ms. Blunt Rochester (02:00:26):

Senator Moran asked about exclusions, and you said that there were too many exclusions the first time that the administration imposed tariffs, and you were just talking about drugs in particular. Are there exceptions that you would make? You said that there were way too many... Like, producing lifesaving drugs or drug components, is this an area where you would make exceptions?

Howard Lutnick (02:00:50):

I think it needs to be studied. I think the right answer is, there are, the president launched in his EO,

substantial studies, lets let those studies play out, and then I'll come back and gladly talk to you about it.

Ms. Blunt Rochester (02:01:03):

What we do know is that generic drugs are increasingly being produced overseas and as a country we're facing drug shortages, active drugs like 271 of them. So do you think that tariffs will increase the cost of drugs for Americans?

Howard Lutnick (02:01:20):

I think the problem, one of the problems we see in drugs is that we are the innovator of drugs of the world. And all these other countries just disrespect us and basically force our companies to sell dirt cheap to them. I think if we address that model, drug prices in America will come down.

Ms. Blunt Rochester (02:01:41):

One of my big concerns is the impact of the cost on the American people. The Peterson Institute for International Economics estimates that the presidents proposal could result in $2600 annual loss for middle class families. I'm not going to ask you any more questions about tariffs, but I want to put a pin in that because that is really one of the main priorities for us, is making sure that people are safe and well, but that they can also afford to live. I am glad you support NOAA, you said it in our meeting, you also said it here. Just yes or no, will you maintain the programs at the Economic Development Administration, EDA?

Howard Lutnick (02:02:21):

Yes.

Ms. Blunt Rochester (02:02:23):

Yes or no, do you support dismantling the The Minority Business Development Agency?

Howard Lutnick (02:02:28):

I do not.

Ms. Blunt Rochester (02:02:29):

Do you believe that the MBDA receives enough funding to carry out it's mission successfully?

Howard Lutnick (02:02:39):

I think it's small, so it's hard for it to be successful. It can be effective, but to be important to America, it's small. So you have to put things in sort of their size containment and it's a small agency, as you know.

Ms. Blunt Rochester (02:02:53):

Thank you for sharing that, and would love to work with you on that. As former Secretary of Labor in Delaware, I think I shared with you, jobs is one of the most important things to me. I said if I had another middle name, it'd be Lisa Blunt Jobs Rochester. It is that important to me. And this department plays a critical role. It was mentioned that tech hubs are important to us in a bipartisan way, so your commitment to continue that bipartisan support for tech hubs, yes or no?

Howard Lutnick (02:03:22):

Seems sensible. Yes.

Ms. Blunt Rochester (02:03:23):

Seems sensible. And then also, another example of this kind of innovation is NIIMBL, which is a manufacturing USA institute based at the University of Delaware focused on biomedical, bio-pharmaceutical manufacturing. Do you commit to supporting NIIMBL as it grows our bio-pharmaceutical manufacturing strength?

Howard Lutnick (02:03:44):

I can commit to studying it. I don't know enough about it to-

Ms. Blunt Rochester (02:03:46):

Maybe you could commit to coming to Delaware and visiting.

Howard Lutnick (02:03:49):

I'm happy to come to Delaware and visit.

Ms. Blunt Rochester (02:03:52):

Thank you and yield back.

Chairman Cruz (02:03:54):

Thank you. And I want to thank Senator Curtis and Senator Moreno, they very kindly agreed to let Senator Sheehy skip the line because he's got to preside over the senate in 20 minutes. So Senator Sheehy. [inaudible 02:04:07]. I think that was wise discretion.

Mr. Sheehy (02:04:11):

Especially Columbian drug dealers, so. Thanks for stepping away from your business empire in order to come do this job. We need guys like you to get this country back on track. I don't like fish, so I'm not going to talk about it. I'm a beef guy. But AI is getting tons

of press, getting lots of investment, that's great. But there's also industries we need, that have made this country great, and we need them in the future. How do we bring back industries, resource industries like mining, timber? How do we get them back on their feet, how do we attract capital in those industries and how do we make America a leader in those industries again?

Howard Lutnick (02:04:47):

We have chased those industries away with a regulatory environment that makes no sense to me. Why would we mine, we don't mine lithium in America. We want to have electric cars, granted we all want clean air and clean water. But why do we mine, why do we have Australia mine lithium, with coal, put it on a supertanker, which pollutes the heck out of it, drive it all the way here, put it in trucks and drive it across the United States of America, instead of mining it in the United States of America? It makes no sense at all. We need to change the regulatory environment and unleash America for the benefit of America.

Mr. Sheehy (02:05:32):

There used to be 36 timber mills in Montana and now there's barely four and a half, that's about to go under.

Howard Lutnick (02:05:37):

Ridiculous. It's ridiculous.

Mr. Sheehy (02:05:40):

And there wouldn't be any AI if we didn't have the components to build the chips and the processors we need, and we should be getting those here, in this country. So I think, you

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know, as probably the most powerful person regarding our economy, I'm glad to hear you're ready to attack those issues. The greatest national security advantage we've had is not our military or our government or our congress, it's our economy. We won World War II because of the economy. Right now we have a very consolidated and brittle defense industrial complex. Russia makes artillery shells I think ten times faster than we do for 8% the cost. China builds ships 30 times faster. How can you, in your new role, not just bring back manufacturing, but bring back defense manufacturing so we can be the arsenal of democracy in the next great war.

Howard Lutnick (02:06:25):

The drive to do manufacturing and competitively, in America. You know, the American military industrial complex has been monopolies one. To bring competition out, to bring drone manufacturing here, these are fundamentals that, what happens is I'm just in the room and I can push for it. It's a commerce view of things, lets get competition, lets get American ingenuity out there, lets get new people producing national security. Lets just unleash America for the benefit of America. I think we've been too constrained for too long. That's over. It needs to be all about American ingenuity, and I think if you unleash American ingenuity, you know, the scale by which we will outrun, outpace, outperform the rest of the world will be incredible.

Mr. Sheehy (02:07:17):

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And finally, back to the fish that I don't like. So NOAA, 70 plus percent of the Earth's surface if ocean. The bottom of the ocean has untold deposits of minerals, oil and gas, I mean resources that we barely touched. I don't know how much you've thought about it, but I'd be interested in just your thoughts on how you can leverage your position in commerce and of course NOAA itself, to expand undersea mining and resource extraction for the benefit of our economy.

Howard Lutnick (02:07:43):

It is important for American national security that the key rare-earth minerals, we create ourself. Fortunately we have the greatest land in the world and under our seas is the rest of whatever we don't have on land. We need to harvest it,

Howard Lutnick (02:08:00):

... we need to understand it, and we need to take care of America. We can. And that by the end of the Trump Administration, we need to understand and take care of ourselves. Protect ourselves and take care of ourselves. It is vital.

Senator Sheehy (02:08:14):

Great. You're going to do a great job. Thank you.

Howard Lutnick (02:08:17):

Thank you.

Ted Cruz (02:08:18):

Thank you. Senator Lujan.

Senator Lujan (02:08:23):

Mr. Lutnick, thank you so much for being with us today. Appreciated the conversation in our office as well. I'm going to start on the subject, that it sounds like there's been a lot of conversation in the space. I apologize for not being here for your entire hearing. I was over in the finance committee hearing-

Howard Lutnick (02:08:41):

The key is you're supposed to invite me to New Mexico, okay? This is the key.

Senator Lujan (02:08:42):

I appreciate that. Now, Mr. Lutnick, yes or no, do you believe that reaching truly universal access to high-speed internet across the country is and important and possible goal to achieve?

Howard Lutnick (02:08:54):

Sounds like a great goal.

Senator Lujan (02:08:56):

Yes or no, do you believe it's important that high-speed internet is available at every school in America?

Howard Lutnick (02:09:03):

Sounds very important to do.

Senator Lujan (02:09:06):

Do you believe that it can be done.

Howard Lutnick (02:09:08):

I do. We're the greatest country on Earth, how can we now be able to do it?

Senator Lujan (02:09:12):

Will you commit to investing infrastructure to get it done?

Howard Lutnick (02:09:17):

With all the tools I have available to me, I will do my best to try to get that done. That sounds like an excellent set of goals.

Senator Lujan (02:09:23):

If you're asked to cut that program by the President of the United States, will you-

Howard Lutnick (02:09:27):

I work for him.

Senator Lujan (02:09:31):

Is your response that, if the president asked you to cut broadband infrastructure funding, that you will do that? Is that what I just heard?

Howard Lutnick (02:09:38):

Again, I work for the President of the United States, and I'm here to execute his policies. I think he agrees that broadband internet to America is important. Efficiently and effectively delivered, I think he, in my conversations with him, he thinks that's important. Wasted money and abuse of our resources has got to end, but I think we can achieve your goals. And I think he agrees with me that he will allow me to achieve the goals that you've just suggested, which I agree with.

Senator Lujan (02:10:10):

I do not disagree that there should be efficiency and that we should stand up to fraud. My question to you is if President Trump asks you to cut

infrastructure funding, as passed by this Congress in a bipartisan way, to build out internet to every school, as we both agree was an important issue, will you oppose that?

Howard Lutnick (02:10:31):

I work for the president.

Senator Lujan (02:10:33):

Is that an answer saying yes, then you will cut it if asked by the President of the United States? It's a simple thing, sir. You've been in the boardroom a lot of times, Mr. Lutnick. I'm not going back and forth with you. We have five minutes here, I'll ask you in writing, we'll keep going. It's not about trying to evade this, it's just a simple question. If you work for the president, and you're saying he gives you an order, you're going to do it. Is that the case, if you're told to cut the infrastructure money, as passed by this Congress when it comes to broadband? Yes or no?

Howard Lutnick (02:11:03):

I will get with the lawyers of Commerce and I will do it correctly. But I believe my objective is to give you the benefit of the bargain. That is my objective. I have said that before. That means you have appropriated it, and my objective is to execute what has been appropriated. That is my objective. If the president has other objectives, I will sit down and talk with him about it. But my objectives, as I sit here today, are to execute and give you the benefit of the bargain, that which you have appropriated.

Senator Lujan (02:11:31):

Mr. Lutnick, I'll slow down. If the president asks you to cut an infrastructure program, will you cut the program?

Howard Lutnick (02:11:39):

I work for him. I'll say it again and again and again, I work for the President of the United States.

Senator Lujan (02:11:43):

Mr. Lutnick, are you not going to answer that question?

Howard Lutnick (02:11:45):

I'm trying to answer the question.

Senator Lujan (02:11:49):

Yes or no?

Howard Lutnick (02:11:51):

Yes, I work for the President of the United States.

Senator Lujan (02:11:54):

I appreciate you being cute with this, sir. It's not cute-

Howard Lutnick (02:11:56):

I'm not trying to be cute at all.

Senator Lujan (02:11:57):

Mr. Chairman, if I may, respond. It's not cute to the American people that don't have access to these programs. While they're being promised that AI is going to get tutoring to every student, Mr. Lutnick, it's not going to happen if people don't have connectivity. Mr. Kennedy was in the other room saying that every person in America's going to get the access of some AI doctor to help cure the cancers that they've got

or whatever other critical illness they have. It's not cute. This is serious business. We're talking about carrying these programs out for the country. I understand you're a very successful person. We're asking very simple questions. And we had an incredible conversation in the office. Incredible conversation. A very respectful one. This is not that. I just don't understand.

Howard Lutnick (02:12:41):

Actually, I don't understand where we disagree.

Senator Lujan (02:12:42):

I'm not asking for a response, Mr. Lutnick. I am not.

Howard Lutnick (02:12:45):

Okay.

Senator Lujan (02:12:47):

Mr. Chairman, one of the areas that we agree is that we should work on a bipartisan basis to get these things done. I have a reputation of being a bipartisan member in this office and working with my colleagues. I've supported several of these nominees. I came into this hearing with an open mind. Maybe I'm the only Democrat that's going to say no right now. This is ridiculous. We have a responsibility to communicate to each other for the people that we work for. It's not just that you work for Donald Trump, sir. You work for the American people if you get this position. You told me that in my office. It's for the American people, to bring the genius that you have brought to your success, to deliver the grand bargain, to get things done. That's the conversation

we had. I'm beside myself with this little exchange. I truly am. I'm [inaudible 02:13:38]. Mr. Chairman, I've gone over my time, I yield back. Disappointing.

Ted Cruz (02:13:43):

Thank you, Senator Lujan. I would note, for the record, having participated in dozens and dozens of confirmation hearings, I do not recall a single cabinet nominee for Barack Obama testifying that he would defy an order for Barack Obama. I do not recall a single cabinet nominee for Joe Biden testifying that he would defy a cabinet order from President Joe Biden. And it's unsurprising that President Trump's cabinet nominees are not interested in testifying that they intend to defy orders from President Trump.

Speaker 1 (02:14:12):

[inaudible 02:14:13]-

Senator Lujan (02:14:13):

Mr. Chairman, I don't disagree with that. But if the answer's no, then the answer's no. I apologize for interrupting [inaudible 02:14:18].

Speaker 1 (02:14:20):

No, no, I think the Chairman's moving on. I'll wait to the second round to ask this, larger illumination of this problem.

Ted Cruz (02:14:26):

Senator Curtis.

Senator Curtis (02:14:28):

Well, that took a different turn. I was just about to brag that they save their

best for last here on the committee. And now we're down to three, and the vice president rarely speaks in innuendos, but I think if you go back to his introduction when he pointed out this side of the room was where he sat, he was trying to imply the best minds in the committee were over here on this side.

(02:14:53)
So, I'm just going to touch on this previous question for half a second. I don't want to spend a lot of time on it. But you and I talked about this in my office, because the geography in Utah. So, let me try to reframe a little bit what I think I heard from you in the office. Is it fair to assume you would like every student in America to have the resources they need to be successful in school?

Howard Lutnick (02:15:13):

Of course.

Senator Curtis (02:15:14):

Is it at all possible that Congress didn't get it perfectly right when we set standards for how we were going to get to those students? And is it fair to say what you're really after is the best way to get that to them, regardless if Congress got it right or not?

Howard Lutnick (02:15:31):

Correct.

Senator Curtis (02:15:32):

Okay. All right, let me move on for just a minute. We talked about tech hubs, and I'm sure all members would feel this way, but they're not here to defend themselves. We have the best tech hub in Utah, Silicon Slopes. It's

this crazy bed of innovation, of entrepreneurship, and risk taking, and bright, sharp minds. And we've talked a little bit about these tech hubs and the support that they receive from the federal government. And I've heard you a couple times say you agree that we need to figure out how to support those from the government.

(02:16:01)
So, I want to double down that that's important to Utah. But I would tell you if they were here today, they would say, "You know what's killing us? It's regulation and it's taxation." Can you talk for just a minute about how we not only support them with government problems, but we kind of stay out the way and let them be successful?

Howard Lutnick (02:16:19):

I agree that it is a broad set of regulations that are holding back America. We need to unleash American ingenuity, get out of the way and let Americans be the most extraordinary people, which they are. And so I completely agree with you, that a lesser regulatory environment will unleash America, and we will be much, much better off with less of a hand on our head, holding us down, and more arms carrying us up. I think that is fundamental and important, and I think you're going to get that with the Trump Administration.

Senator Curtis (02:16:53):

Thank you. And on your state tours, please put Utah on there. You and I will go to Silicon Slopes and have this conversation.

Howard Lutnick (02:16:59):

That sounds fun to me.

Senator Curtis (02:17:00):

I've got a whole lot more I want to cover. I'm just going to kind of go quickly. We've talked a lot about this Chinese model that's been developed for artificial intelligence. And supposedly it's been done cheaper and better than the United States. And color me skeptical-

Howard Lutnick (02:17:15):

Well, it's easy to be cheaper if you steal it.

Senator Curtis (02:17:17):

Right. And so my question is, how do we finally get to accountability for this? Because I want a really productive relationship with China, but as long as there's no accountability, we can't have that. How do you, in your role, how do we get to accountability on this? And then, second, can we acknowledge this is TikTok on steroids, right? If we're worried about the influence of the CCP on America with TikTok, this is on steroids. Can you just address both of those quickly?

Howard Lutnick (02:17:48):

I think the first answer is reciprocity with China. How you treat us is how you should expect to be treated by us. I think we have let them off the hook for far too long. They treat us horrifically in China, and yet we let them ride roughshod over us here. That needs to end. I think the term reciprocity, which sounds fair, would show that they are treating us horribly. So, that's the first step, I think. A good word for this administration to repeat

endlessly, reciprocity. Treat others the way they treat us.

Senator Curtis (02:18:23):

It was earlier mentioned the Artificial Intelligence Safety Institute that's underneath you. And if that needs a new life and new legs, love to work with the Senate and yourself to give you the tools that you need to do exactly that. Finally, when you were in my office, we talked about tariffs. And just want to double-down on a couple points we talked about that day.

(02:18:45)
They are disproportionately hard on small business. And we talked about perhaps longer runways for small business and things like that. And I just want to see if you have any thoughts that have matured on that. And how do we do the goals the president have with tariffs, but also kind of watch out for our small businesses?

Howard Lutnick (02:19:03):

Well, you laid that out when we talked in your office. And I'll make sure that that is a key part of our studies, that we think about small businesses and the importers of those small businesses and how best to find our way to be acceptable to them in the model.

Senator Curtis (02:19:20):

Good. And just for those that weren't in that meeting, part of the conversation was can we have a longer runway for small business to meet those obligations, because it's harder for them to pivot. And look forward to your discussions on that.

And finally, just on tariffs, before I run out of time, I'll just comment, and we won't have time for your response. But this concept of they will make prices go up, but we have to think about Americans. If we are demanding of our businesses, that they meet emission regulations, and if we're demanding that they meet OSHA regulations and human right regulations, and we're not demanding it of somebody else, we either need to stop demanding it here or demand it of them. And with that, I'm unfortunately out of time, and I need to yield my time back.

Ted Cruz (02:20:03):

Thank you. Senator Hickenlooper.

Senator Hickenlooper (02:20:07):

Great. And I appreciate Senator Curtis referring to the last three as being the best, saving the best to last. Although, I've bumped you out of that bottom three [inaudible 02:20:15]. I apologize for that. Mr. Lutnick, thank you for your time. Thanks for all that you've done. I think some of the stories of how you responded to not just the crisis of 9/11, but many crises in your life illuminates the kind of person you are. And I respect that.

(02:20:41)
I've got a couple questions around Tether. I was here earlier when you talked about allowing, when you get AI in government, we can follow it pretty quickly. But we know that Russia's used it to buy drone parts and to avoid sanctions, that one of the main financiers for Iran had $100 million, moving it around using Tether. It's used in a lot of scams on Americans. What is the best way, in your sense... I

mean, if you're going to try and limit and be efficient with government regulation, how do we try to crack down on these illicit uses of something like Tether? And what's your perspective? I'm not trying to say that you should be held accountable. I'm just trying to figure out how would you suggest, whether it's Commerce or Congress, how do we approach that?

Howard Lutnick (02:21:28):

So, we only know that illicit activity is done on the blockchain because it's done on the blockchain. Meaning, when these same illicit characters use dollars or Euros, we don't know about it. You remember when we went into Iraq, we found pallets of $100 bills. So, the way to do it is to require that anyone that who is a US-backed stablecoin must onboard US law enforcement, and must allow US law enforcement and our AI tools into their models so that we can go find and catch illicit activity.

(02:22:07)
Because, remember, it's a central book. That means it can be found. It can be traced. Our AI tools will rip illicit activity out of stablecoins within a year or two. Our technology on their blockchain will end it. And that's what we should require. Makes perfect sense.

Senator Hickenlooper (02:22:27):

And so, you'll collaborate, work with [inaudible 02:22:29] in terms of creating that kind of legislation and rule in law?

Howard Lutnick (02:22:37):

Absolutely.

Senator Hickenlooper (02:22:38):

Right. I think one of the arguments also, and we don't have to go into this, but is to open a bank account, people have to know who you are to sign up. And receive and trade Tether, there's really no easy way to know who people are in that context. At the beginning. Eventually you know.

Howard Lutnick (02:22:54):

Well, Tether only... The stablecoin issuers only issue to KYC-approved people. But what happens is, it's like dollars, I can withdraw it out of the bank, but when I buy something, it goes on and on, and on, and on. So it's really the secondary market that is... You know, people are just using an electronic dollar in the same way they use a real dollar. And it's much easier to catch an electronic dollar that it ever would be to catch a physical dollar. Much better.

Senator Hickenlooper (02:23:23):

Got it. Got it. I won't go through the tech hubs thing because I know that Senator Curtis was adamant that they had, perhaps, the best hub in the Mountain West. I just want to point out that Elevate Quantum, which includes several Rocky Mountain states, is a tech hub that we want to make sure that you come out... Don't just visit Utah. It's a lovely place. Skiing's not quite the same as Colorado's, but want to make sure you get... When you're coming out West, we want you to make multiple stops.

(02:23:55)
I've done a lot of work on critical

minerals. Obviously they are a fundamental building block for aerospace and clean energy, semiconductors, AI, go down the list. And whether you're talking about the extraction of minerals or the processing of those minerals, we're falling way behind. And the department's International Trade Administration has a responsibility for growing our exports, overseeing trade, and really, I think, helping to secure supply chains, essential supply chains for these critical minerals. How would you work to ensure that we have sufficient sourcing and processing capabilities in this country?

Howard Lutnick (02:24:43):

We've got to reduce the regulatory burdens on your miners so that they can mine those critical materials for America. We need to bring domestic mining back. We can't stop mining in America and buying it oversees. It's not healthy for us from a national security perspective, and it's not healthy for your domestic economy. So, I think we are supposed to be mining in Colorado. It's an amazing place that's got incredible resources, and we need to bring those resources for the use of America and improve the economy of Colorado, but also improve the national security of America.

Senator Hickenlooper (02:25:21):

Great. And if I could just have 20 seconds. In terms of that critical... And I agree with you completely, and it's also the environmental in other countries when they're extracting and processing these minerals. Their

environmental standards are a fraction of what we require in this country.

Howard Lutnick (02:25:37):

Exactly.

Senator Hickenlooper (02:25:38):

Are you in favor, do you see a possibility for some sort of a tariff system like what Senator Curtis was referring to, based on the environmental depredations that come from processing and extracting minerals in foreign countries that have those standards and what that does to the atmosphere that we all utilize?

Howard Lutnick (02:25:57):

I think that's a key... should be a part of the study, for sure, is that someone else is mining with coal and spewing it into the air. And we're worried about the fact that we would do it 100 times better for the atmosphere. But instead, we don't do it, we buy it from them. They spew it in the air, and then they put it on a tanker and drive it to use and pollute all the way across. It seems, if you take it as a whole, illogical. We should be doing it in Colorado, we should be mining in Nevada, we should be mining... All right, we had a great lithium find in Arkansas. We have the Iron Range. America is amazing, but we are not using our assets to the best that we possibly can. And it is time that we do.

Senator Hickenlooper (02:26:40):

Okay. So you would support some of tariff to actually accelerate that process?

Howard Lutnick (02:26:45):

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Sounds smart.

Senator Hickenlooper (02:26:46):

Great, thank you. Yield the floor.

Ted Cruz (02:26:49):

Thank you. And Senator Moreno has kindly agreed to let Senator Lummis go ahead. So, Senator Lummis.

Senator Lummis (02:26:54):

Thank you, Mr. Chairman. Welcome, Mr. Lutnick. First of all, I want to thank you for your generosity to Haverford College. As you know, my daughter is a graduate of Haverford College. You were the chairman of the board while she was a student there, and your generosity to that school is exceptional. I've never seen anything like it, and so I want to start there.

(02:27:21)
I also want to ask this question in the form of a request. And that is that you will not only advise the President of the United States about ways we can improve our economic standing, our jobs, our manufacturing, but you will inform this committee and its members of ways that we can help make that happen. Case in point, the semiconductor industry has estimated a need for 115,000 additional workers by 2030 to meet the CHIPS Act goals. But what's happening is there were mandates for DEI within the CHIPS Act that is preventing the CHIPS Act from functioning as it was designed.

(02:28:16)
There's a company called Taiwan Semiconductor Manufacturing Company that's been trying to build semiconductor manufacturing in Arizona. But the DEI requirements,

that are ongoing, that mandate the workforce that they must have simply cannot be met. So they have faced significant delays in staffing their facility due to a lack of specialized workers in the US, particularly those from underrepresented groups. In addition, the DEI requirements also extend beyond workforce composition to include partnerships with minority service institution and diverse suppliers.

(02:29:04)
In other words, these companies that we want in this country to change the trajectory of the development of semiconductors, so we can do it in the United States, can't do it because of the additional requirements, the layers of bureaucracy that we placed on them in the very CHIPS Act that was designed to help our country move forward. Some of these delays have caused that company, as one, to go overseas. And they're finding, for example, that in Japan, they can break ground and complete a facility and begin producing way before they can do it in the United States. The Japanese government provided clear financial incentives without attaching extensive social mandates. And they're also exploring expansion in Germany and other countries that have fewer regulatory hurdles.

(02:30:10)
So my request is this. It's not just DEI, it's environmental requirements, it's labor requirements, and so many myriad of well-intentioned hurdles that we have placed. When we give with one hand incentives to create an industry in the United States, to bring back manufacturing the United States, and then the other hand takes it away.

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And I'm asking you to help us identify where we have created hurdles to our own manufacturing advancement, our own ability to excel and achieve in using AI, in using chip manufacturing, in using our superior force of nature. You were called a force of nature. You are a force of nature. I know you, you're a force of nature. So many Americans are, and yet we throw these hurdles up for ourselves. And I just want to ask you, please, help us get our of our own way.

Howard Lutnick (02:31:23):

Easy for me to commit to.

Senator Lummis (02:31:29):

[inaudible 02:31:29] look forward to supporting your nomination. I yield back.

Howard Lutnick (02:31:33):

Thank you.

Ted Cruz (02:31:33):

Thank you. Senator Moreno.

Senator Moreno (02:31:35):

I'm over here. There's no more over there, nice. Thank you for being here. Question number one, do you still want the job?

Howard Lutnick (02:31:44):

I do.

Senator Moreno (02:31:49):

I can tell you do, actually. I think you're in a position where you could literally do anything you want in your life. I think if the 23-year-old Howard Lutnick was sitting here today, I don't think he could've ever imagined it.

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Howard Lutnick (02:32:05):

Couldn't possibly.

Senator Moreno (02:32:07):

And yet, you are choosing to serve this country. And you're making a great sacrifice to do that. For some of us, myself, I ran for office, I also divested of all my holdings. Not quite as many as yours or as complex as yours, to point that out. But to do that is a great sacrifice, and it shows how much you really care about this country. So thank you for that. My question is this, in your career, give us a sense of scale of how many deals you've made.

Howard Lutnick (02:32:40):

Oh, thousands.

Senator Moreno (02:32:41):

And maybe a couple bad ones that you learned from, right? You just don't do the bad ones twice.

Howard Lutnick (02:32:46):

Sadly true.

Senator Moreno (02:32:48):

Right? As long as you don't repeat the same mistake, it's all good, right? Imagine a scenario in which you're a European car manufacturer, and you ship that car into America completely tariff free. It's a car that's extremely expensive, targeted at very wealthy people, but it happens to be an electric vehicle. I'll give the example of a Rolls-Royce Spectre. I'm sure you have lots of friends that have those. It's a fully electric Rolls-Royce vehicle. Do you imagine that the United States government subsidizes that car and

leases to the tune of $7500? Is that a good deal?

Howard Lutnick (02:33:30):

[inaudible 02:33:30] are you joking?

Senator Moreno (02:33:30):

It's a true story.

Howard Lutnick (02:33:32):

Okay, we have to end that. How about we end that now. How about we end that as fast as we possibly can?

Senator Moreno (02:33:37):

[inaudible 02:33:38]-

Howard Lutnick (02:33:38):

[inaudible 02:33:38] they should pay America an extra 7500 bucks just for being that rich. What do [inaudible 02:33:42]?

Senator Moreno (02:33:42):

Well, all of our Democrat colleagues voted for that bill. The Inflation Reduction Act allows luxury European automobiles that aren't even remotely made in America to get $7500 if they're leased. Now, imagine a Cadillac with a big, good old American V8 engine gets tariffed on the way to Europe, let alone been given a subsidy. You consider that to be a good example of terrible reciprocity with our allies?

Howard Lutnick (02:34:18):

Right. That is the example of the failed industrial policy of the United States of America. It's a failed industrial policy that needs to be changed, and needs to be changed now. That's an American-first, that's what America

first means, exactly what you're pointing out. Help us here stop having anyone else treat us so poorly.

Senator Moreno (02:34:40):

And obviously, the car industry is near and dear to my heart. The only commitment I ask for you, of course, you have to visit Ohio. You know, national champion football team, right? Don't ask about our professional sports, please. But I'll have you come to Ohio and see the largest semiconductor manufacturing facility going up in Columbus. I think that this is a good example of what you'll change in the Commerce Department. Because to have a good strategy with bad implementation is a terrible deal. And so I look forward to having you there to help us get that plant implemented quicker and more efficiently. So, would love to have you come to Ohio.

Howard Lutnick (02:35:19):

Ohio's great, has a great history of manufacturing. And we've got to bring that manufacturing back to Ohio and to United States of America. It has to come back, and I am committed to that.

Senator Moreno (02:35:30):

And one last line of questioning. There's been a lot of comments about tariffs raising prices and causing inflation. Before doing this, you obviously were deep in the financial markets. So during the period of time of 2017 through the end of President Trump's term, how would your describe inflation?

Howard Lutnick (02:35:52):

It was virtually none.

Senator Moreno (02:35:54):

So, virtually none, historically low? And from the moment Joe Biden came in office and started fiscal stimulus unlike anything I've ever seen in my lifetime, how would you describe inflation?

Howard Lutnick (02:36:06):

Massively high.

Senator Moreno (02:36:07):

Now, those weren't done unilaterally by Joe Biden, right? Those bills weren't just magically created by Joe Biden? They originated here in Congress?

Howard Lutnick (02:36:16):

They did.

Senator Moreno (02:36:17):

So maybe I would ask that my Democrat colleagues sit this one out when they're talking about what's going to happen with inflation over the next four years. And with that, I'll yield my time back.

Ted Cruz (02:36:26):

Thank you, Senator Moreno. And I will say, I appreciate Senator Moreno's very kind offer to provide those Rolls-Royces to all the members of this committee. And we'll happily go to Ohio to pick them up. All right, we're going to do another round. I think there are just a couple of us that are going to have some more questions. And so hopefully you will be out of here very soon.

(02:36:46)
But let me start with this. In August of last year, I wrote to NOAA asking for information about its promotion of faux educational materials designed to fuel climate alarmism and manufacture support for left-wing goals. For instance, NOAA pushed a, quote, "climate emotions wheel," activity based on the work of a Finnish ecotheologian, whatever the hell that is, which encouraged students to, quote, "navigate their emotions before and after engaging in climate action."

(02:37:19)
As the curriculum funded by NOAA openly states, quote, "The goal is not to eliminate negative emotions because," quote, "those who experience negative emotions about climate change are more likely to engage in climate action." Seems that one goal of the NOAA curriculum is to generate feelings of fear and anxiety rather than to educate. I asked for the documents behind this, and NOAA refused to provide them. Mr. Lutnick, if you're confirmed, will you commit to providing the documents that I requested from NOAA?

Howard Lutnick (02:37:51):

Yes.

Ted Cruz (02:37:52):

Thank you. All right, let's turn to artificial intelligence. NIST is the non-regulatory federal agency and the lead national laboratory for providing the measurements and standards that underpin US commerce. Success in the increasingly fierce competition for global leadership in critical emerging technology like AI relies in part on how well each country's respective firms

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and experts influence the development of technical standards.

(02:38:23)
Unfortunately, under the Biden Administration, NIST's mission was undermined by the creation of the AI Safety Institute, which politicized AI standards. The AI Safety Institute took the worst lessons from the EU tech regulation, like requiring climate change assessments and, quote, "misinformation as part of," quote, "measuring AI and its risks." When you are confirmed, will you return NIST focus to the scientific mission of measurement science and ensure that NIST's AI standard guidance is based on scientific technical standards and not simply a Trojan horse for social policy or importing the EU's tech agenda?

Howard Lutnick (02:39:08):

Yes.

Ted Cruz (02:39:11):

All right, let's turn to BEAD. You've had a lot of questions about BEAD. After nearly four years, the Biden Administration did not connect a single American through the $42 billion BEAD Program. Instead, it hoarded nearly $1 billion in administrative funding to impose unnecessary burdens on states and to push extreme left-wing social policies, like climate change and rate regulation, and fund otter ponds at the D.C. Zoo.

Howard Lutnick (02:39:39):

[inaudible 02:39:41]-

Ted Cruz (02:39:40):

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Again, otter ponds is what their broadband funding went to. When I flagged these failures over a year ago, the department ignored solutions to expedite access and to end BEAD's extreme bias against wireless and satellite technology. This red tape has not only stalled

Ted Cruz (02:40:00):

... the development of the program. It has inflated the cost of expanding internet access. Will you commit to working with my office to conduct a thorough review of this program and to refocus it on Congress's core objective of deploying high-speed internet to un-served area in a tech-neutral matter and not to pursuing extraneous or partisan social goals?

Mr. Lutnick (02:40:25):

Yes, I'd be happy to.

Ted Cruz (02:40:28):

And finally, Congress created the TechHubs Program under the CHIPS and Sciences Act, the target areas that will advance technological innovation that allow us to compete globally. Unsurprisingly, under the Biden administration, the TechHubs Program became just another piggy bank for low-performing blue states. For instance, the first round of funding went towards "sustainable climate-ready infrastructure" and "clean energy supply chain TechHubs." Six days before leaving office, the Biden administration pulled out an industrial-sized shovel and was shoveling as much money out the door as they could, including announcing nearly $210 million in additional awards, six days before they left.

(02:41:19)
Once again, Texas received zero, nada. Even though it has a designated semiconductor hub and a booming tech industry. Will you commit to reviewing the TechHubs Program and restoring competitive merit-based review processes across the department rather than political cronyism?

Mr. Lutnick (02:41:44):

Yes.

Ted Cruz (02:41:45):

Thank you. Senator Cantwell. Senator Klobuchar.

Senator Klobuchar (02:41:50):

Thank you very much. Thank you, Mr. Chair. Thank you, Senator Cantwell. While we were sitting here, actually, it appears that Mr. Vaith, the unknown bureaucrat to me in the Office of Management and Budget, has withdrawn the memo, the two-page memo for the freeze. So that will hopefully open up for you if you are confirmed to distribute this funding. I do want to just follow up in a different way on the questions that Senator Lujan was asking. If a court finds that the President or someone does something illegal, will you respect that court's order?

Mr. Lutnick (02:42:35):

Of course.

Senator Klobuchar (02:42:36):

Okay, thank you. So when we were in office, I had deferred to Senator Cantwell on some of the conflict issues, and I appreciated some of

them that she raised. But since that time, I'm particularly interested in Scandinavia because of my state. We have a lot of connections there and going way back to Walter Mondale and we've had ambassadors to Scandinavia, and I've actually personally been to Greenland. So maybe more than some of the other centers, I've been very much interested for a number of years in former and now current President Trump's focus on Greenland. And I know that Cantor Fitzgerald had an interest, major interest, would that be a fair way to say it in [inaudible 02:43:26]?

Mr. Lutnick (02:43:27):

No.

Senator Klobuchar (02:43:27):

No?

Mr. Lutnick (02:43:27):

No.

Senator Klobuchar (02:43:29):

I'm just reading this in the New York Times so maybe they're wrong.

Mr. Lutnick (02:43:30):

Oh, sorry.

Senator Klobuchar (02:43:31):

I know you have divested. Okay, I start with that, but so explain to me the Cantor Fitzgerald-Greenland connection.

Mr. Lutnick (02:43:41):

I think Cantor Fitzgerald took a mining company public and in lieu of its fees, it took some shares. But minor, teeny

from the view of Cantor Fitzgerald writ large would be the way to think about it. I think I was informed that. Meanwhile, I didn't know we had it until yesterday, by the way, I didn't know, but I was informed that it was just in lieu fees, they took some shares.

Senator Klobuchar (02:44:08):

And now you've divested yourself, but your family has an interest in it, which I is okay under the ethic laws, not in the assets. What's that transfer?

Mr. Lutnick (02:44:20):

The right answer is I plan to divest upon my confirmation and I will have sold everything and I'll no business assets and no business interest and I will have no conflict as agreed with the Office of Government Ethics.

Senator Klobuchar (02:44:32):

Okay. But one thing, so that's that scene. But then we have the fact that the President has been pressuring Denmark to sell Greenland to the U.S. That's correct, right?

Mr. Lutnick (02:44:47):

I think he has had such conversations. I think that's right.

Senator Klobuchar (02:44:50):

And the Prime Minister, I just see them as such a key ally, the Scandinavian countries, but for many reasons. But the Prime Minister said, "No, Greenland's not for sale." Right?

Mr. Lutnick (02:45:03):

I didn't speak to the Prime Minister.

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Senator Klobuchar (02:45:06):

Okay. And have you discussed mining in Greenland with the President?

Mr. Lutnick (02:45:09):

Absolutely not.

Senator Klobuchar (02:45:12):

Okay. And would you see that the interest for whatever interest Cantor Fitzgerald has in mining or other companies have that if America bought Greenland or somehow obtained Greenland, that, that would be more favorable to those terms of the mining?

Mr. Lutnick (02:45:32):

I doubt it, but I wouldn't have the foggiest idea. It would be irrelevant. It has to be irrelevant.

Senator Klobuchar (02:45:36):

Okay. I think it's relevant when you have a President trying to expand into another country like of our allies and trying to pressure them.

Mr. Lutnick (02:45:47):

That's not what I said.

Senator Klobuchar (02:45:47):

I think it is relevant to our commerce, to national security and the likes.

Mr. Lutnick (02:45:53):

I'm sorry, that's not what I meant. I meant the economics of it are irrelevant to Cantor. I wasn't talking at all about this. Sorry, I didn't mean that even the slightest.

Senator Klobuchar (02:46:02):

Okay, I'll follow up on some of this in writing. Just last two questions. Senator Moran raised Travel and Tourism. He and I lead that caucus together. And Senator Blunt and I work to create this brand USA, which allows our American companies. It's paid for not by government money. It's paid for by private money, leveraged, hotels and the like, leveraged with visa fees that foreign visitors pay when they come, and we've used that to promote our nation as a whole for tourism. We've seen some really positive results because before that maybe Vegas or New York City would do it, but not the rest of the country. And I just hope that you will work to strengthen programs like Brand USA and other tourism work that we do, as Jerry mentioned, Senator Moran mentioned with the Olympics coming and the like.

Mr. Lutnick (02:46:59):

I will.

Senator Klobuchar (02:47:01):

Okay, thank you. Last thing, human trafficking. This is a big priority of mine and several people on this committee. Under the last administration, the Department of Commerce collaborated with other federal agencies, community partners, advocates, and individuals to raise awareness. If confirmed, what will you do to fight human trafficking in our supply chains and economy?

Mr. Lutnick (02:47:24):

Everything I possibly can.

Senator Klobuchar (02:47:26):

Okay, thank you. One last thing. National Weather Service, part of NOAA. Will you work to maintain the National Weather Service? Very key in my state.

Mr. Lutnick (02:47:37):

I will. I think we can deliver the product more efficiently and less expensively, dramatically less expensively, but the outcome of delivering those services should not be changed.

Senator Klobuchar (02:47:48):

Thank you.

Ms. Cantwell (02:47:50):

Thank you, Mr. Chairman. We're going fast now because I think we have a vote. Mr. Lutnick, I just want to clarify a couple of things that have come through the Dias here as members have asked questions, and as Senator Klobuchar just said, the OMB memo that has raised such hackles and is confronting you and many of the other nominees has now been withdrawn. So that's good news. But in these conversations, one thing you said, and this is making a point, it's not about specificity because I'm not sure when you're in these situations, you never know what the heck you say in the context, you said you wanted to bring drone manufacturing back to the United States. Now, in this particular case, the state of Washington has had a lot of startups in the drone area and they've grown into bigger companies and they've been acquired by Boeing. So it's a really great example of exactly what we're trying to do.

(02:48:47)
It's a really great example of your quote, "unleash American ingenuity," which I wholeheartedly agree. So when you come to this probably lesser known aspect or lesser understood aspect of CHIPS and Science, really, it started as the third bill that this committee has passed over decades under the auspices of a moniker, "America competes". And so the concept is, what do we need to do? And as a technology age and an R&D age where universities were publishing and everybody was reading our publishings, we weren't patenting enough and we weren't translating science fast enough for America, competitiveness. And so the other aspect of CHIPS and Science is the tech hubs, as my colleagues have brought up, several people have brought these up. And so we just want to get clarity on your opinion about that kind of activity. Forget for a second the individual ones. I can make a very big case for why in aerospace, one of our largest exports, if we don't climb the next hill on material science and win that race, it's going to be very bad for the United States.

(02:50:05)
So you do want to test bed large scale R&D that doesn't get done by the private sector because it can't. It just can't. It can't scale at that level. So when you talked about the efforts of semiconductors, you said, "Yes, I support getting the money out the door." And so now on the tech hubs, we're trying to understand, do you believe in this translational science effort that is about trying to... In fact, I'll never forget Raimondo coming to

Seattle and they said, "Tell us where you're going. We'll follow." We looked at each other. What are they talking about? Tell us where you're going. And the people in Seattle said it's too expensive to do all the innovation that we need to do in America, in Seattle, in Silicon Valley, and other places. So the point is, we got to spread it out. We have to go get places to do this kind of work.

(02:51:00)
So I just want to understand, do you believe in that? Do you believe in us funding that kind of R&D test [inaudible 02:51:06] scaling of important manufacturing competitiveness issues?

Mr. Lutnick (02:51:10):

I think American ingenuity exists strongly across the country and we should find it and we should harness it and we should unleash it. And that means working in each state and really trying to find the best and the brightest. And I think if the tech hubs can bring that out and they can come together and show the government, the federal government that they can do it, then I think it's very worthwhile.

Ms. Cantwell (02:51:38):

So you will be an advocate for those things and you won't try to withhold the funds that have already been allocated?

Mr. Lutnick (02:51:42):

I would not.

Ms. Cantwell (02:51:47):

Okay. My colleague asked about the AI Safety Institute. Will work with

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Senator Young and Senator Cruz on an AI safety institute that we can get over the goal line that people feel good about?

Mr. Lutnick (02:52:04):

I think we talked about AI standards, which are fundamental, and I'd be delighted to work with your office to try to come up with a model and method for the foundation of American AI standards that drive it out. And I think that's why I think it's standards not safety. They may end up with the exact same concept, but I'm a proponent of standards.

Ms. Cantwell (02:52:23):

Well, you'll have a big standards job in the fact that you have NIST. The notion here is that you're trying to get commonality. I certainly agree with Senator Cruz. America shouldn't be pegging its horse to what happens in Europe. In fact, I think a better approach is for us to have our... That's why I want a privacy law. I don't want to create a bureaucracy. I want a strong bright line on the books. So in this case, what we need for the industry to grow is for NIST and Commerce to do its job. And so I'm glad that you will work with all of us to do that because that's critically important.

(02:53:03)
Okay. The hearing was a few minutes old and a headline popped up. "Lutnick Eager to Tap Pentagon Spectrum for Commercial Use." Is that good with you or do you want to refine that? Do you want to refine that?

Mr. Lutnick (02:53:18):

Was I here?

Ms. Cantwell (02:53:19):

Yeah.

Mr. Lutnick (02:53:19):

What I said?

Ms. Cantwell (02:53:20):

Yeah, apparently. Yep.

Mr. Lutnick (02:53:24):

Okay.

Ms. Cantwell (02:53:24):

So is that accurate? Is that accurate? I guess let's just say that. Is that accurate?

Mr. Lutnick (02:53:30):

I think what would be the best way to say it would be working closely with the Department of Defense to make sure we protect our national security. If we can find spectrum that we can use to enhance the United States of America, generational spectrum is important. Let's work together. Let's unleash the spectrum if we can. We've got to protect the defense industry, but we can't just sleep through it. We've got to make sure we use that spectrum to the best it can be for America.

Ms. Cantwell (02:54:02):

And I think what happened is that the department in TIA under the Secretary of Commerce led a big DOD discussion and tried to get people commonality around dynamic spectrum sharing. And I think it holds a lot of promise. But yes, we all have to cooperate. And then I think there

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are some who just say, just turn it all over. And I think our colleagues are split on this. And so I want a resolution. I think, I didn't coin this, but collaboration is the next phase of innovation. Okay. It's a TED Talk done by somebody that I respected. And the point is, not this Ted, another TED, but you could give your own TED Talk, the TED talk, and this is years ago, this is years ago, in an information age, you have a lot of information, but if you don't get around a table and agree, you can't get it implemented.

(02:54:59)
And so that is where the United States needs to go. We need to collaborate on what we agree should move forward on the innovation. So I hope that on this point where so much is at stake with 5G and 6G in deployment, look, manufacturing is growing in my state, and I'm telling you, CHIPS and Science is part of it. And we didn't get billions like some other states. But manufacturing. Why? Because AI is meeting manufacturing and, in my state, cheap electricity. So we want this renaissance of manufacturing in the United States of America. I disagree with my colleague from Ohio because we work on this, and I can tell you that, that investment is what is helping us. CHIPS and Science is what is helping us grow the manufacturing base.

(02:55:44)
So anyway, I hope that you will work with us to create that level of collaboration around facts and information so that we can keep moving forward on this. Thank you, Mr. Chairman.

Ted Cruz (02:55:56):

Thank you. Senator Markey.

Senator Markey (02:55:58):

Thank you, Mr. Chairman. I want to come back to broadband. In the Bipartisan Infrastructure Law, Congress invested $40 billion to ensure all Americans benefit from the digital revolution. And the vast majority of that money will go towards ensuring that all Americans, inner-city and rural, have access to high-speed broadband. But such, will you faithfully execute the dispensing of that $40 billion, Mr. Lutnick?

Mr. Lutnick (02:56:30):

I have said the goals are right. I will try to get you the benefit of the bargain. Yes, I will do it as efficiently and as effectively as we can.

Senator Markey (02:56:40):

I appreciate it. And I'm going to repeat again, the bargain was one between Democrats and Republicans on this committee. Republicans largely wanted us to go to rural America. We largely wanted to go to urban America. That's a bargain. It's not separable. It's a law.

Mr. Lutnick (02:57:00):

Oh, I agree.

Senator Markey (02:57:00):

Okay.

Mr. Lutnick (02:57:00):

I said yes, I'm just going to try to do it efficiently and effectively.

Senator Markey (02:57:04):

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We just need it to be faithfully executed, given the OMB designee saying that he wants to protect against Marxism in our country in the budget. And I know he's dead serious and we are dead serious about our bargains as well. But that 40 billion is important to ensure access for everyone. But such access has limited value if Americans don't have the skills or the knowledge to participate in that online world. So fortunately, Congress thought ahead and also provided $3 billion across three programs for precisely that type of education for all Americans to take advantage of broadband. Will you faithfully execute and implement those programs, Mr. Lutnick?

Mr. Lutnick (02:57:55):

What you have appropriated efficiently and effectively, I will.

Senator Markey (02:57:59):

It's the bargain. It's the bargain between the haves and those who want to get a piece of the action too. But you got to educate. That's your job to execute that. On the CHIPS Act, over the past several years, the Commerce Department has worked quickly to issue grants under this program. Mr. Lutnick, will you commit to honor the CHIPS grant contracts that have been finalized?

Mr. Lutnick (02:58:29):

I would have to read them and analyze them and understand them to commit to that.

Senator Markey (02:58:35):

Well, if they finalized, the bargain was here, us providing the money, and

then the bargain was the contract got signed.

Mr. Lutnick (02:58:40):

Well, how do you know the contract that was signed was the bargain? I don't know that. So I can't. I just can't testify to it.

Senator Markey (02:58:46):

I'm only talking about the contracts that have been finalized. That's the only contracts I'm talking about now. Will you honor them?

Mr. Lutnick (02:58:53):

I can't say that I can honor something I haven't read. I will read it and I can happily sit with you after I've read it and discuss it with you.

Senator Markey (02:59:02):

Well, again, it's just honoring contracts that have been made, and that's the bargain. I wish that you could give us more certainty on that because the companies made a variety of commitments in their community impact reports. As you pay out CHIPS Act awards, will you commit to enforcing the commitments that these community impact reports require?

Mr. Lutnick (02:59:27):

Sure. I will, to the extent monies have been dispersed, I will commit to rigorously enforcing the documents that have been signed by those companies to make sure we get the benefit of the bargain. If they've agreed to do things, I will rigorously enforce that.

Senator Markey (02:59:43):

That is the bargain, again. These commitments were made as part of final grant contracts. So it's unacceptable for then the government to come back and to simply ignore the terms of those agreements because it was a bargain, and they have to get the benefit of that contract, which they signed. And I'm going to be very much looking forward to seeing how you implement that. And I'll let you turn to just one final subject here, artificial intelligence. AI has infiltrated every sector of our economy. We talked about this in my office. Housing, healthcare, employment, the criminal justice system, social media, the list goes on and on and on and on. It's going to be our society. And while AI innovation is important and we do want to use it to potentially find a cure for cancer and other diseases, that would be great.

(03:00:36)
But we also have to make sure that the AI age doesn't supercharge pre-existing bias and discrimination in our society using super algorithms to look at people in our society and then make it easier to discriminate against them. And earlier this year, you seem to suggest that efforts to address discriminatory algorithms was "nonsense." So I'd like to just have you expand a little bit. Is that accurate? Is that your view, that as we move forward to ensure that AI algorithms don't allow for greater discrimination on our society, that that's not nonsense to have that as our goal?

Mr. Lutnick (03:01:17):

I think AI standards set by America are fundamental and we should set

fundamental standards trying to be, as I said, we were incredibly successful with the internet and our standards and that created the greatness that is America and American technology. We are great the way we set standards in cyber. We've done a great job. It is the gold standard of the world, and I would like us to pursue at Commerce standards in AI that are like those two, which set the standard for the world.

Senator Markey (03:01:50):

And I appreciate that. As the author of the three bills in the 1990s that moved America from narrow ban to broadband, I understand that. I'm the author of the laws. It moved us to this broadband world that we're in. But my question is to you, there's a sinister side to cyberspace too, a negative side, a dangerous side. Will you commit to working to prevent and mitigate discriminatory AI-powered algorithms proliferating in our country?

Mr. Lutnick (03:02:15):

It makes sense.

Senator Markey (03:02:17):

Okay. Well, I look forward to working with you on that because I just think right now we hear too much hype from the geniuses about all the good it's going to do. But simultaneously, there is another side of all this. And if you are somebody who has been discriminated against in the past, it's very likely the algorithms will be deployed to hurt them. And we're going to need to work with the Department of Commerce. We'll have to put real protections in place, not

voluntary because we already see the Chinese are figuring out how to come in without paying the price that our Silicon Valley geniuses have. And we got to make sure that across the board, all of these companies, all of these algorithms meet the highest standards for protection against discrimination. Thank you, Mr. Chairman, for your indulgence.

Ms. Cantwell (03:03:05):

Mr. Chairman, if I could just enter for the record and correct that a lot of discussion about B, that ILAJ funding has connected 100,000 plus locations and built hundreds of miles within miles. So the notion that nobody has gotten connected is just not correct. Thank you.

Ted Cruz (03:03:22):

Thank you, Senator Cantwell. I will note that it may be possible there are other programs that have connected people, but the $40 billion B Program has connected zero homes and locations. I will also note for the record that you just had an exchange with Senator Markey about the CHIPS and Sciences Program. The Biden administration ignored the text of the law and grafted onto it a host of left-wing social objectives, including mandates to open day cares, including the Green New Deal, including every policy agenda they had that was not in the law.

(03:04:01)
And the idea that the Commerce Committee is somehow bound to follow the Biden administration's left-wing agenda that they couldn't get the votes for in the United States Congress is absurd, and just for the

record, in my view, your obligation is to follow the law, not their extralegal policy addenda that were stuck on to those contracts.

Senator Markey (03:04:25):

I think if the Chairman would yield, all I'm asking for is compliance with already [inaudible 03:04:31].

Ted Cruz (03:04:33):

The fact that the prior administration caused people to sign things that were not reflected in the law, there's no reason at all that they should be held extralegal commitments that I recognize are policy objectives of Democrats, but you did not have the votes to enact them in the law. It was not an accident that they were not in the law and it was purely disregarding the law that the Biden administration forced them onto it. And so fidelity to the law would be returning to the actual statute that was enacted the law, not the policy preferences of the prior President.

Senator Markey (03:05:09):

[inaudible 03:05:09], I would just like to add that these were arms length negotiations between [inaudible 03:05:17] individuals and companies and our society [inaudible 03:05:21].

Ted Cruz (03:05:22):

There's nothing arm's length when one side has $60 billion and the other side is trying to get it. It's not arm's length. I understand that they can do a highway robbery, but that's not an arm's length negotiation. Yes, they want the money.

Senator Markey (03:05:35):

No one has to sign.

Ted Cruz (03:05:36):

Okay.

Senator Markey (03:05:37):

If people decide they're going to sign, they're bound by that agreement. That's the law.

Ted Cruz (03:05:42):

They are not bound by extralegal agreements, and I feel confident the administration is going to follow actual federal law and not the policy preferences of the previous administration. All right. We have an open vote that we're about to miss, so let's not miss this vote on the Senate floor.

Ms. Cantwell (03:06:00):

I would just say we're all in agreement, the United States needs to bring manufacturing back to the United States and move ahead. Yes, please close this out. Thank you.

Ted Cruz (03:06:10):

All right, Mr. Lutnick. My final question is required of all nominees. If confirmed, do you pledge to work collaboratively with this committee to provide thorough and timely responses to the committee's request and to appear before the committee when requested?

Mr. Lutnick (03:06:22):

I do.

Ted Cruz (03:06:23):

Thank you. I also have here 29 letters of support from various organizations

for Mr. Lutnick's nomination to be Secretary of Commerce. I ask unanimous consent for the 29 letters to be inserted in the hearing record. Without objection, so ordered. Senators will have until the close of business on Thursday, January 30th to submit questions for the record. The nominee will have until the end of the day on Saturday, February 1st to respond to those questions. And we had testimony about how hard you'd work. So we're giving you a day.

Mr. Lutnick (03:06:54):

I got it.

Ted Cruz (03:06:55):

But we are moving promptly. That concludes today's hearing. The committee stands adjourned.

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