U.S. telecommunications policy is "flawed" and has put America's technology future at risk, a technology policy expert said Wednesday.

"Trade in telecommunications has just collapsed," Clyde Prestowitz, president of the Economic Strategy Institute and author of a new report released by the institute, said at a debate on the topic. Participants included Intel Chairman Craig Barrett, Democratic Sens. Max Baucus of Montana and Jeff Bingaman of New Mexico, Democratic Reps. Anna Eshoo and George Miller of California, and Thomas Friedman, author of the best-selling book "The World is Flat."

Of the more than $800 billion U.S. trade deficit in 2005, advanced technology products accounted for an estimated $55 billion, of which half of that total involved telecommunications goods and services, according to the institute's report.

The United States currently ranks 16th among 20 countries in access to high-speed Internet service, with Korea leading the way. Furthermore, "we no longer own the Internet," Prestowitz said. Japan, South Korea and the Europeans have surpassed the United States in deploying advanced, broadband and wireless technologies, he said.

As the manufacturing of telecommunications equipment has moved to other countries, the lack of investment in advanced networks has caused U.S.-based companies to move research and development to Asia in order to test new technologies, Prestowitz said.

He blamed regulatory policies that focus on manufacturing competition as opposed to stimulating demand for new technology-based services. His report said regulations sent "distorted investment signals," and by 2003, investment in U.S. telecom companies collapsed. Meanwhile, competition developed in emerging technologies like wireless telephony, satellite service and the Internet.

Prestowitz added that China, the European Union, Japan and South Korea deregulated their telecom industries and created incentives to spur broadband deployment.

The FCC ought to have a new mission that moves away from regulation and toward becoming a development and technological leadership entity, he said. Furthermore, the commission should monitor industry abuses rather than disrupt the flow of information.

Barrett called broadband in the United States "half fast" and urged policymakers to "first, do not harm" on telecom. A proponent of the free market, he said government should ensure the transition to digital television, provide spectrum for new technologies and promote investment.

Eshoo, who sits on the House Energy and Commerce Committee, said Chairman Joe Barton, R-Texas, is expected to introduce a telecom bill that would focus on a "few set of limited issues," as opposed to a comprehensive bill.

Meanwhile, Baucus announced at a Senate Commerce Committee hearing that he plans to introduce comprehensive legislation this year aimed at improving America's competitiveness. Barrett, who also testified at the hearing, said government should be forward thinking and prioritize investments on new industries and jobs. The government should make a commitment to basic research funding and establish a strong educational foundation.

On telecom, Barrett told the committee that spectrum policy needs to be reformed. The Technology CEO Council recently proposed 10 specific recommendations to maximize spectrum efficiency and allow more flexibility, he said.