

Committee on Energy and Commerce
Opening Statement
of
Subcommittee on Digital Commerce and Consumer Protection Ranking Member Jan Schakowsky
Oversight of the Federal Trade Commission
July 18, 2018

Thank you, Chairman Latta, for holding today's hearing on the FTC. Today's hearing really comes down to two questions: Is the Federal Trade Commission equipped to fulfill its mission of protecting consumers? What can Congress do to make it a more effective consumer advocate?

The FTC is an important cop on the beat – protecting both the public and businesses against unfair, deceptive, fraudulent, or anticompetitive practices through its consumer protection and antitrust authorities.

As the economy continues to change and expand, FTC has had to adapt to understand this new economy. As our social networks, shopping, banking, and other forms of communication and business move to the Internet, the FTC has changed, bringing in more technology experts. At the same time, many suggest that the Commission needs more technology experts even though its resources are as tight as ever.

I am concerned that we are asking one of our country's most important consumer agencies to choose which protections it will be able to enforce. I hope we will work together to ensure that the FTC has the resources it needs to maintain consumer protection and a fair marketplace.

From a regulatory standpoint, it is time to look at ways to reduce barriers to FTC consumer protection rulemakings. The FTC's ability to move forward with important rulemakings is much more limited than those at other agencies. In the rapidly changing climate of commerce today, rulemaking must be efficient and timely to keep pace.

Specifically, I would like to discuss how well the FTC is protecting consumers' privacy, and what they're doing to promote data security. It's my belief that on data security, this Committee and Congress should be giving FTC the tools it needs to do more. Ranking Member Pallone and I have introduced HR 3895, the Secure and Protect Americans' Data Act, which gives the FTC APA rulemaking authority and civil penalty authority for data security and breach notification.

These issues are becoming more important for Americans, not less. In our hearing last October with former Equifax CEO Richard Smith, I asked him if I – as a consumer – can opt out of Equifax. After all, I never opted in. Equifax collects my data whether I want it to or not, and now my data is at risk because Equifax failed to adequately protect it. The answer was sadly, no.

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It would be one thing if that breach were an isolated instance. It wasn't. We saw this with Facebook, and we saw this with Uber. In the case of Uber, it actually paid the hackers \$100,000 before reporting the incident to the FTC. That can't become standard industry practice.

We need to change that power balance by strengthening consumer protections. With the FTC as our partner, we as Congress must work to strengthen the agency to face these 21st century challenges.

Many of these new marketplaces, which are often highly concentrated, are failing American consumers. Part of the FTC's mission is the issue of antitrust and as we saw this morning with the EU leveling a \$5.1 billion dollar fine on Google. Strong consumer protections and competition go hand and hand. That's why Congress and consumer watchdogs must step in.

I welcome the new commissioners, Chairman Simons and Commissioners Phillips, Chopra, and Slaughter. And I want to thank Commissioner Ohlhausen for her work on the Commission and her stewardship during the transition. I look forward to hearing your perspectives on these issues.