

ONE HUNDRED TWELFTH CONGRESS
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House of Representatives
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Opening Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
“Internet Privacy: The Views of the FTC, the FCC, and NTIA”
Subcommittee on Commerce, Manufacturing, and Trade and the
Subcommittee on Communications and Technology
July 14, 2011

Chairmen Walden and Bono Mack, thank you for holding this hearing. Privacy has garnered a lot of press attention in the last few years.

As *The Wall Street Journal* points out, firms are stripping away Internet users’ anonymity and “gaining the ability to decide whether or not you’d be a good customer, before you tell them a single thing about yourself.”

The collection, use, and dissemination of consumer information provide many benefits to consumers, businesses, and the marketplace. But they raise legitimate concerns about whether consumers have adequate control over personal information that is shared.

Sophisticated business models and rapidly-evolving technologies allow vast amounts of data to be collected, aggregated, analyzed, mined, and sold in ways that were unimaginable only 10 years ago. Many of these business practices conflict with consumers’ expectations of privacy.

I understand that the Republican majority is wary passing any piece of legislation that calls for new regulations. We have heard the repeated calls for self regulation. The problem is that self regulation isn’t working. Just this week, Stanford researcher Jonathan Mayer reported in “Tracking the Trackers” that eight members of the self regulatory group Network Advertising Initiative (NAI) seemed to outright violate their own privacy policies. That’s nearly 13% of the 64 companies investigated

In addition, NAI is just one of many self-regulatory efforts, so the consumer is left not knowing where to turn. Furthermore, even if the firms were complying, the self-regulatory efforts seem to be limited to allowing the consumer to opt out of behaviorally targeted advertising, but not the collection of information that makes targeting possible. The “Tracking the Trackers” study found that 33 members of NAI either left tracking cookies on users’ computers or installed tracking cookies after the users opted out. The firms seem to argue that

they can continue to keep cookies on your machine, as long as those cookies aren't being used to create specially targeted ads.

I also understand that the majority has stated that it is not sure whether legislation is needed and that it does not intend to move too quickly on this important issue. I think it is well past the time to move ahead. There were six privacy hearings in the 111th Congress. Each made me more and more convinced that current law does not ensure proper privacy protections for consumer information.

As I have stated in the past, I stand ready to work with my colleagues to give consumers tools to protect their privacy without unduly burdening industry or stifling innovation.