

**Opening Statement of Chairman Frank Pallone, Jr.
House Energy and Commerce Committee
Consumer Protection and Commerce Subcommittee
Hearing on
“Protecting Consumer Privacy in the Era of Big Data”**

February 26, 2019

Welcome to the first hearing of the Consumer Protection and Commerce Subcommittee. We renamed the Subcommittee to emphasize the importance of putting consumers first. And that is the lens through which I view the important issue of consumer privacy – how do we empower consumers and impose reasonable limits on companies that collect and use our personal information?

In the past, we’ve talked about major data breaches and scandals involving the misuse and unauthorized sharing of people’s data. And we’ve talked about the potential for

emerging technologies to be used in unintended and potentially harmful ways. But privacy isn't just about major incidents or predictions of the future. It's an everyday issue, constantly affecting our lives and the lives of our children.

Almost every company that we interact with, and even many we don't, are conducting surveillance of us. When we visit a single website, many companies are tracking our actions on that site—what we click on, how long we are on each page, even our mouse movements. And that's true for each of the dozens of sites most of us visit every day.

When we go out, our location is tracked on our phones. Video surveillance at stores, on the street, and in doctors' offices record what we do and who we are with. The purchases we make are recorded by the stores we buy from, through store

loyalty programs, and by the credit cards we use to make those purchases.

Companies use that information to sort and commodify us, too. Inferences are drawn and we are labelled as gay or straight, Democrat or Republican, white or Latino, a pregnant teen, a grieving parent, a cancer survivor, and so much more. All without our knowledge.

Plus, our personal information and related inferences are being shared and sold many times over. Companies may share our information with business partners and affiliates, which may be strangers to you. Our data also may be sold to data brokers, who collect massive amounts of data about all of us, and then sell that off to anyone willing to pay for it. The scope of it all is mindboggling.

Without a doubt, there are positive uses of data.

Companies need personal information to deliver a package or charge for a service. Some data is used for research and development of new products and improving services.

Sometimes it's used for fraud prevention or cybersecurity purposes. And some is used for scientific research to find new treatments for medical conditions.

But in some cases, data use results in discrimination, differential pricing, and even physical harm. Low-income consumers may get charged more for products online because they live far away from competitive retailers. Health insurance companies could charge higher rates based on your food purchases or information from your fitness tracker. A victim of

domestic violence may even have real-time location tracking information sold to their attacker.

Yet, for the most part, in the U.S., no rules apply to how companies collect and use our information. Many companies draft privacy policies that provide few protections and are often unread. One study calculated that it would take 76 years to read all of the privacy policies for every website the average consumer visits each year. And even if you could read and understand each privacy policy, often your only choice is to accept the terms or not use the service. And when you need to pay for parking at a meter or use a website for work, you don't really have that choice at all. We can no longer rely on a "notice and consent" system built on such unrealistic and unfair foundations.

As Chair Schakowsky said, we need to look toward comprehensive privacy legislation—legislation that shifts the burdens off consumers and puts reasonable responsibility on those profiting from the collection and use of our data.

As I said, consumer privacy isn't new to this Committee. We've been talking about it for years. And yet, nothing has been done to address the problems. But times have changed. We are not going to fail consumers any more.

This hearing is beginning of that conversation. We need to move past the old model that protects the companies using the data, not the people. I look forward to hearing from our witnesses today on how we can do this. And I plan to work with my colleagues on both sides of the aisle to craft strong, comprehensive privacy legislation that puts consumers first.