

Chairman Walden—Opening Statement
“Algorithms: How Companies’ Decisions About Data and Content Impact Consumers”
Subcommittees on Digital Commerce and Consumer Protection
and Communications and Technology

November 29, 2017

Good morning. Today we begin a critical discussion about the evolution of consumers’ online environment. We will dive into many important questions surrounding the future of data access and content management in a marketplace driven by algorithms.

Just in the past decade, the internet economy has grown, thrived, and evolved substantially. The smartphones we carry with us everywhere, the tablets we log on to, and the smart home devices in our kitchens all represent a transformational shift in how Americans gather information, receive news and content, and connect with friends and family.

These services are convenient, efficient, and provide value and tangible benefits to American consumers. The companies behind the services have created jobs, and brought the U.S. into the forefront of technological innovation.

In exchange for using certain websites or platforms, consumers are willing to share personal details about themselves – names, locations, interests, and more. The context of the relationship drives that exchange.

Depending on the service, tech companies and online platforms make their money because they know who you are, where you are, what you like, what photos and videos you take and watch, and what news you read.

The depth and power of data will be supercharged with the proliferation of connected and embedded devices in the Internet of Things.

Billions of IoT devices will surely be deployed, linking machines to other machines, and transmitting massive amounts of data and information to connect Americans to even more services, conveniences and benefits from all around the globe.

What's behind these services and activities? Algorithms and data.

Algorithms are a sequence of instructions to solve a problem or complete a task. These instructions help devices and apps predict user preferences as well as provide the content and advertising you see in your social media feed. Data serve as inputs or signals to the algorithms.

Well-intentioned algorithms can lead to unanticipated consequences. For example, algorithmic bots are being purposefully designed to steal or to cheat in online gambling and tickets sales. Humans remain a critical part of the creation and monitoring of these systems.

In recent months, reports of data breaches and algorithms gone awry have demonstrated the potentially negative influences of digital technology on Americans' lives.

This committee has done extensive work on issues surrounding consumer protection and data breaches – we brought in the former CEO of Equifax for a hearing – and we continue to push for answers on behalf of consumers.

At the same time, there have been some high-profile instances of major social media platforms blocking content for questionable reasons, using opaque processes.

As a result of all this, consumers are concerned whether they can trust online firms with the integrity of the news and information they disseminate, the welfare of its users, and, on a much larger scale, the preservation of our democratic institutions.

As we all know, net neutrality is the issue of the moment, but regardless of your position on the policy, the recent attacks on Chairman Pai and particularly his children, are completely unacceptable and have no place in this debate. I condemn it in the strongest terms and I call on the entire tech community and my colleagues on both sides of the aisle to condemn it as well.

In light of the current controversy surrounding net neutrality rules for ISPs, it's important to examine how content is actually being blocked and throttled every day on the internet – and not by the ISPs.

While I will continue to pursue legislation on net neutrality rules, the fact is, they do not and cannot address the threats to the open internet that we will discuss today.

The goal for today's hearing is to help provide all Americans with a better understanding of how their data flows online, how online platforms and online media sources determine what they see or don't see, and the extent of and methods by which their information is collected and used by online firms.

Americans should be able to feel confident that their well-being, freedom of expression, and access to the content of their choice are not being wholly sacrificed for profit.

Americans should have vibrant, competitive markets both offline and online, where consumers know their rights and options, and have the freedom to choose what is best for their circumstances.

It is undeniable the internet has created new jobs, tremendous opportunity, and access in ways unimaginable just a few years ago. But it has also created new risks and challenges.

In the name of convenience, is there the potential for online firms to undermine Americans' privacy and security in a way that they don't expect?

Are the current policies regarding the collection and use of personal data working? Are consumers harmed by this hyper-personalization?

And finally, how are firms' content management practices constraining Americans' ability to speak and to listen freely on an open internet?

Consumers should remain as safe from unfair, deceptive, and malicious practices by online firms and their algorithms on the internet as they do in the real world. And we are here today to dig into these tough questions.

I look forward to hearing from our witnesses.