

Center for American Progress



COMMENTS OF THE CENTER FOR AMERICAN PROGRESS TO THE FEDERAL TRADE COMMISSION ON 2006 HEARINGS ON GLOBAL MARKETING AND TECHNOLOGY

The Federal Trade Commission has solicited comments to shape the agenda for its fall “2006 Hearings on Global Marketing and Technology.” The Center for American Progress offers seven suggested themes for the hearings. CAP is planning an event for the week of July 24 to highlight these important issues:

1. *The second decade of the commercial Internet.* The first commercial transactions occurred on the Internet in 1993, but commercial activity began to be significant about 1996. What portion of the FTC’s consumer protection efforts are now targeted at Internet activities? What are the key ways that the consumer protection mission has changed since 1996? In what ways will that mission shift by 2016?
2. *From local to global.* Not long ago, most consumer protection issues were local, involving an auto body shop or a local merchant. Enforcement was often done by local or state officials. Today, ordinary consumers buy nationally or globally, from telemarketers and web sites. How much have these changes reduced the ability of localities and states to protect their consumers? How much does the enforcement burden shift to the FTC?
3. *Who should have enforcement powers?* Recent laws have often given enforcement powers to the FTC and the state attorneys general. Some laws have given a cause of action to those protecting the system, such as ISPs protecting against spam. Who can constructively play a role in protecting consumers? How do these decisions shift in the Internet Age?
4. *How to be effective internationally?* What internal FTC practices and external alliances are needed to make the FTC effective, and cost-effective, at protecting consumers in the international arena? What laws, if any, need to be changed?
5. *New FTC responsibilities.* The FTC has taken on many new roles since 1996, such as: children’s online privacy; Section 5 privacy and security; Gramm-Leach-Bliley privacy and security; Safe Harbor; identity theft; CAN-SPAM; spyware; phishing; data breaches; and major amendments to fair credit laws in 1996 and 2003. Meanwhile, the number of FTC staff today is at the level of 1987. What is the strategy to manage all these responsibilities with constrained staffing? Will more consumer protection “cops on the beat” be needed to address all of these responsibilities?

6. *Technical expertise.* Fighting spam, spyware, and many other new threats requires software and other technical expertise. Does the FTC have the needed expertise in-house? Can the FTC's experience with economists in the antitrust area serve as a helpful model for technical expertise in the new consumer protection fields?

7. *The future of jurisdiction.* On the Internet, each user has a billion next-door neighbors who can potentially perpetrate fraud or launch a hacking attack. Within the United States, can we still afford to exempt non-profit organizations and others now outside the FTC's jurisdiction? Beyond the United States, what minimum contacts are appropriate to come within an FTC enforcement action?

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