

October 29, 2008

Chairman William E. Kovacic  
Federal Trade Commission

Ms. Maureen Ohlhausen  
Director, Office of Policy Planning  
Federal Trade Commission

Dear Chairman Kovacic and Director Ohlhausen:

This written statement is submitted in connection with your invitation for me to participate in your conference on “The FTC at 100: Into Our Second Century.”

The “FTC at 100” project is designed to get a big picture of the past, present, and future of the Federal Trade Commission. The overarching theme of my testimony is that the FTC is, and should remain, the preeminent consumer protection agency in the world. In an era of limited resources, the focus of the agency should be where two criteria are met: (1) a topic has important effects on consumers; a

education. In addition, participating in emerging technologies will provide insights to improve

the agency's resources in the consumer protection area. You specifically asked for comment on the following topics: (1) the most effective means for developing consumer protection policy; (2) the optimal use of the agency's enforcement, rese



protection agency that has anything approaching the same level of experience, reputation, and ability to foster improved protections for consumers online. Innovations in data practices and information technology will raise a constant stream of new potential problems for online consumers. The FTC can and should play a unique role in assuring that consumers are treated well as markets and technologies shift. Often the right answer will not be to regulate. The participation of the FTC as a potential enforcer or regulator, however, will frequently make industry consider consumer concerns far more seriously.<sup>iii</sup> Before harmful patterns get locked into business practices, participation by the FTC can help assure that consumers' needs are built into emerging business models.

## Recommendations for IT Leadership

In order to achieve leadership in IT issues for online commerce, I propose the following recommendations:

**1. Appoint a chief technology officer for the FTC.** A chief technology office can play a helpful role in creating and implementing the strategy for assuring that the FTC is as effective as possible in protecting consumers in online activities. One role of the CTO would be to help envision where problems for consumers are likely to arise, and help the FTC advocate for the rights of consumers in emerging business practices. A second role would be to help assure that the FTC takes advantage of technology as it seeks to carry out its own activities.

**2. Assess policy initiatives by functional area, not by geography.** As discussed above, the enforcement against online harms will often not be achieved successfully by local enforcers. Because many online harms happen on the national or international scale, the FTC has a key institutional role to play in enforcement.

In terms of assessing the success of the commission—a question posed by the FTC at 100 process

and others who help combat online harms. To save costs, wikis, other online



