Remarks by the President at the Federal Trade Commission

Federal Trade Commission
Constitution Center
Washington, D.C.

12:15 P.M. EST

THE PRESIDENT: Thank you so much. (Applause.) Thank you. Everybody have a seat. Well, thank you, Edith, for your introduction. Edith and I go a long way back. In law school we served on the law review together. I will not say who edited who. (Laughter.) I will say she looks exactly the same. (Laughter.) And I do not. (Laughter.) And it's upsetting. (Laughter.)

Edith, in your career, you've stood up for citizens and communities. I was proud to nominate you -- first as a commissioner, and then as chairwoman of the FTC. You are doing an outstanding job, as are your fellow commissioners, and we very much appreciate your outstanding efforts.

And Edith's story, from the daughter of Mexican immigrants to the head of the FTC, we see a central part of the American story. And that's worth remembering at a time when there are issues that we're debating all the time. It's a reminder that what makes this country special is the incredible talent that we draw from all around the world and somehow it all merges into something unique: America.

To Edith, to the fellow commissioners, to all of you who work at the FTC -- thanks for welcoming me. I'm told I may be the first President to come to the FTC in nearly 80 years, since FDR in -- (applause) -- first time apparently since FDR in 1937, which is a little surprising. I mean, you'd think like one of the Presidents would just come here by accident. (Laughter.) They ended up in the wrong building, we're already at the FTC. (Laughter.)

Anyway, I figured it was time to correct that. Plus, I know sometimes your name confuses folks. They don't always understand what your mission is. One person who does understand is David Letterman. (Laughter.) A few months ago he thanked you for standing up to the companies that were trying to pitch a new weight-loss product -- "caffeine-laced undergarments." (Laughter.) I'm actually not making this up. (Laughter.) You ruled that these products were "not substantiated by scientific evidence." (Laughter.) So, thank you for saving America from caffeine-laced undergarments. (Laughter.) These companies owed consumers a refund.

And that was just the latest example, because, as Edith said, you recently celebrated your 100th anniversary. And I want to thank you for 100 proud years of protecting American consumers. I also want to thank some of the members of Congress who are here today and many of our partners from not just government but the private sector, and consumer and privacy and advocacy groups.

Next week, just up the street, I will deliver the State of the Union address. And it will be a chance to talk about America's resurgence, including something we can all be proud of, which is the longest stretch of private sector job growth in American history -- 58 straight months and more than 11 million new jobs. (Applause.) In the speech, I'm going to focus on how we can build on that progress and help more Americans feel that resurgence in their own lives, through higher wages and rising incomes and a growing middle class.

But since I've only got two years left in this job, I tend to be impatient and I didn't want to wait for the State of the Union to start sharing my plans. So I've been traveling across the country rolling out some of the ideas that we'll be talking about, a little bit of a sneak preview.

And in the 21st century -- in this dizzying age of technology and innovation -- so much of the prosperity that we seek, so many of the jobs that we create, so much of the opportunity that's available for the next generation depends on our digital economy. It depends on our ability to search and connect and shop and do business and create and discover and learn online, in cyberspace. And as we've all been reminded over the past year, including the hack of Sony, this extraordinary interconnection creates enormous opportunities, but also creates enormous vulnerabilities for us as a nation and for our economy, and for individual families.
So this week, I’m laying out some new proposals on how we can keep seizing the possibilities of an Information Age, while protecting the security and prosperity and values that we all cherish. Today, I’m focusing on how we can better protect American consumers from identity theft and ensure our privacy, including for our children at school. And then tomorrow, at the Department of Homeland Security, I’ll focus on how we can work with the private sector to better defend ourselves against cyber-attacks. And final, on Wednesday, in Iowa, I’ll talk about how we can give families and communities faster, cheaper access to broadband so they can succeed in the digital economy.

But I wanted to start here, at the FTC, because every day you take the lead in making sure that Americans, their hard-earned money and their privacy are protected, especially when they go online. And these days, that’s pretty much for everything: managing our bank accounts, paying our bills, handling everything from medical records to movie tickets, controlling our homes — smart houses, from smart phones. Secret Service does not let me do that. (Laughter.) But I know other people do.

And with these benefits come risks — major companies get hacked; America’s personal information, including financial information, gets stolen. And the problem is growing, and it costs us billions of dollars. In one survey, 9 out of 10 Americans say they feel like they’ve lost control of their personal information. In recent breaches, more than 100 million Americans have had their personal data compromised, like credit card information. When these cyber criminals start racking up charges on your card, it can destroy your credit rating. It can turn your life upside down. It may take you months to get your finances back in order. So this is a direct threat to the economic security of American families and we’ve got to stop it.

If we’re going to be connected, then we need to be protected. As Americans, we shouldn’t have to forfeit our basic privacy when we go online to do our business. And that’s why, since I took office, we’ve been working with the private sector to strengthen our cyber defenses. A few months ago, we launched our BuySecure initiative. The federal government and companies across the country are moving to stronger chip-and-pin technology for credit cards. Here at the FTC, you’re working with credit bureaus so that victims can recover their stolen identities faster, and every day you’re helping consumers with IdentityTheft.gov.

So today I’m announcing new steps to protect the identities and privacy of the American people. Let me list them for you. First, we’re introducing new legislation to create a single, strong national standard so Americans know when their information has been stolen or misused. Right now, almost every state has a different law on this, and it’s confusing for consumers and it’s confusing for companies -- and it’s costly, too, to have to comply to this patchwork of laws. Sometimes, folks don’t even find out their credit card information has been stolen until they see charges on their bill, and then it’s too late. So under the new standard that we’re proposing, companies would have to notify consumers of a breach within 30 days. In addition, we’re proposing to close loopholes in the law so we can go after more criminals who steal and sell the identities of Americans — even when they do it overseas.

Second, I’m pleased that more banks, credit card issuers and lenders are stepping up and equipping Americans with another weapon against identity theft, and that’s access to their credit scores, free of charge. This includes JPMorgan Chase, Bank of America, USA, State Employees’ Credit Union, Ally Financial. Some of them are here today. I want to thank them for their participation. This means that a majority of American adults will have free access to their credit score, which is like an early warning system telling you that you’ve been hit by fraud so you can deal with it fast. And we’re encouraging more companies to join this effort every day.

Third, we’re going to be introducing new legislation — a Consumer Privacy Bill of Rights. Working with many of you — from the private sector and advocacy groups — we’ve identified some basic principles to both protect personal privacy and ensure that industry can keep innovating. For example, we believe that consumers have the right to decide what personal data companies collect from them and how companies use that data, that information; the right to know that your personal information collected for one purpose can’t then be misused by a company for a different purpose; the right to have your information stored securely by companies that are accountable for its use. We believe that there ought to be some basic baseline protections across industries. So we’re going to be introducing this legislation by the end of next month, and I hope Congress joins us to make the Consumer Privacy Bill of Rights the law of the land.

And finally, we’re taking a series of actions to protect the personal information and privacy of our children. Those of us with kids know how hard this can be. Whether they are texting or tweeting, or on Facebook, or Instagram, or Vine, our children are meeting up — and they are growing up — in cyberspace. It is all-pervasive. And here at the FTC, you’ve pushed back on companies and apps that collect information on our kids without permission.

And Michelle and I are like parents everywhere — we want to make sure that our children are being smart and safe online. That’s a responsibility of ours as parents. But we need partners. And we need a structure that ensures that information is not being gathered without us as parents or the kids knowing it. We want our kids’ privacy protected — wherever they sign in or log on, including at school.

Now, the good news is we’ve got new educational technologies that are transforming how our children learn. You’ve got innovative websites and apps and tablets, digital textbooks and tutors. Students are getting lessons tailored to their unique learning needs. We want to encourage that information. And it also facilitates teachers and parents tracking student progress and grades in real-time. And all this is part of what our ConnectED initiative is about — connecting 99 percent of American students to high-speed Internet so that we’re empowering students, teachers, and parents, and giving them access to worlds they may never have had access to before.

But we’ve already seen some instances where some companies use educational technologies to collect student
data for commercial purposes, like targeted advertising. And parents have a legitimate concern about those kinds of practices.

So, today, we’re proposing the Student Digital Privacy Act. That’s pretty straightforward. We’re saying that data collected on students in the classroom should only be used for educational purposes — to teach our children, not to market to our children. We want to prevent companies from selling student data to third parties for purposes other than education. We want to prevent any kind of profiling that outs certain students at a disadvantage as they go through school.

And we believe that this won’t just give parents more peace of mind. We’re confident that it will make sure the tools we use in the classroom will actually support the breakthrough research and innovations that we need to keep unlocking new educational technologies.

Now, we didn’t have to completely reinvent the wheel on this proposal. Many states have proposed similar legislation. California just passed a landmark law. And I hope Congress joins us in this national movement to protect the privacy of our children.

We won’t wait for legislation, though. The Department of Education is going to offer new tools to help schools and teachers work with tech companies to protect the privacy of students. As of today, 75 companies across the country have signed on to a Student Privacy Pledge. And among other things, they’re committing not to sell student information or use educational technologies to engage in targeted advertising to students.

Some of those companies are here today. We want to thank you for your leadership. I want to encourage every company that provides these technologies to our schools to join this effort. It’s the right thing to do. And if you don’t join this effort, then we intend to make sure that those schools and those parents know you haven’t joined this effort.

So, this mission, protecting our information and privacy in the Information Age, this should not be a partisan issue. This should be something that unites all of us as Americans. It’s one of those new challenges in our modern society that crosses the old divides — transcends politics, transcends ideology. Liberal, conservative, Democrat, Republican, everybody is online, and everybody understands the risks and vulnerabilities as well as opportunities that are presented by this new world.

Business leaders want their privacy and their children’s privacy protected, just like everybody else does. Consumer and privacy advocates also want to make sure that America keeps leading the world in technology and innovation and apps. So there are some basic, common-sense, pragmatic steps that we ought to all be able to support.

And rather than being at odds, I think that much of this work actually reinforces each other. The more we do to protect consumer information and privacy, the harder it is for hackers to damage our businesses and hurt our economy. Meanwhile, the more companies strengthen their cybersecurity, the harder it is for hackers to steal consumer information and hurt American families. So we’ve got to all be working together in the same direction, and I’m confident if we do we’ll be making progress.

We are the country that invented the Internet. And we’re also the pioneers of this Information Age — the creators, the designers, the innovators. Our children are leaving us in the dust, if you haven’t noticed. (Laughter.) They’re connecting and they’re collaborating like never before, and imagining a future we can only dream of. When we Americans put our minds together and our shoulder to the wheel, there’s nothing we can’t do. So I’m confident, if we keep at this, we can deliver the prosperity and security and privacy that all Americans deserve.

We pioneered the Internet, but we also pioneered the Bill of Rights, and a sense that each of us as individuals have a sphere of privacy around us that should not be breached, whether by our government, but also by commercial interests. And since we’re pioneers in both these areas, I’m confident that we can be pioneers in crafting the kind of architecture that will allow us to both grow, innovate, and preserve those values that are so precious to us as Americans.

Thank you very much. And thanks to the FTC — (applause) — for all the great work you do to protect the American people. Thank you. (Applause.)