

TECH

# Tech Firms Should Face ‘Thoughtful’ Regulation, Lawmakers Say

Rep. Khanna says one area where rules are needed is window of time companies can wait to disclose a breach

*By Greg Bensinger and Douglas MacMillan*

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LAGUNA BEACH, Calif.—While Silicon Valley companies face increased scrutiny over the role they play in elections and the propagation of false or biased news, politicians and industry insiders at a Wall Street Journal conference said there should be limited regulation of the industry.

Speaking at The Wall Street Journal’s WSJ Tech D.Live conference on Monday, both Rep. Darrell Issa, a Republican of California, and Rep. Ro Khanna, a Democrat who represents Silicon Valley, cautioned against overregulating the tech industry in response to recent scandals involving privacy and other issues.

“There needs to be more thoughtful regulation,” said Mr. Issa, who was named by President Trump in September to be director of the U.S. Trade and Development Agency. “If regulation is so good, let’s look to the Europeans who have been over interested in regulating American companies and see how much of that has been worthwhile.”

“We’ve got to regulate [tech] thoughtfully, but we want make sure we’re remaining the innovation leader,” Mr. Khanna said.

Renée DiResta, director of research at New Knowledge, a cybersecurity firm, said government pressure on tech companies has an impact, pointing to Facebook Inc.’s efforts to address misinformation and other issues.

“Facebook has actually done, in my opinion, a much better job over the last two years,” she said. “And I think that that is partially because those hearings hauled them in front of Congress so many times.”

Technology firms have faced new scrutiny over their policies around handling user data privacy, misinformation and political bias, particularly as some critics accuse social media sites of tacitly tipping the scales in national and local elections.

And some workers are pushing back against their employers when their work with defense or other government agencies don't jibe with their political viewpoints.

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The heightened political environment of recent years has also created divisions between workers inside the largest tech companies. Palmer Luckey, the founder of Oculus and a former Facebook Inc. executive, said during the panel that the liberal employees who tend to dominate political discussions in Silicon Valley have made it harder for conservative

tech workers to speak up about their beliefs.

"There's a lot of people who know that if they talk about these things that it could cause problems for them," said Mr. Luckey, who co-founded Anduril Industries Inc., a defense technology company that aims to compete for government contracts with larger Silicon Valley firms like Google.

Mr. Luckey has told people the reason he was fired from Facebook was his support for Donald Trump and the furor that his political beliefs sparked within Facebook and Silicon Valley, the Journal reported this week.

On Monday, Mr. Luckey said that the management decisions of tech giants are being driven by the politics of a small number of vocal employees. Google, a unit of Alphabet Inc., earlier this year withdrew its involvement in a drone targeting effort by the U.S. Defense Department, after facing pressure from employees who said the company shouldn't support military activities.

Google "allowed themselves to be controlled by a pretty radical fringe inside of their own company," said Mr. Luckey.

A Google spokesman declined to comment on Mr. Luckey's remarks about what led to the company's decision.

On regulation, Mr. Khanna said one area where rules are needed is the window of time companies can wait to disclose a data breach. "It's ridiculous if you have months and months go by and people aren't notified," he said.

Steve Ballmer, former chief executive of Microsoft Corp., said any rules around data breach



Town Hall discussion with, second from left, Steve Ballmer, founder of USAFacts and former CEO of Microsoft; Palmer Luckey, founder of Anduril Industries and of Oculus; Rep. Ro Khanna (D., Calif.); Renée DiResta, director of research, New Knowledge; and Rep. Darrell Issa (R., Calif.). They are flanked by tech columnist Christopher Mims, at left, and Gerald F. Seib, executive Washington editor, at right. PHOTO: NIKKI RITCHER FOR THE WALL STREET JOURNAL

disclosure need to be finely tuned, otherwise they risk helping hackers by revealing tech companies' weaknesses. "You have to be careful," said Mr. Ballmer, who is also the founder of USAFacts, a massive database of government-compiled information.

Mr. Ballmer said companies will respond to customers who leave their services. "How do we open things up and let capitalism help with the solution?" he said.

Mr. Ballmer said rules should be formed by the U.S. Federal Trade Commission or the Justice Department. "I would hate to see the regulation in the hands of the Congress, I think it would be absolutely the worst thing to happen," he said.

—*Deepa Seetharaman contributed to this article.*

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