

Privacy and Innovation

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(These ideas were developed in collaboration with Catherine
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What is Privacy?

- “The right to be let alone”.
- “The right to no unauthorized intrusion”.

WHAT PRIVACY USED TO BE

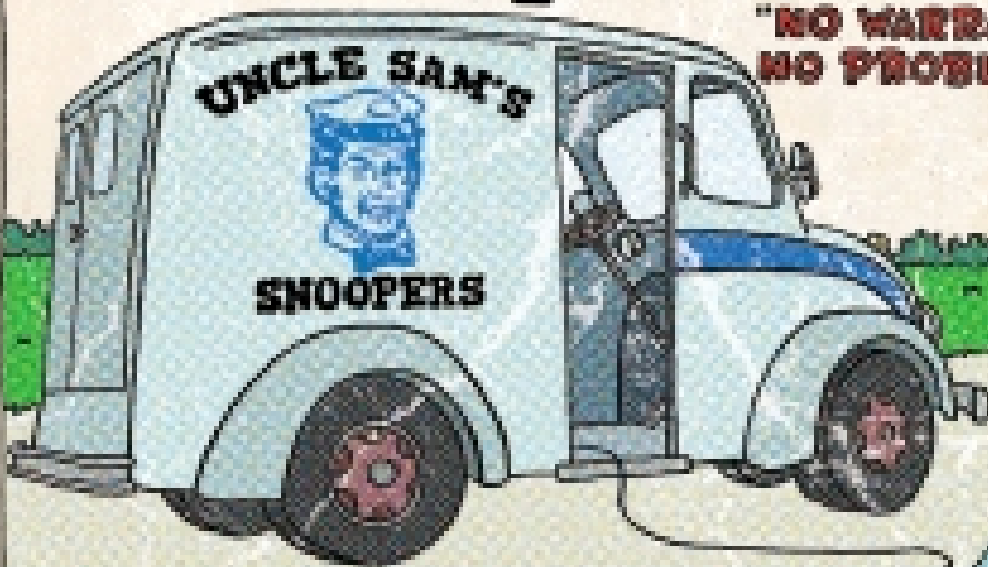


Public vs
private life
distinction

Your Friendly Neighborhood Wiretap Man



**"NO WARRANT?
NO PROBLEM!"**



FREE!
LIFETIME SUPPLY
of SURVEILLANCE

JUST SURRENDER THIS COUPON ALONG
WITH YOUR 4TH AMENDMENT RIGHTS

Or privacy
vs. security

PRIVACY IS NOW A BUSINESS ISSUE

Data and Innovation

- Data is key to innovation in many industries.
- Erik Brynjolfsson: “Nanodata is to economics and management what the microscope was to biology and medicine”.
- Joel Mokyr has emphasized data as the key input into innovation across a variety of fields. “The digital age will be to the analog age what the iron age was to the stone age”.
- The use of data requires...data.
- Privacy regulation is explicitly about restricting the collection and use of data.

BUT

- Consumers (and governments!) are concerned with threats to privacy.
- Companies can use data to harm consumers by charging higher prices and/or denying service.
- There is also a vague element of “creepiness” or “repugnance” that consumers feel when companies appear to know their life better than they do.
- As a consequence, we have seen increasing regulatory attention to commercial use of data.
 - E.g. HIPAA for US health care; EC/2002/58 for EU internet data; numerous draft privacy bills in the US Congress; the Canadian Privacy Commissioner.

But then again, maybe people don't care so much about privacy...

facebook

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Forgot your password?

Log In

Sign Up

Facebook helps you connect and share with the people in your life.



Wall

Info

Photos

Discussions

About

join this page if you like drinking beer and burning things!!!!

236

people like this

Likes



Melbourne Bitter

I like drinking beer and burning things.

Like

Community

Wall

I like drinking beer and... · Top Posts



I like drinking beer and burning things.

wow thirty people in 5 hrs!!! chuck some pics up of burning things!

June 5, 2010 at 12:46am · Like · Comment



Owen Bell

haha so true nuffin better than havin a beer while burnin shit :)

April 15 at 5:17am · Like · Comment



Jordan Whitworth Alex Innes

I like drinking beer and burning things. can i borrow a spoon?

December 4, 2010 at 7:17pm

RECENT ACTIVITY

I like drinking beer and burning things. edited their [Description](#) and [About](#).



Rhys Pontelandolfo

fuck oath.. this is one of the best pages ive seen made.. i do like drinking beer, and man i love burning shit an d blowing shit up.. (im not a firefighter), well i am.. but shhh

June 5, 2010 at 4:33am · Like · Comment

Jamie Coatsy Coates likes this.

Similar Facebook Pages



Air Jordan shoes



Friends That Believe In You When You have Ceased To Believe In Yourself



I bet The upper peninsula can get 1000 fans before the lower peninsula!

More

Privacy regulation can restrict innovation

- Goldfarb and Tucker (2011 MngmtSci) on online advertising effectiveness.
- Miller and Tucker (2009, 2011) on Electronic Medical Records.

Privacy and Openness

- Privacy and openness are both positive values.
- But they are opposites!
- Suggests a tradeoff between privacy protection and innovation.



THIS SEEMS BLEAK.

SO WHY REGULATE PRIVACY AT ALL?

Consumers care!

- Consumers react negatively to (some kinds of) privacy-intrusive advertising (e.g. Goldfarb and Tucker 2011 MktgSci).
- Consumers are becoming more reluctant to share data as time passes (e.g. Goldfarb and Tucker 2012 AERP&P).

Privacy Regulation can benefit consumers without restricting innovation

- Example:
 - Fair Credit Reporting Act (1970).

Privacy Regulation can benefit consumers without restricting innovation

- Example:
 - Fair Credit Reporting Act (1970).
- Is there a regulatory model around clear and consistent disclosure that protects consumers while enabling innovation?

SO NOW WHAT?

The policy issue:

An innovation-focused perspective

- Privacy regulation cannot be too strict, or else it will stifle data-driven innovation.
- Privacy regulation cannot be too lax, or else consumers will be unwilling to provide data and, again, it will stifle data-driven innovation.
- Getting the balance right is the key challenge of privacy policy.
- More openness about privacy?

Thank you

Key Sources

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