Comments on:
Privacy Report

Pietro Ortoleva

Princeton, February 2020
1. Data Externalities

- With my data companies learn
  - About me
  - General properties: people my age, my gender, my type of phone, at this time,..., make this choice
    - Companies learn about population as a whole
    - Data has externality
  - This:

1. Complicates welfare

2. In equilibrium, complicates revealed preferences
  - If others already give data to discriminate me, then I may just as well reveal
2. Limits of Revealed Preferences

- Report suggests
  - People *aware* of privacy concerns, act on them
  - But: *don't value* them much

- *Issues* with revealed preferences: need to separate *utility* from *beliefs*
  1. Beliefs: What if agents believe that companies already know everything?
     - Then: you have no problem revealing for a small gain—you have nothing to lose
  2. Are agents correctly assessing risk?
     - We don't know...we don’t know the actual risks ourselves
3. Effects of Privacy Laws

• No major effects on concentration
  • Small firms emerge

• But: what if privacy laws help “big players”?

• Need to use indirect observation to make predictions

• Benefit from lots of data

• Economy of scale => Help big players