

Comments on: Privacy Report

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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