

Discussion: “Digital Privacy”,
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This paper



Data Policy

This policy describes the information we process to support Facebook, Instagram, Messenger and other products and features offered by Facebook (Facebook Products or Products). You can find additional tools and information in the [Facebook Settings](#) and [Instagram Settings](#).

I. What kinds of information do we collect?

To provide the Facebook Products, we must process information about you. The types of information we collect depend on how you use our Products. You can learn how to access and delete information we collect by visiting the [Facebook Settings](#) and [Instagram Settings](#).

Things you and others do and provide.

- **Information and content you provide.** We collect the content, communications and other information you provide when you use our Products, including when you sign up for an account, create or share content, and message or communicate with others. This can include information in or about the content you provide (like metadata), such as the location of a photo or the date a file was created. It can also include what you see through features we provide, such as our camera, so we can do things like suggest masks and filters that you might like, or give you tips on using camera formats. Our systems automatically process content and communications you and others provide to analyze context and what's in them for the purposes described below. Learn more about how you can control who can see the things you share.
- **Data with special protections:** You can choose to provide information in your Facebook profile fields or Life Events about your religious views, political views, who you are "interested in," or your health. This and other information (such as racial or ethnic origin, philosophical beliefs or trade union membership) could be subject

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- Clearly a relevant topic...

Opinion **Big tech**

Mark Zuckerberg: Big Tech needs more regulation

Financial Times, 02/16/2020

Summary

- This paper provides a framework for studying the incentives of digital business' for collecting and protecting consumers' data
 - Users engage in activity in a digital platform
 - Platform obtains information from users' activities and chooses how much to store and how much to invest in data protection
 - Adversaries can harm consumers by stealing their data
 - Inefficiency comes from adversarial activity
 - Distinction between ad-based and transaction-based business models

Summary

- How regulation can be used to mitigate the exploitation of consumers' information
 - Emphasizes the importance of regulating both data protection and data collection
- What is the loss to consumers from data abuse?
 - Total damage is potentially much larger than the direct loss from data leakage

Comments

- How aware are consumers of the privacy policy?
 - Most users probably don't think about the data policy when using Facebook on a daily basis
 - But worry about their privacy whenever there is a scandal such as Cambridge Analytica
- What would change in a setting in which:
 - consumers are inattentive about privacy
 - firm looks for a policy design in order to minimize scandals

Comments

- Do the users' utility reflect the trade-off for existing users?
 - Most important information is revealed when you start interacting with the business
 - Marginal cost of more activity is small for existing users
 - Could consider two stages: an entry decision for users, and a choice of information flow after that

Comments

- Market for data
 - The model has the restriction that there is no market for data
 - This is a reasonable assumption, as we do not see Facebook paying users for their data
 - But could we improve welfare and obtain efficiency by introducing this market?

Conclusion

- Nice model that incorporates key trade-offs in data policy design
- Highlights the distinction between different digital business models
- Relevant results:
 - Data storage and data collection are complements in equilibrium
 - Welfare implications of data abuse are much larger than the direct loss
 - Transaction-based models can be effectively regulated by requiring minimum level of protection
 - In general, fines for data breaches should also be used

Thank you!