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But first, the latest big news: just this morning we released a report on Mobile Security

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As many of you know, over the past year I have sought to explore the benefits of applying an economic approach to privacy and data security issues. Today's lineup reflects that emphasis, and I look forward to hearing from our panelists who have pursued this type of analysis.

But what does an economic approach look like? It decidedly is not just about numbers, measurements, and formulas. That's mathematics. Many economists use math, but economics isn't simply about math. Economics is about real people making choices about how to use limited resources to get what they need and want through exchanges in the marketplace. Economists seek to discover general principles about those individual exchanges and how, in aggregate, those exchanges affect society.

Thus, an economic approach to privacy means applying the tools of economic analysis to help understand how and why companies collect information, what exchanges are taking place, and the likely consequences of certain arrangements regarding private information. What makes information valuable? How valuable is it? Does the value depend on who holds it and why? Why and how do people exchange information? How can information be put to its highest value use? Does it matter who gets to decide the highest value use? How do markets in information develop and what are their flaws?

These are important economic questions. And they are key privacy questions, too. I glad to say that at the FTC we've already been looking at privacy and data security using economic thinking.

The most visible result of this work was December's Informational Injury Workshop.<sup>8</sup> This full-day workshop sought to better identify the qualitatively different types of injury to consumers from privacy and data security incidents. It examined different definitions of informational injury and when government intervention is warranted. It explored frameworks for how we might approach quantitatively measuring such injuries and estimate the risk of their occurrence. And it sought to understand better how consumers ( )-2282-2(t2(i)-2(ne)p s)-1ft2(i)er ho nv their

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The fourth topic of the day was measuring injury. To paraphrase one of the panelists, there are easy cases and there are hard cases; unfortunately, most of them are hard cases.<sup>11</sup> Research in this area is challenging. While people say they care about privacy in the abstract, what they do when faced with actual choices is often very different. This isn't necessarily because consumers don't know what they think; instead, consumers balance a huge range of product and service dimensions when making choices. Privacy is but one important dimension of products. Others include price, convenience, quality, and other factors. Different individuals will make different tradeoffs when faced with those many dimensions.

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The Informational Injury workshop was another chapter of a conversation and research agenda that is only getting started. Today's PrivacyCon continues that exciting conversation. PrivacyCon has a couple of purposes, as I see it. First, it helps the FTC stay up-to-date with novel and interesting research that can inform our privacy and data security missions. Second, PrivacyCon provides a forum for highlighting emerging issues and bringing them into the conversation. Today's program will fulfill both purposes.

The emphasis of previous PrivacyCons has been technological developments. Today's

To summarize, it's been a big year in privacy and data security at the FTC. We've accomplished a lot for consumers, and we have a lot of work to do going forward. PrivacyCon is an important part of that work. So I thank all of you for being here today, best of luck to the presenters, and I look forward to a productive day.