

The Social Impact of Open Data

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The Social Impact of Open Data
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Thank you for inviting me to kick off what I am certain will be an insightful discussion of open data and its benefits for society. As society has integrated and adopted increasingly powerful computers and pervasive communications networks, we have created vast amounts of data. Government has been a major participant in this data revolution, both gathering and creating large stores of data about an enormous range of topics. New techniques and tools have the potential to create great value from both recent and historical government data, and there are several steps the FTC can take to help facilitate more open government data.

Modern data analysis techniques – sometimes colloquially referred to as “big data” – are incredibly useful tools. Data today has greater volume, variety, and velocity. Put more simply, there is a lot of data, it has many different forms, and it is created rapidly. Tools that can pull useful needles of insight from this data haystack have great potential to make us better. Data alone is not knowledge, however. The promise is that big data techniques will help us

¹ The views expressed in this speech are solely those of Commissioner Ohlhausen and are not intended to reflect the views of the Commission or any other Commissioner.

extract knowledge from data and this knowledge will help us better understand ourselves and the world around us

Obviously, we are already seeing benefits from the use of big data techniques on private

massive amounts of data about themselves, about us, and about the world around us. Even before the very first U.S. census report, government has been producing large – and increasing amounts of data. Government produces many types of data: personal data, such as social security earnings, tax information, unemployment filings, and voter registration; societal data such as demographics, employment estimates, and economic indicators; and impersonal or scientific data, such as weather and climate measurements and geolocation data.

There is great potential in applying powerful new big data tools to the rich trove of government data. The private sector could use the wide range of government-produced data

products and prevent fraud³ And these are just a very few examples. Overall, in a recent report, the Commerce Department concludes that “firms that intensively use the statistical agencies’ data combine it with other government and private sector data to create between \$24 billion and \$221 billion in annual revenues⁴.”

The upcoming panel will talk about the benefits of open government data and ensure they will share more examples. In my remaining time, I’d like to focus on what the Federal Trade Commission can do to promote useful access to government data.

First, to promote access to government data, the FTC should adopt and promote a realistic view of big data. Big data is a useful tool that, like all tools, has both strengths and shortcomings. Data, even big data, isn’t knowledge or wisdom. It can be misleading. There can be “signal problems,” where the data set, huge as it may be, does not represent the real world.

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relationships for a researcher to test. If a researcher explores a big data set without a particular question or theory in mind but instead simply tries enough comparisons between variables, they will often be able to find “statistically significant” correlations that do not reveal anything useful about causation in the real world.

By understanding the limits of big data and emphasizing the need for human judgment in the use of such tools, the FTC can help tamp down hype about big data. The FTC can help create a healthier regulatory atmosphere by critically evaluating the claims of both the people promoters of big data as a “magic bullet” solution and the naysayers who fear massive consumer harm from all-knowing algorithms. A realistic understanding of big data’s potential will help the agency to identify and focus on actual harms to consumers, if they occur.

Second, the FTC can continue to provide guidance on how to protect the privacy of individuals while promoting open data. Obviously many, perhaps even the majority – of government data sets have nothing to do with “personally identifiable information.” Open access to many scientific and economic data sets, for example, raises no privacy risks. However, opening other useful data sets may raise some privacy concerns. For example, applying big data techniques to government health data or education records could help address most pressing societal issues we face, but people understandably worry about how such information is used and shared. The FTC can guide other government agencies on how to open access to data while mitigating privacy risks.

Third and finally, the FTC can help promote a government, industry, and consumer culture that embraces open data and innovative data analysis. By taking a humble regulatory approach to the fast-changing data industry, the FTC can help create this culture. Our most successful technological advances, such as the Internet itself, have generated massive consumer welfare and have thrived largely because market participants have enjoyed wide latitude to experiment with new technology.

Conclusion

To conclude, more open government data promises to provide insights across the spectrum of human endeavor, including in science, economics, education, and sociology. Big data tools will help us find useful insights from the massive data the government produces. By embracing a realistic, informed view of big data's potential, providing guidance on the privacy issues raised by open government data in the age of big data tools, and by promoting a culture that embraces open data and innovative data analysis, the FTC can serve an important role in ensuring that citizens benefit from the massive amounts of data produced by the government. I hope that you all will see the FTC as an ally in efforts to expand access to government-produced information and will reach out to us with any specific suggestions or concerns.