

Do We Actually Care About Privacy?

Alessandro Acquisti

Carnegie Mellon University

Berlin Centre for Consumer Policies (BCCP), June 2016

**REUTERS**EDITION: **U.S.**

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Analysis & Opinion | Anthony De Rosa

Most people don't care about their digital privacy

By Anthony De Rosa | December 17, 2012

Tags: [FACEBOOK](#) | [INSTAGRAM](#) | [SOCIAL NETWORKS](#)

Most of us simply don't care about our digital privacy. Sure, you see people citing their displeasure every time Facebook changes their terms of service, but with more than a billion users, few actually leave. Today, Instagram took a chance on [its own privacy policy](#), betting that people will treat its service the same way. Instagram now will feature advertising on its mobile application that uses your name, likeness and content, tracks your location and shares the data with Facebook.

The geek chorus is taking fauxstalgalia

Here are the key a

The Telegraph

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Facebook's Mark Zuckerberg says privacy is no longer a 'social norm'

Facebook founder Mark Zuckerberg has denounced privacy as a 'social norm' of the past as social networking's popularity continues to grow.



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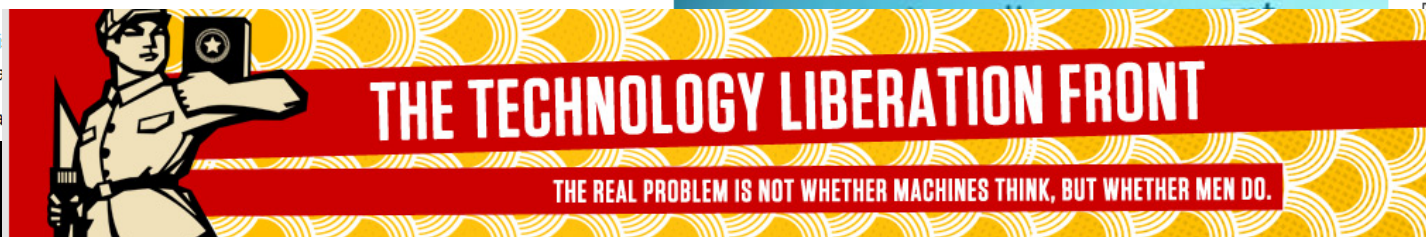
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Privacy as 'a Modern Invention'

by ADAM THIERER on MAY 27, 2009 · 7 COMMENTS

I'm reading a couple of interesting books right now [see my Shelfari list [here](#)] including [Guarding Life's Dark Secrets: Legal and Social Controls over Reputation, Propriety, and Privacy](#) by [Lawrence Friedman](#) of the Stanford School of Law. The book examines the legal and social norms governing privacy, reputation, sex, and morals over the past two centuries. It's worth putting on your reading list. [Here's [a detailed review](#) by Neil Richards.] I might pen a full review later but for now I thought I would just snip this passage from the concluding chapter:

The Technology Liberation Front is the tech policy blog dedicated to keeping politicians' hands off the 'net and everything else related to technology. Learn more about TLF →



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Stated
preferences



Revealed
preferences



Stated
preferences

Constructed
preferences

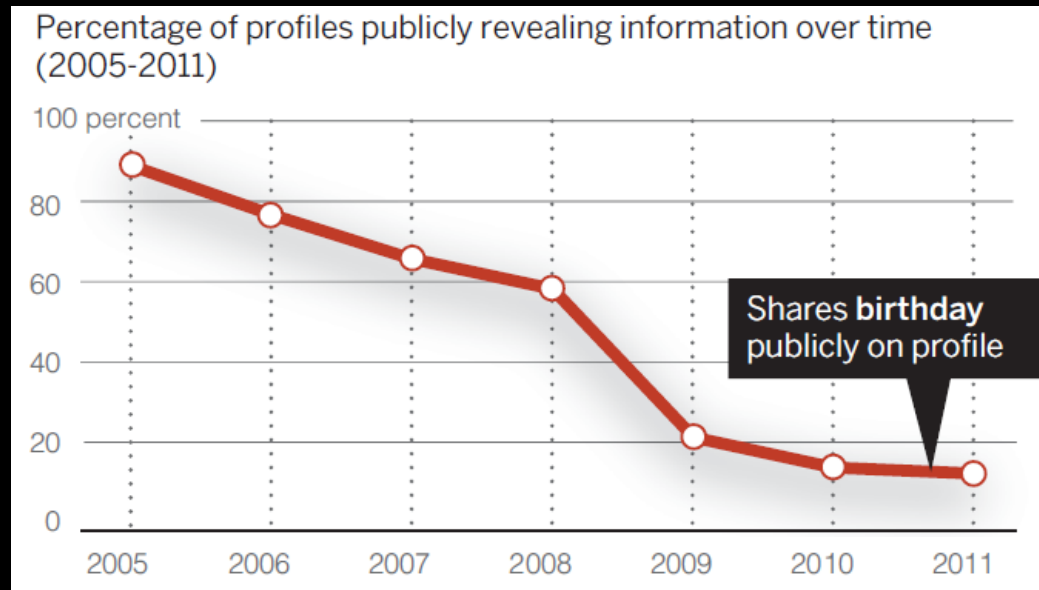
Revealed
preferences

Asymmetric information

Bounded rationality

Biases





"Privacy and Human Behavior in the Age of Information,"
Alessandro Acquisti, Laura Brandimarte, and George Loewenstein. *Science*, 2015



\$10

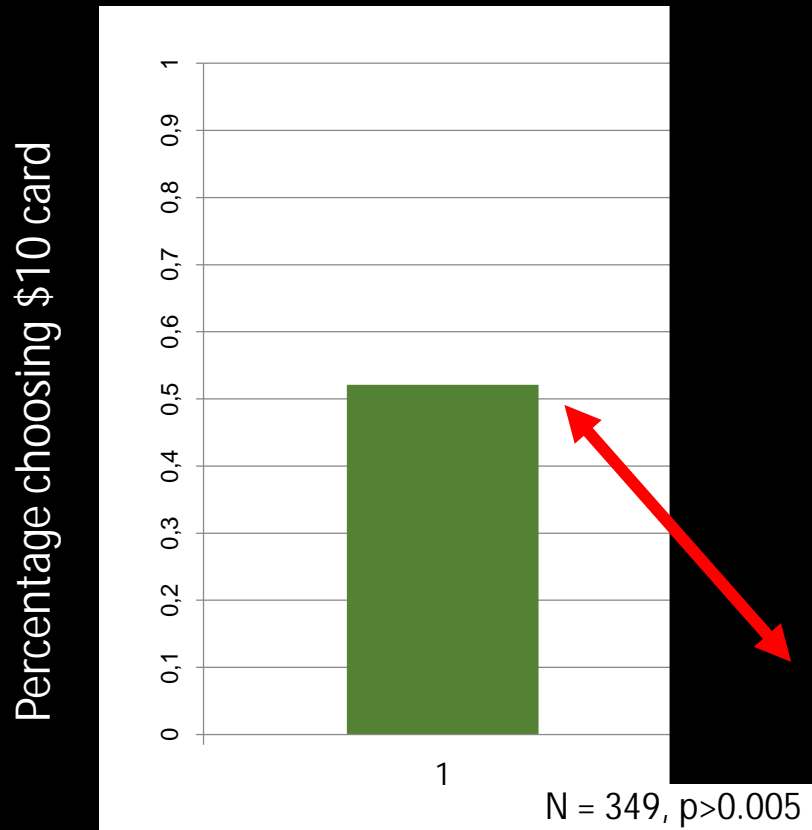
Anonymous



\$12

Tracked

"What is Privacy Worth?" Alessandro Acquisti, Leslie John, and George Loewenstein.
Journal of Legal Studies, 2013.



"What is Privacy Worth?," Alessandro Acquisti, Leslie John, and George Loewenstein.
Journal of Legal Studies, 2013.

The limits of Control & Transparency

Control

Control :: Privacy

+

Control :: Privacy

—

Qualtrics

Study on Ethical Behavior

IMPORTANT: All answers are voluntary. By answering a question, you agree to give the researchers permission to publish your answer.

	Yes	No
1. Are you married?	<input type="radio"/>	<input type="radio"/>
2. Have you ever been fired by your employer?	<input type="radio"/>	<input type="radio"/>
3. Have you ever stolen anything (e.g.: from a shop, a person)?	<input type="radio"/>	<input type="radio"/>
4. Have you ever used drugs of any kind (e.g.: weed, heroin, crack)?	<input type="radio"/>	<input type="radio"/>
5. Have you ever lied about your age?	<input type="radio"/>	<input type="radio"/>
6. Have you ever had cosmetic surgery?	<input type="radio"/>	<input type="radio"/>
7. Have you ever done any kind of voluntary service?	<input type="radio"/>	<input type="radio"/>
8. Have you ever had sex in a public venue (e.g.: restroom of a club, airplane)?	<input type="radio"/>	<input type="radio"/>
9. Have you ever made a donation to a non-profit organization?	<input type="radio"/>	<input type="radio"/>
10. Do you have any permanent tattoos?	<input type="radio"/>	<input type="radio"/>

Close

"Misplaced Confidences: Privacy and the Control Paradox," Laura Brandimarte, Alessandro Acquisti, and George Loewenstein. *Social Psychological and Personality Science*, 2013

qualtrics.com

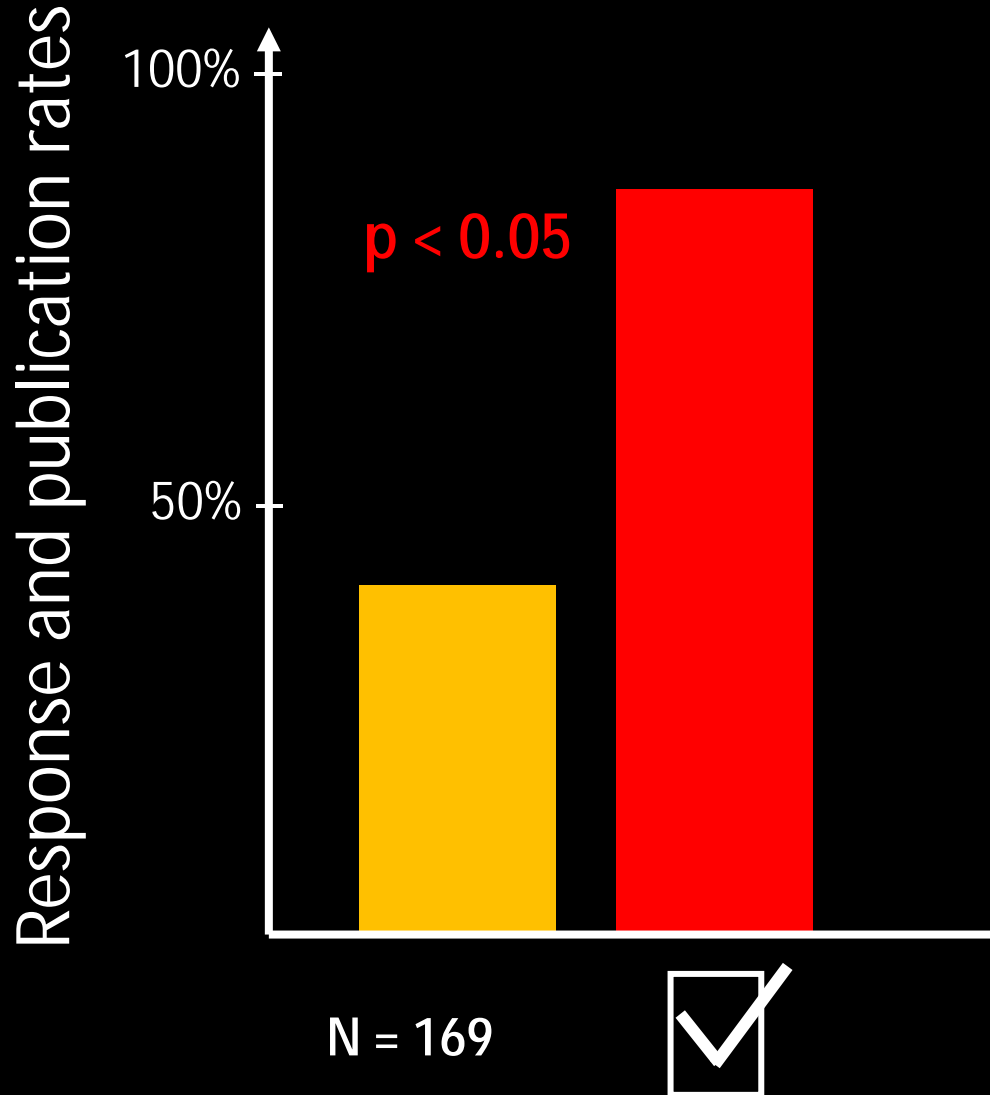
Study on Ethical Behavior

IMPORTANT: All answers are voluntary. In order to give the researchers permission to publish your answer to a question, please check the corresponding box.

	Publication permission	Yes	No
1. Are you married?	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>
2. Have you ever been fired by your employer?	<input type="checkbox"/>	<input type="radio"/>	<input type="radio"/>
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Does it matter? (Part 1)

ists

Privacy is starting to seem like a very 20th-century anomaly

David Shariatmadari



For most of human history, people lived with little or no expectation of a private life. So the new normal, where everyone knows your business, is perhaps not so new - but the golden age of privacy afforded us some important things

REVIEW

Privacy and human behavior in the age of information

Alessandro Acquisti,^{1*} Laura Brandimarte,¹ George Loewenstein²

This Review summarizes and draws connections between diverse streams of empirical research on privacy behavior. We use three themes to connect insights from social and behavioral sciences: people's uncertainty about the consequences of privacy-related behaviors and their own preferences over those consequences; the context-dependence of people's concern, or lack thereof, about privacy; and the degree to which privacy concerns are malleable—manipulable by commercial and governmental interests. Organizing our discussion by these themes, we offer observations concerning the role of public policy in the protection of privacy in the information age.

If this is the age of information, then privacy is the issue of our times. Activities that were once private or shared with the few now leave trails of data that expose our interests, traits, beliefs, and intentions. We communicate using e-mails, texts, and social media; find partners on dating sites; learn via online courses; seek responses to mundane and sensitive questions using search engines; read news and books in the cloud; navigate streets with geotracking systems; and celebrate our newborns, and mourn our dead, on social media profiles. Through these and other activities, we reveal information—both knowingly and unwittingly—to one another, to commercial entities, and to our governments. The monitoring of personal information is ubiquitous; its storage is so durable as to render one's past undelatable

decisions about information disclosing and withholding. Those holding this view tend to see regulatory protection of privacy as interfering with the fundamentally benign trajectory of information technologies and the benefits such technologies may unlock (7). Others are concerned about the ability of individuals to manage privacy amid increasingly complex trade-offs. Traditional tools for privacy decision-making such as choice and consent, according to this perspective, no longer provide adequate protection (8). Instead of individual responsibility, regulatory intervention may be needed to balance the interests of the subjects of data against the power of commercial entities and governments holding that data.

influence by those possessing greater insight into their determinants. Although most individuals are probably unaware of the diverse influences on their concern about privacy, entities whose interests depend on information revelation by others are not. The manipulation of subtle factors that activate or suppress privacy concern can be seen in myriad realms—such as the choice of sharing defaults on social networks, or the provision of greater control on social media—which creates an illusion of safety and encourages greater sharing.

Uncertainty, context-dependence, and malleability are closely connected. Context-dependence is amplified by uncertainty. Because people are often “at sea” when it comes to the consequences of, and their feelings about, privacy, they cast around for cues to guide their behavior. Privacy preferences and behaviors are, in turn, malleable and subject to influence in large part because they are context-dependent and because those with an interest in information divulgence are able to manipulate context to their advantage.

Uncertainty

Individuals manage the boundaries between their private and public spheres in numerous ways: via separateness, reserve, or anonymity (10); by protecting personal information; but also through deception and dissimulation (11). People establish such boundaries for many reasons, including the need for intimacy and psychological respite and the desire for protection from social influence and control (12). Sometimes, these motivations are so idiosyncratic and varied that privacy

Does it matter? (Part 2)

Sharing personal data
is an economic win-win

Personal information is the
lifeblood of the Internet

Loss of privacy is the price to pay
for the benefits of big data

The Economics of Privacy[†]

ALESSANDRO ACQUISTI, CURTIS TAYLOR, AND LIAD WAGMAN*

This article summarizes and draws connections among diverse streams of theoretical and empirical research on the economics of privacy. We focus on the economic value and consequences of protecting and disclosing personal information, and on consumers' understanding and decisions regarding the trade-offs associated with the privacy and the sharing of personal data. We highlight how the economic analysis of privacy evolved over time, as advancements in information technology raised increasingly nuanced and complex issues associated with the protection and sharing of personal information. We find and highlight three themes that connect diverse insights from the literature. First, characterizing a single unifying economic theory of privacy is hard, because privacy issues of economic relevance arise in widely diverse contexts. Second, there are theoretical and empirical situations where the protection of privacy can both enhance and detract from individual and societal welfare. Third, in digital economies, consumers' ability to make informed decisions about their privacy is severely hindered because consumers are often in a position of imperfect or asymmetric information regarding when their data is collected, for what purposes, and with what consequences. We conclude the article by highlighting some of the ongoing issues in the privacy debate of interest to economists. (JEL D82, D83, G20, I10, L13, M31, M37)

1. Why an Economics of Privacy

The value and regulation of information assets have been among the most interesting areas of economic research since

Friedrich Hayek's 1945 treatise on the use of knowledge in society. Contributions to what has become known as the field of *information economics* have been among the most influential, insightful, and intriguing in the

"The Economics of Privacy," Alessandro Acquisti, Curtis Taylor, and Liad Wagman, *Journal of Economic Literature*, 2016.

Sharing personal data
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Sharing personal data can
create winners and losers

We do not know much about
how the surplus generated from
personal data is allocated

Privacy enhancing technologies
can reconcile privacy & big data

"The Economics of Privacy," Alessandro Acquisti, Curtis Taylor, and Liad Wagman,
Journal of Economic Literature, 2016.

In summary

Privacy is hardly a modern invention

However, privacy behaviors are context-dependent, malleable, susceptible to manipulation

The data economy will create winners and losers

If we intend to “protect” privacy, then “notice and consent” mechanisms are, alone, ineffectual

§ “Privacy and Human Behavior in the Age of Information”,
Acquisti, Brandimarte, and Loewenstein, *Science* (2015)

§ “The Economics of Privacy,” Acquisti, Taylor, and Wagman,
Journal of Economic Literature (2016)

§ <http://www.heinz.cmu.edu/~acquisti/> (or google “economics
privacy”)