

Regulating for a Digital Economy

Understanding the importance of cross-border data flows in Asia

Joshua P. Meltzer & Peter Lovelock

Discussion by: Mudit Kapoor¹

¹Indian Statistical Institute (ISI)

April 20, 2018

MAIN IDEA

- Data is like any other commodity!

“The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.”

— Friedrich August von Hayek

Limits to Free Trade

- Foreign government influence
- Concentration of data in the hands of the few private players (the Big Five)
- Human Nature

Limits to Free Trade

- Foreign government influence
- Concentration of data in the hands of the few private players (the Big Five)
- Human Nature

Limits to Free Trade

- Foreign government influence
- Concentration of data in the hands of the few private players (the Big Five)
- Human Nature

FOREIGN GOVERNMENT INFLUENCE

- Sweden, which is considered a paradigm of social democracy with a long record of advocacy of human rights,
 - Yet, they have developed one of the most sophisticated “offensive” cyberwarfare capabilities, which includes hacking.
 - In 2008, the Swedish intelligence agency FRA was given expansive powers by the government to monitor all communications traveling over fiber optic networks into and out of Sweden (80% of Russia’s foreign cable-based communications flow through Sweden).
- Asymmetric flow of data could (or possibly has!) disturb the geo-political balance.

FOREIGN GOVERNMENT INFLUENCE

- Sweden, which is considered a paradigm of social democracy with a long record of advocacy of human rights,
 - Yet, they have developed one of the most sophisticated “offensive” cyberwarfare capabilities, which includes hacking.
 - In 2008, the Swedish intelligence agency FRA was given expansive powers by the government to monitor all communications traveling over fiber optic networks into and out of Sweden (80% of Russia’s foreign cable-based communications flow through Sweden).
- Asymmetric flow of data could (or possibly has!) disturb the geo-political balance.

FOREIGN GOVERNMENT INFLUENCE

- Sweden, which is considered a paradigm of social democracy with a long record of advocacy of human rights,
 - Yet, they have developed one of the most sophisticated “offensive” cyberwarfare capabilities, which includes hacking.
 - In 2008, the Swedish intelligence agency FRA was given expansive powers by the government to monitor all communications traveling over fiber optic networks into and out of Sweden (80% of Russia’s foreign cable-based communications flow through Sweden).
- Asymmetric flow of data could (or possibly has!) disturb the geo-political balance.

FOREIGN GOVERNMENT INFLUENCE

- Sweden, which is considered a paradigm of social democracy with a long record of advocacy of human rights,
 - Yet, they have developed one of the most sophisticated “offensive” cyberwarfare capabilities, which includes hacking.
 - In 2008, the Swedish intelligence agency FRA was given expansive powers by the government to monitor all communications traveling over fiber optic networks into and out of Sweden (80% of Russia’s foreign cable-based communications flow through Sweden).
- Asymmetric flow of data could (or possibly has!) disturb the geo-political balance.

CONCENTRATION OF DATA IN THE HANDS OF THE FEW PRIVATE PLAYERS (THE BIG FIVE)

- A Contradiction in the Liberal order.
- These big five possess immense amount of personal data on their users.
- They have also developed the most sophisticated tools of persuasion that have ever been devised, which gives them immense power over people.
 - Consider Koch brother's data firm 1360 - which, (in partnership with Google and Facebook) has developed detailed portraits of 250 million Americans to persuade, nudge and influence voters.

CONCENTRATION OF DATA IN THE HANDS OF THE FEW PRIVATE PLAYERS (THE BIG FIVE)

- A Contradiction in the Liberal order.
- These big five possess immense amount of personal data on their users.
- They have also developed the most sophisticated tools of persuasion that have ever been devised, which gives them immense power over people.
 - Consider Koch brother's data firm 1360 - which, (in partnership with Google and Facebook) has developed detailed portraits of 250 million Americans to persuade, nudge and influence voters.

CONCENTRATION OF DATA IN THE HANDS OF THE FEW PRIVATE PLAYERS (THE BIG FIVE)

- A Contradiction in the Liberal order.
- These big five possess immense amount of personal data on their users.
- They have also developed the most sophisticated tools of persuasion that have ever been devised, which gives them immense power over people.
 - Consider Koch brother's data firm i360 - which, (in partnership with Google and Facebook) has developed detailed portraits of 250 million Americans to persuade, nudge and influence voters.

CONCENTRATION OF DATA IN THE HANDS OF THE FEW PRIVATE PLAYERS (THE BIG FIVE)

- A Contradiction in the Liberal order.
- These big five possess immense amount of personal data on their users.
- They have also developed the most sophisticated tools of persuasion that have ever been devised, which gives them immense power over people.
 - Consider Koch brother's data firm i360 - which, (in partnership with Google and Facebook) has developed detailed portraits of 250 million Americans to persuade, nudge and influence voters.

HUMAN NATURE

- Individuals are systematically irrational. We are not truth-seekers, rational, reasonable!
- Recent study in *Science* using true and false news distributed on Twitter reveals three disturbing patterns,
 - False news diffused significantly farther, faster deeper and broadly than the truth in all categories, most pronounced for false political news.
 - False news is more *novel* than true news, for example, false stories inspired fear, disgust and surprise while true stories inspired anticipation, sadness, joy, and trust.
 - False news spreads because humans (not robots) are more likely to spread it.

HUMAN NATURE

- Individuals are systematically irrational. We are not truth-seekers, rational, reasonable!
- Recent study in *Science* using true and false news distributed on Twitter reveals three disturbing patterns,
 - False news diffused significantly farther, faster deeper and broadly than the truth in all categories, most pronounced for false political news.
 - False news is more *novel* than true news, for example, false stories inspired fear, disgust and surprise while true stories inspired anticipation, sadness, joy, and trust.
 - False news spreads because humans (not robots) are more likely to spread it.

HUMAN NATURE

- Individuals are systematically irrational. We are not truth-seekers, rational, reasonable!
- Recent study in *Science* using true and false news distributed on Twitter reveals three disturbing patterns,
 - False news diffused significantly farther, faster deeper and broadly than the truth in all categories, most pronounced for false political news.
 - False news is more *novel* than true news, for example, false stories inspired fear, disgust and surprise while true stories inspired anticipation, sadness, joy, and trust.
 - False news spreads because humans (not robots) are more likely to spread it.

HUMAN NATURE

- Individuals are systematically irrational. We are not truth-seekers, rational, reasonable!
- Recent study in *Science* using true and false news distributed on Twitter reveals three disturbing patterns,
 - False news diffused significantly farther, faster deeper and broadly than the truth in all categories, most pronounced for false political news.
 - False news is more *novel* than true news, for example, false stories inspired fear, disgust and surprise while true stories inspired anticipation, sadness, joy, and trust.
 - False news spreads because humans (not robots) are more likely to spread it.

HUMAN NATURE

- Individuals are systematically irrational. We are not truth-seekers, rational, reasonable!
- Recent study in *Science* using true and false news distributed on Twitter reveals three disturbing patterns,
 - False news diffused significantly farther, faster deeper and broadly than the truth in all categories, most pronounced for false political news.
 - False news is more *novel* than true news, for example, false stories inspired fear, disgust and surprise while true stories inspired anticipation, sadness, joy, and trust.
 - False news spreads because humans (not robots) are more likely to spread it.