Get Paid for Data?

Technology conglomerates, now more than ever, profit thanks to the consumer data they have accumulated. To make predictions about who we are, companies track and use consumers' searches, likes, purchases, comments, and other behaviours (Davenport, Dallemule and Lucker 2018). Based on these predicted profiles, Google, Facebook, and other Silicon Valley giants then curate consumers' online experiences for maximum entrapment; platforms can recommend movies, audiobooks, or products for sale based on what they know about individuals. The resulting advertisement revenue represents a cash cow, allowing for precisely targeted optimization in an unprecedented way. Consumer data is therefore immensely valuable.

At present, data's property rights are a "finders keepers" model: the collector alone has indefinite, inalienable ownership. In reaction, scholars, think tanks, and even former Presidential Candidate Andrew Yang have proposed a marketization of data rights, wherein collectors must compensate consumers by buying our data (Adams 2019; Arrieta Ibarra et al. 2017; Porter 2018; Breznitz 2018; Warzell 2019; Lanier and Weyl 2018). Yes, you read that right: a tech company must pay you for the privilege of observation. After all, isn't the data about you *yours*?

The marketization arguments go further: scholars presume such a scheme to promote industry competition, weakening the "Big Five" tech oligopoly consumers know all too well (Lee 2018; Meyer 2018; Barwise 2018; Applebaum 2017). Others believe marketization will support consumer sovereignty, making a collection opt-out option more easily available, as protected by new government agencies (Breznitz 2018; Lanier and Weyl 2019). However, for many, it's simply the idea of a data paycheque that buys their support for the proposal. It's tempting to believe you're sitting on a gold mine. Who doesn't love money for nothing?

However, data marketization has a major flaw: it has a sweeping ability to manipulate consumer choices. An economic principle called Goodhart's Law (1989) tells us why, explaining how measurement incentives change the calculus of decision making. As with much of economics, it makes intuitive sense despite complex language: "when a measure becomes a target, it ceases to be a good measure" (Strathern 1997). Essentially, incentive structures inform forward-looking behaviour choices, even though they only reward things in the present or the past. The rule is applicable to data, as marketization makes creating information the target, and removes its legitimacy as a measure.

Data is only reliable because it is entirely a byproduct of other behaviour. What is learned about consumers by observation represents the most valuable form of data, for its authenticity is unobstructed. The point at which consumer data becomes a commodity, thus consumers are rewarded for its production, threatens to undermine the reliability of any and all such data. When decisions both on and offline are no longer only about their primary outcomes, but a secondary (data-rewarding) incentive system has been introduced, decision making is more complex. Consumers will be incentivized into different forms of actions and transactions, those allowing for measurement, to maximize data paycheques.

This manipulation will take place because not all actions are equally generative of capturable data, at least in the foreseeable future (with certain types of actions, events and transactions more easily digitally measured than others). The data compensation effect imposed on certain actions therefore also introduces an opportunity cost upon all other actions, and will manipulate how we shop, eat, communicate, and recreate.

Data marketization will therefore manipulate consumers' choices in a range of areas. No longer will the data that is purchased, therefore, have the same reliability in what it indicates, for it was produced with its compensatory nature in mind. This negatively impacts consumers, in that corporations' knowledge of consumer preferences are the only ways by which the popular can be produced, the enjoyable can be offered, or the demand can be supplied. This is immensely important in achieving positive consumer outcomes. Compensating consumer data, plotting our on or offline behaviour alike, therefore limits the extent to which our experiences are authentic, or the services that are offered fulfill an actual need.

Competition, sovereignty and industry liberalization cannot be weighed more heavily as being in the social interest when the values of consumer power they seek to enhance are denigrated to a much more significant extent by the very proposal supposed to empower them.

While the allure of a new income stream is difficult to resist, it must be recognized that the incentive, labour and market structures which would inevitably result represent a deterioration of the status quo. A world in which corporations can attune to true consumer preference, free of artificial constraints or incentives, is a desirable one. This is an outcome fundamentally inconceivable when data-generation incentives are omnipresent in personal decision making; and it is further inconceivable when discovering the preferences of consumers, a crucial step of a corporation seeking to meet their needs, comes with a significant cost barrier.

It's not as though data should go unregulated, or that the status quo needs no alteration. Regulations regarding anonymity, privacy, and amalgamation of consumer behaviour data seem to make sense as stand-alone future policy outcomes. The simplification of corporate privacy policies, further, is a process that only promotes consumer consciousness surrounding the issue (Litman-Navarro 2019). This essay has simply shown that the act of directly commodifying data rights would bring unintended consequences to economic outcomes that are not in the interests of consumers. It's not money for nothing; rather, we pay with an always-present onlooker, seeking handouts for systematic violations of privacy.

Works Cited

Adams, Joshua. 2019. "Getting Cash for Our Data Could Actually Make Things Worse." *Medium*. October 25, 2019. https://onezero.medium.com/getting-cash-for-our-data-could-actually-make-things-worse-3793c52ec7e5.

Arrieta Ibarra, Imanol, Leonard Goff, Diego Jiménez Hernández, Jaron Lanier, and E. Glen Weyl. 2017. "Should We Treat Data as Labor? Moving Beyond 'Free.'" SSRN Scholarly Paper ID 3093683. Rochester, NY: Social Science Research Network. https://papers.ssrn.com/abstract=3093683.

Barwise, Patrick. 2018. "Why Tech Markets Are Winner-Take-All." LSE Business Review (blog). June 16, 2018. https://blogs.lse.ac.uk/businessreview/2018/06/16/why-tech-markets-are-winner-take-all/.

Breznitz, Dan. 2018. "Data and the Future of Growth: The Need for Strategic Data Policy." Centre for International Governance Innovation. https://www.cigionline.org/articles/data-and-future-growth-need-strategic-data-policy.

Davenport, Thomas H., Leandro DalleMule, and John Lucker. 2011. "Know What Your Customers Want Before They Do." *Harvard Business Review*, December 1, 2011. https://hbr.org/2011/12/know-what-your-customers-want-before-they-do.

Goodhart, C. A. E. 1989. *Money, Information, and Uncertainty*. 2nd ed.--. Houndmills, Basingstoke, Hampshire: Macmillan.

Litman-Navarro, Kevin. 2019. "We Read 150 Privacy Policies. They Were an Incomprehensible Disaster." *The New York Times*, June 12, 2019, sec. Opinion. https://www.nytimes.com/interactive/2019/06/12/opinion/facebook-google-privacy-policies.html.

Meyer, Robinson. 2018. "How to Fight Amazon (Before You Turn 29)." *The Atlantic*. June 12, 2018. https://www.theatlantic.com/magazine/archive/2018/07/lina-khan-antitrust/561743/.

Porter, Eduardo. 2018. "Your Data Is Crucial to a Robotic Age. Shouldn't You Be Paid for It?" *The New York Times*, March 6, 2018, sec. Business. https://www.nytimes.com/2018/03/06/business/economy/user-data-pay.html.

Strathern, Marilyn. 1997. "'Improving Ratings': Audit in the British University System." *European Review* 5 (3): 305–21. https://doi.org/10.1002/(SICI)1234-981X(199707)5:3<305::AID-EURO184>3.0.CO;2-4.

Warzel, Charlie. 2019. "We Talked to Andrew Yang. Here's How He'd Fix the Internet." *The New York Times*, October 15, 2019, sec. Opinion. https://www.nytimes.com/2019/10/15/opinion/andrew-yang-privacy-internet.html.