



The Daily Dish

COVID-19 and Policy Development

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Eakinomics: COVID-19 and Policy Development

One can view life as an unfolding series of benefit-costs tests – especially if you are a soulless economist! Is the benefit of a classic, 2-pound, resealable bag of Twizzlers strawberry twists larger than the cost of the cash (that could, in turn, be spent on some inferior consumable)? Yes! Is the benefit of a bottle of Michael David Earthquake cabernet sauvignon (especially after a full pandemic day of Zoomfests) in excess of the cash (that, again, could be spent on some hideous white wine)? Yes and Yes!!

In the same way, decisions about public policies should reflect benefit-cost thinking. That’s one of the basic lessons of the new [piece](#) by AAF’s Jennifer Huddleston on data protection and lessons from the pandemic.

Consider [Zoom](#) itself, which has quickly become the center of business and social life in a world of social distancing. As Huddleston notes, “Zoom is facing new questions about the data security risk it may pose and its privacy policy. A [class action lawsuit](#) was filed against Zoom in California alleging it improperly shares user data with Facebook, and the [New York Attorney General is investigating](#) the company’s privacy practices as well. Senator Sherrod Brown has [requested that the Federal Trade Commission \(FTC\) investigate](#) whether the company’s claims regarding the encryption of its services were deceptive.”

The reflex among far too many policymakers is a sweeping and prescriptive privacy regulation to limit the data-privacy and security risk. But does this response make sense? The right way to think about it is whether the “availability of free or low-cost and easy to use videoconferencing services are of a greater benefit than the potential risks of in-person meetings or more analog options.”

More generally, a less-prescriptive regulatory approach allows for more potential options, which in turn allows consumers to choose the option that is closest to their risk tolerance. Proprietary business decision meetings may merit an encrypted, password-protected videoconferencing services. Online wine tastings? Perhaps not so much.

The bottom line is pretty simple. “As the United States considers federal data protection legislation, policymakers should consider how lessons from the pandemic illustrate the tradeoffs associated with stringent policies.