

Chairman John Thune  
Written Questions for the Record to  
Mr. Adam Thierer  
“The Connected World: Examining the Internet of Things”  
Senate Committee on Commerce, Science, and Transportation  
Wednesday, February 11, 2015

**Question 1** - Mr. Thierer, in comments to the FTC, you argued that policymakers should exercise regulatory humility in the face of uncertain technological change and address harms only after conducting a cost-benefit analysis of various remedies. FTC Commissioner Wright raised similar concerns about the FTC’s recent staff report on the Internet of Things. What are the dangers of not doing a cost benefit analysis before moving forward with policymaking in this space?

**Answer 1** – Although benefit-cost analysis is extremely challenging in the field of digital privacy policy, it is essential that analysts and policymakers attempt to conduct such reviews of any regulatory proposals aimed at curbing private sector data collection. While we will never be able to perfectly determine either the benefits or costs of data controls, the very act of conducting a regulatory impact analysis will help us to better understand the trade-offs associated with various regulatory proposals. In this case, benefit-cost analysis would help us determine the impact of new data regulation on technological innovation, consumer choice, entrepreneurialism, economic growth and the competitiveness of America’s digital economy. And because data has powered the Information Revolution and brought consumers a cornucopia of new choices, it is essential that we carefully evaluate any new rules for their impact on the economy.

**Question 2** - Mr. Thierer, in a submission to the FTC you wrote that, “It is likely that citizen attitudes about IoT technologies will follow a familiar cycle we have seen play out in other contexts: initial *resistance*, gradual *adaptation*, and then eventual *assimilation* of that new technology into society.” Where are we today on the spectrum of Internet of Things adoption?

**Answer 2** – We are still in the very early stages of Internet of Things adoption and, at least thus far, we’ve not seen as the same sort of initial resistance to IoT technologies that we witnessed with many previous technologies. While some privacy and security concerns have, perhaps, held back some consumer adoption at the margin, it appears that the public is quickly moving into the “gradual adaption” phase and embracing these technologies. It could be the case that the public’s remarkably rapid assimilation of smartphone technology into their lives since 2007 has acclimated consumers to IoT technologies and made their adoption less jarring.