Is There an App for That?

Posted by Janine E. Mooney, Editor

The control freaks and hall monitors across the country and in Washington, DC, are nervous and ready to act. Why are they so edgy? Apps. Apps (short for applications) are software designed to run on mobile platforms, such as Blackberry, Android, and iPhone or an iPad. The concern of some policymakers is that apps so far have escaped their consumer-protection regulatory grasp. So what is notable about the heavy hand of government wanting to close its fist around yet another engine of economic growth? This time it is essentially seeking to regulate one part of the sprawling technology sector—the software industry—that historically has not been bogged down by government and hence has delivered success after success. The White House, some in Congress, the Federal Trade Commission (FTC), and California are all involved. Nowhere to be found in the letters and quotes in the press is any mention of the marketplace addressing these concerns. Certainly as news has come to light about Instagram, Path and other apps allowing access to customers' address books without their approval, or weaknesses in operating systems, consumers will shy away from those products that offend their sense of privacy. Even in an environment of “government-encouraged” industry self-regulation results will not be as hoped. The software industry has never been one to plan years in advance, and can radically change course, unlike many other industries. Think of the app industry as a place where one day workers are making hamburgers, tomorrow they will produce building materials and next week design baby strollers. Policymakers are simply not adept at crafting regulations, nor imposing self-regulations, in that sort of a reality. Just one such example is the promise by the FTC to address apps and privacy issues at a meeting…in six months, a whole design cycle in the future. In fact, in all likelihood government attempts at control will utterly fail, be bypassed, or will grind innovation to a halt. One institution that is adept at such nimble fast thinking and execution is the free market. Products can rise or fall in days if not hours. Even the often left-leaning Electronic Frontier Foundation has noted, as reported in Politico, “The last couple weeks and months have been a rude awakening for app-developers that privacy is an issue consumers care about” and “the ‘attention in the news’ for companies that run afoul of consumer expectations had helped jumpstart the privacy process.” In other words, the market is working, and that should be the “privacy process” for now. Before lawmakers start spewing laws and regulations we should take a deep breath, let go of our need to control, observe the marketplace, and only then discuss possible solutions to real unsolved challenges.

Today's TechByte was written by Bartlett D. Cleland, Policy Counsel with the Institute for Policy Innovation.

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