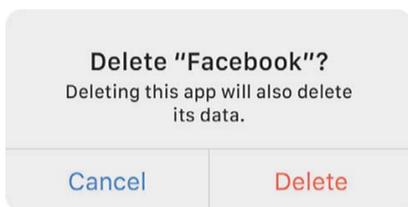




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Before Fixing Our Data-Driven Ecosystem, A Crucial Question: How Much Is It Worth?

One of the most telling moments in the spectacle of Mark Zuckerberg's congressional testimony last week was when Representative Billy Long, a Missouri Republican, warned the co-founder of Facebook of what Congress was likely to do about its multiple concerns surrounding the social network. "Congress is good at two things: doing nothing, and overreacting," he said. After years of the former, he said, "we're getting ready to overreact."

EDUARDO PORTER

ECONOMIC SCENE

That sounds worrisome. But I sympathize. Doing nothing and overreacting make sense when you have no clue of what is going on. And we don't. The cloud of questions aimed at Mr. Zuckerberg — Is Facebook too dominant? Does it censor information? Whom does it share our data with? Does it help sell OxyContin? — suggests that we don't really know what the problem with Facebook is. It also suggests we don't understand what Facebook does. That goes for the entire data-driven

ecosystem, from Google to the auto companies riddling your car with sensors that can tell where you've been and how fast you got there. And that puts policymakers in an uncomfortable spot.

The crucial issue for Congress, government regulators, members of the public and even Mr. Zuckerberg is how much all this data-driven stuff is worth to us. What do we stand to lose by, say, sharply limiting the data these companies can collect? What do we stand to gain?

As Alessandro Acquisti of Carnegie Mellon University and colleagues put it in a recent paper, the question is "to what extent the combination of sophisticated analytics and massive amounts of consumer data will lead to an increase in aggregate welfare, and to what extent will it lead to mere changes in the allocation of wealth?"

We don't know. "We don't understand the value to us of the new data economy nor the risks it entails," said Leonard Nakamura, an

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After Obtaining Real Personal Data, A Political Firm Explores Virtual Currency

By **NATHANIEL POPPER** and **NICHOLAS CONFESSORE**

SAN FRANCISCO — The embattled political data firm Cambridge Analytica quietly sought to develop its own virtual currency in recent months through a so-called initial coin offering, a novel fundraising method that has come under growing scrutiny by financial regulators around the world.

The offering was part of a broader, but still very private push that the firm was making into the nascent world of cryptocurrencies over the last year.

Much like its acquisition of Facebook data to build psychological profiles of voters, the new business line pushed the firm into murky ethical and legal situations. Documents and emails obtained by The New York Times show that Cambridge Analytica's efforts to help promote another group's digital token, the Dragon Coin, associated the firm with a famous gangster in Macau who has gone by the nickname Broken Tooth.

The goal of Cambridge Analytica's own coin offering? Raise money that

would pay for the creation of a system to help people store and sell their online personal data to advertisers, Brittany Kaiser, a former Cambridge Analytica employee, said in an interview. The idea was to protect information from more or less what the firm did when it obtained the personal data of up to 87 million Facebook users.

"Who knows more about the usage of personal data than Cambridge Analytica?" Ms. Kaiser said. "So why not build a platform that reconstructs the way that works?"

The effort was overseen by Cambridge Analytica's British chief executive, Alexander Nix, who was forced out of the company in March after he was caught on tape bragging about his company's approach to political work in other countries, including the use of shell companies and strategies designed to entrap opponents. The Facebook data revelations and Mr. Nix's comments appear to have put the virtual currency work, which was still in the early stages, on

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China Moves To Open Itself To Carmakers From Abroad

By **KEITH BRADSHAW**

SHANGHAI — Beijing and Washington have threatened each other with tariffs for weeks, raising the prospect of a trade war. But on Tuesday, China took a step to lower tensions, offering to make it easier for foreign automakers and aerospace manufacturers to own factories in the country.

The Chinese authorities said that in the next five years they would ease rules that have long required carmakers like General Motors, Toyota and Volkswagen to link up with a local partner before building a factory in China. For manufacturers of electric cars, as well as for companies that make jetliners, helicopters and drones, Beijing plans to move even faster, eliminating foreign ownership limits this year.

Opening up the electric-car sector is a potential boon for Tesla Motors, which has already identified a site in Shanghai for a factory but has not wanted a partner for fear of losing control of its technology. Big automakers, especially Volkswagen, have also been preparing to set up large electric-vehicle subsid-

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JOHANNES EISELE/AGENCE FRANCE-PRESSE — GETTY IMAGES

A Tesla Model S displayed in Shanghai in 2015. China's opening of its electric car sector could help Tesla Motors.

Sales Taxes For Internet Split Court

By **ADAM LIPTAK**

WASHINGTON — A closely divided Supreme Court struggled on Tuesday to decide whether internet retailers should have to collect sales taxes in states where they have no physical presence.

Brick-and-mortar businesses have long complained that they are disadvantaged by having to charge sales taxes while many of their online competitors do not. States have said that they are missing out on tens of billions of dollars in annual revenue under a 1992 Supreme Court ruling that helped spur the rise of internet shopping.

By the end of arguments on Tuesday, it was not clear whether there were five votes to overrule the 1992 decision, *Quill Corporation v. North Dakota*, which said the Constitution bars states from collecting sales taxes from companies that do not have a substantial connection to the state.

Several justices expressed concerns about imposing crushing burdens on small businesses that sell goods on the internet and about making them liable for back taxes. Justice Sonia Sotomayor said the case before the court, *South Dakota v. Wayfair*, No. 17-494, raised "a host of questions" and "a

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