

Faith in the System, Part II

The capitalist system that some privacy advocates think will exploit consumers will, in fact, protect them.

July 5, 2004—I get a lot of e-mail from individuals who hear about RFID from privacy advocate groups such as Caspian and think the technology will either allow retailers to track their every purchase or lead to total control of a helpless population by a totalitarian government. These people often ask how I can be so sure that RFID won't lead to dire consequences. The answer: Free-market capitalism will protect consumers, not lead to their exploitation.

There is clearly a segment of the population that is convinced that business is evil and that whatever technology comes along will be used against consumers. This is ridiculous. No company ever got rich treating its customers in ways they didn't like. Consumers have money, and people in business want them as customers. Privacy advocates can point to individual examples of malfeasance by businesses. But when you look at the big picture, it's clear that the capitalist system forces technology to evolve in ways that benefit consumers. Take the Internet as a recent example.

In the early days of the World Wide Web, privacy advocates were aghast at the thought that retailers could track the habits of people who visited their sites and offer them other items that might also appeal to them. Yet, a decade later, consumers who shop at Amazon.com and other online sites see this as a service rather than an intrusion.

More significant is the fact that smart entrepreneurs realized they could make money by using Internet technologies to serve consumers. They created sites that offer product reviews from customers, compare features and prices on consumer products, and even have shopping bots that scan other sites to find where buyers can purchase an item for the lowest price. The result: Consumers use the Internet today to collect far more data about companies than companies collect on them. If well meaning privacy advocates had achieved a moratorium on the use of the Internet in 1995, as they advocate for RFID today, they would have hurt consumers more than they would have helped them.

Ah, but using the Web is a matter of choice, privacy advocates will say. If you don't want Amazon.com to know what books you buy, you don't have to shop online. You can go to a store and pay cash. RFID technology will be forced upon consumers. You will have no choice but to buy a book with an RFID tag, because all books will have RFID tags. And these tags will enable retailers and perhaps government agents to track people after they leave a store.

This is a preposterous assumption. The capitalist system is built on the concept of choice (which is why monopolies are frowned upon). If a large enough percentage of the population is opposed to RFID tags in the goods they buy, some smart businessperson will open a store where all the tags on the products for sale have been either deactivated or removed. And I would bet my bottom dollar that entrepreneurs will figure out ways to use RFID tags to provide consumers with myriad benefits.

There will be abuses of RFID technology. I know that because there are always a few bad apples who find

ways to abuse new technologies. Laws may be needed at some point to protect the public. But there's no doubt in my mind that the abuses will be insignificant compared to the enormous benefits RFID will bring consumers. I have faith in the system because no matter what some privacy advocates think, it's consumers that have all the power in our economic system.

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