Summary: The American Legislative Exchange Council recognizes that the Internet has flourished due in large part to the unregulated environment in which it has developed and grown. Self-regulation, industry-driven standards, individual empowerment and a market environment generally promise greater future success than intrusive governmental regulation.

In order to secure the economic growth and vitality of the electronic marketplace, The American Legislative Exchange Council has developed the following principles regarding the preservation of online privacy:

1. **The private sector should lead.** For electronic commerce to flourish, the private sector must continue to lead through self-regulation. Innovation, expanded services, broader participation, and lower prices will arise in a market driven arena, not in an environment that operates as a regulated industry.

2. **Government should avoid undue restrictions on electronic commerce.** Parties should be able to enter into legitimate agreements to buy and sell products and services across the Internet with minimal government involvement or intervention. Unnecessary regulation of commercial activities will distort development of the electronic marketplace by decreasing the supply and raising the costs of products and services for the consumer. Governments should refrain from imposing new and unnecessary regulations and bureaucratic procedures on commercial activities that take place via the Internet.

3. **The marketplace is working.** The online market has responded favorably and swiftly to consumer concerns regarding the collection and use of personal information. Among other privacy improvements, studies have found that Web sites are collecting less information and privacy notices are more prevalent, prominent and complete. Dynamic market forces have encouraged commercial Web sites to reduce the use of third party cookies, to track Internet surfing behavior, and third party sharing of information. What these studies demonstrate is that the market is responding to consumer concerns, without burdensome government regulation.

4. **To the greatest extent possible, individuals should be directing their privacy choices.** The most effective privacy policies provide notice, choice, security, and access; individuals should be free to select the policy that best fits their needs.