The Economics of Cybersecurity

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http://www.brookings.edu/techinnovation.aspx
Uh oh...
Topics discussed in *Economist* cover article

- Critical Infrastructure
- Economic Espionage
- Intelligence Community
- Cyber Terrorism
- Cyber Crime
- Technology Issues
- Military Strategy
- US Law & Policy
- International Law & Policy

*Distribution of paragraph by topic*

*The Economist, July 1 2010*

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“cybersecurity”
“cybersecurity”
“cybersecurity”
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Need to disambiguate
Scale

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Urgency
Risk Evaluation
Framing Matters
Who pays?
Asymmetric Information
Externalities
Insurance
Market demand for transparency

“…not aware that investors have asked for more disclosure in this area”
Transparency vs. Accountability
Data Breaches

DataLossDB.org Incidents Over Time

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Network Effects
“Cloud computing”
The weakest link
Risk
Questions?

Comments?

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## Regulatory Spectrum

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<th>Mandated Standards</th>
<th>Liability Standards &amp; Practices</th>
<th>Purchasing Power</th>
<th>Laissez Faire</th>
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