

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

The Economics of Cybersecurity

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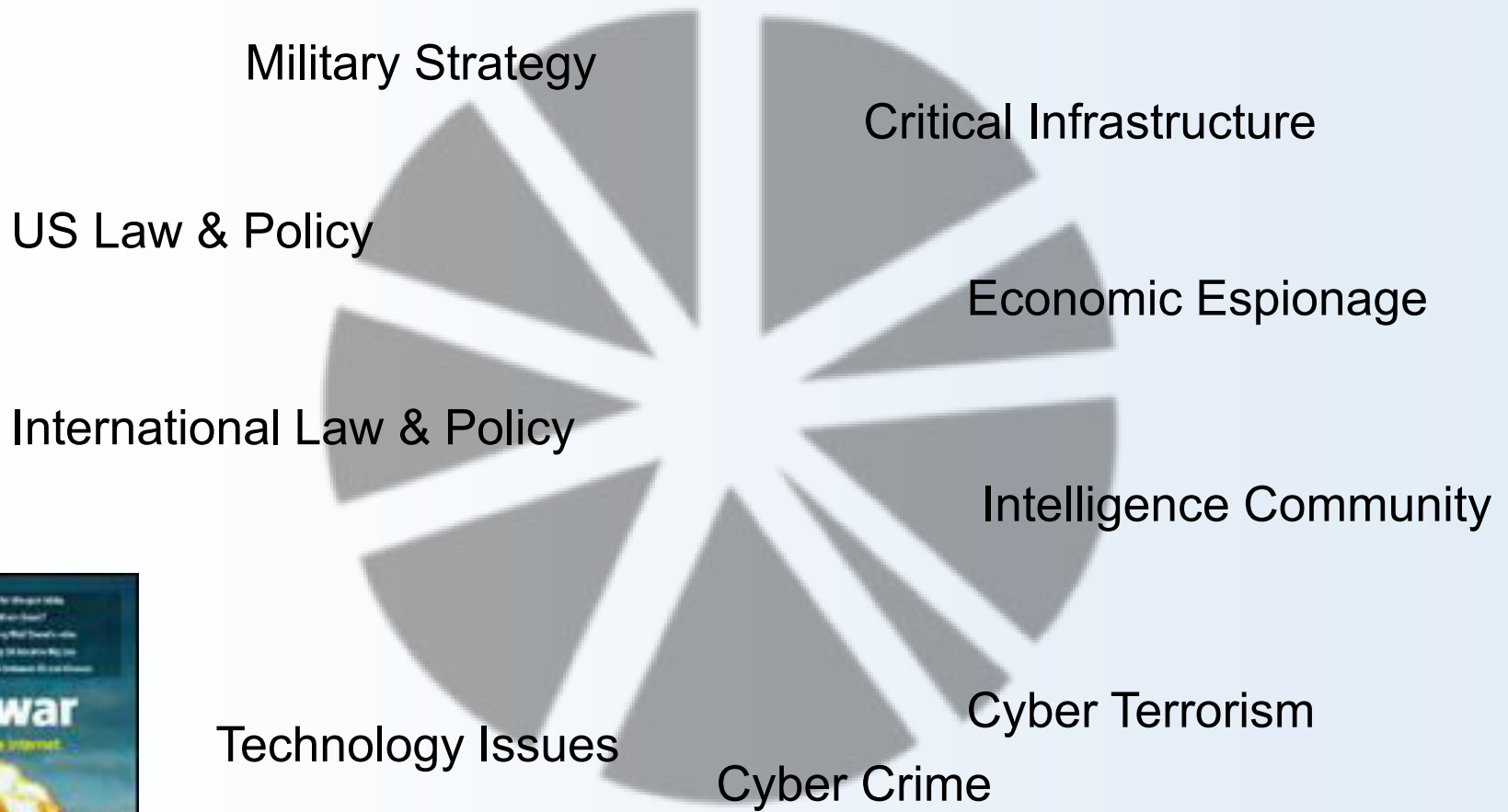
Brookings Institution

<http://www.brookings.edu/techinnovation.aspx>

Uh oh...



Topics discussed in *Economist* cover article



Distribution of paragraph by Economist, July 1 2010



“cybersecurity”

“cybersecurity”





“cybersecurity”





“cybersecurity”





Need to disambiguate



Scale



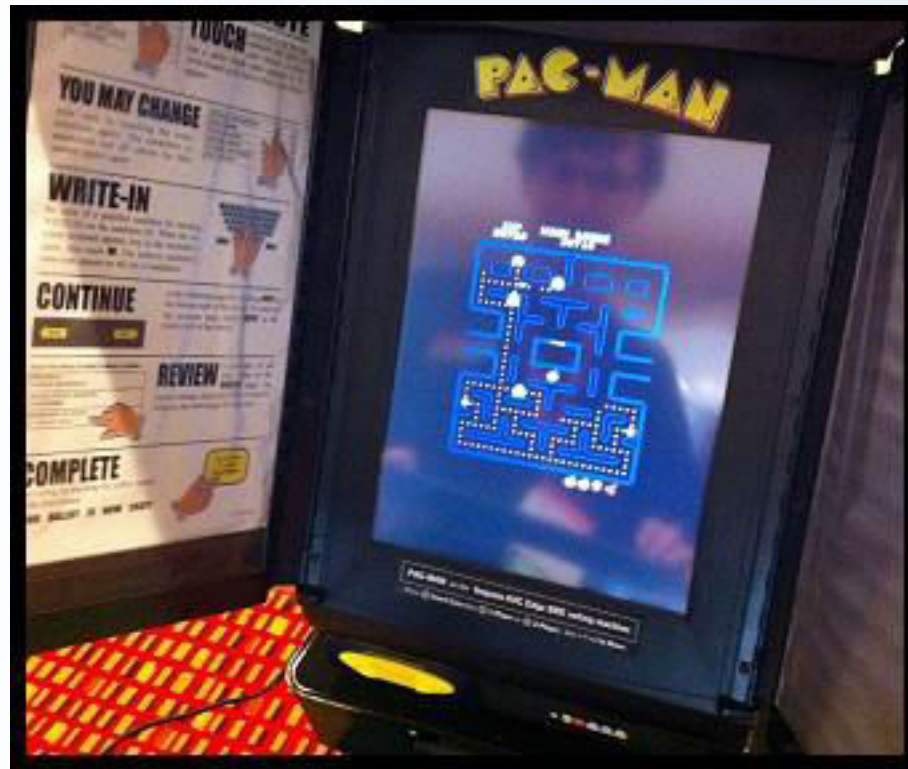
Urgency



Risk Evaluation



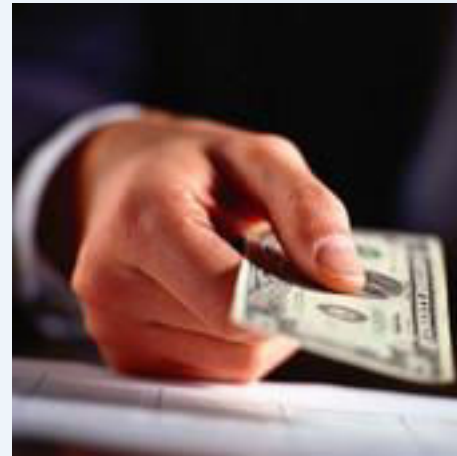






Responsibility

Who pays?



Asymmetric Information



Externalities



Insurance



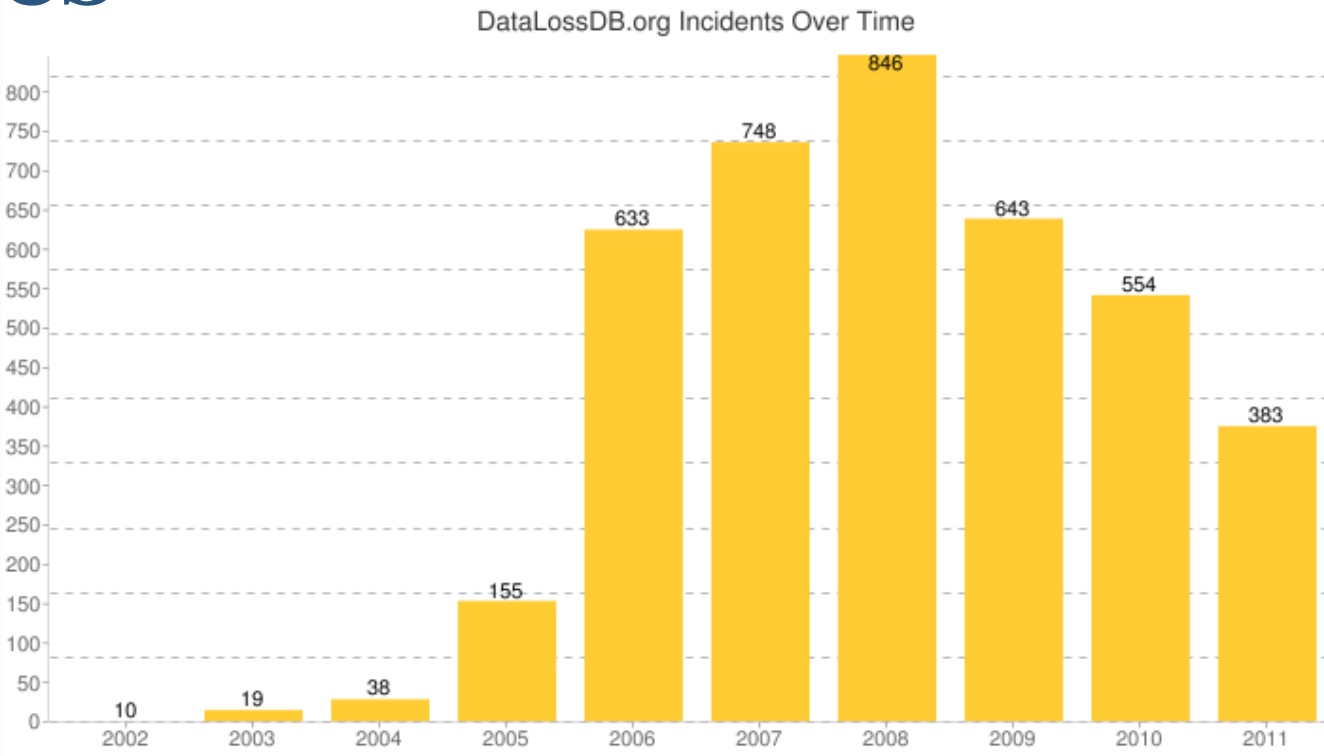
Market demand for transparency

“...not aware that investors
have asked for more
disclosure in this area”

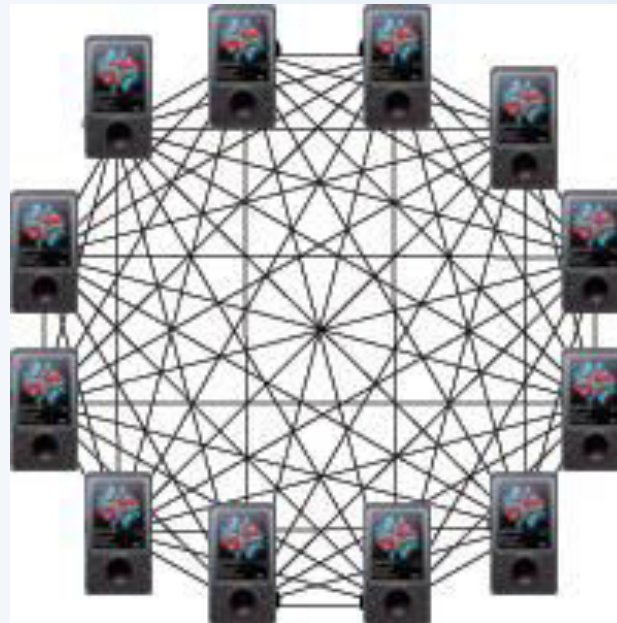


**Transparency
vs.
Accountability**

Data Breaches



Network Effects



“Cloud computing”



The weakest link



Risk



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Questions?

Comments?

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Regulatory Spectrum

Regulation

Mandated Standards

Liability

Standards & Practices

Purchasing Power

Laissez Faire