

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

# The Economics of Cybersecurity

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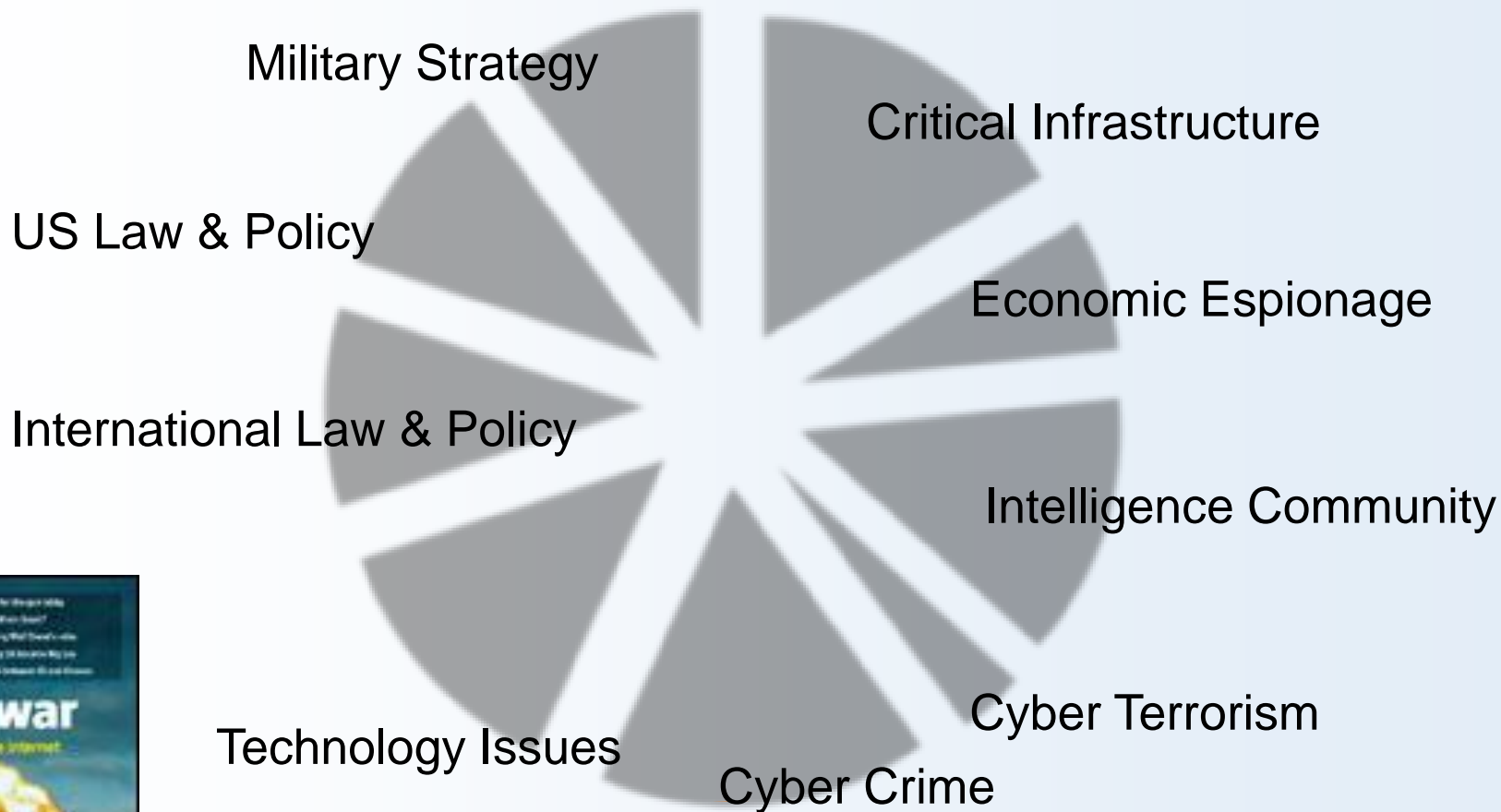
Brookings Institution

<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





**Framing Matters**





**Responsibility**

# Who pays?





# Asymmetric Information





# Externalitie S



# Insurance



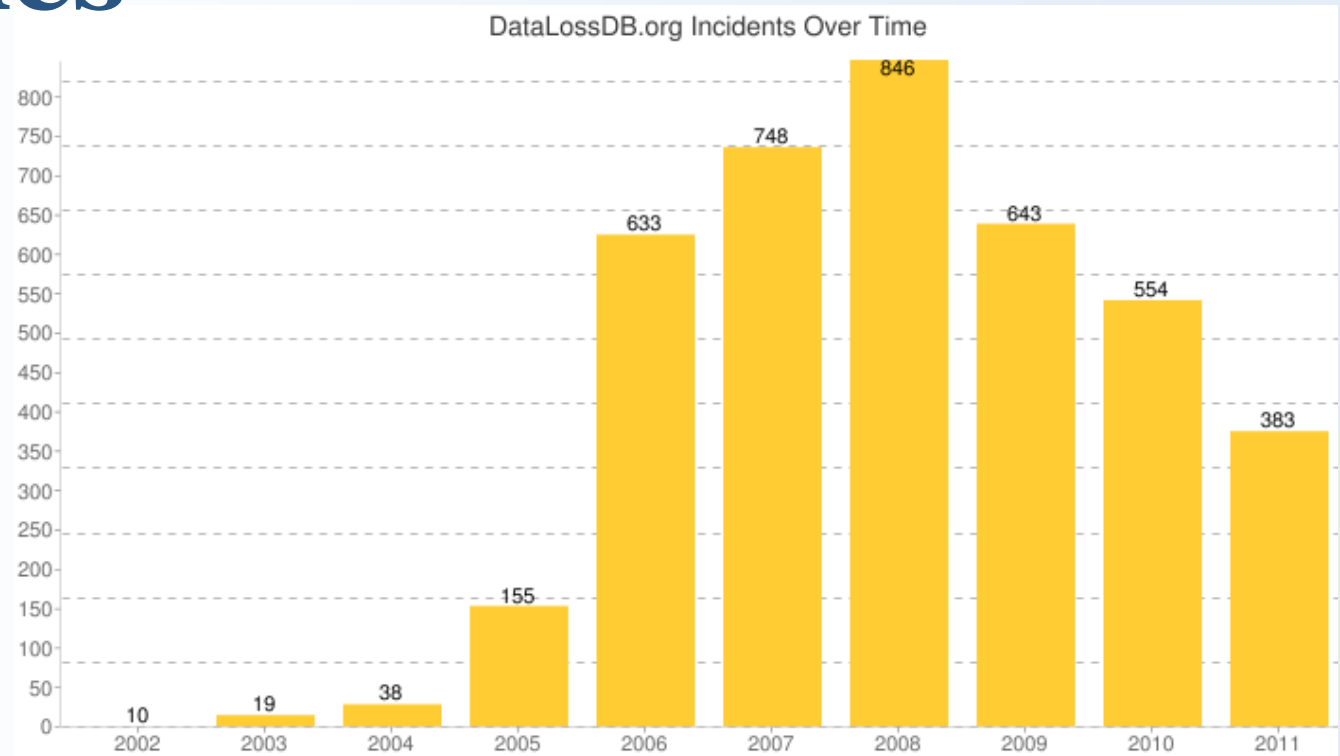
## Market demand for transparency

“...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



# Questions?

# Comments?

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# Regulatory Spectrum

Regulation

Mandated  
Standards

Liability

Standards  
&  
Practices

Purchasing  
Power

Laissez  
Faire