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## The Role of the State in the Private-Sector Cybersecurity Challenge

[Gabi Siboni](#) and [Ido Sivan-Sevilla](#) / May 27, 2018

After three decades of widespread development in digital technologies and telecommunications, it has become evident that cybersecurity cannot be adequately ensured by the market's "invisible hand." Cybersecurity market failures call for state intervention to advance the public interest and mitigate cybersecurity risks. These [failures](#) include underinvestment by companies in cybersecurity due to partial externalization of data breach costs, lack of efficient information-sharing due to anti-trust laws, and the absence of product liability for software and hardware solutions. In contrast to the engaged role states play in advancing the public interest vis-à-vis other high-risk domains such as [food safety](#), [transportation](#), [health services](#), and [financial operations](#), states are yet to engage in systematic private-sector cybersecurity risk regulation.

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*The authors of this article are working to publish a comprehensive study by the [Institute for National Security Studies \(INSS\)](#) on cybersecurity regulation of the private sector. The upcoming book overviews cybersecurity strategies in key western countries, adopts regulatory strategies from parallel domains, and builds a multi-layered regulatory model for cybersecurity in the private sector. While the model addresses Israeli cyberspace, it provides applicable strategies for other countries as well. The suggested framework uses several tools for oversight and is based on self-regulation by private sector entities, as well as mandatory and incentive-based regulations by the state.*

*For full article, see:*

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