Department of Social Sciences, United States Military Academy
SS464: Homeland Security, Academic Year 2006-2

Lesson 16:
Critical Infrastructure Protection (CIP) III:
The Private Sector

Readings:

1. O'Hanlon, Michael E., Peter R. Orszag, Ivo H. Daalder, I. M. Destler, David L. Gunter, James M. Lindsay, Robert E. Litan, James B. Steinberg, *Protecting the American Homeland: One Year On* (Washington, D.C.: Brookings Institution Press,2002): Chapter 4 (pp. 51-66), Chapter 6 (pp. 77-98), and Appendix A (133-135).

2. Stephen Flynn, *America the Vulnerable*: 52 (1st paragraph) to 58, 111 to 127, and 130 (2nd paragraph) to 133.

3. Skim: Information Sharing and Advisory Council (ISAC) Council, *A Policy Framework for the ISAC Community: White Paper*, January 31, 2004.

Study Questions:

1. Why is information sharing a key CIP policy issue? What are ISACs, what do they do, and why?

2. What incentives (market or otherwise) do private sector firms have to improve the security of their infrastructure? What disincentives do firms have?

3. What is the "tragedy of the commons?"

4. What liability issues do firms face with respect to CIP?

5. What are negative and positive externalities? How are they relevant to CIP?

6. What are the benefits, costs, and challenges associated with: (1) regulation, (2) insurance and reinsurance, and (3) subsidies?

7. What criteria should the government use to determine where and how extensively to intervene to ensure private sector CIP measures? In what CIP sectors is government intervention most appropriate, and why?

8. How should the cost of CIP efforts be distributed?