



When is Too Much Security Too Much?

by Richard W. Rahn

MEASURES THAT SLOW THE ECONOMY BLOCK BETTER SOLUTIONS

Should Americans be spending more on public security, or less? After a week of two horrific events, the Boston Marathon attack and the Texas fertilizer-plant explosion, most would probably answer the above question by saying, "We're not spending enough." Such an emotional response is not surprising particularly after seeing the highly competent and courageous response of the police, firefighters and medical first responders.

On Friday, I received an email from a friend asking the question, "Did it make sense to close down half of Massachusetts for a day to capture one 19-year-old suspected terrorist? No, unless he was part of a bigger cell which was the unknown for the police. Did the huge redeployment of law enforcement resources for the week to catch the perpetrators result in more nonrelated terrorist murders or auto fatalities (or perhaps even fewer)?"

One occasionally hears the comment that "we should spend whatever is necessary" to stop terrorism. It sounds good, but on reflection, it makes no sense. First, it is not at all clear that spending an unlimited amount can "stop terrorism." As harsh as it may sound, we, like the Israelis and others, might have to learn to live with an occasional terrorist event. If we bankrupt the country or give away our liberties in a futile attempt to stop all terrorism, the terrorists win. As Benjamin Franklin warned: "Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety."

A society would make better public-policy decisions as to how much to spend on protection i.e., policing, firefighting, first-response medical systems, and the military if we viewed these expenditures as we do other forms of insurance. A rational person does not spend far more for homeowners and business insurance than the home or business is worth. Most people do not have \$100 million in life insurance, because they cannot afford it and because they also implicitly realize that their lives are probably not worth that much.

The same is true when making collective decisions about how much to spend for public safety. Thus, the first question that needs be asked is, how much is a human life worth? In the real world, most people implicitly understand that the life of the typical 95-year-old is not worth as much as the life of a 28-year-old who has just received a medical degree. Courts recognize this; so, in the case of wrongful death, the payments are often granted on the expected remaining lifetime earnings of the victim.

How much is your life worth? Is it worth as much as you would be willing to pay to stay alive (all of your assets?), plus the amount that family, friends, acquaintances or perhaps even strangers would be willing to spend to keep you alive? Many bad decisions are made by public policymakers because they avoid making the decision as to how much the typical person's life is worth. The result is that we greatly overspend on airline security (because the rare crash is big news) relative to driving, bicycling and walking. According to an analysis published in the American

Scientist, "to make flying as dangerous as using a car, a four-plane disaster on the scale of 9/11 would have to occur every month." The hassles and time loss of going through airline screening causes some people to drive more and fly less (estimates are in the 5 percent range), so the folks at the Transportation Security Administration (TSA) are inadvertently causing more lives to be lost than necessary. They should greatly expand their trusted-traveler program because it reduces costs by not wasting scarce resources on low-risk travelers, makes the airport experience less unpleasant, and saves lives by getting people out of their cars and onto planes.

The TSA spends about \$8 billion per year on airport security, or \$12 per passenger per flight. The additional waiting time per passenger costs at least an additional \$15 per flight. All of this is a deadweight loss on the economy, which costs productive jobs and economic growth. Higher growth results in not only better lives, but more new technology to make us safer. The speed of identification of the Boston terrorism suspects was directly related to the digital video cameras, including cellphones. This inexpensive technology, which has brought tremendous pleasure to billions as well as made the job of the police far easier and more cost-effective, was first developed by an American company, Kodak, which had sufficient profits at the time to invest in research. (Ironically, it did not work out well for Kodak, because this innovation destroyed its highly profitable film business.)

The bottom line is that attempting to increase security through more spending and taxing may be counterproductive for many reasons including misallocating money for security and slowing growth, which impedes the development of new, better and less intrusive security tools.

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