



# Audit of the Conventional Wisdom

## The Audit of Conventional Wisdom

*In this series of essays, MIT's Center for International Studies tours the horizon of conventional wisdoms that define U.S. foreign policy, and put them to the test of data and history. By subjecting particularly well-accepted ideas to close scrutiny, our aim is to re-engage policy and opinion leaders on topics that are too easily passing such scrutiny. We hope that this will lead to further debate and inquiries, with a result we can all agree on: better foreign policies that lead to a more peaceful and prosperous world. Authors in this series are available to the press and policy community. Contact: Michelle Nhuch (NHUCH@MIT.EDU, 617.253.1965)*

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## Is Port Security Funding Making Us Safer?

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The most terrifying security threat to security experts and the public alike is nuclear proliferation. Once the figment of Hollywood imagination, the ultimate nightmare scenario that is discussed by some as inevitable is the detonation of a nuclear device on American soil. The majority of experts believe that the most likely way weapons of mass destruction (WMD) would enter the United States is by sea, hence a focus on port security.<sup>1</sup>

Ports offer terrorists vast opportunities to inflict damages. As the primary mode of transportation for world trade goods, maritime commerce is essential to America's economic vitality.<sup>2</sup> Every year approximately nine million cargo containers—26,000 a day—arrive at U.S. ports from all over the world.<sup>3</sup> The U.S. maritime system includes more than 361 sea and river ports with more than 3,700 cargo and passenger terminals and more than 1,000 harbor channels along thousands of miles of coastline.<sup>4</sup>

In FY 2007, President Bush requested \$2.3 billion for port security out of a \$57 billion government-wide budget for homeland security.<sup>5</sup> However, the important question is not how much money is spent but rather whether the money is allocated toward the most cost-effective programs. In other words, is America getting the maximum level of protection in exchange for our tax dollars?

A close look at port security allocation decisions indicates that spending occurs without regard for risk analysis let alone cost-benefit analysis, leading to a large array of misallocated spending. For instance, what should be the highest priorities—preventing terrorists from acquiring nuclear devices and material—receive less money than much less cost-effective policies such as nuclear detection in the ports or post-disaster response activities.

Because it rests mainly on domestic detection of WMD in ports—a task that is not clear could be achieved—the port security model offers almost no value to the nation.<sup>6</sup> Even if we could seal our ports, America wouldn't be safe. The only effective way to prevent nuclear

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attacks is to deny terrorists access to weapons and material. Without nuclear materials there can be no nuclear bombs.

## Economics of Port Security

Economists think about security policies in terms of tradeoffs, formally comparing the costs and the benefits, both pecuniary and non-pecuniary. Common economic sense states that homeland security funds are best allocated where they are most likely to prevent successfully terrorist attacks and, in the event of failure, mitigate the consequences. This regimen should be maintained throughout the allocation process and should dictate how funds are dispersed within each sector.

There are two types of threats related to ports: (1) direct attacks on the ports themselves and (2) transport of dangerous material through ports for use in terrorist plots elsewhere in the country. Like any terrorist attack, an attack on a port would cause injury, death, and have terrible economic and social consequences. Damage to infrastructure and the destruction of inventory in port could seriously disrupt trade not only in the U.S., but also around the world. The damage would be on the order of 100 times greater if a nuclear device were detonated in a major American city such as New York or Washington, D.C.<sup>7</sup>

In ports, as with all stationary targets, attackers have a natural advantage because they get to choose where to attack. The German thrust into Western Europe in the Second World War is an instructive example. The Wehrmacht simply side-stepped the impressive defenses built by the French in the Maginot Line. Similarly, terrorists will attack wherever the defenses are weakest. Because terrorists have this advantage, the best port security comes from a proactive strategy of keeping terrorists and their bombs as far as possible from U.S. shores.

A practical strategy rests on three priorities:

1. Stop terrorists from acquiring the fissile material necessary to build a bomb. That's where we should spend most of our security funds. No fissile material, no bomb. We can achieve this by keeping close tabs on fissile materials around the world, buying foreign stockpiles, and helping foreign governments protect or destroy their stockpiles.<sup>8</sup>
2. Recover nuclear material and devices in the event that they fall into terrorists' hands. The U.S. should lead an international effort with cooperation from abroad in tightening security at foreign ports. The effort would assist in funding systems to bolster nuclear detection abilities in foreign countries or place U.S. agents on site in foreign ports. Partnerships with foreign manufacturers and importers to ensure that their shipments are protected against infiltration are probably also a good idea and would reduce the need for screening every cargo shipment.
3. Invest in response and mitigation capabilities. Without knowing where or how the attack will occur, responders can lower some of the expected damage by developing plans for the aftermath of an attack. For an attack on a port, such plans include evacuating civilians and personnel, placing emergency equipment within easy reach, training first response and medical personnel to handle emergencies and attacks, and developing business continuity strategies to allow the port to get up and running quickly after an attack. Experts also suggest developing pre-positioned equipment for responders and the American population.<sup>9</sup>

Finally, economists conclude that direct prevention on-site for things like physical barriers (e.g., fences), surveillance equipment (closed-circuit television), and access control systems for employees and visitors is not cost effective. Given that direct defenses are only as good as their weakest link, they tend not to be cost effective: one has to protect *everything* from *every* possible mode of attack.

## Port Security Spending Today

In FY 2007, port security funding mainly focused on the pursuit and recovery of material and devices should weapons-grade materials fall into terrorists' hands—our second highest priority.<sup>10</sup> The Container Security Initiative (CSI) targets high-risk containers for inspection at overseas ports prior to their departure for U.S. ports. Today, it deploys teams of inspectors, special agents, and intelligence analysts in 53 foreign ports to inspect cargo containers for weapons of mass destruction before being shipped to the United States.<sup>11</sup> In 2007, CSI had a budget of \$139 million.

In addition, the Department of Homeland Security (DHS) spent \$60 million on the Custom and Trade Partnership against Terrorism (C-TPAT). The 7,000 businesses, including most of the largest U.S. importers, involved in this public-private and international partnership have agreed to meet “supply chain” standards for establishing a secure chain of custody for every unit of cargo traded overseas.<sup>12</sup> Sadly, recent reports have found crippling flaws in DHS’s foreign programs.<sup>13</sup>

The Domestic Nuclear Detection Office (DNDO) received \$535 million in 2007.<sup>14</sup> DNDO’s mission addresses a broad spectrum of radiological and nuclear protective measures, but is focused exclusively on domestic nuclear detection.<sup>15</sup> The fundamental problem is that DNDO relies on radiation portal monitors that have been proven unable to detect shielded nuclear material essentially rendering them useless.<sup>16</sup>

Besides, even if the system could detect every dangerous item, it is ineffective unless the nuclear material is brought through the fixed ports of entry where the monitors are located. With thousand of miles of unguarded borders—and no cost effective way to address the issue—smugglers can easily find positions to bring illicit goods inside the country. Consider the country’s long standing War on Drugs and the inability to stop the flow of illegal drugs into the country.

This does not mean we should not make some effort to detect material inside U.S. ports. However, we should keep in mind how risky it is to rely on port security at home: if the system fails, the nuclear material ends up inside the country or will be used to blow up a port. If a nuclear bomb blows up at the port of New York, it would kill some of New York City’s eight million residents. It is a small comfort that a detector’s alarm might go off five minutes before so many people die.

Another \$200 million goes to the highly criticized Port Security Grant Program for direct prevention on site.<sup>17</sup> Finally, a large portion of the port security funding goes to the Coast Guard’s \$1.5 billion homeland security operating expenses for ports, and a share of the Coast Guard acquisition and modernization program.<sup>18</sup>

By contrast, in FY 2007 the federal government spent \$1.1 billion to keep nuclear weapons and weapon-usable nuclear materials out of terrorists’ hands—supposedly everyone’s highest priority. And if Congress adopted the administration’s FY 2008 proposal in its entirety, the nuclear threat reduction resources available would decline to \$989 million.<sup>19</sup>

Activities in these programs—most of them in the Departments of Defense and Energy—include securing and accounting for nuclear material, helping states intercept nuclear smugglers at their borders, and getting rid of vulnerable caches of bomb material. But, numbers can be misleading. The biggest share of our effort supports activities in the U.S. to eliminate our own highly enriched uranium and plutonium rather than securing Russia’s vast stockpiles of nuclear weapons, which clearly limits the effectiveness of this strategy.<sup>20</sup>

## Conclusion

In Washington, priorities are measured by how much lawmakers are willing to spend on a mission relative to another one. Hence,

we can conclude that ensuring that terrorists don’t acquire nuclear weapons or material isn’t a high priority. Experts have repeatedly noted that this mission suffers from fundamental defects and is in dire need of resources.<sup>21</sup> Yet, no new resources have been made available to address this problem.

More telling is the fact that the \$1.1 billion we spend on denying terrorists access to nuclear weapons and material pales in comparison with the amounts we spent each year on much less catastrophic threats. For example, in airline security, improved cockpit security has limited the worst-case scenario witnessed on 9/11 to the destruction of a plane and loss of approximately 300 passengers. Yet, we will spend \$5.8 on baggage screening for airlines in FY 2008 and over \$3 billion to help state and local government build their response capacity.<sup>22</sup> First responder grant programs are predicated on the notion of cleaning up after terrorists have successfully attacked and hence are not making us more secure. Furthermore, nuclear experts predict that these investments will be irrelevant if we are actually attacked with a WMD weapon.<sup>23</sup>

In the end much of the money spent on port security goes to lower priority programs, as does much of our homeland security funding. It adds little value to the nation’s security. Thankfully, a successful nuclear attack remains a very low probability event. Yet, it only takes one success to create significant damages. Do we really need the deaths of 200,000 people to move the nuclear threat to the top of the priority list?

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### article footnotes

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3 *Ibid*.

4 *Ibid*.

5 Budget of the United States, FY2007.

6 The same criticism applies to border security.

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8 Graham Allison (2004), “How to Stop Nuclear Terror?” *Foreign Affairs*, Jan/Feb.

9 Randy Larsen (2007), *Our Own Worst Enemies*, Grand Central Publishing.

10 Author’s calculation based on Homeland Security, Budget-in-Brief FY2007, [http://www.dhs.gov/xlibrary/assets/Budget\\_BIBFY2007.pdf](http://www.dhs.gov/xlibrary/assets/Budget_BIBFY2007.pdf).

11 See [http://www.cbp.gov/xp/cgov/border\\_security/international\\_activities/csi/csi\\_in\\_brief.xml](http://www.cbp.gov/xp/cgov/border_security/international_activities/csi/csi_in_brief.xml).

12 Michael Chertoff (2007), “Testimony of Secretary Michael Chertoff before the House Committee on Homeland Security, September 5.

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16 Bethann Rooney, “Detecting Nuclear Weapons and Radiological Materials: How Effective is Available Technology?” Testimony Before Subcommittee on Emergency Preparedness, Science and Technology, The House Committee on Homeland Security, June 21.

17 Office of Inspector General (2005), January, p. 4.

18 John Frittelli (2003).

19 Matt Bunn and Anthony Wier (2007), “Appendix: Budget Analysis and Recommendations,” in *Security the Bomb, Nuclear Threat Initiative*, p. 151.

20 Laura Holgate quotes in “Is port security making us safer?, Veronique de Rugy (2005), *AEI Working paper*.

21 See for instance, Matt Bunn (2007), *Security the Bomb, Nuclear Threat Initiative*, p. 146. And 9/11 Commission Report, p. 381.

22 Department of Homeland Security Budget In Brief FY2008, p. 19.

23 Matthew Bunn, Anthony Wier, and John P. Holdren (2003), “Controlling Warheads and Materials: A Report Card and Action Plan,” *Nuclear Threat Initiative*, March.



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