

Managing Fear: The Politics of Homeland Security

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Americans want more homeland security than they need. That is the politics of homeland security in a nutshell. It results from two things. First, cognitive biases cause people to worry more about terrorists than they should and to demand more protection from them than cost-benefit analysis recommends. Second, U.S. citizens' information about terrorism comes largely from politicians and government organizations with an interest in reinforcing excessive fears.

These tendencies create political demand for ill-conceived counterterrorism policies. Few policymakers will buck that demand and fight overreaction to terrorism. But for those willing to look, the history of health and safety regulation and defense policy reveals strategies to limit overreaction. Policymakers can improve communication strategies by promoting a stiff-upper-lip attitude toward terrorism that emphasizes strength, not vulnerability. They can use cost-benefit analysis to justify decisions that limit the provision of defenses. They can design resource-allocating institutions to compare different kinds of risks and remedies against them—making the cost of homeland security measures more transparent. A more cynical approach is to embrace security theater, answering demands for counterterrorism with policies that serve other purposes while holding down spending. All these strategies are used today, but not enough.

This essay explains why Americans demand too much homeland security and offers ways to manage the problem. That focus requires limiting discussion of the idea that terrorism is less of a threat than one generally hears.¹ Still, the

¹ John Mueller, "A False Sense of Insecurity?" *Regulation* 27 (Fall 2004): 42–46; John Mueller, *Overblown: How Politicians and the Terrorism Industry Inflate National Security Threats, and Why We Believe Them* (New York: Free Press, 2006); Ian S. Lustick, *Trapped in the War on Terror*

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reader should take away the point that fear of terrorism is a bigger problem than terrorism. Terrorism, after all, takes its name not from violence but from the emotion it provokes. But homeland security policy considers mostly the former. That is a shame, especially because the defenses we mount against terrorists often heighten our fears of them.

Here, the term “overreaction” refers to policies that fail cost–benefit analysis and thus do more harm than good or to advocacy of those policies. This is not to say that all goods and harms easily reduce to economic value. But when we consider the wisdom of policies, including their contribution to values like our sense of right, we have a kind of cost–benefit ledger in our minds. We are prepared to call some actions excessive to their purpose and therefore overreactions.

Homeland security means domestic efforts to stop terrorism or mitigate its consequences. In that sense, the name of the Department of Homeland Security (DHS) misleads. Much of what DHS does is not homeland security, and much of its budget does not count as homeland security spending, according to the Office of Management of Budget (OMB).² I use the phrase “homeland security” with regret, only because it is so common. Only a nation that defines its security excessively needs to modify the word “security” to describe defense of its territory. In most nations, “security” or “defense” would suffice.

VULNERABILITY, RISK, AND FEAR

Vulnerability to terrorism is inevitable. We can focus our defenses on high-value targets like crowded football stadiums, jumbo jets, nuclear power plants, the White House, and the Capitol, but there remain countless malls, festivals, and trains to bomb. We can make it harder for malfeasants to enter the United States, costing ourselves via lost travel, immigration, and business. But border control can only be an aspiration in a country that has 12,883 miles of coast, legally admits 177 million foreigners each year, and shares 5,500 miles of border with its top trading partner.³ If invulnerability is the goal, there is no limit on homeland security spending.

(Philadelphia: University of Pennsylvania Press, 2006); Benjamin H. Friedman, “Leap Before You Look: The Failure of Homeland Security,” *Breakthroughs* 13 (Spring 2004): 29–40; Benjamin H. Friedman, “Think Again: Homeland Security,” *Foreign Policy* (July–August 2005): 22–28.

² On what counts as homeland security spending, see the section on “Homeland Security Mission Funding by Agency and Budget Account” in the Crosscutting Programs of the *Analytical Perspectives* volume of the “Budget of the United States Government, Fiscal Year 2010,” accessed at <http://www.whitehouse.gov/omb/budget/fy2010/assets/homeland.pdf>, 6 July 2010.

³ The length of the border comes from the International Boundary Commission’s website, accessed at <http://www.internationalboundarycommission.org/boundary.html>, 7 July 2010. The number of foreign visitors comes from the U.S. Department of Homeland Security, *Yearbook of Immigration Statistics: 2008* (Washington, DC: Office of Immigration Statistics, U.S. Department of Homeland Security, 2009), 65, accessed at http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2008/ois_yb_2008.pdf, 24 July 2010.

Vulnerability is not risk, however. Vulnerability considers the possibility of harm, risk its probability. The United States has two attributes that reduce the risk of terrorism at home. First, mature liberal institutions undermine motivation for U.S. residents to embrace political violence, including terrorism. Oppressive societies have no monopoly on terrorist creation, but they produce more than their share.⁴ Because terrorism tends to be local, this is good news for Americans.⁵ Long before anyone used the phrase “homegrown terrorism,” the United States had an effective policy to prevent it, which is to remain a cohesive, liberal society. Along with immigration patterns, that helps explain why there is little terrorism and scant evidence of terrorist cells within the United States.⁶ Despite extensive hunting, just a handful of true terrorists have been arrested here in recent years.⁷

Second, our economy and governmental capacity limit the consequences of terrorist attacks. Homeland security experts often claim that American society is brittle, that even a cyberattack could cripple the economy.⁸ They say we need to transform ourselves into a resilient society that can withstand attacks and disasters. This view overlooks our existing resilience. Health care facilities, emergency response organizations, and capital to rebuild limit terrorism’s potential damage here. Poor, misgoverned societies are the brittle ones. In the United States, most storms and attacks are nuisances that do little lasting harm. Even catastrophic events, like Hurricane Katrina or the September 11 attacks, barely affect the national economy (the reaction to September 11 is another matter).⁹

⁴ On the correlation between a lack of civil liberties and terrorists’ country of origin, see Alan Krueger, *What Makes a Terrorist? Economics and the Roots of Terrorism* (Princeton, NJ: Princeton University Press, 2007), 77–79. On the relationship between liberal institutions and political violence, see Edward D. Mansfield and Jack Snyder, *Electing to Fight: Why Emerging Democracies Go to War* (Cambridge, MA: MIT Press, 2005).

⁵ Eighty-eight percent of terrorism occurs in the attackers’ country of origin, according to Krueger, *What Makes a Terrorist*, 71.

⁶ Brian Ross, “Secret FBI Report Questions Al Qaeda Capabilities,” 9 March 2005, accessed at <http://abcnews.go.com/WNT/Investigation/story?id=566425&page=1>, 7 July 2010.

⁷ On the limited number of terror prosecutions in the United States, see “Terrorist Trial Report Card: September 11, 2008,” Center for Law and Security, New York University, accessed at <http://www.lawandsecurity.org/publications/Sept08TTRCFinal1.pdf>, 7 July 2010; Eric Schmitt, “F.B.I. Agents’ Role Is Transformed by Terror Fight,” *The New York Times*, 18 August 2009; Dan Eggen and Julie Tate, “U.S. Campaign Produces Few Convictions on Terrorism Charges,” *The Washington Post*, 12 June 2005; David Cole, “Are We Safer?” *New York Review of Books*, 9 March 2006, 15–18.

⁸ See, for example, Stephen Flynn, *The Edge of Disaster: Rebuilding a Resilient Nation* (New York: Random House, 2007).

⁹ Gail Makinen, “The Economic Effects of September 11: A Retrospective Assessment,” Congressional Research Service, 27 September 2002, accessed at <http://www.fas.org/irp/crs/RL31617.pdf>, 7 July 2010; Brian W. Cashell and Marc Labonte, “The Macroeconomic Effects of Hurricane Katrina,” Congressional Research Service, 13 September 2005, accessed at http://assets.opencrs.com/rpts/RS22260_20050913.pdf, 7 July 2010.

The argument that we are brittle is similar to strategic airpower theory, which claims that the destruction of critical economic nodes can halt a nation's industrial output and force its surrender. History shows that the theory severely underestimates the amount of violence needed to cripple most states. Modern societies have repeatedly maintained economic output and their will to fight under attacks far more destructive than what today's terrorists can muster.¹⁰

Economic trends heighten our safety. The transition to a more service-based economy means relying less on physical infrastructure and more on information, which is hard to destroy, as it exists in dispersed networks and brains. Lowered communication and transportation costs leave us less dependent on any particular supplier or region, making recovery from supply disruptions easier. Think of it this way: the closure of a supermarket in a town with only one is more disruptive than the closure of one in a city with many.

These U.S. attributes limit the risk that terrorism poses here. The nature of our enemy limits it further. Many analysts depict the September 11 attacks as evidence that we are in a new era of megaterrorism perpetrated by highly professional organizations employing unconventional weapons.¹¹ Conventional wisdom says that two trends made history useless in studying modern terrorism. First, the spread of jihadist ideology replaced the more limited aims and violence of past terrorism with apocalyptic goals and unlimited bloodlust.¹² Second, the proliferation of destructive technology democratized killing power.

Eight years later and counting, with plenty of conventional terrorism abroad and almost none in the United States, evidence is mounting that these trends are overstated or wrong—that September 11 was more an aberration than a harbinger of an age of deadlier terrorism.¹³ Terrorism using biological or nuclear weapons should still worry us, but the common claim that these sorts of attacks are virtually inevitable is an overstatement.

Al Qaeda was never a global conspiratorial organization strategically dispatching well-trained operatives. Even in its late 1990s heyday, al Qaeda was instead a small, vicious group, based in Afghanistan, vying for control of a larger and far-flung collection of jihadist groups and cliques of varying

¹⁰ On this point, see Robert A. Pape, *Bombing to Win: Airpower and Coercion in War* (Ithaca, NY: Cornell University Press, 1996). A comparison between strategic airpower theory and the claim that the United States faces grave risk from cyberattack is made in James A. Lewis, "Assessing the Risks of Cyber Terrorism, Cyber War and Other Cyber Threats," December 2002, accessed at http://csis.org/files/media/isis/pubs/021101_risks_of_cyberterror.pdf, July 7 2010.

¹¹ See for example, Daniel Benjamin and Steve Simon, *The Age of Sacred Terror* (New York: Random House, 2002).

¹² On jihadist ideology, see Mary Habeck, *Knowing the Enemy: Jihadist Ideology and the War on Terror* (New Haven, CT: Yale University Press, 2006), 28–29, 105–22.

¹³ On September 11 as an aberration, see John Mueller, "Harbinger or Aberration?" *National Interest* 69 (Fall 2002): 45–50. Contrary to many claims, terrorism has been declining in frequency in recent years. See Andrew Mack, ed., *Human Security Brief 2007* (Vancouver: Simon Fraser University, 2008), 8–20.

competence and aims (jihadists themselves are a tiny minority of the Islamist movement).¹⁴ The U.S. invasion of Afghanistan degraded al Qaeda's already limited cohesion and its managerial ability. Today, al Qaeda consists of bunches of guys, as Marc Sageman puts it, united by ideology, not organization.¹⁵ Even al Qaeda's "core" group in Pakistan no longer looks like a coherent organization.

The claim that jihadism is spreading appears to be wrong, probably backward; the outgrowth of looking only at recent history. Today, jihadism's popularity seems to be waning.¹⁶ This is not surprising, given that the ideology considers the vast majority of people, including most Muslims, enemies deserving murder. If this decline is real, it comes in spite of the U.S. decision to declare a global war on terrorism and fight indefinitely in two Muslim countries, steps that strengthened the jihadist claim that the West is attacking Islam. What's more, most jihadists do not attack the United States. Even in the 1990s, few of these groups embraced al Qaeda's goal of attacking the United States, and now that fraction seems to be shrinking.¹⁷

The democratization of killing power has more validity. Weapons technology has certainly improved with time, and it does proliferate. Yet the proliferation has not occurred as fast or as thoroughly as feared. Predictions that nuclear weapons technology would quickly spread to dozens of states—made regularly since the dawn of the nuclear age—have proved false.¹⁸ The number of states maintaining or developing biological weapons has declined in recent years, contrary to many predictions.¹⁹ The failure of these forecasts probably stems from technological determinism—a focus on technical feasibility rather than the political ends that arms serve.

The same error confounds predictions about the proliferation of unconventional weapons to terrorists. Most groups are uninterested, probably because conventional attacks reliably produce the results they seek and because they remain rooted in local political struggles. This parochialism makes them more

¹⁴ Jason Burke, *Al Qaeda: Casting a Shadow of Terror* (New York: Palgrave Macmillan, 2003), 145–160; *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks upon the United States* (New York: W. W. Norton, 2004), 59–60, 67.

¹⁵ Marc Sageman, *Leaderless Jihad: Terror Networks in the Twenty-First Century* (Philadelphia: University of Pennsylvania Press, 2008), 69.

¹⁶ Mack, *Human Security Brief 2007*, 15–20; Audrey Kurth Cronin, "How al-Qaida Ends: The Decline and Demise of Terrorist Groups," *International Security* 31 (Summer 2006): 7–48; Gilles Kepel, *Jihad: The Trail of Political Islam*, trans. Anthony F. Roberts (Cambridge, MA: Belknap Press, 2002), 361–378; Scott Shane, "Rethinking Our Terrorist Fears," *The New York Times*, 26 September 2009.

¹⁷ Fawaz Gerges, *The Far Enemy: Why Jihad Went Global*, 2d ed. (New York: Cambridge University Press, 2009), 165–185, 228–250.

¹⁸ John Mueller, *Atomic Obsession: Nuclear Alarmism from Hiroshima to Al-Qaeda* (New York: Cambridge University Press, 2009), 89–102.

¹⁹ Milton Leitenberg, "Assessing the Threat of Bioterrorism," in Benjamin H. Friedman, Jim Harper, and Christopher A. Preble, eds., *Terrorizing Ourselves: Why Counterterrorism Policy is Failing and How to Fix It* (Washington, DC: Cato Institute, 2010), 162–163.

like past terrorists, who sought few dead and many watching, than the apocalyptic warriors we are told to expect. That generalization includes jihadist groups, which generally have not attempted to develop these weapons, whatever their rhetoric.

Of course, al Qaeda did attempt to develop biological weapons in Afghanistan before the U.S. invasion, and there are credible stories that it considered developing nuclear weapons and even sought fissile materials.²⁰ But these attempts failed. That failure demonstrates why al Qaeda is unlikely to succeed in mass destruction.

Mass violence has historically been the product of bureaucratic, hierarchical organizations that belong to states or insurgencies that approximate them. Bureaucratic organizations reliably store and dispense knowledge. They divide labor to allow efficiency and coordinated activity. States provide them with plentiful capital, manpower, and technical expertise. Historically, only armies had the manpower to carry out mass violence with small arms. More-advanced weapons that allow a few people to kill many, such as artillery, strike aircraft, and especially nuclear weapons, required industrial capability that states controlled.

Because they are generally clandestine, terrorist groups usually lack these attributes. Policing or military attacks prevent clandestine networks from gathering. That makes it difficult to gain and transfer deadly knowledge, amass wealth, and build the physical plants needed to make sophisticated weapons. Failure characterizes the short history of non-state organizations building unconventional weapons for mass-casualty attacks.²¹

The claim that the Internet can replace training camps is at best partially true.²² Social factors—probably the volume and speed of interactions that happen in person—make on-site training more effective than the remote kind. Most organizations that effectively coordinate activity, whether it is the Marines Corps or the New England Patriots, still avoid virtual training.

Terrorist groups that are most like states and relatively unmolested, like Hezbollah, are more capable of producing sophisticated weapons. But because they are, like states, attached to territory and local political ends, they are subject to deterrence. They are therefore less likely to want or use such weapons. In any case, no such group now targets the United States.

The near future of terrorism in the United States should then resemble the recent past. There will be a few conventional attacks, mostly abroad, that will

²⁰ *The 9/11 Commission Report*, 60, 151.

²¹ For an overview of terrorist attempts to use chemical and biological weapons, see Jonathan Tucker, ed., *Toxic Terror: Assessing Terrorist Use of Chemical and Biological Weapons* (Cambridge, MA: MIT Press, 2000).

²² An example of this claim is Gabriel Weimann, *Terror on the Internet: The New Arena, the New Challenges* (Washington, DC: U.S. Institute for Peace Press, 2006), 127.

kill a handful of Americans in an average year. Mohammed Atta has no better claim to the future of terrorism than Ayman Farris, who hoped to down the Brooklyn Bridge with a blowtorch, or various other terrorist incompetents arrested in the United States in recent years.²³ In its ability to do harm, al Qaeda is more like the anarchist movement in its heyday, transnational troublemakers, than the Nazis. In most of the United States, the danger of terrorism is statistically nonexistent, or near it. The right amount of homeland security spending in those areas is none.

The American public does not share this view. A July 2007 Gallup poll found that 47 percent were very or somewhat worried that they or someone in their family would become a physical victim of terrorism.²⁴ Although lower than the almost 60 percent of Americans who felt this way in late 2001, the total was similar to the numbers in 2002 and the average finding since. That poll also found that 47 percent of Americans thought a terrorist attack was very or somewhat likely in the United States in the next several weeks.²⁵ The number of Americans answering this way had declined significantly since late 2001, when almost three-fourths of those polled felt this way, but had held roughly steady since 2002.

These polls suggest three things. First, Americans are overly afraid of terrorists. Even in 2000, when 24 percent were very or somewhat worried that terrorism would harm them or their family, Americans overestimated the low probability of harm. Second, September 11 seems to have caused a spike in fear that eased after a few months but stayed higher than reality merited. Third, most Americans do not use the evidence of terrorist weakness, the years without serious attack, to update their beliefs.

Inflated fear creates a permissive environment for overreaction to terrorism. Security politics becomes a seller's market where the public will overpay for counterterrorism policies. The most important effect of this fear has been heightened U.S. militarism: the indefinite extension of the war in Afghanistan, the war in Iraq, and a defense spending boom.

More relevant here is the country's mounting homeland security bill. While it remains tiny compared to defense spending—roughly one-tenth—government-wide homeland security spending has grown fast, from about

²³ For a sampling, see Bruce Schneier, "Portrait of the Modern Terrorist as an Idiot," *Wired*, 14 June 2008, accessed at http://www.wired.com/politics/security/commentary/securitymatters/2007/06/securitymatters_0614, 7 July 2010.

²⁴ Gallup, Inc., "Terrorism in the United States," 6–8 July 2007, accessed at <http://www.gallup.com/poll/4909/terrorism-UnitedStates.aspx#1>, 7 July 2010. Question: "How worried are you that you or someone in your family will become a victim of terrorism—very worried, somewhat worried, not too worried, or not worried at all?"

²⁵ Gallup, Inc., "Terrorism in the United States." Question: "How likely is it that there will be further acts of terrorism in the United States over the next several weeks—very likely, somewhat likely, not too likely, or not at all likely?"

\$12 billion in fiscal year 2000 to around \$66 billion for FY09.²⁶ The DHS budget grew from \$31 billion in FY03 to \$55 billion in FY10. Adjusting for inflation, that is over 45 percent growth.²⁷ Most of the spending goes to the operational cost of its agencies—the biggest are Borders and Customs, the Coast Guard, the Federal Emergency Management Agency (FEMA), the Secret Service, the Transportation Security Administration, and Immigration and Customs Enforcement. These agencies, hurriedly pulled together into DHS in 2002, are not primarily concerned with counterterrorism.²⁸ The Border Patrol prevents illegal immigration; the Secret Service guards the president; the Coast Guard rescues ships; FEMA cleans up after storms; and so on. Their contribution to counterterrorism is secondary. Still, they have all won massive funding boosts since September 11. The agency that probably contributes most to domestic security is the Federal Bureau of Investigation (FBI), in the Department of Justice.

In addition, homeland security regulations hinder commerce. One OMB estimate says that major (meaning more than \$100 million in annual cost) homeland security regulations cost the U.S. economy \$3.4 billion to \$6.9 billion every year.²⁹ Additional homeland security costs are state and local security spending and some private security purchases.

Are these costs worth it? The uncertainty of the benefit provided by homeland security policies makes it hard to say. Attacks are so rare and affected by so many factors that it is impossible to determine what lives particular security efforts save. Still, historical fatality statistics give rough estimates.

The average number of Americans killed annually by terrorists between 1971 and 2001 was 104. The total would be far lower, just a handful, if

²⁶ The figure for 2000 is from Veronique de Rugy, "What Does Homeland Security Spending Buy" (AEI working paper no. 107, American Enterprise Institute, 29 October 2004). Later figures are from Steven M. Kosiak, "Overview of the Administration's FY 2009 Request for Homeland Security," Center for Strategic and Budgetary Assessments, 27 March 2008.

²⁷ Calculated from annual DHS "Budget-in-Brief" documents accessed at <http://www.dhs.gov/about/budget>, 26 July 2010 and "Federal Funding for Homeland Security: An Update," Congressional Budget Office, July 20, 2005, accessed at <http://www.cbo.gov/ftpdocs/65xx/doc6566/7-20-HomelandSecurity.pdf>, 7 July 2010.

²⁸ On the formation of the department, see Susan B. Glasser and Michael Grunwald, "Department's Mission Was Undermined from Start," *The Washington Post*, 22 December 2005; Dara Kay Cohen, Mariano-Florentino Cuéllar, and Barry R. Weingast, "Crisis Bureaucracy, Homeland Security and the Political Design of Legal Mandates," *Stanford Law Review* 59 (December 2006): 684–700.

²⁹ Office of Management and Budget, "2008 Report to Congress on the Benefits and Costs of Federal Regulations and Unfunded Mandates on State, Local, and Tribal Entities," January 2009, 12, accessed at http://www.whitehouse.gov/omb/assets/information_and_regulatory_affairs/2008_cb_final.pdf, 7 July 2010. This range is probably substantially lower than the total cost of homeland security regulations because it does not consider non-major regulations and some indirect costs. Scott Farrow and Stuart Shapiro, "The Benefit–Cost Analysis of Security Focused Regulations," *Journal of Homeland Security and Emergency Management* 6 (January 2009): 1–20, accessed at <http://www.bepress.com/jhsem/vol6/iss1/25>.

September 11 were not included. Using this figure and several other scenarios that estimate possible lives saved by homeland security spending, Mark Stewart and John Mueller analyze the cost-effectiveness of the post-September 11 increase in homeland security spending (what is spent annually above what was being spent annually before the attacks plus inflation). They find that with the added spending, the United States spends between \$63 million and \$630 million per life saved.³⁰ That is exponentially more than what experts consider to be cost-effective, using market measures of the value of a statistical life.³¹ Most health and safety regulations cost far less per life saved, usually a few million.³²

It seems that overall homeland security spending is not worthwhile, although particular programs might be. The point here, however, is not to engage in extended cost-benefit analysis of homeland security spending but to suggest that homeland security policymakers should. To date, little of this analysis occurs in government, as discussed below.

There is not room here to respond to the many objections to this approach to homeland security and to the broader idea that we are overreacting to terrorism. I respond only to the two objections that have the most merit. One claim is that government should spend heavily to avoid the small risk of terrorism because our inevitable overreaction to the attacks we would otherwise fail to prevent will cost far more.³³ In other words, if an expensive overreaction is bound to occur, it is a cost of terrorism, which might justify the seemingly

³⁰ Mark G. Stewart and John Mueller, "Cost-Benefit Assessment of United States Homeland Security Spending" (research report no. 273.01.2009, Centre for Infrastructure Performance and Reliability, University of Newcastle, Australia, January 2009), accessed at <http://ogma.newcastle.edu.au:8080/vital/access/services/Download/uon:3126/SOURCE1?view=true>, 7 July 2010. As Stewart and Mueller acknowledge, they leave out the reasonable guess that the expected annual mortality from terrorism could be zero or only a handful, meaning the cost per life saved could be far higher. They also do not account for the fact that a variety of other government activities have counterterrorism value. That means homeland security spending can be credited with only a fraction of the lives saved annually from terrorism and that the cost-per-life-saved estimates ought to be multiplied.

³¹ If a policy costs more per life saved than the value of a statistical life, the government is valuing life more highly than people do in their behavior, and could probably produce more health by regulating in other ways. Stewart and Mueller use \$7.5 million per life saved, the middle of a range of estimates from \$4 million to \$11 million. That is an adjustment from a range of \$3–\$9 million in a 2000 article. W. Kip Viscusi, "The Value of Life in Legal Contexts: Survey and Critique," *American Law and Economic Review* 2 (Spring 2000): 195–210, at 205. A related concept is risk-risk or health-health analysis, which says that at some cost, a regulation will cost more lives than it saves by destroying wealth used for health care and other welfare-enhancing activities. One calculation of that cost, from 2000, is \$15 million. Robert Hahn, Randall Lutter, and W. Kip Viscusi, *Do Federal Regulations Reduce Mortality?* (Washington, DC: AEI-Brookings Joint Center for Regulatory Studies, 2000), accessed at <http://aei-brookings.org/admin/authorpdfs/redirect-safely.php?fname=..pdffiles/hlv.pdf>, 7 July 2010.

³² There are many exceptions that cost far more. Cass Sunstein, *Risk and Reason: Safety, Law and the Environment* (New York: Cambridge University Press, 2002), 29–33.

³³ Daniel Byman, "A Corrective That Goes Too Far," *Terrorism and Political Violence* 17 (Spring/Summer 2005): 511–516, at 512.

excessive up-front cost of defense. A problem with this argument is that overreaction might happen only following rare, shocking occasions like September 11. Future attacks might be accepted without strong demand for more-expensive defenses. Another problem is that the defenses might not significantly contribute to preventing attacks and overreaction. The argument's main flaw is its assumption that all overreaction is alike. Not all countries react to terrorism the same way. Overreaction can be better or worse.

A more interesting claim is that the utilitarian premises of cost-benefit analysis are inappropriate because terrorism is not just a source of mortality or economic harm, like carcinogens or storms, but political coercion that offends our values. Defenses against human, political dangers provide deterrence and a sense of good. Those benefits may be impossible to quantify.³⁴ Another way to put it is that both terrorism and counterterrorism are concerned with something more than safety. They deal with fear and the political effects of attacks. What seems excessive from a cost-benefit standpoint is appropriate given these considerations.

This argument is right except for the last sentence. That is, as a justification for our counterterrorism policies, this argument proves too much. Its logic serves any policy said to combat terrorism, no matter how expansive and misguided. Cost-benefit analysis is just one tool for considering a policy's worth, but it is a necessary one. Because resources are always constrained, we always need to assess how useful policies are in producing safety. Homeland security policies appear to be inefficient in that sense. Were it the case that these policies greatly reduced public fear and blunted terrorists' political strategy, they would nonetheless be worthwhile. But something closer to the opposite appears to be true. Al Qaeda wants overreaction—Osama bin Laden brags of bankrupting the United States—and the policies seem as likely to cause alarm as to prevent it.³⁵

THE ORIGINS OF OVERREACTION

This section offers two kinds of explanations for exaggerated fear. The first concerns psychological biases that cause people to overestimate terrorism's danger.³⁶ The second explanation is the biased information that Americans

³⁴ I have not seen this view clearly articulated in print but have heard it in person from Jeremy Shapiro, formerly of the Brookings Institution. It is touched on in Jessica Stern, "Dreaded Risks and the Control of Biological Weapons," *International Security* 27 (Winter 2002–2003): 89–123, at 99.

³⁵ On al Qaeda's stated desire for overreaction, see, for example, John Mintz, "Bin Laden Lauds Costs of War to U.S.," *The Washington Post*, 2 November 2004.

³⁶ For other treatments of some of these dynamics, see Cass Sunstein, "Terrorism and Probability Neglect," *Journal of Risk and Uncertainty* 26 (March–May 2003): 121–136; Sunstein, *Risk and Reason*, 51–52.

get about terrorism—a result of the incentives that pressure those who provide this information and its socialization.³⁷

Cognitive Errors

In economic terms, the public lacks incentive to acquire accurate risk information.³⁸ The world is complex. Time is short. No one can be an expert in everything. So people make risk assessments via heuristics, mental shortcuts based on impressions, and received wisdom.

These heuristics reliably cause errors in assessing danger. For example, we tend to ignore the high probability of small gains or losses and focus on big payoffs or disaster despite their remote odds.³⁹ In other words, people rarely think in terms of expected utility, which is why lotteries thrive. People also generally value losses more than equal gains.⁴⁰ This effect, loss aversion, creates status quo bias, a tendency to protect what we have rather than seek what we can gain. A related idea is that people value the elimination of a risk more than its reduction by an equal amount.⁴¹ Thus, people will pay more to reduce a risk from 10 percent likelihood to zero likelihood than from 20 percent to 10 percent, even though they get the same increment of safety.

These tendencies help explain why both leaders and the public invest heavily against disasters like terrorist attacks even where their likelihood is remote. Hoping to eliminate an already small risk, they pay opportunity costs

³⁷ For the argument that elite discourse guides public opinion, see John Zaller, *The Nature and Origins of Mass Opinion* (New York: Cambridge University Press, 1992). For a discussion of why the imbalance in elite opinion leads Americans to overrate national security dangers in general, see Benjamin H. Friedman, "The Terrible 'Ifs,'" *Regulation* 30 (Winter 2007–2008): 32–44.

³⁸ This is an extension of the argument that voters do not have incentive to learn their true interests. Anthony Downs, *An Economic Theory of Democracy* (New York: Harper & Row, 1957).

³⁹ The exploration of heuristics as an explanation for decision making under uncertainty stems from prospect theory, a set of ideas from cognitive psychology influential in economics. Prospect theory tells us that people's decisions about risk depend on the context, the frame, in which they decide. The frame depends on how the risks are presented, prior assessments of the risk, and its characteristics, as opposed to its magnitude. Prospect theory says that people are more sensitive to gains and losses than absolute welfare. On prospect theory, see Daniel Kahneman and Amos Tversky, "Prospect Theory: An Analysis of Decision under Risk," *Econometrica* 47 (March 1979): 263–291; Daniel Kahneman and Amos Tversky, "Variants of Uncertainty," *Cognition* 11 (March 1982): 143–157; Amos Tversky, Paul Slovic, and Daniel Kahneman, eds., *Judgment under Uncertainty: Heuristics and Biases* (Cambridge: Cambridge University Press, 1992). For a discussion of how this research relates to political science, see Jack S. Levy, "An Introduction to Prospect Theory," *Political Psychology* 13 (June 1992): 171–186.

⁴⁰ Cass Sunstein, *Laws of Fear: Beyond the Precautionary Principle* (New York: Cambridge University Press, 2005), 41–42.

⁴¹ Rose McDermott, *Risk-Taking in International Politics: Prospect Theory in American Foreign Policy* (Ann Arbor: University of Michigan Press, 1998), 29–31.

far bigger than the added increment of safety merits. In that sense, the voting public cannot get enough of a good thing.

Cognitive psychology tells us that people rely too heavily on initial impressions of risk and discount later information, an effect called anchoring.⁴² Sticking to initial assessments allows us to avoid the mental effort of recalculation. We prematurely assume that a few pieces of data represent a trend and avoid reevaluating, fitting new data to a theory rather than vice versa.⁴³

The assessment of terrorism after an event like September 11, powerful enough to sweep away previously anchored ideas about the threat, may cause us to exclude subsequent evidence of terrorist weakness. People fail to reconsider their view that September 11 demonstrated the arrival of a new era of catastrophic terrorism even as evidence against the proposition mounts.

Another heuristic is representativeness; people use previously understood events to estimate the probability of a new one, rather than considering its past frequency.⁴⁴ Representativeness causes the conjunction fallacy, where people fail to realize that an outcome that requires several conditions to hold has a lower probability than each condition.⁴⁵ The conjunction fallacy may explain why people overestimate the odds of unconventional weapons attacks and other complex terrorist plots. Such attacks require success in a series of tasks. Failure at one can prevent success.⁴⁶ People are likely to fail to consider each hurdle's detrimental effect on the odds of success. They use some prior event to estimate the probability of the new one.

A related misperception is the tendency to see intentionality, centralization, or agency where there is none. We imagine patterns, failing to appreciate randomness.⁴⁷ This tendency, and perhaps old, representative ideas of how enemy organizations function, can explain why Americans see al Qaeda as a worldwide conspiratorial organization with a strategy rather than a loose movement with many strategies. Unrelated attacks, videos, and travel seem coordinated because we imagine a hierarchical organization, much as Communism seemed monolithic.

⁴² Ibid., 6–7.

⁴³ Robert Jervis, *Perception and Misperception in International Politics* (Princeton, NJ: Princeton University Press, 1976), 187–188.

⁴⁴ Tversky, Slovic, and Kahneman, *Judgment under Uncertainty*, 23–100.

⁴⁵ Amos Tversky and Daniel Kahneman, "Extensional versus Intuitive Reasoning: The Conjunction Fallacy in Probability Judgment," *Psychological Review* 90 (October 1983): 293–315; Nancy Kanwisher, "Cognitive Heuristics and American Security Policy," *Journal of Conflict Resolution* 33 (December 1989): 652–675, at 654–655.

⁴⁶ For an analysis of odds of nuclear terrorism based on this insight, see Mueller, *Atomic Obsession*, note 18, 181–198. For a similar-style analysis that reaches more-alarming conclusions, see Matthew Bunn, "A Mathematical Model of the Risk of Nuclear Terrorism," *Annals of the American Academy of Political and Social Science* 607 (September 2006): 103–120.

⁴⁷ Paul Bloom and Csaba Veres, "The Perceived Intentionality of Groups," *Cognition* 71 (May 1999): 1–9; and Jervis, *Perception and Misperception*, 319–323.

Also important in considering the perception of terrorism is the availability heuristic, where people overestimate the odds of events or scenarios that they can picture. Events become cognitively available when they are recent, when they create memorable images, and when they receive great publicity.⁴⁸ Shark attacks are an example. Because terrorism creates strong images and attracts media attention, it is a quintessentially available risk. Images of the collapsing World Trade Center remain unforgettable for most Americans. Politicians' and the media's tendency to talk about foreign attacks keeps the risk cognitively available for most Americans. Therefore, they see it as more likely than probability merits.

People also tend to overestimate the danger of risks that provoke dread, which are those that are novel or perceived as involuntary.⁴⁹ Though terrorism's novelty may be fading for most Americans, it is involuntary. Victims knowingly assume no risk.

Because of how we are wired, terrorism is almost a perfect storm for provoking fear and overreaction, which is its point. Cognition alone, however, cannot explain public demand for protection from danger. We also need to understand the incentives that motivate the experts that teach us about danger.⁵⁰ In the national security realm, that means the government, which dominates both the creation and interpretation of information about threats.⁵¹ That information originates in intelligence collection and analysis, congressional hearings, government-funded studies, and agency reports. The loudest voices in national security debates are executive branch officials, candidates for office, agency heads, and nominally independent experts relying on government information and beholden to political interests due to inclination, ambition, and funding.

Political Motives

This section outlines elites' political incentives to exaggerate terrorist capability. A caveat is needed first. What follows is not an argument that people are simply products of their organizational or electoral interests. People throughout the government often serve the national interest at the expense of their own. Their presence in the government can be an example. The point is that competing interests mask and damage the national interest. The arguments below are not laws of politics but pressures that create a general tendency, even though people often resist them.

⁴⁸ Tversky, Slovic, and Kahneman, *Judgment under Uncertainty*, 163–178; Sunstein, *Laws of Fear*, 36–39; Sunstein, "Terrorism and Probability Neglect."

⁴⁹ Paul Slovic, "Perception of Risk," *Science* 236 (April 1987): 280–285.

⁵⁰ Harvey Sapolsky, "The Politics of Risk," *Daedalus* 119 (Fall 1990): 83–96.

⁵¹ Benjamin Page and Robert Shapiro, *The Rational Public: Fifty Years of Trends in Americans' Policy Preferences* (Chicago, IL: University of Chicago Press, 1992), 367–369.

One source of bias in the information Americans get about the terrorist threat is the need to justify American foreign policy commitments. U.S. foreign policy is largely unrestrained. Wealth allows us to distribute troops and promises hither and yon, and liberal ideology encourages it. We rarely need to worry that these actions will trigger a large war with a rival power, unlike during the Cold War. At home, the cost of militarism is diffuse. For citizens of continental European powers in the early twentieth century or the Athenians that Thucydides chronicled, war often meant participating in fighting, and foreign policy failures brought disaster: conquest, plundered cities, and the like. For most Americans, the only clear and present danger from our defense policies is marginally higher taxes or economic harm from national debt. The dead are confined to the volunteer military.

Still, these policies and the military spending that supports them have to be sold to voters, particularly when the policies begin. The justification need not match the motivation. Whether our policies aim to promote liberty, serve bureaucratic interests, or occur out of inertia, policymakers justify them with arguments about security. Ideological arguments are made too, but danger is a better pitch. People see threats as more legitimate justifications for policies than ideological ends. The search for enemies is constant.⁵²

The structure of American government heightens this tendency to repack-age policies, especially new ones, as security projects. Even in foreign policy, power in the U.S. government is uniquely diffuse. Both in the executive branch bureaucracy and Congress, there are a variety of actors (veto players) whose approval may be needed to make new policy. One way to enact change is alarm, a sense of crisis that either alarms other veto players into supporting change or convinces them that because the public thinks so, compliance is necessary.⁵³ Policymakers, including the president, both generate and employ fear to make policy.

Because of these two factors—the need to sell commitments and the diffusion of power in American government—almost every recent U.S. foreign policy strategy or proposal has been said, by someone in power, to combat terrorism. Even before September 11, the tendency existed. The administration of Bill Clinton portrayed its defense budgets as a means to spread global order,

⁵² Similar arguments are John A. Thompson, “The Exaggeration of American Vulnerability: The Anatomy of a Tradition,” *Diplomatic History* 16 (Winter 1992): 23–44; John Schuessler, “Necessity or Choice? Securing Public Consent for War” (paper presented to the Midwest Political Science Association, Chicago, 15 April 2004); Michael Desch, “America’s Liberal Illiberalism: The Ideological Origins of Overreaction in U.S. Foreign Policy,” *International Security* 32 (Winter 2007–2008): 7–43.

⁵³ Theodore J. Lowi, *The End of Liberalism: The Second Republic of the United States*, 2d ed. (New York: W. W. Norton, 1979), 50–63, 127–165. On the use of fear to sell largely unrelated policies in U.S. foreign policy, see Jane Kelleth Cramer, “National Security Panics: Overestimating Threats to National Security,” (Ph.D. diss., Massachusetts Institute of Technology, 2002), 133.

which would combat numerous ills, including terrorism.⁵⁴ The administration of George W. Bush fashioned its Wilsonian impulse to spread democracy by force as counterterrorism. The invasion of Iraq is just the most prominent example.⁵⁵ Different officials in the administration had different reasons for war, but President Bush's main goal seems to have been to spread liberalism in the Middle East.⁵⁶

Other examples of repackaging policies as counterterrorism, albeit less disciplined and effective than the selling of the war in Iraq, abound. Policies that the Bush administration sold as counterterrorism include foreign aid, trade agreements, anti-drug efforts, and the President's energy plan, including the proposal to drill for oil in the Arctic National Wildlife Refuge.⁵⁷ As a presidential candidate, Barack Obama argued that U.S. intervention in Sudan would serve counterterrorism.⁵⁸ His administration now uses similar arguments to champion foreign aid and other programs that promote good government abroad.⁵⁹

It might seem that the tendency of leaders to use public fears of terrorism to sell policies reflects fear rather than causes it. Actually, both occur. As an echo increases noise by reflecting it, elite efforts to employ public fear increase it.

⁵⁴ *National Security Strategy of Engagement and Enlargement* (Washington, DC: White House, 1995), 1–2.

⁵⁵ On executive dominance of the debate about Iraq and oversell, see Chaim Kaufman, "Threat Inflation and the Failure of the Marketplace of Ideas: The Selling of the Iraq War," *International Security* 29 (Summer 2004): 5–48.

⁵⁶ This conclusion is based on limited and preliminary accounts of former officials, so it could be wrong. Scott McClellan, *What Happened: Inside the Bush White House and Washington's Culture of Deception* (New York: PublicAffairs Books, 2008), 128–129; George Tenet with Bill Harlow, *At the Center of the Storm: My Time at the CIA* (New York: HarperCollins 2007), 321.

⁵⁷ For a discussion of efforts to justify drilling for oil in Alaska as a counterterrorism project, see Sheldon Rampton, "Terrorism as Pretext," *PR Watch* 8 (Fall 2001), accessed at <http://www.prwatch.org/prwissues/2001Q4/terror.html>, 7 July 2010. To see alternative energy policies sold the same way, see, for example, Barack Obama, "Energy Security Is National Security," remarks to Governors' Ethanol Coalition, Washington, DC, 28 February 2006, accessed at <http://obamaspeeches.com/054-Energy-Security-is-National-Security-Governors-Ethanol-Coalition-Obama-Speech.htm>, 7 July 2010. For the argument that free trade combats terrorism, see then-United States Trade Representative Robert B. Zoellick, "Countering Terror with Trade," *The Washington Post*, 20 September 2001. On foreign aid as an anti-terror tactic, see Howard LaFranchi, "Foreign Aid Recast as Tool to Stymie Terrorism," *Christian Science Monitor*, 26 February 2002. The argument that Americans who use drugs unwittingly support terrorists was made by President George W. Bush, who said, "The traffic in drugs finances the work of terror." Remarks by the President in signing Drug-Free Communities Act Reauthorization Bill, Washington, DC, 14 December 2001, accessed at <http://georgewbush-whitehouse.archives.gov/news/releases/2001/12/20011214-2.html>, 26 July 2010.

⁵⁸ Barack Obama, CNN, *GPS with Fareed Zakaria*, 13 July 2008.

⁵⁹ For example, see "A New Approach for Safeguarding Americans," (speech by John Brennan, assistant to the president for homeland security and counterterrorism, Center for Strategic and International Studies, Washington, DC, 6 August 2009), accessed at http://csis.org/files/attachments/090806_brennan_transcript.pdf, 7 July 2010.

The two-party system also encourages U.S. politicians to inflate the terrorist threat. A multiparty system might include dovish or isolationist parties with an interest in downplaying the danger to appeal to supporters' anti-war positions. In the United States, the parties engage in competitive threat inflation. Neither sees advantage in helping Americans perceive their safety. Both parties are generally hawkish, the Republicans more so due to their determination to stay to the Democrats' right on security issues. They do not always agree on counterterrorism policy, but the argument generally concerns the best way to combat the threat, not its size. For example, in recent years, Democrats framed their opposition to continuing the war in Iraq as evidence of their dedication to counterterrorism. They said that Iraq was taking resources from the more important counterterrorism mission in Afghanistan, not that terrorism is too small a threat to justify indefinite participation in foreign civil wars. Democrats deflected Republicans' claims that they are soft on terrorism by urging more homeland security spending.⁶⁰

This competition in alarmism created the Department of Homeland Security. In 2002, Democrats, led by presidential candidate Senator Joseph Lieberman, advocated creating the department, taking up a recommendation made by the blue-ribbon Hart-Rudman Commission.⁶¹ The Bush administration did not believe that the government deficiencies revealed by the September 11 attacks required a new cabinet department or security grants to states and localities. They preferred more-limited reforms, including the creation of a Homeland Security Council in the White House. But there was no political benefit in making its case, and they capitulated.⁶²

Creating the department meant increasing the incentives to herald the terrorist threat to the United States. William Clark, writing about the history of risk assessment, notes that medieval Europeans did not much fear witches until they created an inquisition to find them.⁶³ The inquisition provided its members work, which they justified by promoting the witch threat. Institutionalizing the hunt heightened fear of the danger hunted.

⁶⁰ See, for example, Jill Zuckman, "Democrats Take Bush to Task over Homeland Security Funding," *Chicago Tribune*, 2 April 2003; "America at Risk: GOP Choices Leave Homeland Vulnerable," report prepared by the Democratic staff of the House Select Committee on Homeland Security, October 2004; Jonathan Weisman and Shailagh Murray, "Democrats Promise Broad New Agenda, Now in Control, They Plan to Challenge Bush," *The Washington Post*, 8 November 2006.

⁶¹ "Road Map for Change: Imperative for Change, Phase III Report of the U.S. Commission on National Security/21st Century," 15 February 2001, accessed at <http://govinfo.library.unt.edu/nssg/PhaseIIIFR.pdf>, 7 July 2010.

⁶² Richard A. Clarke, *Against All Enemies: Inside America's War on Terror* (New York: Free Press, 2004), 249–251; Cohen, Cuéllar, and Weingast, "Crisis Bureaucracy," 687–700.

⁶³ William C. Clark, "Witches, Floods, and Wonder Drugs: Historical Perspectives on Risk Management," in Richard C. Schwing and Walter A. Albers, eds., *Societal Risk Assessment: How Safe Is Safe Enough?* (New York: Plenum, 1980), 287–318.

Modern national security organizations do not burn heretics, but they, too, promote fear to protect their mission. Threats fade, but the organizations that combat them remain, making today's fear tomorrow's.⁶⁴ Public organizations are reliable servants of their purpose or mission for three reasons. First, the mission serves the organization's power structure. The division of labor within the organization requires a hierarchy, which a new mission would threaten. The beneficiaries of the current arrangement rarely embrace changes that upset it.⁶⁵ Second, successful public organizations tend to infuse their members with its values, making them servants of the organization's mission. Members tend to see their organization's interest as the public's.⁶⁶ Third, current ways of doing business have reliably brought outside support, especially funding.⁶⁷ In the national security realm, preserving the mission means preserving the sense of threat that justified it. Organizations can promote threats via congressional testimony, reports, leaks, press conferences and releases, sponsored research, and congressional allies whose districts benefit from the provision of defenses against the threat.

The tendency to promote threats to protect missions is strongest in large and highly focused organizations like the Air Force, which mostly hypes threats requiring strategic airpower, its preferred mission. The tendency is weaker in more-fractious and smaller organizations, like those that compose DHS. Reduced sense of mission means less incentive to sell a particular threat. Fewer resources mean less ability to do so.

Like the Defense Department, which was its model, DHS is a management apparatus uniting several mostly independent organizations. Its critical functions are carried out by these subsidiary agencies. Where the counterterrorism mission complements their legacy missions, the agencies have an incentive to promote the terrorist threat. The mission of the Bureau of Customs and Border Protection, for example, is basically to guard borders against illegal immigrants and search entrants for contraband. Protecting borders against terrorists requires few doctrinal changes, but arguably more manpower and budget. Counterterrorism is good for the agency, consistent with its mission,

⁶⁴ This is an example of path dependence, the idea that certain outcomes last even in the absence of their original causes, due to some self-perpetuating phenomenon. Paul Pierson, "Path Dependence, Increasing Returns, and the Study of Politics," *American Political Science Review* 94 (June 2000): 251–267.

⁶⁵ James Q. Wilson, "Innovation in Organization: Notes toward a Theory," in James O. Thompson, ed., *Approaches to Organizational Design* (Pittsburgh, PA: University of Pittsburgh Press, 1971), 195–218; Stephen Peter Rosen, *Winning the Next War* (Ithaca, NY: Cornell University Press, 1991), 1–22.

⁶⁶ On the infusion of values, see Philip Selznick, *Leadership in Administration: A Sociological Interpretation* (Berkeley: University of California Press, 1957). On the confusion of national and parochial interests as an organizational pathology, see Jack Snyder, *The Ideology of the Offensive: Military Decision Making and the Disasters of 1914* (Ithaca, NY: Cornell University Press, 1984), 15–34.

⁶⁷ James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do It* (New York: Basic Books, 1989), 25–26, 246–247. On mission or purpose in military organizations, see Barry R. Posen, *The Sources of Military Doctrine* (Ithaca, NY: Cornell University Press, 1984), 13–80.

but not essential to its survival. Similar dynamics exist in other DHS agencies, like the Secret Service, where guarding the president against terrorists complements the legacy mission. In some cases, however, counterterrorism may compete with traditional missions for resources, diluting incentives to inflate the threat. Small budgets—less than one-tenth the size of U.S. military services’—limit these agencies’ ability to influence public opinion. Collectively, DHS agencies contribute to the public’s fear of terrorism, but not much.

The department’s managers perform two functions that encourage them to promote the terrorist threat. First, they promote the department’s budget, which means harping on vulnerability to terrorism. Second, the secretary has become a public advocate for safety, somewhat like the U.S. surgeon general. Though DHS leaders no longer talk about or change the much-mocked national color-coded threat system, the department still preaches vigilance and preparation for disaster.⁶⁸ Despite vagueness about the type of disaster, these exhortations remind people of terrorism’s danger.

The department also promotes threat inflation by distributing grants for preparedness—mainly via the Office of Domestic Preparedness and the Federal Emergency Management Agency.⁶⁹ The Science and Technology Directorate also awards research grants. These grants amount to less than \$5 billion annually, small money in the U.S. federal budget, but they encourage rent seeking among nearly everyone who has a large hand in commerce or a small hand in public safety: ports, police, firefighters, mayors, governors, college deans, nurses, hospital administrators, and even schools. Along with funds, the grants distribute claims of vulnerability.

Despite all this, homeland security organizations are not the main promoters of the terrorist threat. That distinction belongs to the military–industrial complex or iron triangle. This is a not conspiracy, but a set of actors in the Pentagon, Congress, think tanks, academia, and the defense industry with a common interest in high military spending and thus in public fear of enemies that justify it, which have been lacking since the Cold War.⁷⁰ The elements of

⁶⁸ See, for example, a DHS website, Ready.gov. Various efforts to promote vigilance and readiness exist. For example, “Ready Campaign Launches Social Media Initiative to Encourage Americans to Prepare for Emergencies,” 16 January 2009, accessed at http://www.dhs.gov/xnews/releases/pr_1232126867101.shtm, 7 July 2010.

⁶⁹ Lists of homeland security grants are found at “State, Local and Tribal Grant Programs,” Department of Homeland Security, accessed at <http://www.dhs.gov/xopnbiz/grants>, 7 July 2010; “FY 2010 Homeland Security Grant Program,” Federal Emergency Management Agency, accessed at <http://www.fema.gov/government/grant/hsgp/index.shtm#0>, 7 July 2010.

⁷⁰ On the confluence of interests called the military–industrial complex and how it affects public threat perception, see Stephen P. Rosen, “Testing the Theory of the Military–Industrial Complex,” in Stephen P. Rosen, ed., *Testing the Theory of the Military–Industrial Complex* (Lexington, MA: Lexington Books, 1973), 23–24; Stephen Van Evera, “Militarism,” unpublished manuscript, July 2001, accessed at <http://web.mit.edu/polisci/research/vanevera/militarism.pdf>, 7 July 2010; Friedman, “The Terrible ‘Ifs.’”

the complex do not always agree, of course. The Army has a different ideal enemy than the Navy. Members of Congress with shipyards in their districts worry about China more than those with Army bases. Missile defense boosters warn of North Korean missiles, not insurgents.

One can imagine a counterterrorism strategy that relies only on organizations that most directly combat terrorism: the FBI, the Special Operations Command and the organizations that compose it, the intelligence agencies, and military units like the National Guard and Northern Command that participate in homeland defense. After September 11, we might have reduced the funding for conventional military forces to increase funding for these entities. In that case, these relatively small agencies would have heralded the terrorist threat, while the military services, whose missions are largely unrelated to terrorism, would have ignored or even denigrated the danger to protect their budgets.

Instead, the United States, at least during the Bush administration, defined counterterrorism as a military struggle, requiring global effort, two indefinite counterinsurgency campaigns, and conventional wars against states said to be aligned with terrorists. As a result, the whole military-industrial complex benefited from our national fixation on al Qaeda. Fear of terrorism helped the defense budget grow by roughly 40 percent, adjusting for inflation, from 2001 until the present. That increase does not include direct spending on wars. That rising tide lifted all Pentagon boats, though not equally. Even the elements of the services least connected to counterterrorism, like the Navy's surface fleet and the Air Force's fighter community, shared in the counterterrorism spoils.

Today, the idea that attacks on states can serve counterterrorism has fallen from official favor, thanks to Iraq and the end of the Bush administration. But the military remains linked to counterterrorism by the idea that the United States must plan on a series of unconventional wars to prevent unruly states from becoming terrorist havens.⁷¹ Though the ground forces still prefer conventional missions, they increasingly embrace counterinsurgency and sell it as counterterrorism. The argument for the relevance of the Air Force and Navy to the threat is more tenuous, but both services make it, largely by focusing on their platforms' ability to strike land-based targets.⁷² The services'

⁷¹ For a critique of this idea, see Justin Logan and Christopher Preble, "Failed States and Flawed Logic: The Case against a Standing Nation-Building Office," Cato Institute Policy Analysis 560 (11 January 2006).

⁷² The Navy claims relevance to counterterrorism throughout its FY10 budget justification. *Highlights of the Department of the Navy FY 2010 Budget* (Washington, DC: Department of the Navy, 2009). Those claims are summarized by Ronald O'Rourke, "Navy Irregular Warfare and Counterterrorism Operations: Background and Issues for Congress," Congressional Research Service, 31 March 2010, accessed at <http://fas.org/sgp/crs/natsec/RS22373.pdf>, 7 July 2010. The Navy also issues press releases such as "Navy Surges Ships to Deny Terrorists Use of Maritime Environment," *Navy Newsstand*, 25 March 2005, accessed at http://www.navy.mil/search/display.asp?story_id=18507, 26 July 2010. Examples of the Air Force's claim of counterterrorism and counterinsurgency relevance

willingness to promote the threat, while diminished, remains. Contractors and congressional allies reflect these views.

Experts in think tanks and academia also fuel Americans' overwrought fear of terrorists. After September 11, a new set of academic institutions and think tanks appeared to absorb federal homeland security funds, overlapping partially with the entities that already existed to aid the military establishment.⁷³ Homeland security degree programs emerged to provide manpower to federal and state agencies that participate in homeland security.⁷⁴

Ideological inclination, careerism, and funding cause think tanks and academic security experts to write about how to control danger, not its probability. Relative to their peers, people who study war tend to support defense measures, just as people who study development tend to support foreign aid. The hope for political appointments encourages some experts to reflect one party's perspective. Because neither party is reliably honest about the limited terrorist threat, neither are ambitious experts. Many receive funding from a part of the national security bureaucracy and reflect its biases.

The problem is not lying, although that occurs. The problem is the imbalance of perspectives and its effect on public threat perception. When everyone in the counterterrorism business simply does his or her job and conveys information about how to limit vulnerability, they focus public attention on the danger rather than on its low probability.

The media, famously called a free marketplace of ideas, is a failed market when a strong interest faces no like interest to generate competing ideas.⁷⁵ On matters of national security, unlike environmental issues, for example, there is rarely a strong interest that gains from correcting overestimation of danger. Reporters lack the time and incentive to challenge conventional ideas. In part because of the cognitive biases discussed above, alarmism sells.

are John W. Bellflower, "The Soft Side of Airpower," *Small Wars Journal* (January–February 2009), accessed at <http://smallwarsjournal.com/blog/journal/docs-temp/161-bellflower.pdf>, 26 July 2010; and Charles J. Dunlap, Jr., "Developing Joint Counterinsurgency Doctrine: An Airman's Perspective," *Joint Forces Quarterly* 49 (April 2008): 86–92. An example of a press release heralding Air Force counterterrorism prowess is "March 10 Airpower: ISR Missions Critical in War on Terrorism," *Air Force News Service*, 10 March 2007.

⁷³ In 2002, Congress authorized DHS to fund 12 homeland security "centers of excellence" at universities. See "Homeland Security Centers of Excellence," Department of Homeland Security, accessed at http://www.dhs.gov/files/programs/editorial_0498.shtm, 27 July 2010.

⁷⁴ Julia Neyman, "Colleges Embrace Homeland Security Curriculum," *USA Today*, 24 August 2004.

⁷⁵ The idea of freedom of speech producing a free marketplace of ideas is from John Stuart Mill, "On Liberty," in Marshall Cohen, ed., *The Philosophy of John Stuart Mill: Ethical, Political and Religious* (New York: Modern Library, 1961), 185–319. An explanation of how the marketplace of ideas fails in national security politics is Stephen Van Evera, "Why States Believe Foolish Ideas: Non-Self-Evaluation by States and Societies," in Andrew K. Hanami, ed., *Perspectives on Structural Realism* (New York: Palgrave, 2003), 163–198.

These various incentives to promote the terrorist threat are more than the sum of their parts. Socialization heightens their power. People adapt their opinions to their peers' because they learn from them and because conformity is socially easier than dissent. Agreement tends to make people's views more extreme.⁷⁶ One result is blowback, where self-interested threat inflation is believed not only by the public but also by the organizations that purvey it.⁷⁷

FIGHTING OVERREACTION

Cognitive bias and the variety of interests that bias the information that Americans get about terrorism nearly guarantee that Americans will excessively fear terrorism and demand overwrought policy responses to it. Democratic government encourages politicians to act on these demands. Overreaction is then highly probable for the foreseeable future. Experience in dealing with other dangers, however, suggests strategies to control overreaction. The rest of this article discusses these strategies.

Communication

The obvious response to threat inflation is to point out that it is wrong and demand that policymakers be honest. This tactic is not wholly ineffective. If analysts demonstrate that terrorists are not all they are cracked up to be, parts of the public will get the message. That message may encourage people who hesitated to express similar views to be more open, creating a ripple effect. Moreover, if analysts attack overwrought statements, their authors might think twice about fear mongering. Politicians are not immune to embarrassment. The prominence of the term "fear mongering" in American political discourse is evidence that a social norm may restrain egregious threat inflation. Yet among the incentives that influence the way our leaders talk about threats, this new norm, if it exists, is a small force.

Other communications strategies depend on the willingness of policymakers to articulate more-restrained views of terrorist capability. As noted above, while doing so is unlikely to serve leaders' personal interests, some may still try it. One method is to emphasize our strength and al Qaeda's weakness. We mythologize the British for keeping calm and carrying on amid the blitz. We call our country the home of the brave. Action heroes in our movies are steely amid danger. And yet we insist that terrorists can easily wreck our society, an enemy so menacing that every American must discuss plans to escape from their attacks with their children and maintain vigilance on highways and trains.

⁷⁶ Sunstein, *Risk and Reason*, 78–99.

⁷⁷ Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition* (Ithaca, NY: Cornell University Press, 1991), 41.

Leaders should point out that terrorists are in the fear business, so we can defeat them by not fearing them.⁷⁸ Instead of treating our enemies like supermen, leaders could call them what they are: desperate, weak people who nonetheless occasionally cause tragedy. Some politicians have talked this way without being ejected from office. New York Mayor Michael Bloomberg, for example, when asked about an unfeasible plan by would-be terrorists to blow up fuel tanks at JFK airport, said:

There are lots of threats to you in the world. There's the threat of a heart attack for genetic reasons. You can't sit there and worry about everything. Get a life.... You have a much greater danger of being hit by lightning than being struck by a terrorist.⁷⁹

Another strategy is to adopt communications policies mindful of the cognitive biases discussed above. This strategy should occur as part of a cultural change in DHS; it ought to think of itself as not just a risk manager but also as a fear manager. Scholars of communication have outlined ways in which official communication can avoid triggering excessive fears.⁸⁰ DHS should institutionalize these methods. Still, it must be noted that scholars know more about cognitive biases than about how to fix them. And the department's interests limit its willingness to downplay the terrorist threat.

Science

A more promising strategy to fight overreaction to terrorism is to expand the use of risk management as a justification for avoiding wasteful counterterrorism policies. Risk management means using processes employing cost-benefit estimates to make policies. This sort of analysis helps policymakers figure out whether policy proposals make sense, but it is more useful as a justification for decisions already made. It enhances the power of central decision makers that must consider the opportunity costs of chasing after particular dangers. It takes power from agencies whose more parochial perspectives encourage them to overspend against those dangers.

Government ultimately belongs to interests, not science, but science has more legitimacy. One reason people obey authority, as Max Weber explained, is because they agree that rationality ought to triumph. Science is powerful in a society dominated by enlightenment values. A formal process of employing

⁷⁸ Friedman, "Leap before You Look," 29; James Fallows, "What Would Bogey Do?" 11 September 2006, accessed at <http://www.foreignaffairs.com/discussions/roundtables/are-we-safe-yet>, 7 July 2010.

⁷⁹ Marcia Kramer, "Bloomberg on JFK Plot: 'Stop Worrying, Get a Life,'" 5 June 2007, accessed at <http://wcbstv.com/topstories/Terrorism.New.York.2.244966.html>, 7 July 2010. See also John McCain and Mark Salter, *Why Courage Matters: The Way to a Braver Life* (New York: Random House, 2004), 35-36.

⁸⁰ See for example, Priscilla Lewis, "The Impact of Fear on Public Thinking about Counterterrorism Policy: Implications for Communicators," in Friedman, Harper and Preble, *Terrorizing Ourselves*, 213-229.

technical expertise helps convince people that policy is wise. Cost-benefit analysis may not be especially scientific—it is more like common sense dressed up with footnotes and formulas—but what matters is that it seems scientific. If DHS tells the people of New Hampshire, for example, that the federal government will not fund port security in Portsmouth, it is useful to have a lengthy report full of charts and graphs making that case.

The regulatory review system managed by the Office of Information and Regulatory Analysis (OIRA) in OMB serves this function. As the regulatory state grew in the mid-twentieth century, so did the idea of creating institutions in the executive branch to determine whether the new health and safety regulations were worth their cost. Business interests that bore much of that cost naturally favored this approach.⁸¹ Behind the process lies the idea that the public's alarmist view of particular risks creates a demand for overreaction, which Congress translates into agencies with a tendency to over-regulate.⁸² OIRA is a countervailing force, albeit a weak one, given its limited influence on public opinion and Congress. Indeed in many cases, Congress mandates rules via legislation, so OIRA cannot stop them.

The regulatory review process took on much of its current form with Executive Order 12291 during the administration of Ronald Reagan. The process, which subsequent administrations have left mostly intact, requires most regulatory agencies to prepare regulatory impact statements before issuing major new regulations. The statements are supposed to demonstrate that the regulation is cost-effective and that no better alternative exists. OIRA's civil servants then review these statements and reject those regulations found lacking, preventing them from taking effect. In practice, there is ongoing give and take between OIRA and the agencies.⁸³

Regulatory review is far from perfect. Attempts to evaluate alternatives to regulation are generally perfunctory. Limited scientific knowledge prevents accurate estimates of regulatory impact. Scholars who study regulation debate how much the process has done to avoid overly onerous regulations.⁸⁴ What they do agree on, however, is that regulatory review is a tool of executive branch officials willing to use it.⁸⁵ Rejected regulations tend to have two

⁸¹ Thomas O. McGarity, *Reinventing Rationality: The Role of Regulatory Analysis in the Federal Bureaucracy* (New York: Cambridge University Press, 1991), xiv.

⁸² Sunstein, *Risk and Reason*, 99–152.

⁸³ McGarity, *Reinventing Rationality*, 271.

⁸⁴ Sunstein, *Risk and Reason*, 26–27; Robert W. Hahn and Paul C. Tetlock, "Has Economic Analysis Improved Regulatory Decisions?" *Journal of Economic Perspectives* 22 (Winter 2008): 67–84; W. Kip Viscusi and Ted Gayer, "Safety at Any Price?" *Regulation* 25 (Fall 2002): 54–63; Stuart Shapiro, "Politics and Regulatory Policy Analysis," *Regulation* 29 (Summer 2006): 40–45.

⁸⁵ William A. Niskanen, "More Lonely Numbers," *Regulation* 26 (Fall 2003): 22; William West, "The Institutionalization of Regulatory Review: Organizational Stability and Responsive Competence at OIRA," *Presidential Studies Quarterly* 35 (March 2005): 76–93.

characteristics: they fail cost–benefit analysis, and White House officials oppose them.⁸⁶ Employing a scientific decision-making process does not make decisions scientific, but it has political value.

Systems analysis in the Pentagon performs a similar role. When he became Secretary of Defense at the start of the administration of John F. Kennedy, Robert McNamara created the Systems Analysis Office (later the Office of Program Analysis and Evaluation) to employ quantitative methods of comparing weapons systems. He also created a new budgeting system to empower the office's analysis.⁸⁷ The new system doubtless produced many useful insights, but its true value, intentional or not, was in overcoming opposition to those decisions from the military services and their allies on Capitol Hill.⁸⁸ Eventually, the services learned the new lingo and developed their own cadres of technical analysts, lessening the civilian advantage. This arms race in analytical expertise demonstrates the power of the tool.

Though risk management has become a mantra in DHS, it remains underused. The second Secretary of Homeland Security, Michael Chertoff, habitually expounded on risk management to resist congressional efforts to use homeland security grants as pork, even as he exaggerated the terrorist danger.⁸⁹ The department now has several offices dedicated to risk management.⁹⁰ It has adopted formulas to determine what regions are vulnerable enough to terrorism to deserve preparedness grants. Much of Congress has fought these reforms, preferring to keep set-asides for all states. But grants, as noted, are a small portion of the department's budget.

DHS and its OMB overseers should expand the use of risk management in two ways. First, they should better use the regulatory review process. Because the relevant executive orders cover DHS, its regulations require regulatory impact statements and OIRA review. Thus far, however, the impact statements

⁸⁶ Shapiro, "Politics and Regulatory Policy Analysis."

⁸⁷ Alain C. Enthoven and K. Wayne Smith, *How Much Is Enough: Shaping the Defense Program, 1961–1969* (New York: Harper & Row, 1971), 32–72.

⁸⁸ Harvey Sapolsky, Eugene Gholz, and Caitlin Talmadge, *U.S. Defense Politics: The Origins of Security Policies* (New York: Routledge, 2009), 100–103.

⁸⁹ On Chertoff's embrace of risk-management rhetoric, see, for example, Michael Martinez, "Chertoff Touts Risk Management Approach," *CongressDaily*, 20 December 2005. On the link between this approach and congressional demands for funds, see Cohen, Cuéllar, and Weingast, "Crisis Bureaucracy," 715–716. For one example of Chertoff's alarmism, see Michael Chertoff, "Make No Mistake, This Is War," *The Washington Post*, 22 April 2007.

⁹⁰ For example, the Office of Risk Management and Analysis was created in April 2007 in the National Protection and Programs Directorate. On this and other efforts to bake risk management into DHS, see David H. Schanzer and Joe Eyerman, *Improving Strategic Risk Management at the Department of Homeland Security* (IBM Center for the Business of Government, 2009), 7–39; *Review of Department of Homeland Security's Approach to Risk Analysis*, Committee to Review of the Department of Homeland Security's Approach to Risk Analysis, National Research Council of the National Academies (The National Academies Press, Washington, DC, 2010), 22–43.

have not made an honest effort to evaluate regulatory benefits, and OIRA has never rejected them.⁹¹ DHS either asserts that benefits are unknowable, estimates what the regulations would have to accomplish to make sense, or claims that a regulation prevents an annual September 11, exaggerating benefits.⁹² As discussed above, benefits cannot be assessed precisely, but rough estimates, using history rather than imagination, show far less danger averted and thus very high cost per life saved. Impact statements should be made even for regulations that Congress mandated, such as the requirement that people crossing into the United States from Canada provide a passport or the requirement that U.S. inspectors ultimately inspect every shipping container entering U.S. ports. The exercise will aid those arguing against these laws. OIRA should start rejecting DHS regulations that fail cost-benefit tests.

More importantly, DHS should use risk management in the rest of its budget—in allocating funds within and across its agencies. DHS has an Office of Program Analysis and Evaluation. This office should produce analysis that shows where DHS can most efficiently deploy its dollars.⁹³ It might show that the Coast Guard's new cutters are unlikely to contribute to counterterrorism, for example, or that attempting to defend trains against terrorism is not cost-effective. DHS leaders have not truly made this office part of the budget-making process, despite its official role, and have not shifted money across agencies from year to year.⁹⁴ There is little evaluation of the efficacy of past spending. Future secretaries should take a more active role in guiding the budget and should use the program analysis office to do so. They should try to place analysts fluent in cost-benefit analysis throughout the organization, particularly in the program analysis office. That means more people with economics training as opposed to military experience. The downside of this approach is that it may upset Congress (just as the House Armed Services Committee threatened to defund the Pentagon's Office of Systems Analysis under McNamara).⁹⁵ But that is a fight worth institutionalizing.

Because of its reliance on unelected technocrats to resist overreaction, this strategy is somewhat undemocratic. In another sense, though, it is simply a way of strengthening the national interest by better balancing parochial concerns. This brings us to the next strategy, which is to structure decisions about homeland security spending so that more risks compete—to make trade-offs more explicit.

⁹¹ On the weakness of regulatory review in considering homeland security regulations, see Robert W. Hahn, "An Analysis of the 2008 Government Report on the Costs and Benefits of Federal Regulations," *Regulatory Analysis* 08-04, (AEI Center for Regulatory and Market Studies, December 2008), 8-9; Farrow and Shapiro, "The Benefit-Cost Analysis of Security Focused Regulations."

⁹² Farrow and Shapiro, "The Benefit-Cost Analysis of Security Focused Regulations," 3-5, 11-12.

⁹³ Cindy Williams, "Strengthening Homeland Security: Reforming Planning and Resource Allocation," (IBM Center for the Business of Government, 2008), 3-58, at 20-23.

⁹⁴ Williams, "Strengthening Homeland Security," 12-13.

⁹⁵ Enthoven and Smith, *How Much Is Enough*, 79.

Institutional Design

In *How Much Is Enough*, Alain Enthoven and K. Wayne Smith write that the secretary of defense should make decisions about defense spending, not because he has the most expertise but because he is in the best position to do so.⁹⁶ The military services focus on the dangers that they best defend against. The secretary's job is to balance their concerns. The president uses the Office of Management and Budget to balance resource allocation among national security dangers and other kinds.

This observation is consistent with pluralism.⁹⁷ Pluralists say that government is the arena for the competition of interests, manifest in particular congressional agencies and executive agencies. Federalism is supervised competition among them to produce a national interest. A similar way to think about government is as a competition of risk preferences. One person frets about Iran's missiles. Someone else fears environmental degradation. A third worries about the tax burden on wealth creation. Agencies and members of Congress serve some of these preferences. They clash in the formation of the federal budget.

Theoretically, the job of OMB and other central agents in the government is to distribute resources among cabinet departments and the agencies within them to maximize spending efficiency across risk categories. In reality, things rarely work like that. Resource competition intensifies with bureaucratic proximity. Missions and the threats they confront compete mostly within agencies and, to a lesser extent, within cabinet departments. The location of missions within agencies and departments determines who fights whom and thus affects the resources they receive. Institutional design is the arrangement of trade-offs among competing risk preferences.

If you want to constrain spending against a particular danger, put it in an agency dominated by other concerns. Missile defense skeptics, for example, should push for missile defense to be the business of the Air Force, not the Missile Defense Agency. The Air Force's preference for new fighters would constrain spending on missile interceptor technology. Something similar occurs today with the Navy's mine warfare community, which more-powerful Navy communities keep down. Subcomponents of every federal agency, including DHS, compete.

As discussed above, the Bush administration populated DHS with agencies that have missions unrelated to terrorism. It attempted, ultimately unsuccessfully, to make DHS "revenue neutral," meaning that it would not add to

⁹⁶ *Ibid.*, 6.

⁹⁷ David B. Truman, *The Governmental Process: Political Interests and Public Opinion*, 2d ed. (Berkeley, CA: Institute of Governmental Studies, 1993). For more critical takes on pluralism, see Robert A. Dahl, *Preface to Democratic Theory* (Chicago, IL: University of Chicago Press, 1956); Charles E. Lindblom, "The Science of Muddling Through," *Public Administration Review* 19 (Spring 1959): 79–88.

federal spending. That created competition between the legacy missions of DHS agencies and their new counterterrorism mission, probably restraining spending on both.⁹⁸ But public alarm about terrorism increased spending on DHS, loosening that restraint.

A better way to limit spending on homeland security would have been to avoid creating the department in the first place. Domestic counterterrorism would then have been performed by agencies without that as their primary mission, limiting enthusiasm for it. This resistance occurs today in homeland security agencies left out of DHS. The Defense Department, for example, is not eager to assign troops needed for wars to Northern Command, which wants them for homeland security missions. Because the FBI got responsibility for domestic intelligence, as opposed to a new agency, the tendency to overinvest in that function is muted. The FBI leadership remains attached to its primary, crime-fighting function.

We are probably stuck with the department, however, so other solutions are needed. The most obvious has been discussed: heighten the power of central decision making in DHS to balance the various harms—storms, illegal immigration, terrorists—that the department confronts. Another approach is to beef up the staffs of those in OMB and congressional budget committees who oversee various agencies and encourage overseers to look at security spending as a zero-sum endeavor. That is, a dollar on homeland security should be a dollar less for defense or intelligence. Make the al Qaeda hawks compete with the China hawks or even the environmentalists.

A counterterrorism strategy that gave budgetary priority to nonmilitary tools would enhance this competition of risks. As discussed above, if the White House tells the military—in strategy documents, decisions, and speeches—that it is no longer an agent of counterterrorism, except on rare occasions, it will discourage services from hyping the threat. If they lost budget to the agencies that fight terrorism, the services might even publicly downplay the danger and encourage their agents to do so.⁹⁹ Similar risk competition could occur across the entire government if the White House frames budget decisions as competitive and deficits mount. If federal health care expenses grow without overall spending increases, that spending may come at the expense of security spending. That fight might create a more-functional marketplace of ideas about security dangers, improving public threat perception.

⁹⁸ One recent study argues that the Bush administration created DHS to take funding and attention from DHS agencies' legacy missions. Cohen, Cuéllar, and Weingast, "Crisis Bureaucracy," 714–755.

⁹⁹ Such budgetary competition might, however, simply produce competitive threat inflation. On competition of interests as a cause of innovative military doctrine, see Owen R. Cote, Jr., *The Politics of Innovative Military Doctrine: The U.S. Navy and Fleet Ballistic Missiles*, (Ph.D. diss., Massachusetts Institute of Technology, 1995); Harvey M. Sapolsky, "The Inter-Service Competition Solution," *Breakthroughs* 5 (Spring 1996): 1–3.

A related tactic is to devolve decision making about spending on homeland security to states or localities. That means stopping federal homeland security grant making. Because of their organizational perspectives and the ability to run deficits, federal homeland security officials need not much consider the grants' opportunity costs. States and cities, however, do not fully share these characteristics. If they pay for homeland security, they appreciate the cost in terms of less traditional policing, fewer new roads, and so on. They have a better perspective on relative priorities.

Security Theater

A final strategy to contain overreaction to terrorism is to deflect it. Security theater describes measures that provide not security, but a sense of it.¹⁰⁰ People tend to dismiss this strategy as dishonest and useless. Only the former is true. The reduction of exaggerated fears is useful, particularly if it prevents more costly responses.

The downside of this approach is that the spectacle of security might simply remind people of danger and heighten fear. You then get the worst of both worlds: increased fear without increased security. For that reason, this strategy should be used only if other methods fail to contain fears. But if public fears cannot be dispelled, the response might be to put on a cheap show to answer fear without breaking the bank. Cass Sunstein, the current head of the Office of Information and Regulatory Affairs, and Richard Zeckhauser advocate this approach:

The government should not swiftly capitulate if the public is demonstrating action bias and showing an excessive response to a risk whose expected value is quite modest. A critical component of government response should be information and education. But if public fear remains high, the government should determine which measures can reduce [sic] most cost effectively, almost in the spirit of looking for the best "fear placebo." Valued attributes for such measures will be high visibility, low cost, and perceived effectiveness.¹⁰¹

The quintessential example of this strategy in homeland security is putting National Guard troops in airports in the panicked days after September 11. The troops did little to stop hijackings, but they may have made people feel safer and more willing to fly.

A related approach is to channel fear of a danger into measures that accomplish other useful ends. An example is the reaction of the administration

¹⁰⁰ Bruce Schneier, *Beyond Fear: Thinking Sensibly about Security in an Uncertain World* (New York: Copernicus Books, 2003), 38–40; Cass R. Sunstein and Richard Zeckhauser, "Overreaction to Fearsome Risks" (faculty research working paper RWP08-079, John F. Kennedy School of Government, 3 December 2008), accessed at <http://web.hks.harvard.edu/publications/getFile.aspx?Id=330>, 7 July 2010.

¹⁰¹ Sunstein and Zeckhauser, "Overreaction to Fearsome Risks," 13.

of Dwight Eisenhower to Sputnik, which is recounted by historian Robert Divine.¹⁰² The Soviet satellite launch in 1957 alarmed the U.S. public. They feared that the Soviets had bested Americans in technological prowess and would soon have the ability to attack the continental United States with an intercontinental ballistic missile carrying a nuclear warhead. Eisenhower knew that these fears were overwrought. U.S. ballistic missiles programs were ahead of their Soviet rivals in targeting and reentry, which space shots do not require. Secret U-2 flights revealed limited Soviet progress in deploying intercontinental ballistic missiles. Eisenhower worried that alarm would cause ruinous increases in defense spending. He tried to calm the public in press conferences and in his “chin-up” speeches but mostly failed. Hawks in both parties echoed public fears and called for higher defense spending. The public remained worried.

Eisenhower decided that “this alarm could be turned into a constructive result,” as Edward Land, founder of Polaroid and member of a key White House advisory committee, put it.¹⁰³ The White House harnessed alarm to several ends. The first was science education. Despite Eisenhower’s general opposition to federal education spending, the administration encouraged legislation that created scholarships for college and increased National Science Foundation grant spending. They created a White House science adviser. They used concern about U.S. missile programs to push Congress to strengthen the power of the defense secretary over the services. To manage civilian space programs, they backed creation of the National Aeronautics and Space Administration. These changes were cheap, at least in the short term. They made it easier for Eisenhower to resist calls for higher defense spending, a massive civil defense program, and other measures he thought harmful. Even so, he could not prevent hawks from harping on a phony missile gap and forcing through some spending increases.

U.S. homeland security policy might be thought of as security theater. The Bush administration arguably saw homeland security as politically necessary but ineffective counterterrorism. It collected a set of agencies tangentially related to domestic counterterrorism in DHS, made a fuss about it, and tried to hold down the bill.¹⁰⁴ The department bought fancier Coast Guard ships, hired more border guards, and declared that vulnerability to terrorism had

¹⁰² Robert Divine, *The Sputnik Challenge* (New York: Oxford University Press, 1993). See also, Sapolsky, Gholz, and Talmadge, *U.S. Defense Politics*, 139–140.

¹⁰³ Divine, *The Sputnik Challenge*, 13.

¹⁰⁴ On Democratic calls for more spending, see note 61. For analysts making the case, see *Emergency Responders: Drastically Underfunded, Dangerously Underprepared*, report of an independent task force sponsored by the Council on Foreign Relations, Warren B. Rudman, chair; Richard A. Clarke, senior adviser; Jamie F. Metzl, project director (New York: Council on Foreign Relations Press, 2003); Jonathan Chait, “The 9/10 President: Bush’s Abysmal Failure on Homeland Security,” *The New Republic*, 3 March 2003, 18–23.

been lowered. The administration used fear of terrorism to justify policies like war in Iraq and higher defense spending that it supported for reasons largely unrelated to terrorism.

Although it does not seem inclined to do it, the current administration might stem demand for excessive homeland security, especially if additional attacks occur, by holding down spending and declaring that other priorities, like increased hospital capacity or more police, serve homeland security. This solution resembles the prior one, in that where you put government functions affects how people perceive their use. If you call activities homeland security, especially by sticking them into the department with that name, they appear to serve that end.

CONCLUSION

Our first line of defense against our tendency to overreact to terrorism is to be truthful about the threat and push for the same from politicians and security officials. But people's psychological tendency to overrate remote dangers like terrorism, and leaders' interest in exploiting those fears make these tools insufficient. Lessening threat inflation requires addressing its causes.

Better communication methods may reduce psychological errors, but political incentives limit the number of elites eager to communicate better. One strategy to alter these incentives is to enhance the use of cost-benefit analysis in DHS—institutionalizing rationality in a more technocratic DHS. We can further limit overreaction by cutting the number of organizations engaged in counterterrorism. Declaring that terrorism is not a military problem diminishes the military-industrial complex's incentive to hype its danger. It would be better still if counterterrorism and military spending are considered zero-sum. That would discourage the military and its agents from hyping the terrorist threat. Enhancing the executive branch's ability, via OMB, to compare dangers across government agencies might have a similar effect, particularly as deficits strain spending. A last resort for limiting fear's damage is to embrace the spectacle of homeland security, answering exaggerated fears of terrorism with cheap displays of security that do little harm. If you cannot quiet nightmares with truth, use myth. A less cynical relative of this strategy is to declare other priorities to be homeland security, so that fear of terrorism funds them. This strategy is wise if those priorities are.

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