

## **The best way to push bad policy is to wrap it in a ‘security’ blanket**

*(Article by Saul Eslake, Director of the Productivity Growth Program at the Grattan Institute, published in the Melbourne Age, and in the online edition of the Sydney Morning Herald, on Wednesday 9<sup>th</sup> November 2011)*

These days, the surest way to gain acceptance for policy proposals that former Treasury Secretary Ken Henry might have called “frankly, bad” is to wrap them in a ‘security’ blanket.

If you want a government to do something that entitles you to some form of protection from competition (especially overseas competition), some kind of subsidy or tax break, or some other privilege not enjoyed by ordinary folk, but you know that your proposal wouldn’t pass any kind of rigorous, independent, arms-length scrutiny – such as might be undertaken, for example, by the Productivity Commission – then your best chance of getting what you want is to succeed in portraying it as being somehow essential in order to enhance some form of ‘security’.

‘National’ or ‘homeland’ security is the best label for achieving this purpose, since, after the terrorist attacks of September 2001, money has been literally no object when it comes to spending on anything that its proponents claim will ‘reduce the risk of terrorism’ or in some other way enhance ‘homeland security’ (to use an American phrase which has been imported effortlessly into Australian parlance in this context, even though Australians have never previously referred to this country as the ‘homeland’).

In their recently published book *Terror, Security and Money*, University of Newcastle Professor of Engineering Mark Stewart and his co-author John Mueller from Ohio State University calculate that the United States has spent more than US\$1 trillion on ‘domestic homeland security’ over the past decade, over and above what it was spending before 2001, and excluding the costs of the wars in Iraq and Afghanistan, in response to something that has cost fewer lives than the number of people who drown in American bathtubs each year.

Yet, as they also show, these expenditures have *never* been subject to any kind of probability assessment (what is the probability of the event that we are spending hundreds of billions of dollars to counter will actually happen?) or cost-benefit analysis (what has been the gain, in terms of lives saved and other harm prevented, relative to the expenditure incurred?).

Mueller and Stewart actually carry out some cost-benefit analyses themselves. They show that hardening cockpit doors in planes (so that they can’t be penetrated by terrorists as occurred in the September 11, 2001 attacks) has been a cost-effective security measure. On the other hand, they demonstrate that the American Air Marshal Service, and its Australian equivalent, the Air Security Officer program (under which armed officers travel incognito on selected flights) “fail a cost-benefit analysis, usually quite miserably”.

Mueller and Stewart also undertake a cost-benefit analysis of the ‘porno-scanners’ which have been used in American airports since 2010 and which are to be inflicted on people passing through international airports in Australia from some time next year. Using assumptions which are biased towards finding these devices to be cost-effective, and high estimates of the cost of a ‘successful’ terrorist attack on a plane, they conclude that the “scanners fail a cost-benefit analysis quite comprehensively”.

Transport Minister Anthony Albanese has said he “makes no apologies” for mandating the installation of ‘porno-scanners’ at Australian airports.

Perhaps he should, and not only to the travelling public, whose time is wasted and whose privacy and dignity are to be pointlessly infringed by these machines, but also to taxpayers for such a senseless waste of their money.

Mueller and Stewart suggest that Australia hasn't wasted as much money on 'security' measures as the United States. However their analysis only considers costs borne by governments. In Australia, much of the spending on 'security' measures at airports has been undertaken, at government direction, by airlines and airport operators, and the total amount is much harder to ascertain. If Alan Joyce wants to cut Qantas' costs, perhaps he should be more vocal about the unnecessary expenditure his airline is obliged to incur on 'security', as his counterparts at some other airlines have been.

What is clear is that very few (if any) questions have ever been asked about the 'value for money' Australians have obtained for the vast increases in our own expenditure on 'security' over the past decade. For example, the cost of running the Australian Security Intelligence Organization (ASIO) has risen by more than 400% over the past decade (compared with an increase in total Commonwealth government spending of 95% over this period) – and will increase by a further 24% over the four years of the current forward estimates period (as against a 17% projected increase in total Commonwealth spending). ASIO's staffing has increased threefold over the past decade. More than \$600 million is being spent on ASIO's vast new headquarters building on the north side of Parkes Way in Canberra. My understanding is that none of this has ever been subject to the sort of scrutiny that would be applied to other proposals to increase spending on other programs, or the staffing of other agencies, by orders of magnitude such as these. As in the United States, spending on 'security' in Australia has become what Mueller and Stewart call "a self-licking ice cream cone".

But the lessons for those wanting government favours in other areas have clearly been widely noted. It's become fashionable to stake claims for subsidies, tax breaks, or protection from competition in terms of 'security' – hence Tony Abbott now tries to justify increased protection for Australian manufacturing in terms of 'national security'; Bob Katter and Barnaby Joyce want increased barriers to imports of agricultural products in order to enhance 'food security'; various primary producers argue against the removal of bans on imports of competing products on the grounds of 'bio-security'; government-owned electricity transmission network operators defend vastly increased spending on their assets (and the large increase in electricity prices which result from it) as being required for 'energy security'; mainland State governments have spent billions of dollars on desalination plants in order to improve 'water security'; and so on. In each case the underlying – and in some cases quite explicit – purpose of appending a 'security' label to the favours being sought is to decry any suggestion that they should be subject to such base considerations as 'cost' and 'benefit', or 'value for money'.

There are, of course, occasions and circumstances where our security, in the traditional sense of that word, is imperilled and where a commensurate response by government is warranted. The terrorist attacks of September 11, 2001, and subsequently in Bali and elsewhere, were such occasions. But even occasions such as those do not justify the expenditure of vast sums of public money (or substantial erosions of civil liberties) without due consideration and careful evaluation. And the same principle should hold even more strongly for attempts to wrap old-fashioned 'rent-seeking' in a 'security' blanket in the hope of evading proper and diligent scrutiny.

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