

# Preface

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As a rule, economists love markets and underappreciate lawyers. As we were completing the final preparation of chapters for this volume, David Brooks' March 24, 2014, column reminded us of the importance of the rule of law. His column devotes most of its attention to crime and unequal access to legal protection, but the lessons from his argument are more general. The legal structure of a nation conditions everything its citizens can do. One that is fair and reliable creates different outcomes than one that is not. Markets cannot function effectively without well-defined, or at least reasonably enforceable, property rights. Economic activities and the rule of law are intertwined. This point is so basic it can be underappreciated. Thus, when we consider the infrastructure that supports economic activity and the ability to sustain and enhance people's well-being we need to include recognition of the importance of the 'rule of law'. Terrorism poses threats to many dimensions of our infrastructure: physical, economic, political, social, and legal processes. Policies to protect homeland security are also not neutral interventions. Homeland security policies can threaten the freedoms people enjoy because the rights accorded citizens and residents of this country may be compromised in an effort to protect against terrorist attacks. Both the threat and the remedy can change this generalized concept of infrastructure and as a result the economic and social outcomes within our country. Thus, as part of the process of evaluating new policies to protect security an important dimension of the evaluation must begin with a clear definition of what these policies are intended to provide and how they will accomplish these objectives. This specification is important because the means used to enhance security may well diminish other 'rights'.

At one level, policies can mean more waiting time for security at airports and no access to the gates for non-passengers. Such changes can be represented as fairly straightforward modifications in the time required for travel and in the attributes of a visit to the airport to meet family or friends arriving for a visit. They can also mean fundamental changes in the privacy of communication, transactions, and ultimately each individual's private lives. While our focus in this volume is primarily on the changes that have direct economic implications, it is important to recognize the

many ways the formulation and implementation of security policies can affect all aspects of our social interactions and well-being. Thus, the economic system that results and its performance in meeting people's needs can become very different depending on the policy decisions that are made.

Describing the intended outcomes of new policies and the mechanisms for implementation is not easy. Economic models use a shorthand to characterize the outcomes of policies and the mechanisms through which the outcomes are achieved as specifying a production process. In the case of security, however, it is not simply a plant or coordinated set of facilities producing a good or service. Instead, the production of the final outcomes can involve people, public and private institutions, and firms in diverse ways.

The same comment might have been made about environmental policies in the early days of conducting economic analysis to support environmental regulation. Faced with a requirement to conduct benefit-cost analysis of Federal regulations, environmental analysts from many disciplines worked together to create a framework to analyze the economic impacts of environmental regulations. This work has spanned many decades and has been supported by a large and ambitious body of research carried out by government scientists, academics, and all types of consultants and researchers in the nonprofit and for profit sectors. It was not easy, it took considerable time, and it required a concerted effort to develop, in this interdisciplinary setting, a framework for analysis. This is what we refer to as a 'platform' for policy analysts to use to organize the research activities necessary to conduct regulatory impact analyses. The goal of the workshop in 2010 and the subsequent research that produced this volume was to support this process in the US Department of Homeland Security.

The workshop and this book are outputs of our long term collaboration with CREATE (National Center for Risk and Economic Analysis of Terrorism Events), the US Department of Homeland Security university research center at the University of Southern California. Our participation was initiated by its first director, Detlof von Winterfeldt, and supported throughout by Isaac Maya and the director at the time this work was being finalized, Stephen Hora. We would never have been able to successfully organize the workshop or complete the research needed for this volume without their support as well as the support and research contributions of CREATE's Coordinator for Economics at the time, Adam Rose.

Many others contributed to this effort as well. Aaron Strong and H. Allen Klaiber were post-doctoral fellows at Arizona State University (ASU) during the time some of this research was undertaken and contributed to its success. Several undergraduates served as research fellows during our activities and contributed significantly to our research. They

include Jacob Fishman, Michael Kaminsky, Eric Moore, Jesse Snook, Eric Stewart, and Carlos Valcarcel. At RTI International, the research and workshop were supported by Laurel Clayton and Paramita Sinha. In many different ways they all contributed to assuring our research was successfully completed.

Administrative management at ASU and RTI International were also essential to our ability to complete the work. We would like to especially acknowledge Natalie Cardita and Shauna Mortensen at ASU for assuring every dimension of the focus groups, conference planning, and manuscript preparation was successfully completed. At RTI, Sharon Barrell did much of the editing for this volume. At ASU, Kathryn Kyle helped us to complete the editing task quickly.

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Finally, the volume would not have been possible without the contribution of our authors. Not only did they work to inform the research needs for regulatory impact analysis of homeland security policies but they also were very patient with us as we deliberately (but slowly) moved this volume to completion. Our families support all we do. Thank you to all those we mentioned and to many others who are not mentioned but contributed to this effort. In the end, the final judgments on the composition and content of the volume were ours, so errors and omissions fall on us.

Research is about promoting a better understanding of the world around us, including what we do to it and to each other. A book that takes stock of a set of research on the evaluation of security policy seeks to enhance this learning by promoting greater interaction among analysts and policy makers. This was our objective. Hopefully you will agree the efforts of all involved in this volume contribute to enhancing this process.

*Carol Mansfield  
V. Kerry Smith  
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