SQ solves

SQ solves—Current investment sufficient

Friedman 2005

Benjamin M., Faculty Associate, William Joseph Maier Professor of Political Economy, Department of Economics, Harvard University, "Think Again: Homeland Security." Foreign Policy, July/August 2005 http://www.wcfia.harvard.edu/node/3706

“America Is Doing Far too Little to Protect Its Ports” Hardly. More than $600 billion in goods and nearly 50 percent of U.S. imports flow through American ports each year. U.S. ports are vulnerable to both weapons smuggled into the United States in containers and U.S.S. Cole–style attacks on ships. But there is little indication such attacks are likely. Since September 11, the United States has made significant investments in port security. Federal port security grant programs have distributed about $600 million in funding to hundreds of U.S. ports. The Coast Guard’s budget has grown to $6.3 billion in the four years since Sept. 11, 2001. These efforts are enough. The news media love to mention that U.S. Customs agents inspect only 2 to 5 percent of containers entering the United States. But the measure of success is which containers are searched, not how many. The key to protecting ports without unduly burdening commerce is using intelligence to identify risky cargo. The Container Security Initiative, instituted by U.S. Customs and Border Protection in 2002, aims to identify and inspect suspicious cargo before it sails to the United States by stationing agents in foreign ports, requiring a manifest prior to a ship’s arrival, determining the origin of containers, and developing electronic, tamper–proof container seals. This system is far from perfect. But it is superior to spending vast sums of taxpayer money to inspect every shipment. And, when one considers the cost to the U.S. economy of slowing commerce to a snail’s pace, this is one solution that is worse than the present danger. Any additional port security spending should respond to known threats, not mere vulnerability.

No Impact

No impact to terrorist attack—existing security and large ports.

Leamer (Chauncey J. Medberry Chair in Management, Professor in Economics & Statistics at UCLA) and Thornberg (Ph.D in Business Economics, founder of Beacon Economics) 2006

Edward E. and Christopher, UCLA Anderson Forecast “Ports, Trade, and Terrorism: Balancing the Catastrophic and the Chronic” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

Of course, a labor action is not the same as a terrorist attack; labor actions can be anticipated to some extent, whereas lack of anticipation is intrinsic to terrorist attacks. However, similarities remain. The labor actions of the sixties and seventies were often marked by wildcat strikes and work slowdowns, deliberately created to reduce or prevent mitigating actions on the part of the companies involved. Furthermore, there cannot now be an unexpected, surprise terrorist strike at U.S. ports. Because of the terrorist threat, many businesses have put in place redundancies and contingencies that will help mitigate the disruption caused by a port attack, just as they undoubtedly did in anticipation of the port strikes that loomed in the 1960s. Furthermore, it is our understanding from interviews with experts, that it is highly unlikely that the physical damage from an attack would be enough to close the combined ports of Los Angeles and Long Beach completely. The size of the port complex and the large amount of excess physical capacity would make it nearly impossible for a conventional attack to stop or even reduce substantially the amount of cargo that currently moves through the ports—as long as authorities intervened to allow displaced shippers to use other parts of the complex. The port might nonetheless be shut down if the dockworkers refused to work or were prevented from working by the government. Such a directive might affect all the ports on one or both coasts.

No impact—affect would be equivalent to past labor strikes.

Leamer (Chauncey J. Medberry Chair in Management, Professor in Economics & Statistics at UCLA) and Thornberg (Ph.D in Business Economics, founder of Beacon Economics) 2006

Edward E. and Christopher, UCLA Anderson Forecast “Ports, Trade, and Terrorism: Balancing the Catastrophic and the Chronic” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

Although the United States is considerably more trade-dependent today than in earlier periods, this potential vulnerability is offset by a number of factors. One is the shift from ship to aircraft for delivery of many high-value, time-sensitive goods, particularly on the export side. Second, countermeasures to a terrorist strike, such as increased inspections of containers, may be more onerous for imports coming from uncertain ports than for exports packaged in the United States. And although a widespread labor action would stop most maritime trade completely, a terrorist strike would only slow trade rather than stop it. When added together, these factors mean that the disruption to the flow of goods as a result of a current terrorist attack could be roughly similar in size to the effect of a major port strike in the 1960s. Therefore, we feel that these historic labor actions correspond closely enough to the kind of port disruption that a terrorist attack might bring to tell us a lot about the probable effect on the national economy of a terrorist attack on the ports. We will show how these labor actions are visible in the import data and export data of the period. In all cases, there was a small increase in import volume before these actions, a drop in volume during the action, and a large surge in import volume after the dispute was settled. Because of the size of that postdisruption volume surge, the overall loss of trade during a labor action was very small and in some cases nonexistent. Trade was postponed but not lost. Nor are the adverse effects of labor actions evident in other data that we have examined, including data reporting production and employment. Our results show quite conclusively that the effect of these past strikes on the greater economy was negligible.

No impact—fluctuations in supply and demand are normal, consumers and businesses will adapt.

Leamer (Chauncey J. Medberry Chair in Management, Professor in Economics & Statistics at UCLA) and Thornberg (Ph.D in Business Economics, founder of Beacon Economics) 2006

Edward E. and Christopher, UCLA Anderson Forecast “Ports, Trade, and Terrorism: Balancing the Catastrophic and the Chronic” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

Surely you must be joking!” might be the immediate response to the conclusion that a significant closure of the ports would have at most a mild effect on the economy. It would seem more likely that a substantial disruption to the supply chain because of a port shutdown would have a very dramatic effect on the production process. Yet all the evidence points to the opposite conclusion. The major labor actions of the sixties had measurable effects on the timing of imports but hardly any on total imports, and there is little or no evidence to support the idea that they had any substantial effect on the overall economy as measured by rising prices, falling employment, or a reduction in production activity. The shutdowns did not have much of an effect for two reasons. One is that businesses deal every day with fluctuations in supply, demand, and production, as a result of both predictable seasonal variation and random events. It often is forgotten, in our world of seasonally adjusted statistics, just how much fluctuation there is in demand through the course of the year. Figure 2.10 shows the unadjusted quarterly patterns of growth in consumer spending on goods; a sizable negative is notable in the first quarter. Firms are quite able to deal with that strong seasonal variation through seasonal inventory, maintenance, and personnel policies. A disturbance to the flow of goods through a port is certainly a large disturbance to the supply chain, but it must be remembered that it causes business to be delayed, not cancelled. A car or piece of furniture not purchased today because of a lack of available inventory will likely be purchased tomorrow. And firms do not lay off workers for temporary disruptions in demand or supply. Recession-causing events, such as a collapse of an information technology (IT) spending bubble, are long term, usually as long as a year. If the United States had its ports closed or had substantially reduced throughput for six months or more, then our analysis would surely be different. This leads to the second reason why the shutdowns did not have much of an effect: Businesses and consumers are adaptable. When faced with the inability to bring a product through a port, a business will work to find another supply source—by importing from a different place, using a different mode of transport, or finding a domestic substitute. Consumers are similarly adaptable. If they cannot buy one product or service because of a temporary shortage, they will buy different products and goods or simply wait a month until the product they want becomes available again. Another difference between a recession-causing event, such as the bursting of the tech bubble, and a non-recession-causing event, such as a port shutdown or natural disaster, is that a recession-causing event is long-term (several quarters) and features a substantial (2% of GDP) drop in aggregate demand. A disaster or strike is too short-lived, too small, and comes with offsetting increases in demand for other goods and services. And there are domestic substitutes available.

Secondary economic affects are exaggerated—wouldn’t exceed regular commerce variations.

Leamer (Chauncey J. Medberry Chair in Management, Professor in Economics & Statistics at UCLA) and Thornberg (Ph.D in Business Economics, founder of Beacon Economics) 2006

Edward E. and Christopher, UCLA Anderson Forecast “Ports, Trade, and Terrorism: Balancing the Catastrophic and the Chronic” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

It is easy, however, to overestimate these secondary effects. We have to be careful about distinguishing between events that cause business to be delayed and those that cause business to be cancelled. Very short-run disruptions to trade—whether by severe weather, traffic problems at the port, or a small terrorist attack—have almost no net effect on the economy, since the disruptions caused are little more than what happens during the normal, random, day-to-day life of commerce. Small delays have no measurable effect, and firms very often have excess capacity in order to deal with unexpected fluctuations in demand. And although consumers might stop flying as a result of an incident, they may instead begin to buy more cars with the money they did not spend on air travel. Losses in one place may be offset by gains elsewhere. Only sustained shocks to the economy will have any permanent effect on the economy, and here we must be careful to recognize that the economy is composed of conscious agents who will adjust plans and use resources in different ways to mitigate damages. We must not underestimate the resilience of a free-enterprise economy.

Prefer historical examples of port closures—best way to predict the effects of a terrorist attack.

Leamer (Chauncey J. Medberry Chair in Management, Professor in Economics & Statistics at UCLA) and Thornberg (Ph.D in Business Economics, founder of Beacon Economics) 2006

Edward E. and Christopher, UCLA Anderson Forecast “Ports, Trade, and Terrorism: Balancing the Catastrophic and the Chronic” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

When economists trying to make predictions are faced with a long list of unknowns, they can either develop complex models to help answer the questions before them or look to historical events that might provide lessons for the future. The complex questions stemming from a terrorist attack on the port complex cannot be answered easily within a typical static input-output (IO) model, because the economy is flexible and will work to mitigate the potential damage caused by a supply chain disruption. Input-output models assume a mechanical structure in which a resource unused in one place remains unused. For example, there is an assumption that a laid-off worker will not try to find new employment, or that a factory, denied a critical component, will simply shut down instead of finding an alternative supplier. Of course, these assumptions are not true. Input-output models tend to highly exaggerate the true cost (and also the true benefits under other circumstances) of economic events. When IO models cannot do the job, economists look toward similar episodes in the past to provide information about the potential consequences of some change in the economy. We believe that historical episodes more appropriately capture the patterns of adjustment that a flexible economy with adaptive businesses and workers will make in response to disruptions. We do not have any examples of a terrorist strike on U.S. ports, but there are some historical incidents of work 47 stoppages at ports that interrupted maritime trade in a fashion that seems similar to the disruption that a terrorist attack could potentially cause. The last major labor-related port closure occurred in 2002, when West Coast ports were shut for 10 days.

No Solvency

No solvency—increased port security doesn’t change terrorist threats

Cohen (Berkeley Roundtable on the International Economy (BRIE) UC, Berkeley) 2006

Stephen S. “Boom Boxes: Containers and Terrorism” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

Even if all these problems are resolved, and even if the active radiation detectors prove to be effective and robust, there is no guarantee whatever that tech-savvy terrorists will not succeed in slipping a weapon of mass destruction into the United States inside an in-bound container. But the full system will make that significantly more difficult and, it is hoped, significantly less likely. The chance of detecting and stopping conventional explosives from penetrating our defense and triggering highly destructive reactions is somewhat smaller, but abundant domestic sources of explosives provide a viable alternative to imports. And careful planning, rigorously applied, can contain the self-inflicted damages. Finally, even if container security proves completely effective, it will not make America safe, not even from weapons of mass destruction entering from the sea. One can horrifically imagine, in vivid detail, a glorious oceangoing yacht sailing on a beautiful day into Miami, or Los Angeles, with bikini-clad fashion models and packs of photographers cavorting on deck: Scores of small sailboats circle, stare, and wave, while down below, someone sets off the nuke.

Plan can’t solve alone—many layers of security key to detect a weapon.

Cohen (Berkeley Roundtable on the International Economy (BRIE) UC, Berkeley) 2006

Stephen S. “Boom Boxes: Containers and Terrorism” from *Protecting the Nation’s Seaports: Balancing Security and Cost* edited by on D. Haveman and Howard J. Shatz http://www.ppic.org/main/publication.asp?i=698

No single defensive measure can provide a high probability of detecting a weapon of mass destruction, let alone more conventional weapons, inside a sealed container. A “layered” system of defense, traditional in military history beginning with medieval fortifications is, therefore, the generally accepted model. However they are stacked, the layers come down to a small set of key, but not simple, defensive measures: Intelligence Intelligence can be invaluable, but it can never be day-in, day-out reliable, and there are no associated cost estimates. Documentation of Contents and Provenance There is enormous room for improvement here. “Voluntary” programs should be replaced with obligatory rules and regulations, backed by clear sanctions, to improve compliance and, critically, to prompt changes in behavior down through the ranks of the huge number 120 of firms involved in shipping to go beyond casual compliance and to take day-to-day vigilance seriously. Improvements in documentation of what is in the box and where it has been, however, can never overcome the fundamental problem: Contents are declared at the point of origin by whoever stuffs the box and are not really checked thereafter. Personnel The workforce that handles containers, less so the crane operators at ports than the short-haul truckers who haul the boxes from the ports to their first inland stop, can easily be penetrated by terrorists. The drivers are a particularly low-paid and high-turnover workforce. Efforts to establish a Transportation Worker Identification Credential, which would provide positive identification and background checks, have not yet been very successful. Technology The burden thus falls on technology—on the intelligent deployment of existing technologies and the rapid development of new and better technologies. Used in conjunction with one another, rather than as replacements for one another, they could provide an excellent, although regrettably still imperfect, security shield. There are several different kinds

No solvency—risk exist at other parts of the supply chain.

Keefer 2007

Wendy J. Keefer, lawyer with Bancroft Associates in Washington DC, “Container Port Security: A Layered Defense Strategy to Protect the Homeland and the International Supply Chain”

The way in which containers are used to pack and carry cargo complicates container security. A single container may contain cargo from many different companies and shippers. These containers are typically loaded somewhere other than the port (e.g., at company ware- houses). Each cargo shipment may involve numerous persons and numerous stops from the actual exporter and importer to the various transportation providers that carry the cargo to and from the ports. Each time a container is transferred or opened a risk of tampering or the loading of dangerous cargo exists. Moreover, given economic concerns, attacks targeting United States interests need not occur at or near any of the over three hundred domestic ports; such attacks could occur among ports of foreign nation trading partners.4 °Containers discharged at ports outside the United States, such as Canadian ports, may ultimately be transferred via truck or train into the United States. At all stages of shipment, security measures are needed and the cooperation of public and pri- vate parties in both the United States and abroad is vital. It is in every trading country's interest to participate in efforts to secure these shipments.4'

Turn: Developing Countries

Increased port security restricts trade with developing countries.

Laite 2010

Parker Stone Laite III, B.A. “MARITIME TRADE SECURITY: PROMOTER OF TERRORISM?” Mentor: Joseph Smaldone, Ph.D. (Northwestern University; Adjunct Professor of Liberal Studies, Georgetown University)

In the United States, for example, the increase in security following 9/11 included a number of measures to improve supply-chain security. Legislation such as the Maritime Transportation Security Act of 2002 and the Safe Accountability for Every Port Act of 2006 codified programs like the Customs-Trade Partnership Against Terrorism (C- TPAT) and the Container Security Initiative (CSI). At an international level, the International Maritime Organization (IMO) amended the International Convention for the Safety of Life at Sea (SOLAS) to include the International Ship and Port Facility Security (ISPS) Code, while European Community countries along with Singapore, New Zealand, and members of Asia-Pacific Economic Cooperation (APEC) Authorized Economic Operator Programs modeled after C-TPAT.6 Many laud the benefits of these security initiatives, however, some are concerned that they create non-tariff barriers for trading partners and will “penalize developing countries who may not be able to afford the installation of the required facilities at their ports, and thus be unable to join the [initiatives].”7 In 2003, the OECD estimated the initial burden of implementing supply chain security measures on ship operators to be at least $1.3 billion, and $730 million per year thereafter, with most costs coming from management staff and security-related equipment expenditures. Similarly, the OECD analyzed the cost of system-wide procedural changes, like the United States’ 24-hour advance notice rule, which is estimated to cost approximately $281.7 million.8 U.S. programs have also been perceived as non-tariff barriers by some of America’s closest allies. According to the European Commission, the reluctance of Customs and Border Protection (CBP) to allow foreign participation in C-TPAT is discriminatory and increases costs for European exporters. Similarly, CSI causes additional costs and delays in E.U.-U.S. shipments.9 When combined with the fact that exporters in developing countries often pay two to three times as much in import customs and duties in destination countries as do exporters in developed countries, it is clear that significant trade barriers to developing countries pervade the new maritime trade security environment. In order to show this, this chapter will analyze the non-tariff trade barriers created by maritime trade-security measures enacted as a result of 9/11. It starts off with a brief overview of the evolution of maritime trade security in the United States, and gives a synopsis of major legislative initiatives that led to these changes. The second section outlines the key US-maritime security programs – namely the C-TPAT, and CSI – and how some of their components may constitute non-tariff trade barriers, especially for developing countries. The chapter then moves to an international level and explores the costs associated with the ISPS Code and Authorized Economic Operator programs. It concludes by showing how these new maritime trade security programs disproportionately restrict developing countries from gaining access to some of the world’s largest markets.

Increased security decreases trade with developing countries—hurts their economies and increases likelihood of terrorism.

Laite 2010

Parker Stone Laite III, B.A. “MARITIME TRADE SECURITY: PROMOTER OF TERRORISM?” Mentor: Joseph Smaldone, Ph.D. (Northwestern University; Adjunct Professor of Liberal Studies, Georgetown University)

The major maritime trade security programs implemented after 9/11, like C- TPAT, CSI, the ISPS code, and AEO exacerbate the existing incongruence in the level of trade barriers between developed and developing nations by disproportionately penalizing those countries that cannot afford comply with the new regulations. C-TPAT and other AEO programs limit membership to companies in more developed nations by requiring importers to conduct comprehensive assessments of their international supply chains and ensure that the necessary security measures are in place and adhered to. Since non-compliance with program security measures results in disenrollment, members often drop small suppliers in the developing world in favor of more established suppliers having better security, often in more developed countries. Further trade barriers to developing nations are formed by the expedited access to port facilities and fewer security inspections granted C-TPAT and AEO members because it puts non-members at a competitive disadvantage. The ISPS code disproportionately presents a non-tariff barrier to developing countries as well. ISPS compliance costs small ports 113 percent more than large ports, while the yearly operational expenses associated with ISPS cost small ports 58 percent more than large ports. The economies of scale enjoyed by large ports vis-à-vis small ports only exacerbate these differences in cost. While the ISPS code has increased global maritime trade security standards and improved supply-chain safety, by requiring IMO members to meet strict and expensive port security standards, it burdens small ports and developing countries at a disproportionate level. Similarly, although CSI arguably improves U.S. maritime supply-chain security, it also serves as a non-tariff barrier to developing countries whose smaller ports are often unable to afford CSI participation costs. The program incentivizes the use of CSI ports due to the shorter wait time and fewer security checks associated with using a CSI port. As a result, a significant number of shipping companies have moved away from smaller non-CSI ports to keel their competitive advantage. Furthermore, for many developing countries, shipping to the United States will require systematic use of CSI ports. Since very few CSI ports are located in the developing world (southern hemisphere), using such ports will increase shipping costs and duration for many developing nations. The non-tariff trade barriers created by these maritime trade security programs, combined with the fact that exporters in developing countries often pay two to three times as much in import customs and duties in destination countries than do exporters in developed countries, it is clear that significant trade barriers to developing countries pervade the new maritime trade security environment.67 This disparity has significant implications for those in the developing word. The higher cost of shipping for developing countries makes it more difficult for these countries to export their goods to the global market, thus limiting GDP growth and economic development. Similarly, the lower import costs into developing countries makes it easier for developed countries to “flood” the developing world with their products, which limits economic development by making it impossible for small industries in developing countries to compete. Given the link between a nations propensity to harbor terrorists and development it becomes apparent that by creating non-tariff trade barriers the maritime trade security programs discussed in this chapter may inadvertently promote an environment more favorable to terrorists.