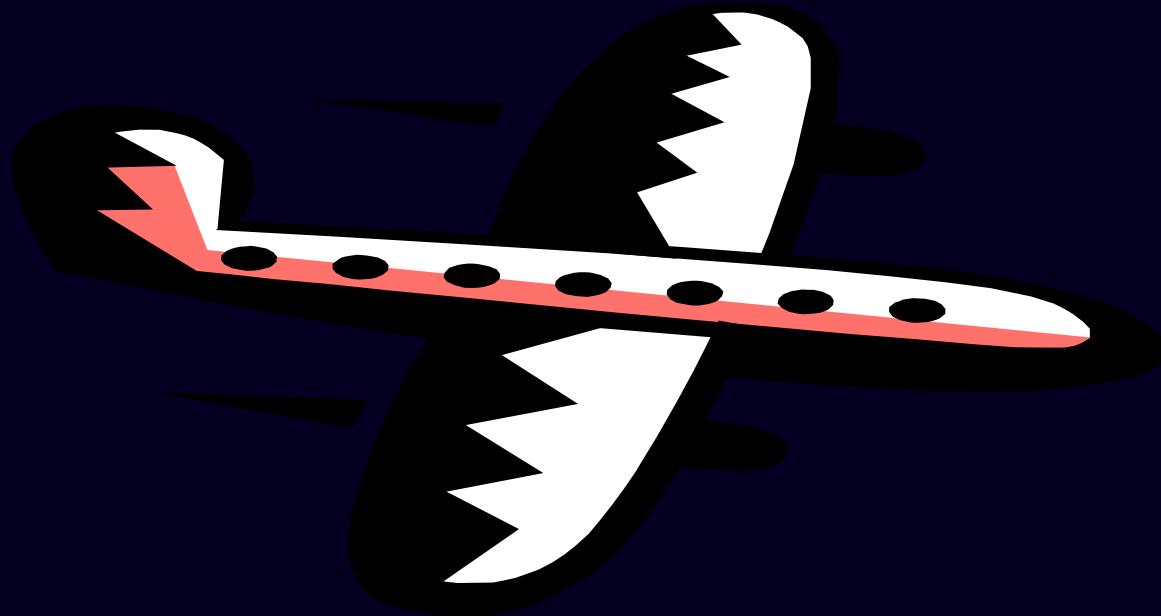


The Cost of Aviation Security



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*Has aviation been
sufficiently **hardened** as a
target that future terrorists
will go elsewhere?*

Perhaps, but we should note that:

- *More US civilians were killed by terrorists during air journeys than during any other activity.*
- *On a per-hour basis, the terrorism death risk during air journeys was 600 times higher than at other times.*

And these statistics are
all based on the 35-year
period *prior to 9/11!*

Since 9/11, we have seen:

- The **Shoe Bomber's attempt** to destroy a Transatlantic US jet
- A **shootout at LAX** that caused several deaths and injuries
- Strange flight cancellations in late 2003/early 2004 that, according to Tom Ridge, “*probably*” prevented a terrorist attack

*Indeed, the very fact that
aviation has been hardened as a
target might make it especially
attractive to terrorists.*

(Academics love paradoxical
statements like this one.)

The terrorist fascination with aviation, in short, *long preceded 9/11 and has persisted since then*. It seems hard to argue that the massive attention to aerial security is excessive or irrational.

*How Much Would Further
Terrorism Against Aviation
Affect the Industry
Economically?*

*“If there were another incident
on a commercial airliner in the
United States, it’s game over,
lights out. It’s beyond a
disastrous fall. **It’s over.**”*

--Kevin Mitchell, head
Business Travel Coalition
August 29, 2003

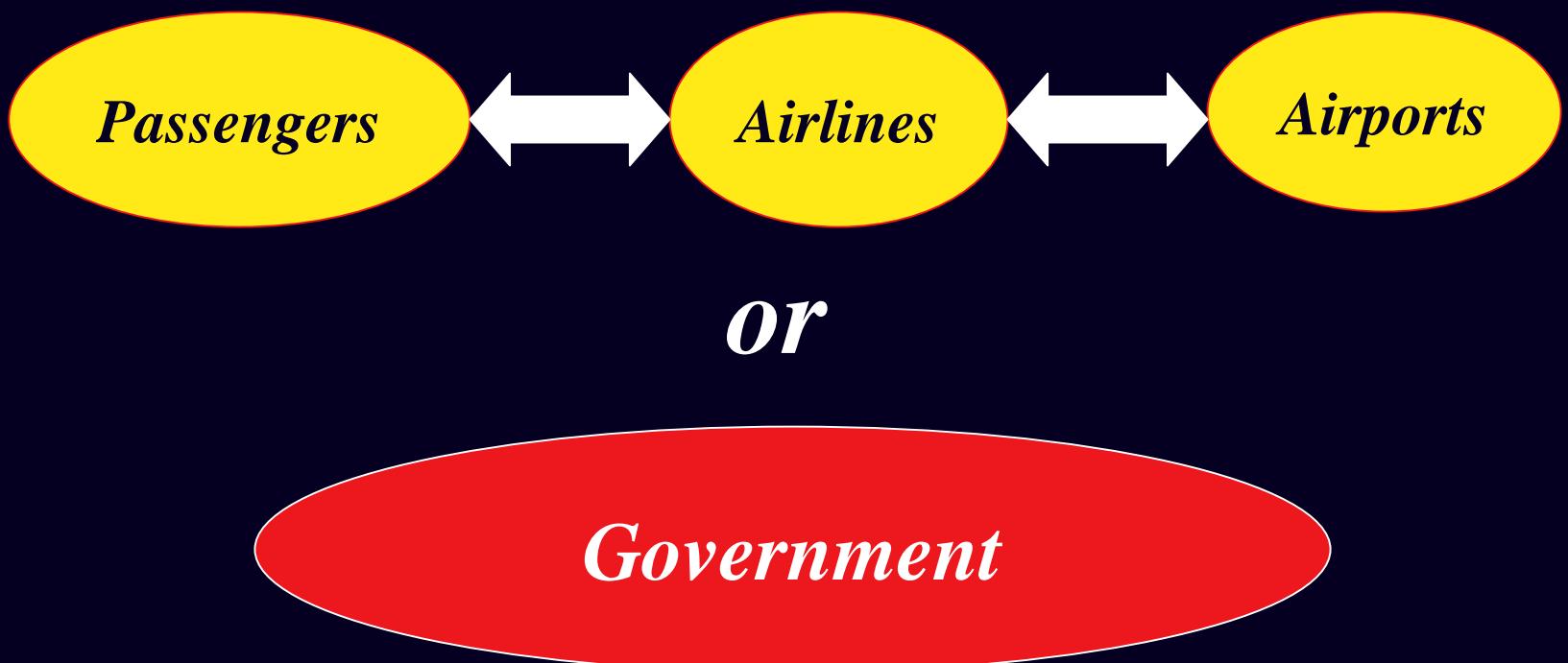
*On the Other Hand, Consider
Some Reactions to:*

- *The Israeli Bus Bombings*
- *AA 587*
- *The Start of War in Iraq*
- *The Madrid Train Bombings*

Most present air travelers may already believe that further terrorism against aviation is a question of “when not if.”

And they might not be deterred from flying should their grim expectations be realized.

Who Should Pay the Bulk of Costs for Aviation Security?



“Dollar” Costs of a Terrorist Attack on a US Airplane That Kills 100 People:

Passengers Aboard:

\$300 million (FAA)

Airlines/Airports:

\$5 billion (ATA)

Rest of Nation:

*Presumably Many
Times \$5.3 billion*

*Has aviation actually
been as hardened against
terrorists as it should be?*

One Specific Issue:

Why have they resumed
transporting *heavier US mail*
on US passenger planes?

Keeping heavier mail
(weighing more than one
pound) off passenger aircraft
cost US airlines *\$250 million in
revenue per year.* (ATA)

At the same time, ATA has suggested that a terror-induced plane crash would cost about *\$5 billion to the airline industry* in future revenue.

(We will use that estimate.)

**Comparing \$5 billion to \$250 million
suggests a rule of thumb:**

A ban on heavier mail would be “cost effective” if it prevented *one air disaster over a 20-year period.*

This linear analysis is far from perfect. But have there any better *cost-benefit analyses* been performed in the decision process?

Spurious Argument:

If heavier US Mail is banned from passenger planes for security reasons, then it follows logically that *all cargo* must be banned.

And....

*Thinking about the
Unthinkable*

So, where are we?