

# How has the nsa's surveillance impacted the economy research papers example

[Business](#), [Company](#)



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## **Introduction**

The Guardian aired a report on the surveillance programs of the National Security Agency over one year ago. The report based on leaked information from one of the agency's contractors named Edward Snowden. The national opinions from several interested parties concentrates on simplistic debates evaluating the tradeoff between individual privacy and national security. However, it is an important time for the government and other stakeholders to begin weighing the benefits and costs associated with the surveillance more carefully. In spite of the strong defense by intelligence officials in favor of the NSA programs, the officials fail to table any credible evidence in support of the benefits they suggest. In fact, some initial analysis of the programs indicates that the benefits are dubious. It is true that the United States is a target for terrorist and other malicious groups, state officials often use the threat as an excuse to conduct and promote the activities of the National Security Agency. It may be beneficial in the context of security, but the surveillance programs also jeopardize the activities and operations of other organizations and individuals within the United States. The impact of

the activities of the NSA on other parties is a cause for an analysis of the economic effects realized within the economy of the United States by various parties. For the period that the National Security Agency has conducted its surveillance, through its programs, many nations lost trust in the intentions of the USA leading to a strain in economic relations in both private and government sectors.

### **Direct Economic Costs to Businesses in the USA**

First, companies in the United States report a decline for sales in oversea countries besides losing opportunities to competitors. Foreign companies assert that it is beneficial for them when consumers reject the products because of the possibility of spying by the NSA (Greenwald, 2014, p. 2). Loss of customers implies that the USA will record a diminishing gross national product because of the decline in the revenue generated from overseas markets. Given that, most businesses hate association, with political interference because of the disruption of business activities and extreme scrutiny by governments. The eventual cost of the diminishing gross national product is the decline in the power of the United States to invest. As the businesses lack markets outside the united Sates, it will trigger the onset of stiff competition within the local market. Such competition may compel the US government to intervene and regulate the activities of the market players (Landau, 2010, p. 2).

Many firms within the market imply that they may use unorthodox means to maintain their competitive advantage, and they may resolve to unethical practices in business to achieve high profitability. In addition to market

limitation, companies incur incremental costs in a bid to implement the requirements of the National Security Agency. For instance, they have to increase the number of internal audits to guarantee that their systems reflect the fair view of the company. Because of the surveillance, the management of the company is not aware of the period within which the government conducts that surveillance. Therefore, it must hire the services of technical auditors to guarantee the safety of their company's reputation. In some cases, such services are expensive especially when the checks happen on a regular basis.

Declining performance of American companies in other markets is a cause for alarm. Consequently, the government of the United embarked on an initiative to reinstate the initial position of the American companies. It began the difficult and slow process of convincing the other nations that the sole interest of the country aimed at trade relations and not spying on the other countries as their leaders suspect (Wright, 2014, p. 4). As a result, the recommendations given to the United States in the accomplishment of the mission includes guaranteeing protection of privacy, increasing its level of transparency, and undoing some of the mandates granted to the National Security Agency. The economic element at this point emanates from the need to allocate resources by the government to ensure that the implementation of the recommendations is a success. Therefore, the government will have to substitute its needs and budgetary allocations in an attempt to restore the strength of the USA when it comes to international trade. As a result, other sectors may record lesser development or advancement because of the limitation in allocation of resources. Clearly, the

post-2001 terrorist attack apparatus aimed at increasing national security is not at par with the technology-oriented economy of the United States. In fact, the Time magazine predicted that the spying activities of the National Security Agency could lead to multi-billion losses in the United States NSA (Greenwald, 2014, p. 4). The losses follow an increased scrutiny of companies like Facebook, Microsoft, and Google abroad and within the USA since June 2013. The surveillance actions on such reputable US companies pose a severe threat in the level of stability of the technology industry. Another economic impact is the cost incurred in the cloud-computing sector of the United States together with the related business it has. These, days, it is difficult for business in other countries to trust their counterparts in the United States. The lack of trust follows about the PRISM alleging that the National Security Agency was spying on the servers of nine companies in the United States. The tapping by NSA intended to enhance national security after the agency held that the data on the customers aimed at facilitating investigation on national security. The report was a provocation for the media as it cited infringements of privacy rights by the federal government, prompting the Chief executive Officers of some of the companies to deny participation in the NSA program. Later there was clarification made regarding the nature of the requests made to the companies in the PRISM program.

Despite the efforts, the relationship between companies America and the National Security Agency still symbolized a lack of trust. The effect was worse in companies where the clients expected the management to store sensitive information regarding their wealth, nature of business, taxations

procedures, and legal suits. Given that customers have increased concerns about the ability of the NSA to access company data, companies that offer web hosting and cloud computing services are the worst hit. They are experiencing an enormous fall-out in the number of customers unlike previous years when they would invest; provide information without fear of unknown investigations Vombatkere, 2013, p. 3). The result is a diminishing customer base for the companies meaning that there will be a reduction in sales and overall revenue. The fallout follows; the backlash experienced from foreign and local consumers, which damages the competitive standing of the companies in the market.

Vicious cycles of economics apply whenever one sector of the economy suffers detrimental effects of government policies. Reducing sales imply that companies have reduced revenues. It leaves them with two options. The first one is to reduce the company expenditure by reducing the workforce at the company, while the second option forces the company to lower the remuneration given to the employees as a measure of retaining all the employees during tough business conditions. It is important to note that both mechanisms affect the economy of the United States in a negative manner. Eliminating some employees from the companies renders them jobless. In fact, the rising rates of unemployment in the country could be a result of declining power within the American companies both locally and internationally. The information technology sector accounts for a large segment of the employed individuals in the United States given that the country has invested heavily in this sector. Therefore, the fact that the security agencies of the government undermine the performance of

companies within this sector implies that it has detrimental effects on the rates of employment in the country. On the other, hand, the question of reduced employment income for the employees within the companies also affects the whole economy. With lesser income, the purchasing power of the employees diminishes. Consequently, they record reduced consumption of consumer goods as they have to deal within a tighter budget line.

On the same note, the marginal propensity to save by the consumers declines because all the available income accrues to the consumption of normal goods that the consumers cannot live without purchasing (Wright, 2014, p. 6). As such, the rate of economic investment in the country declines because a huge section of the workforce cannot pump resources into the economy to generate returns. Therefore, the US records a decline in the available sources of revenue making the country rely on debt sources to finance the budgetary allocation. It is thus right to assert that some of the economic effects in the economy of the United States may be a result of the impact that surveillance activities have on the business in the United States. The speed, convenience, and accessibility of the internet makes online business vibrant in the United States. Most business ventures have moved online, either completely or partly. In fact, some business base entirely on the internet. Those companies with physical locations also use the internet to target consumers in markets within and outside the United States. Therefore, the programs propagated the NSA jeopardize the independence of the internet in that surveillance means information relating to the business is under unauthorized scrutiny. As a result, companies may begin to avoid using the internet because of the fear to expose non-public information of

their clients. With reduced internet used, most companies will resolve to physical deliveries to the customers. The process is slower and subject to other logistical challenges such as accessibility of certain areas, traffic congestion, traveling expenses, and insecurity.

## **Conclusion**

The activities of the NSA slacken the pace of the economy by making proprietors limit the use of the internet due to surveillance. In the end, business end up incurring opportunity costs as they weigh the merits and demerits of online business, which is often beneficial in most cases. Apart from the economic effects, the government should prioritize the privacy of its citizens and business proprietors both locally and internationally.

Furthermore, there are other mechanisms to acquire information rather than surveillance, which strains foreign relationships (Wright, 2014, p. 4).

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