

Economic effects of terrorism

Business



Week x Assignment “ Economic Effects of Terrorism” A, B, C & D 30th January Introduction Terrorism is often viewed through the lens of law and order problems alone although such activities have a profound effect on nearly all walks of life. The economic effects of terrorism are undeniable altogether especially when put in context of the September 11 attacks. Our group composed of Amanda, Brenna, Evelyn, Kayla and Rob agreed to put down to paper on the economic effects of terrorism that America has felt. Before this paper was written, it was noticeable that this would be a hard task to achieve given the traumatic and tragic nature of events that took place in New York on September 11, 2001. This paper will place emphasis on various issues that have impacted the American economy in the aftermath of the September 11 attacks. The issues under discussion will range from the immediate aftermath to more long term effects that involve economic considerations of one kind or the other. The impact of the attacks on the economy of New York City will be considered followed by consideration to the overall economy of the United States in the immediate aftermath of the attacks. The economic impacts of the terrorist attacks on the United States economy will be dealt with next. Moreover the threat of terrorism has posed serious questions for security in both individual as well as social context that bear economic costs themselves so these issues would also be brought into discourse.

2. September 11 Attacks

2. 1. Background

Four airliners were hijacked on the morning of September 11, 2001 by 19 Al-Qaeda operatives who coordinated attacks against the World Trade Center in New York City and the Pentagon. The attacks destroyed the World Trade Center in New York City and made one section of the Pentagon collapse. Overall some 3,000 lives were lost in these attacks on American soil. Never before had

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anyone breached American soil in a manner as bewildering as this. Al-Qaeda was quick to accept responsibility for these attacks (CBC, 2004) following which the United States and its allies instituted the War on Terror in order to make the United States a safer place to live in.

2. Economic Costs of the Attack for NYC and the US Economy

The destruction of the World Trade Center's twin towers had large repercussions for the economy of Lower Manhattan and through it New York City. The impacts of this event were felt throughout global markets as well. The stock exchanges in the United States remained close from September 11 to September 17. After being opened up, the DJIA (Dow Jones Industrial Average) fell by 14.3% by the end of the week signifying its largest drop in a single week in history (Bob, 2001). In addition, in terms of 2011 dollars, various US stocks lost some \$1.4 trillion in valuation within one week (Bob, 2001). In contrast, New York City lost some 430,000 job months as well as \$2.8 billion in wages within three months of the attacks. These economic effects were largely felt on the export side of the economy causing debilitating losses to the export sector (Dolfman & Wasser, 2004). Overall the city's GDP registered a decline of some \$27.3 billion for the last quarter of 2001 and throughout 2002. In response to this situation, the federal government had to produce some \$11.2 billion for immediate economic assistance for the Government of New York City in September 2001. Another \$10.5 billion was provided to the city in early 2002 to ensure economic development as well as to meet infrastructural needs (Makinen, 2002). Small business establishments in Lower Manhattan were also badly affected resulting in the loss or displacement of 18,000 jobs resulting in wage loss. Overall the New York City economy suffered some \$83 billion in damages while the United States economy suffered around \$100

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billion due to the September 11 attacks. 3. Sports Facilities - Evelyn Whereas the direct affects of the September 11 attacks were felt on the economy simply, there are other intertwined phenomenon's that caused indirect financial loss as well as escalated costs of operation. As an example the sports industry in the United States is estimated at around \$213 billion and it too suffered due to the September 11 attacks on account of increased costs for security arrangements. (Carey, 2011), The security arrangements at the Utah Winter Olympics cost around \$300 million that represented an unprecedented increase in security arrangement costs. These costs would have been minimal if September 11 had not caused security panics around the nation. In contrast to large sports events such as the Utah Winter Olympics; smaller events on the sports radar such as the Super Bowl found increased security costs affecting them too. The 2002 Super Bowl held in New Orleans saw the escalation of security arrangements costs to some \$6 million. In this regard, the mandatory pat-downs by the NFL (National Football League) saw the addition of costs that were appreciably higher than ever before. For instance the Tampa Bay Buccaneers had to request taxpayers to foot a \$9, 597 bill for extra security arrangements in the wake of the September 11 attacks. 4. Bibliography Bob, F. (2001, September 22). U. S. Markets Decline Again. KRTBN Knight Ridder Tribune Business News . Carey, B. (2011, September 9). Stadium security continues to evolve 10 years after 9/11. Retrieved January 29, 2012, from Sports Illustrated: <http://sportsillustrated.cnn.com/2011/more/09/06/stadium.security.changes.since.9.11/index.html> CBC. (2004, October 29). Bin Laden claims responsibility for 9/11. Retrieved January 29, 2012, from CBC: http://www.cbc.ca/news/world/story/2004/10/29/binladen_message041029.html <https://assignbuster.com/economic-effects-of-terrorism/>

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