

Taking Stock in America

Resiliency, Redundancy and Recovery in the U.S. Economy



So much changed on September 11.

America sustained a terrible shock as a foreign enemy struck on U.S. soil for the first time since Pearl Harbor. Families mourned for lost parents, siblings, sons and daughters. The military went to war. Security tightened at home. The economy, already wobbly after a 10-year expansion, reeled as spending faltered and job losses piled up.

We suffered.

And we endured.

A diverse nation came together through outrage, mourning and recovery. Within months of the attacks, the nation was back on its feet, fighting a war on terrorism while everyday life moved toward normal. Leadership, national character and military might helped the United States rebound.

The economy played a central role, too. It hasn't gotten as much attention as political and military factors, but it shouldn't be underestimated. At a time of crisis, the most powerful economy on earth continued to function, adapting to changing circumstances and providing the resources to handle our national emergency.



The terrorists didn't put America out of business. Most people didn't miss a day of work. Consumers returned to the mall. Within two months, the stock market had recovered all its losses. The economy bent but didn't break. Indeed, it started to stabilize and regain strength within weeks. Despite all that had occurred, GDP managed to grow at a 1.7 percent annualized rate in fourth quarter 2001.

Today, the U.S. economy is more resilient than ever—better able to take a blow and bounce back. Our ability to handle adversity stems from several economic strengths that most of us take for granted. Size adds to stability and durability. Diversification, redundancy and decentralization help keep the system functioning even when key sectors are under stress.

American capitalism is vibrant, never stagnant. Like a living organism, it possesses a powerful instinct, even in adversity, to mutate, survive and grow. Free markets, relying on the clear signals sent by shifts in supply and demand, can adjust to new realities on a daily—no, hourly—basis. Without central direction, the system renews and refreshes itself. It recycles resources. It innovates. Entrepreneurs and highly skilled, well-educated workers strive to give Americans what they want.

The U.S. economy delivers—and not just when it comes to consumer goods and conveniences. It also provides the resources and know-how to increase our security and safety, areas of greater concern now. A free enterprise economy and democratic political system let the people, not a few bureaucrats, choose how to balance the material aspects of our living standards against our desire to reduce risk.

We, as Americans, can take this comfort in the wake of September 11: Our economy is our strength—one of the most powerful protections we have against our enemies.