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## SPECIAL REPORT

Date: October 26, 2001

From: Joni Dourif - President

RE: Economic Dissonance in Terror Campaign

On the afternoon of September 11, PSI TECH employees began working on the 911 Special Project. Our goal was to foresee and accurately predict what was ahead in terms of more terrorist attacks in America. We perceived a number of multi-pronged attack plans in motion. One that was consistently popping up (unexpectedly) was economic dissonance. A month ago, we were more focused on the urgency for pin pointing catastrophic attacks that could cause immediate fatalities. However, as we continued collecting collaborating data from our remote viewing team, the onslaught of attacks appear to be more surreptitious and cunning in nature. The piece of data of economic dissonance seemed to be overlooked by the attraction of more vociferous perils.

I have asked one of our remote viewers to research and expand upon the idea of economic dissonance in order to offer up a more thorough understanding of its definition, exertion, and its effects on your everyday life. Here is a copy of that article:

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America: the most powerful nation on earth, with a dominant force and far reaching global economic clout. It sits between two oceans, bordered by allies, and is supported by major world powers across the globe. So how could a handful of individuals with limited military force cripple such an enormous presence? By attacking it where it is most vulnerable, in its own belly, through economics.

"Economic Dissonance" is the continual unrelieved industrial, financial, and

commercial tension that slowly tears apart the functioning fabric of a country. It is a key strategy that has been used, and will continue to be used, by the terrorists in their attack against the United States. President Bush stated, "The terrorists want our economy to stop. It hasn't." This may be true, it has not stopped. But in the span of just two months, the actions of a few individuals have affected our far reaching economic base.

The immediate economic impact of the September 11th terrorist attack on the World Trade Center is obvious. The World Trade Center was not only a symbol of American economic power, but also housed the central computers for Wall Street. Following the attack, the initial public stock offerings on Wall Street were said to have plummeted 88% from the average of the first eight months of the year.

Other immediate effects were on the broadcast media industry. The attack is estimated to have caused losses in the television industry alone, in the neighborhood of \$700 million dollars in lost advertising revenues. One of the first venues that corporations cut when scaling back is advertising.

As the damage began to be assessed and claims began to roll in, insurance companies began to suffer, with a current estimated range of \$40 to \$70 billions dollars in losses.

Airlines suffered an immediate impact, as flights were stalled, canceled, and layoffs began. Public fear dramatically reduced the consumer demand for travel. Airline layoffs have reached 100,000, and Boeing has cut production by 50%. With Americans staying close to home, the hospitality industry began to feel immediate losses, as hotels, resorts, tourism, and restaurants everywhere experienced increased cancellations and lack of business. The hospitality industry remains unstable to this day. Another effect of airline industries economic downfall is the decrease in the demand for oil due to grounded planes.

Beyond the immediate impact, economic dissonance has snaked its into more facets of our everyday life.

On October 21, at the Economic Leaders Declaration in Shanghai, China, APEC declared that, "The terrorist attack on the US risks undermining some industries as well as consumer and investor confidence." An October 3 poll confirmed that fear about terrorism and the future economic condition is influencing consumers more than their financial circumstances. Polls indicate that Americans are putting off buying and avoiding investments with higher risks due to these fears. The trickle down effect of lack of consumer confidence and an uncertain stock market is far reaching. Auto makers, for example, are now faced with either cutting production, or luring consumers with costly discounts.

As consumers spend less, the employment demand decreases and layoffs increase. Recent announcements claim that the unemployment rate is now the highest in 10 years. Due to a volatile stock market, State governments are now facing mounting Medicaid payouts and pension funds, and are facing major budget difficulty due to the increasing layoffs, which are raiding state tax collection and increasing unemployment compensation claims. The theory of the Bush Administration is that consumers are holding back mainly due to their fears about these layoffs, and a recent Gallop poll indicated that 13% of Americans believe they are either likely or fairly likely to lose their jobs in the near future. As layoffs increase, consumer spending decreases even more than initially, thus perpetuating more layoffs.

Another longer term economic problem will be the national insurance situation. Economic dissonance due to the terrorist attacks will cause insurance cost increases in 2002, according to Treasury Secretary Paul O'Neill. In an October 24 testimony before the Senate Banking Committee, O'Neill outlined the Bush Administration's proposal at reducing the shock economically, caused by those increased insurance costs and decreased insurance coverage. As O'Neill explained, due to the fact that insurance companies were unable to calculate prices of terrorism risk in the future, they have begun to eliminate related coverage from policies as those policies came up for renewal. Since most contracts through insurance companies need to be renewed after December 31st, the effects won't be fully felt until 2002. O'Neill stated, The administration believes that the economy is facing a temporary, but critical market problem in the provision of terrorism risk insurance...leaving this problem unresolved threatens our economic stability.

In the international economic arena, the United States will be affected as well. US Federal Reserve Board Chairman Alan Greenspan stated that letting terrorism discourage domestic and cross border activities, could reverse at least part of the palpable gains achieved by postwar globalization. In a speech on October 24 to the Institute for International Economics, he emphasized free trade as a powerful force for prosperity, and said, "Fear of a terrorist act...has the potential to induce disengagement from activities, both domestic and cross border." He again reiterated that Terrorism poses a challenge to the remarkable record of globalization.

The web of our economy is fragile, far reaching, and interconnected. Economic dissonance as a terrorist attack strategy has the capability to weaken the filaments that connect our great nation and keep us strong. Already, the terrorist attack on our postal system has had a negative economic impact as fears of chemical or biological agents in our mail have caused panic in Americans nationwide. Americans will be more likely to dump their junk mail and unfamiliar solicitations into the trash, unopened, which will have an effect on the mail order market as well. The impact on catalog mailings could potentially be in

the billions. Again, in the television industry, there is now a need to create new bureaus abroad, and a need as well for new technology and a broader coverage, which could potentially increase networks budgets 25% to 35% in the next several years. The threat of terrorist attacks on our food supply has already had an impact also. In a USDA press release on October 19, it was announced that inspectors are on higher alert at ports of entry, and that by the end of the fiscal year 2002, ports of entry will see personnel increases of nearly 40%, and that the inspection dog teams will double. This could have an impact on food costs, as the need for higher security in all areas of food processing becomes in demand. Major public events will also be impacted by the terrorist strategy of the economic dissonance. Great sporting events such as the Superbowl, or the Olympics have become prime symbolic targets, and there will be a decrease in attendance at these events as the terrorists subtle attack on our economy through fear continues. Decrease attendance will again affect consumer spending in the hospitality and tourism industries.

President Bush said that terrorism will not change American way of life. He has stated that, "They won't succeed. This country is too strong to allow terrorists to affect the lives of our citizens." Unfortunately, they have succeeded in changing the American way of life, not only through acts of violence, but also using a far more sinister and elaborate strategy. Economic dissonance now affects every aspect of life in this country. And it is this conniving scheme that we must recognize and take into account if we are to stay one step ahead of our enemy.

*-Article by Kimberly Snow*