



The Daily Dish

November 17th Edition

DOUGLAS HOLTZ-EAKIN | NOVEMBER 17, 2015

[One Senator is requesting a survey](#) to find out how many people are part of the gig economy. Luckily AAF has done some [research on that already](#). From 2002 to 2014, the number of workers in the gig economy grew between 8.8 and 14.4 percent. At the same time, workers in other sectors of the economy grew at 7.2 percent. The research also finds that companies like Airbnb, Lyft, and Uber added \$512 million to the economy from 2009 to 2013.

If the type of research above interests you, don't miss AAF's Thursday event: ***Consumer Connection: How Social Media is Linking Consumers with Independent Sellers & Emerging Entrepreneurs***. Former Labor Secretary Elaine Chao will deliver the keynote followed by a panel discussion. [Click here to RSVP](#).

[Manufacturing is in decline](#). CNBC reports on a manufacturing index that "...reflects a decline that began in September 2014..." In 2009, the index was 27.54, however this past month, the index has now dropped to -10.74.

Eakinomics: Terrorism and the Economy

Prior to the horrific attacks in Paris, the struggling global economy was the top agenda item for the G-20 meeting in Turkey. Now the focus has shifted to ISIS, its Syrian safe havens, and its international reach. But it raises the question of whether there will be economic fallout from the attacks, the potential for other terrorism-related incidents, and the international response.

The quickest impact on the economy is through the channel of household and business confidence. The fear and uncertainty surrounding terrorism attacks undermines the confidence associated with households and businesses borrowing to build a home, expand a factor, or start a new business. Sharp declines in confidence can quickly have negative growth consequences. The good news is that the same channel can be easily reversed by effective plans to deal with terrorists.

The second quick impact is declines in tourism and travel as individuals choose known, "safer" locations over destinations perceived to be more unsure.

On top of the travel and tourism effect, all trade — both domestic and international — can become more expensive. Border inspections designed to interdict weapons and terrorists make trade more costly. Reworking supply chains to avoid potential terrorism-related transactions add to costs. This is similar to the higher costs of production that face firms as they comply with terrorism-related regulations.

The final channel is the diversion of productive resources into the public sector to combat terrorism. Funds spent on anti-terrorism equipment and personnel are not available to the private sector for enhancing skills, technology or capital.

By and large, the United States has already incurred the bulk of these costs. After the attacks of September 11,

2001 there was an enormous effort to “harden” much of the United States, including infrastructure, supply chains, production facilities and retail outlets. There were large regulatory expansions designed to control terrorism financing, disrupt terrorists’ communications, and develop intelligence on terrorist networks. This “terrorism tax” has by and large been paid.

The same is less true for the rest of the world. To the extent that the events surrounding ISIS and other terrorists impact those economies, global growth will suffer further and the U.S. will continue to look good (if only by comparison).

From the Forum

[Primer: FDA and Regulation of Laboratory Developed Tests](#) by Brittany La Couture, AAF Health Policy Counsel

[A Debt-free Education Funding Option: Income Share Agreements](#) by Duoduo Zhang