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Economic losses from terrorist attacks can be reduced in three ways: stop the terrorists before they strike, protect the targets they plan to attack, and minimize the consequences of an attack. The latter can be accomplished by utilizing remaining resources as efficiently as possible to produce the goods and services we need and by recovering our economic capacity quickly. This is the essence of economic resilience.

Economic resilience is applicable at the level of the individual business and household, the market, and the regional economy as a whole. It pertains to our normal ability to maintain function by actions such as consuming resources, importing needed goods, or reallocating resources according to price signals that indicate their relative scarcity. It also includes adaptive measures in the face of a crisis, such as consuming at levels we might not have otherwise thought possible, or using information clearinghouses to match suppliers with customers. Resilience is tied to the motivation of individuals, businesses, and communities to survive. Post-disaster experience has shown that, rather than panic, people and organizations rally. Moreover, the prevalence and high visibility of most disasters, together with advanced technology, has spawned a new “business continuity” industry that provides back-up systems and relocation services. This represents a professionalization of the concept that promises to improve the effectiveness of business recovery.

How effective is resilience? If we use as a measure the degree to which we can avoid the maximum likely business interruption from a given shock, studies have found that resilience can be as high as 80-90 percent. This means losses can be cut to 10 times lower than might be expected. Especially effective in the case of electricity outages are the use of distributed generation (including solar panels and portable generators) and reshuffling lost production once the power is restored. Water inventories (at the household, business, water system, and community levels) are especially effective. Hurricane Katrina dramatized the fact that resilience can be eroded by a major catastrophe. There is a limit to how much humans can consume, how much we can depend on outside help, if transportation networks are severely damaged, and how long we have to wait for a businesses to fill their orders before turning elsewhere. But we are working on ways to enhance resilience through innovations and technology, information dissemination on best practices, and organizational planning and action. In sum, resilience is a worthy second line of defense. It is effective. It is relatively inexpensive, not only because tactics like conservation pay for themselves, but also because most re-silience actions need only be implemented after we actually know that an attack has occurred. Resilience is also self-motivated and is a basis for individual action rather than dependence on outside help, which promotes sustainable communities. Thus, resilience represents an important way each of us can contribute to reducing the threat of terrorism.

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