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[Back to previous page](#)

Boston attack not likely to produce 9/11-like surge in federal spending

By [Marjorie Censer](#), Published: April 28

The Sept. 11, 2001, terrorist attacks and the subsequent military invasions overseas sparked a boom in new work for defense and information technology contractors, many of them based around Washington.

The government established the Department of Homeland Security and ramped up military and intelligence spending. Government services companies and weapons manufacturers saw their businesses surge, particularly after the U.S. military moved into Iraq.

But analysts say the [Boston bombing](#) is unlikely to be the same kind of catalyst.

The incident did refocus the public and government officials on the country's ability to defend itself from terrorism, but analysts say any resulting new spending will probably be in limited pockets.

"It took a couple of days for people in the defense business to understand what 9/11 meant, but almost immediately people saw that the days of low defense budgets were over," said Loren Thompson, a defense industry consultant. "This is not another 9/11."

The government has alleged that two brothers set off explosives that killed three people and wounded scores more near the finish line of the Boston Marathon on April 15. Officials, who identified the suspects by reviewing surveillance-camera footage, apprehended the surviving suspect just days after the attack.

Given the suspects' quick detection, "the message the political system gets from what actually happened is that we're well prepared," Thompson said.

"This could've been a turning point if there was a major conspiracy and the perpetrators were not caught quickly."

Still, at a time when the Pentagon is focusing increased attention on Asia, some analysts acknowledged that the Boston attack could serve as a reminder of the security needs at home.

"I could see it . . . impacting the debate on things like the National Guard, certainly the Department of Homeland Security, FBI, Coast Guard," said Byron Callan, a director at Washington-based investment

research firm Capital Alpha Partners.

What the attacks might mean is an increased interest in surveillance technologies, said Michael S. Lewis, managing director of the Silverline Group, a consulting firm.

New York Mayor Michael R. Bloomberg (I) last week praised the role of surveillance cameras in identifying the suspects.

“We’ve made major investments in camera technology . . . and the attacks in Boston, I think, demonstrate just how valuable those cameras can be,” he said during a news conference. The attack “shows just how crucial it is for the [New York Police Department] to continue to expand its counterterrorism capabilities and intelligence gathering activities.”

Lewis said understanding the intelligence that was useful to investigators as well as the weaknesses in existing technology could spur new spending on next-generation technologies. The attack could also renew a focus on technologies that allow government agencies to share information, given reports that one of the suspects had previously been identified as a potential threat.

Still, Callan said, that could ultimately prove to be a downside for traditional defense contractors if money is merely diverted from one program to fund another.

“There may . . . be some money for contractors in [surveillance], but that’s not money that’s going to go to the big iconic programs,” he said. In fact, surveillance-camera spending could be money that “ultimately comes at the expense of defense spending.”

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