

## AMERICA UNDER ATTACK

# Several shopping malls in the area close early; May, Dillard's say New York workers are safe

Stores are set to reopen today; St. Louis Centre receives bomb threat

BY CHERN YEH KWOK  
Of the Post-Dispatch

Malls in the St. Louis area and across the nation are expected to reopen today, after many closed early Tuesday out of respect for victims of the terrorism in New York and Washington.

Some retailers, including Dillard's Inc. and St. Louis-based May Department Stores Co., reduced or withdrew their advertising and commercials planned for today.

"We felt the attention should be on the editorial (content of the newspaper) to get the full impact of this tragedy," said Mark Gastman, a spokesman for Dillard's regional office in Crestwood. "It just didn't feel appropriate to be running ads."

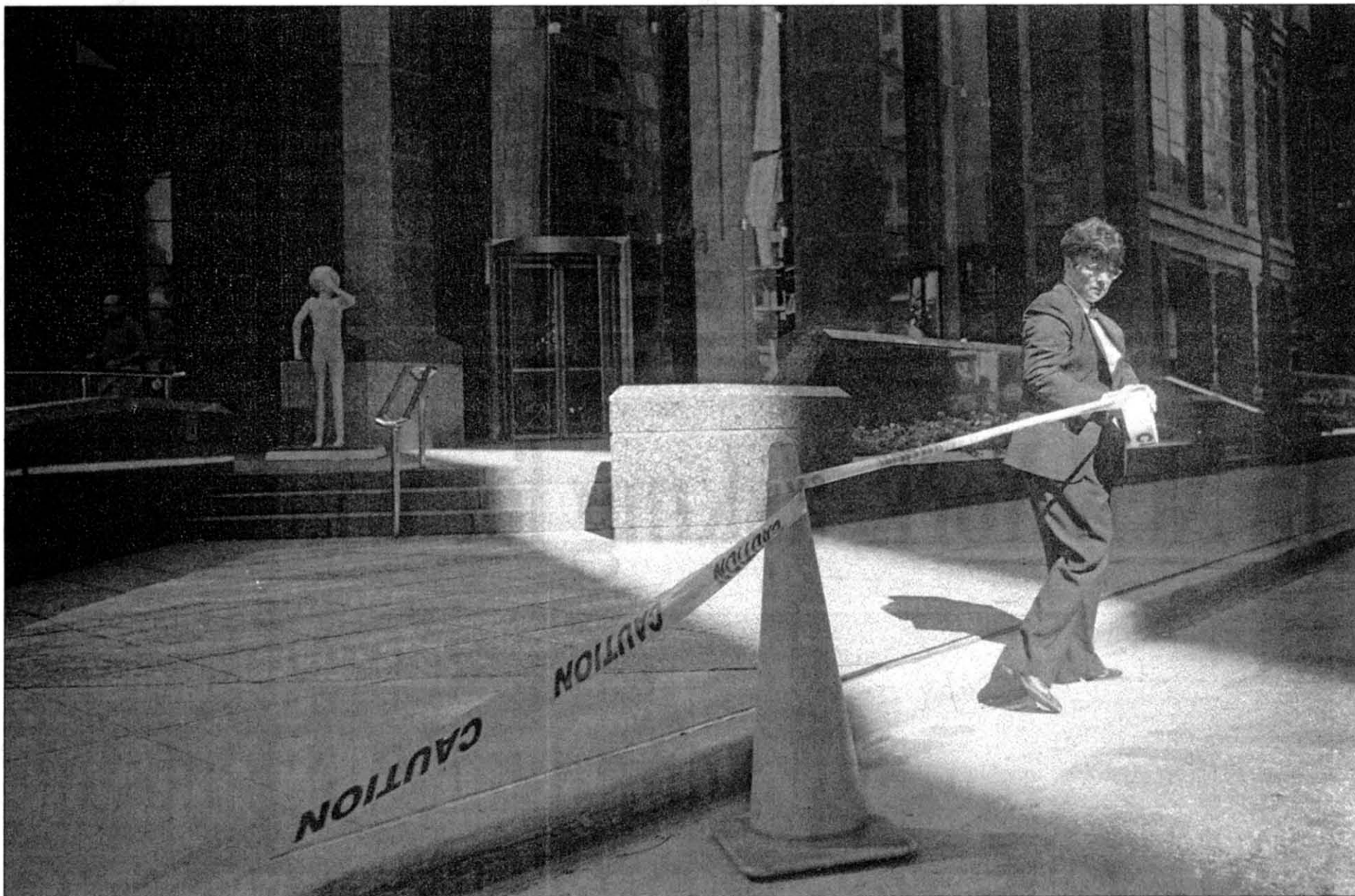
A number of May and Dillard's employees from the St. Louis area were in New York on buying trips. All were safe, the companies said.

At the St. Louis Centre downtown, a bomb threat was received in late morning. Police declared the mall safe after searching the building, but it remained closed for the day.

"It's not a good time anytime" to call in a bomb threat, police Sgt. James Johnson said. "Especially today."

Soon after the attacks were reported Tuesday morning, May closed five department stores in areas that were geographically sensitive or that had significant office closings. The closed stores were in New York, Chicago, Boston, Pittsburgh and Philadelphia.

May, which operates Famous-Barr and Lord & Taylor stores, closed other stores in malls that closed.



LAURIE SKRIVAN/POST-DISPATCH

Security officer Nancy Lambert on Tuesday morning tapes off the entrance to 1 Metropolitan Square, at 40 stories the tallest building in St. Louis. The building wasn't evacuated, but most of the tenant companies gave their workers the day off.

May's merchandising offices and its Lord & Taylor division, both of which are based in New York, are not located near the World Trade Center.

St. Louis-based apparel manufacturer Kellwood Co. has offices in New York, too, but not near the World Trade Center. None of its

employees there suffered injuries, a spokeswoman said. The company closed its offices for the day.

About one-third of Dillard's stores nationwide closed Tuesday because of mall closures, Gastman said.

Meanwhile, for Clayton-based

Brown Shoe Co., almost 300 of its mall-based Famous Footwear and Naturalizer stores closed by late afternoon because of shopping center closures.

"Malls are taking the lead action on this," said Beth Fagan, a spokeswoman for Brown Shoe.

Several shopping areas in the

St. Louis area closed early Tuesday, including Plaza Frontenac, St. Louis Galleria, Chesterfield Mall and the four Westfield Shoppingtown locations.

Some retailers ordered their stores closed, including Limited Inc., Saks Fifth Avenue and Gap Inc., which closed its domestic

Gap, Old Navy and Banana Republic stores.

Gap had two stores at the World Trade Center. "Both those stores were evacuated effectively," a spokeswoman said.

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## Attack could heighten financial woes by undermining consumer confidence

BY DAVID NICKLAUS  
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First, let's stipulate that money isn't the most important issue at a time like this.

That said, the attacks Tuesday on the World Trade Center and the Pentagon are having a profound effect on the U.S. economy and the world financial system.

The insurance industry faces billions of dollars in potential claims. U.S. stock markets are closed for at least a couple of days, and stock markets overseas

are reeling. Shopping malls and other businesses sacrificed a day's worth of revenue, and the \$350-million-a-day U.S. airline industry was shut down.

The biggest effect might be psychological.

If the attack shakes Americans' confidence in the future, they might splurge less often on restaurant meals, decide to make that old pair of shoes last a little longer or delay shopping for a new car. Collectively, such decisions would be enough to plunge the teetering U.S. economy into recession for the first time in a decade.

Businesses, burned by overexpansion during the dot-com bubble, have cut back their spending sharply. But the economy has continued to grow, albeit at a

meager 0.2 percent pace in the second quarter of this year.

"Right now, what's holding up the economy is the fact that consumers are willing to continue spending," said Celia Chen, an economist at Economy.com in West Chester, Pa. But, she noted, unemployment has been rising, and people typically cut back their spending when they're worried about their jobs.

Renewed turbulence in the financial markets could be the last straw for frazzled consumers, Chen said.

U.S. stock markets were closed Tuesday, and they will remain closed today. If overseas activity is any indication, selling pressure will be heavy when they reopen. In London, the FTSE-100 index fell 5.7 percent, its biggest one-day drop since the global crash in October 1987.

One brokerage firm, Florida-based Raymond James Financial, sent a message that made selling sound almost unpatriotic. "We strongly recommend that investors not sell positions once the markets reopen," the firm told its customers. "Maintaining the strength of our markets and the economy is one way we can strike back at these acts."

Shutting down the U.S. stock market is a rare step. It hadn't lost a full day of scheduled trading since Franklin D. Roosevelt's "bank holiday" in 1933.

R.W. Hafer, a professor of economics at Southern Illinois University at Edwardsville, says a market shutdown might keep people from panicking.

"In times like this, I think shutting the market down is the right step," Hafer said. "Just think of

the rumors and the bad information that is going to flow over the next day or two."

Gary Thayer is chief economist at A.G. Edwards & Sons Inc., which makes money buying and selling stocks. He says the loss of stock trading alone won't have a big impact on the economy.

"The banking system's still working fine," and that's more important, Thayer said. The Federal Reserve System issued a statement Tuesday, similar to one it issued after the October 1987 stock market crash, saying it is willing to provide liquidity to banks that need it.

That means the central bank is willing to stand behind all other banks, even if folks line up wanting to take all their money out at once. Such bank runs haven't happened since the 1930s, but the Fed's lender-of-last-resort role has been important in financial crises from the failure of Continental Illinois National Bank in 1984 to the collapse of Long-Term Capital Management, a Wall Street hedge fund, in 1998.

Though the Fed probably could prevent panic, it might be powerless now to prevent a recession.

"A lot will depend on what we find out in the next several days," Thayer said. "If this is a one-time event that we can deal with and address, it may not have as big an effect."

But, Thayer noted, the outbreak of the Gulf War in 1990 made consumers reluctant to spend for several months, helping to cause a recession.

As it happens, we haven't had a recession since. Unfortunately, the tragic news Tuesday might have made one more likely now.

## Mail, UPS, FedEx shipments are slowed by grounding of planes

The mail and the packages will get through — more slowly than before.

Spokesmen for the U.S. Postal Service and the nation's two largest package-delivery companies said they will provide their services as normally as possible. But without air-freight shipping, all letters and packages must move city to city by truck.

JoAnne Hartman, St. Louis-area spokeswoman for the Postal Service, said the service will continue to accept and deliver all mail. Hartman said the Postal Service will move as much mail as it can by truck until the federal government allows airplanes to fly again.

"We're confident we can maintain service, even though it will

have to be slower," she said.

United Parcel Service, which is based in Atlanta, said in a statement: "UPS cannot assure scheduled delivery times of its service until further notice."

At Federal Express headquarters in Memphis, spokesman Ed Coleman estimated that deliveries could be delayed a day or two until air service is restored.

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