

2. NONMILITARY SECURITY

GLOBAL PROBLEM, LOCAL IMPACT. TERRITORIAL APPROACH TO ACTS OF TERROR

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ABSTRACT

The aim of the article is to present a territorial approach to the phenomenon of terrorism, in particular, the problem of estimating the cost of terrorist acts from the perspective of local communities. This approach is basically absent from the contemporary discourse on terrorism, which is considered to be violence directed against whole societies, nations or states, rather than specific locations. In such a perspective, the cost of this phenomenon matters and offers ways to combat it. The case study method used in the article allows to indicate with varying accuracy what share of losses and costs generated by acts of terror is paid by the state / nation / society as a whole, and what share remains solely with the local community.

DOI: 10.26410/SF_2/19/4

KEYWORDS

Terrorism, local governance, internal security, costs of terror, community policing.

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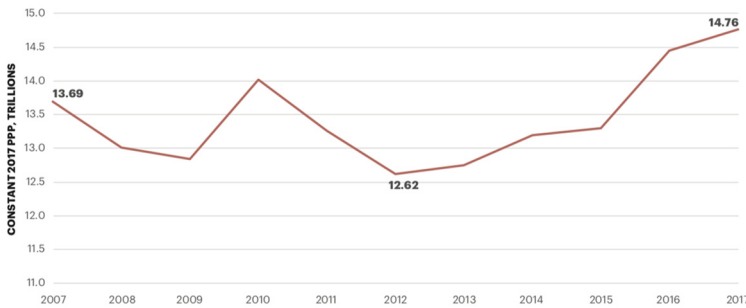
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1. Introduction. Violence, war, terrorism, peace and its costs.

Since the dawn of time, the costs of armed conflicts have been a problem for those responsible for the security of nations, states or international organizations. Since the 1980s, their calculation in the direct and indirect dimension is systematically carried out by both states and organizations analyzing issues of security, threats and peace. The data presented by them shows that although some areas still escape the methodologies – which are constantly being improved – the costs related to violence and its combating, as well as

prevention, show an upward trend. In 2017, the total economic impact of violence was higher than at any point in the last decade (see figure 1).

Figure 1. Trend in the global economic impact of violence, trillions PPP, 2007-2017



Source: Institute for Economics & Peace. *The Economic Value of Peace 2018: Measuring the Global Economic Impact of Violence and Conflict*, Sydney, October 2018, p. 6.

According to the report of Institute for Economics and Peace, the economic impact of violence on the global economy was \$14.76 trillion in 2017, in terms of constant purchasing power parity (PPP). This figure is equivalent to 12.4 per cent of global gross domestic product (GDP) or \$1,988 per person. Given that there are categories of violence that generate costs but no reliable prevalence data is available, the estimates presented in this report should be considered as conservative (The Economic Value of Peace, 2018:2). Between 2004 and 2016, terrorism, as an element of this violence, made the 28 EU member states lose around €180 billion in GDP due to terrorist attacks – as the European Parliamentary report shows (van Ballegooij, Bakowski, 2018:6-7). The document indicates that the UK (€43.7 billion) and France (€43 billion) were the nations that suffered the highest economic losses in GDP due to terrorism. This was closely followed by Spain (€40.8 billion) and Germany (around €19.2 billion).

The issue of terrorism's impact on the economy (capital markets, investments, savings, development or crisis of the particular sectors) has always been present in the global or regional dimensions (particularly after the 2001 September 11 attacks) in economy experts' scientific publications.

The precursors interested in the general interaction between war, peace and economic conditions are Pigou (e.g. 1916; 1921), Keynes (1919) and Robbins (1940). More recent contributions, analyzing the interaction of conflict and economic activity, are Hess and Orphanides (1995; 2001), Garfinkel (1990; 1994), Grossman (1991) and Collier and Hoeffler (2004). Moreover, studies of the following authors should be mentioned: A. Abadie and J. Gardeazabal (Abadie, Gardeazabal 2008), S.B. Blomberg, G. Hess and A. Orphanides, (2004), Z. Eckstein and D. Tsiddon, (2004), Z. Naor (2016), G. Blalock, V. Kadiyali and D.H. Simon (2009), K. Gaibulloev and T. Sandler (2008), T. Sandler and W. Enders (2004, 2008), T. Krieger (2013), T. Brück, F. Schneider and D. Meierrieks (2015), C. Kollias, S. Papadamou and A. Stagiannis (2011), Chen, Andrew H. and Thomas F. Siems (2004). Studies on the costs of terrorism include the impact of the effects of terrorism on fiscal policy (see e.g. C. Burside, M. Eichenbaum and J. Fisher 2003; Gupta et al. 2004) and the discussion about the insurability of terrorism-related risks (see e.g. Cummins and Lewis 2003; Kunreuther et al. 2003; Brown et al. 2004, 2018 Terrorism Risk Insurance Report, 2018).

A separate part of studies is devoted to terrorism's impact on the development of tourism. The earliest of those, covering the regional perspective, date back to the 90' of the 20th century and include analyses of the situation in Greece, Spain and France: W. Enders and T. Sandler (1991, 1996), W. Enders, T. Sandler, and G.F. Parise (1992), or newer contributions from the 21st century, like those by M. Nikšić Radić, D. Dragičević and M. Barkišija Sotošek (2018), referring to the situation in the selected EU countries, and in Turkey; K. Drakos and A.M. Kutan (2003) and analyzing the phenomenon in the Mediterranean basin.

An important element of the conducted studies are also the costs generated in the broadly understood social area. In this context, we could mention the publications by P. Arvanitidis, A. Economou and C. Kollias (2016), N.V. Crain and W.M. Crain (2006), W. Enders, T. Sandler and J. Cautley (1990). Terrorism is analyzed as the potential cause of life satisfaction reduction. (M.R. Farzanegan, T. Krieger and D. Meierrieks (2017) and a factor influencing mental health of the societies (Friedland, N., and A. Merari (1985). Also calculated are costs of restrictions of civil liberties caused by this negative phenomenon (D.C. Mueller (2004). However, as has been observed in the introduction, the perspective from which the aforementioned studies and analyses are conducted is global or regional.

To the best knowledge of the author, there are few publications covering the local perspective in studies on the costs of terrorism. Those include e.g. the article by E. Rossi-Hansberg (2004), of the enigmatic title: Cities under stress. Analyses of the particular acts of terror, though they describe the consequences of terrorism in specific locations, do not assume the local perspective.

Types of costs of terrorism

Terrorism may harm the economy directly and indirectly, where the latter is associated with the reaction of economic agents (e.g., consumers, foreign investors, governments) to terrorism.

Table no. 1. Direct and indirect costs

Direct costs of terrorism	Indirect costs of terrorism
medical costs for victims of violent crime	increased transportation costs and dampened consumption
destruction from violence (both private and public infrastructure)	decreasing production, tourism, trade and investment
costs associated with security and judicial systems (like military expenditure and internal security spending).	physical and emotional trauma

Source: Own study.

According to T. Krieger and D. Meierrieks (Krieger, Meierrieks, 2019:5) there are several transmission channels through which terrorism affects the economy, most prominently: destruction, disruption, diversion, dissaving and portfolio substitution.

Table no. 2. Types of costs of terrorism

Type of costs	Characteristics
destruction	If an economy's output is a direct consequence of its capital stock, when terrorism destroys this capital stock (e.g. by killing individuals that "carry" human capital or destroying buildings or infrastructure), economic output is expected to shrink.
disruption	Terrorism may undermine social trust in public institutions (Arvanitidis, Economou and Kollias 2016). If trust in institutions decreases, this may increase transaction costs, leading to some economic transactions not materializing. Uncertainty created by terrorism may consequently lead to the postponement of long-term investments (Bird et al. 2008) or reduction of investment.
diversion	Public resources are shifted from output-enhancing to non-productive expenditures. Government has to increase spending on security at the expense of other expenditures (e.g. education, infrastructure). Such diversion may negatively impact future growth.

dissaving	Terrorism may lead to dissaving when individuals weigh the decision of saving and consumption (not-saving) against each other; as terrorism reduces the likelihood of enjoying one's savings in the future, individuals may be less inclined to save and more inclined to consume (e.g., Naor 2015).
portfolio substitution	Terrorism negatively affects an economy's investment position since it poses a costly risk and reduces the returns to investment (e.g., Abadie and Gardeazabal 2008; Dreher et al. 2011). A resulting withdrawal of capital may hurt economic development, particularly when foreign capital is an important engine of growth.

Source: T. Krieger, D. Meierrieks (2019), *The economic consequences of terrorism for the European Union*, Discussion Paper Series, Wilfried-Guth-Stiftungsprofessur für Ordnungs- und Wettbewerbspolitik, No. 2019-02, Albert-Ludwigs-Universität Freiburg, Wilfried-Guth-Stiftungsprofessur für Ordnungs- und Wettbewerbspolitik, Freiburg, pp. 3-4.

Latest studies emphasize the increased importance of indirect costs, including those unconnected with the economy or destroyed infrastructure. Analyses conducted after the 2014 Paris attacks by Dongyoung Kim, Youngil and Albert Kim notice the fact that a terrorist attack in a developed country, which does not cause major damage to its capital stocks, affects the mental health of its residents. The analyzed attack adversely affected subjective wellbeing and mental health measures of French respondents. This negative effect was stronger for immigrants and low-income individuals. (Kim, I1, Kim, 2018)

Another important factor differentiating the costs of terrorism is time. We can distinguish between short- and long-term costs.

Table 3. Short and long-term of costs of terrorism

Short-term costs:	Long-term costs:
Immediate Loss of Human and Nonhuman Capital	Increased costs of security analogous to a "security" or "terrorist tax"
Effects of Uncertainty on Consumer and Investor Behavior	Anti-Terrorist Expenditures Crowd Out More Productive Activity
Effects of Retrenchment on Specific Industries or Localities	Other: costs of added anxiety, stress, and mental disorders associated with the increased uncertainties of, and permanent threat of, terrorism as well as the costs of alternative forms of terrorism (e.g., bio-, nuclear-, or cyber-terrorism.)

Source: J. Saxton (2002), *The Economic Costs of Terrorism*, Joint Economic Committee United States Congress, May, pp. 2-4.

Increased importance of social costs should not remain unnoticed either. According to the report analyzing the impact of terrorism on EU member states, the extensive coverage of terrorist attacks through the traditional and social media channels has led to an exponential growth of eyewitnesses of terror attacks. This means that even those not directly involved in attacks may be psychologically affected. Psychological impact of witnessing terrorist attacks can lead to people changing their behaviors. Citizens are likely to consume more and save less, with this leading to an increase in consumption. More terrorist attacks are associated with lower levels of life satisfaction and happiness among the EU population. Terrorist attacks also lower EU citizens' trust in fellow citizens, national political institutions, the legal system and the police (WEF, 2018).

Global threats and local perspective

As A. Majer (2011:5) observes, the immanent feature of globalization is participation in local systems, which is why the two dimensions need to be addressed, described and interpreted jointly. Moreover,

local communities have to face challenges which do not recognize borders (e.g. terrorism – PP). Meanwhile, local security is still viewed from the perspective of local threats and disruptions of public order. The list of residents' needs which – when satisfied – provide them with a sense of security on the local scale, which A. Lisowski developed in 1996 (Lisowski, 1996:78) includes numerous aspects from various areas of life, yet omits global threats. W. Fehler defines local security as a certain degree of equilibrium and the ability to neutralize threats on a geographically limited area inhabited by neighbors: threats connected first of all with bilateral and multilateral relations, state entities not exerting a direct, significant influence on a territorially broader (sub-regional, regional or global) dimension of security (Fehler, 2009: 23). The idea of *community policing* formulated in the 90' of the 20th century and defined as the idea of bringing closer the police, governmental as well as non-governmental institutions and the local community so as to create the sense of a common goal i.e. security and improvement of citizens' life (Willard, 1998:51) also refers mainly to petty crime and public order. Global threats like terrorism are basically absent from this approach, and – if they appear as a local problem – combating them is still considered the responsibility of the state, with no involvement of local components.

Meanwhile, the events of particularly the second decade of the 21st century (terrorist attacks in Paris, London, Manchester, Berlin, Nice, Utrecht) have shown that these are the specific local communities (mostly of large and medium cities) that suffer the highest costs of terrorism, which they then have to cover from the local pockets (public or private), or argue with the government for the state's support in fighting the problem.

10 years before the said attacks, when developing the urban shock theory, E. Rossi-Hansberg, E. (2004), analyzing the impact of terrorism on the development of cities indicated that:

- Terrorist shocks will affect urban structure in the long run.
- The level of steady state economic activity, including production, employment, capital stocks, wages, and land rents will be importantly distorted.
- Destruction of a particular area reduces productivity in other areas thereby leading to less capital investment in areas located nearby, and to a slow recovery of the destroyed part of the city. This implies much larger costs of transition than the costs associated with the reconstruction of the destroyed areas.
- Cities will first shrink in size to later recover and reach the original level of economic activity. Wages will follow the same dynamic pattern.
- The range of steady state capital stocks across locations within the city is smaller with the terrorist threat, and residential capital stocks will also be uniformly lower.
- Computed residential land rents increase, while business land rents decrease in most locations.

Another 10 years later, Kazumi Matsui, mayor of Hiroshima in 2015, on the 70th anniversary of the US atomic bombing of his city observed that in 1945 the United States attacked Japan using a nuclear bomb. And although the reason for this was global (World War II), the consequences affected not the entire world, but the inhabitants of two Japanese cities – Hiroshima and Nagasaki. This comment can certainly be considered as inspiring a local approach to the issue of global threats.

9/11 attacks and their costs

The initial estimates of the attack's costs, which appeared as early as 2001, did not cover long-term losses and potential costs involved in the change of safety paradigm, which then (after over ten years) turned out to be highest. Interestingly, comparisons showed not just the sectors which suffered losses after the attacks, but also those which profited (e.g. by offering new insurance types). Consequently, the costs were underestimated for quite long, and the costs as such were not considered as high as commonly assumed.

Table 4. Profits and losses of various industries after the 9/11 attacks. Changes in sales volumes (9/10-10/5 2001)

Industries that will increase revenues:	Industries whose revenues have decreased:
Defence and electronic industry +40,7%	Semiconductor industry -22,3%
Issuers of payment cards +19,5%	Metal mining -21%
Insurance agencies +18,1%	Photographic network chains -20,6%
Mobile network operators +15%	Hotels -19,2%
Jewellery industry +11%	Airlines -18,4%

Source: M. Baczarow, T. Napierała, *Wpływ wydarzeń 11 września 2001 r. na turystykę światową, Turystyka i Hotelarstwo – 1 (2002), p. 76.*

According to J. Saxton (2002), although a number of studies have come up with preliminary estimates of the costs of the September 11 terrorist attacks in the U.S., the cost estimates of these studies cannot be directly compared and contrasted with one another for a number of reasons. For the most part, for example, these studies are imprecise, providing "back of the envelope" or rough orders of magnitude estimates. The studies make differing assumptions, measure different categories and alternative dimensions of costs, define and aggregate these costs differently, and

are not comprehensive. Also, they do not show which costs were incurred globally and regionally, and which predominantly affected the local community.

Table no. 5. 9/11 terrorist attacks cost estimation

Short-term cost estimates	Long-term Cost Estimates
<p>Immediate Loss Estimates: \$25 billion to \$60 billion, or about 0.2 percent of the economy's physical assets and 0.06 percent of total productive assets (Becker, Murphy 2001);</p> <p>\$10 billion to \$13 billion and human capital losses on the order of \$40 billion (Navarro, Spencer 2001, pp. 19-20);</p> <p>\$21.4 billion (including direct insurance costs) or about 0.25 percent of GDP (IMF 2001, p. 16)</p>	<p>Security Costs Analogous to a Terrorist Tax: \$11 billion per year additional airline security and waiting costs; 11 percent to the cost of air travel annually; lower investment and consequently, lower the capital stock, resulting in a loss of about 0.2 percent in long-run GDP. The total of these terrorist costs reduces the GDP by about 0.3 percent (Becker, Murphy 2001)</p> <p>\$151 billion of business costs including: costs of logistics, insurance, workplace security, information technology, travel and transport, and employee costs (Bernasek 2002, p. 4)</p> <p>up to \$41 billion the first year (Navarro, Spencer 2001, p. 24)</p>
<p>Short-Term Lost Economic Output:</p> <p>lost economic output in the immediate aftermath of the attack at \$47 billion and lost stock market wealth at \$1.7 trillion (Navarro, Spencer 2001, pp. 22)</p>	<p>Costs of Diverting Resources to Anti-Terrorist Activity increased security costs reduce the level of output and productivity by about 0.6 percent after 5 years below what they would have been otherwise (CEA, 2002, p. 56)</p> <p>higher business costs associated with higher security costs, increased inventory holdings, and higher insurance premiums total about 0.33 percent of nominal GDP (IMF, 2001, p.19).</p> <p>0.25 percent of GDP - losses of directly affected sectors such as airlines, hotels, and leisure activity (IMF, 2001, p.19).</p> <p>higher costs of capital could reduce the capital stock by 0.2 percent and output by 0.1 percent after five years (IMF, 2001, p.19).</p>

	<p>\$20 billion in 2002 or approximately 0.3 percent of GDP in the non-farm business sector (CBO, 2012, p. 39)</p> <p>reduced level of total factor productivity for 2002 and later years by about 0.3 percent (CBO, 2012, p. 39)</p>
<p>Estimates of Losses of Specific Industries or Locations: \$36 billion to \$54 billion immediate insurance industry costs (Warshawsky 2002, p.1)</p> <p>125,000 workers were laid off for 30 days or longer (Grimsley 2002)</p> <p>1.6 million jobs lost in 2002 by Metropolitan areas in the U.S. (Devol et al., p.1)</p> <p>industries such as airlines, aerospace, travel, tourism, lodging, restaurants, postal services, insurance, and related activities suffered more concentrated effects of the attacks</p>	

Source: Own study, various data.

The first attempts aiming not just to estimate the attacks' costs, but also their distribution among various institutions and circles started to be made over ten years after 9/11, when the long-term impact of the attacks became evident. A.R. Sorkin (Sorkin, 2015) indicated in "The New York Times" that policy makers and investors estimating the cost of terrorism often miss the larger picture: While the stock market quickly rebounded after Sept. 11, the true economic damage may have been as high as \$3.3 trillion. An analysis of the cost of Sept. 11 conducted by The New York Times added up the physical damage (\$55 billion) and the economic damage (\$123 billion). It also included other costs: the cost of developing the Homeland Security Department (\$589 billion), war funding (\$1.6 trillion) and what was determined to be the continuing cost of those wars and taking care of veterans (\$867 billion).

Table 6. The costs of 9/11 by payer

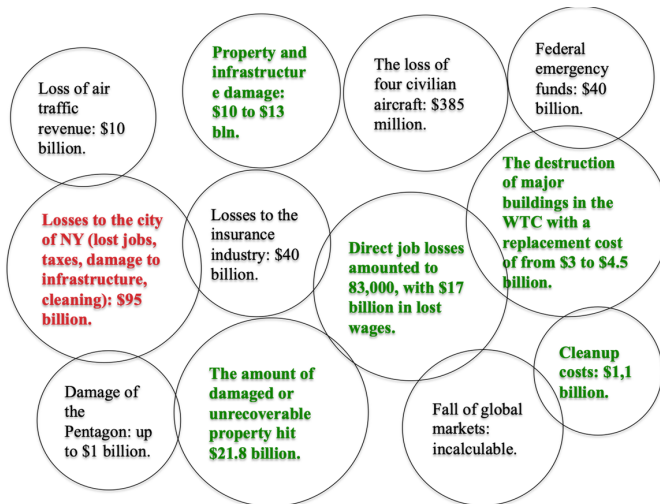
Physical damages Costs of buildings, infrastructure, cleaning and compensation	<p>Total: \$55 billion: – Private business - \$14 bn – State – \$1,5 bn – Local government - \$0,7 bn /expected income of lives lost (\$24 bn), WTC buildings (\$8 bn), other buildings (\$5 bn), computers, furniture, cars (\$6 bn), utilities, subway (\$6 bn), injury treatments (\$5 bn), area clean-up (\$1 bn)/</p>
Economic damages Short- and long-term consequences (unfavorable investment climate, disturbances in the economy, worse condition of tourism, losses in social capital (3,000 victims))	<p>Total: \$123 billion:</p>
Changing the safety paradigm: increased defense expenditures in the internal and external dimension, war on terrorism	<p>Total: \$3,3 trillion: – Homeland Security Department - \$589 bn – War funding - \$1,6 tn – Future war and veterans' care - \$867 bn</p>

Source: A.R. Sorkin (2015), *The Hidden Costs of Terrorism*, "The New York Times", November 16 and others.

As can be seen in the table above, although the strongest long-term effects of the attacks have been paid for by the state budget (change of safety paradigm), the costs at the local level (both public and private) are not low and concern both direct physical costs of damage, and economic impact (particularly in tourism).

Considering only the direct losses of property, local authorities lost \$0.7 bn; and this does not include the losses of private capital and private individuals. If we tried to divide the costs into those covered by the entire society (the state) (in red), and those covered mostly or solely by local communities (in green), it is clearly visible that residents of an area where an act of terror occurred pay more than the entire society which was the target of the attack. In the case of 9/11, the costs, based on a conservative estimate, are around \$143 bn.

Figure no. 2. Costs of 9/11 attacks by payer



Source: Own study.

Paris, Manchester and London, Brussels – local payers of terror costs

Neither the authorities of Paris nor the authorities of Brussels have presented the official full costs of terrorists attacks which the cities experienced in the 2nd decade of the 21st century. The only item that has been calculated and presented to the public are the costs connected with reduced income from tourism in both capitals, or more precisely – capital regions of France and Belgium. In August 2016, the authorities of the Paris region announced that in the 2016 summer season alone income from tourism in the area dropped by €750m due to the 2015 attacks. And although strikes and floods have also taken their toll, overshadowing the boost from the Euro 2016 football tournament and leaving the tourism industry in need of massive new investment and a rescue package, terrorist threat was the most important reason of abandoning capital of France according to tourist surveys.

Table 7. Paris and impact of terrorism on tourism (2015-2016)

The number of visitors to the Arc de Triomphe fell more than a third in the first half of 2016 against the same period a year earlier
The Grand Palais museum reported a 43.9% slump and the Palace of Versailles, outside the city, just short of 20%.
Hotel revenues were down 15% in summer 2016 in the Paris region. Wealthier tourists were staying away in even greater numbers, with high-end hotels reporting declines of between 30-40%.
The number of Japanese visitors almost halved in the first half of the year, according to tourist board figures. Visitors from Russia fell by more than a third, and from China by almost a fifth.
Following the Charlie Hebdo attacks, restaurants and bars saw 68 percent of their reservations cancelled

Source: Terror attacks cost Paris region €750m in lost tourism, officials say, "The Guardian", 23.08.2016, on line access: <https://www.theguardian.com/world/2016/aug/23/terror-attacks-cost-paris-region-750m-in-lost-tourism-officials-says>

I. Bremmer, These 5 Facts Explain the Dire Economic Costs of the Paris Attacks, "Time", 19.11.2015, on line access: <https://time.com/4120187/paris-attacks-economic-cost-terror/>

At the same time, the authorities of Brussels announced that the Belgian capital recorded a €122.5 million drop in sales in the second quarter of 2016, compared to the first months of the year. Brussels' tourism and shopping industries were hit hardest in the aftermath of the attacks (Kroet, 2016). Brussels was also affected by the Paris attacks, which resulted in "Brussels lockdown." From 21 November to 25 November 2015, the government of Belgium imposed a security lockdown on Brussels, including the closure of shops, schools, public transportation (Traynor, 2015).

Some researchers indicate that the impact of terrorism on local services, especially tourism, is strong but short-term. Terrorist attacks have an effect on the visitors' behavior in terms of arrivals and overnight stays (with effects on e.g. hotel occupancy) for several months. In fact, it took Brussels more than six months to recover. (Vanneste et al., 2017). Research in the past revealed that effects of decline in tourism demand

lasted from one to six months, with a recovery in approximately 50% of the destinations within three months or less (Pizam, Smith, 2000). Pizam and Fleischer (2002) mention a period of six to twelve months to recover. This approach may suggest that local communities and authorities should not e.g. demand governmental support for programs restoring specific locations attractiveness for tourism.

The view is opposed by some local administration representatives from locations affected by the costs of acts of terror, e.g. the mayor of Manchester, who ran a precise calculation of the annual costs of the 2017 incident and effectively convinced central authorities to participate in the costs. According to his calculations, the incurred and projected costs amount to £28 million, most of which was on the local government during the first year. To make the message more pronounced, he presented the calculations on Twitter¹.

Table no. 8. Incurred and additional projected costs of terrorist attack in Manchester Arena in 2017

Costs incurred		
organization	Amount requested	Amount confirmed by the government
police	£9.800.000	Over £9 million
Manchester City Council	£1.379.700	£371.000
Health – mental health hub	£2.641.000	£2.6 million – in addition to £53,800 for psychological support
Health – NHS	£3.473.000	£4.1 million commitment for all NHS acute costs and the North West Ambulance Service,
Health – NWAS	£198.500	
Transport	£97.000	0 – majority of costs were covered by insurance
Sub-total incurred costs: £17.589.300		
Additional projected costs		
We Love Manchester emergency fund	£1.100.000	Over £1 million in partnership with the British Red Cross
Coroner's inquest	£5.000.000	No limit – full coroner and inquest costs

¹ https://twitter.com/MayorofGM/status/934123942784139266/photo/1?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwtterm%5E934123942784139266%7Ctwtgr%5E393039363b636f6e74726f6c&ref_url=https%3A%2F%2Fwww.publicfinance.co.uk%2Fnews%2F2017%2F11%2Fgovernment-will-pay-full-costs-manchester-arena-terrorist-attack

Amplify Manchester (promotion of the city)	£4.000.000	£250.000 to Marketing Manchester through the Discover England Fund to promote the city and region.
social care costs	–	£451.000
hardship fund for small businesses	–	£80,000
Sub-total additional projected costs: £10.420.000		
TOTAL: £28.009.300		

Source: R. Hargrave, Government will pay full costs of Manchester Arena terrorist attack, "Public Finance", 27.11.2017, on-line access: <https://www.publicfinance.co.uk/news/2017/11/government-will-pay-full-costs-manchester-arena-terrorist-attack>

Government sets out £24 million for Greater Manchester following 2017 terror attack, 24.01.2018, on-line access: <https://www.gov.uk/government/news/government-sets-out-24-million-for-greater-manchester-following-2017-terror-attack>

As can be seen, the city authorities not only had the costs covered by the state budget, but they also obtained additional sums for mitigation of long-term effects. It can be assumed that the central level can appreciate the weight of the problem. The data showed that the five terror attacks which took place in the UK in 2017 – at Westminster, Manchester, London Bridge, Finsbury Park and Parsons Green – potentially led to a loss in economic output of €3.5bn (Institute for Economics & Peace, 2018:16).

Conclusions

1. The nature of globalization which strongly affects the life of the local communities results in them being faced with threats without borders, whose sources and combating are currently beyond the local decision makers. At the same time, local communities are paying at least a part of the costs of global threats, for instance terrorism which is discussed in this article.
2. The above paradox is beginning to be noticed by both local political and administration elites, and the scientific circles. The former are trying to gain influence on decisions in the area of safety, favorable for local communities (e.g. London ban on carrying knives in public places, restricted access to firearms

in New York). The latter - by assuming a local approach to global problems in the studies conducted. It seems that the perspective should be developed particularly in the future, especially with reference to the global threats and challenges whose global costs are already relatively well-described and well-analyzed.

3. The observed general trend for increased indirect and long-term costs of global threats like terrorism leads to the conclusion that local communities, including in particular authorities of big cities, will want to increase their influence on decisions involved in ensuring the safety on these areas, and will apply for co-financing of the used prevention measures (e.g. anti-terrorist infrastructure) or reimbursements of costs incurred as a result of acts of terror.

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