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Effects of Military and Economic Aid on Terrorism: A Long- and Short-Term Analysis

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EFFECTS OF MILITARY AND ECONOMIC AID ON TERRORISM:

A LONG- AND SHORT-TERM ANALYSIS

by

Haley Parker

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ABSTRACT

Effects of Military and Economic Aid on Terrorism:
A Long- And Short-Term Analysis
by

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Does foreign aid reduce terrorism? Socio-economic aid aims to address the root causes of terrorism by improving health care, education, justice systems, infrastructure, etc. in the recipient country, while military aid funds military operations in a recipient country. My argument is that military and economic types of aid have varying effects over time. Socio-economic aid will likely reduce terrorism in the long-term as it alleviates grievances that boost extremists' recruitment, however, it may increase terrorist activity in the short run, as it provides easy targets. Military aid suppresses militant organizations in the short-term through "decapitation" and cutting off logistical support, however casualties among civilians that accompany such military operations may backfire in the long run.

To test my argument, I analyze time-series cross-sectional data on U.S economic and military aid and terrorist activity during 1946–2010 across 142 countries. My key findings include: 1) in the models with country-level fixed effects, aid has no systematic effect on terrorism, 2) when considering the impact of economic aid on terrorism, when no military aid is provided, economic aid in the previous year is associated with a modest increase in terrorism, while economic aid provided in the previous 7 to 10 years is associated with a modest reduction in terrorism.

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PUBLIC ABSTRACT

Effects of Military and Economic Aid on Terrorism:

A Long- And Short-Term Analysis

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This paper asks whether U.S. aid reduces terrorism. Foreign assistance may be of two types: socio-economic aid (aims to address the root causes of terrorism by improving health care, education, justice systems, infrastructure, etc. in the recipient country) and military aid (designed to fight terrorism with force and manifests as military operations in a recipient country). Most countries receive both military aid and socio-economic US aid for long spells of time. This is why this research asks: 1) how economic and military types of aid influence terrorism over time, and 2) whether and how economic aid and military types of aid interact with each other to shape terrorist activity in recipient countries.

My argument is that military and economic types of aid have varying effects over time. Socio-economic aid will likely reduce terrorist activity in the long-term as it alleviates grievances that boost recruitment by extremist organizations, however, it may increase terrorist activity in the short run, because it provides easy targets to terrorist groups. Military aid suppresses militant organizations in the short-term through "decapitation" and cutting off logistical support, reducing the number of terrorist attacks that originate from the recipient country. On the other hand, casualties among civilians that accompany such military operations may backfire by propelling long-term recruitment by terrorist organizations, leading to more attacks in the future.

To test my argument, I analyze time-series cross-sectional data on U.S economic

and military aid and terrorist activity during 1946 – 2010 across 142 countries. My key findings include: 1) in the models with country-level fixed effects, aid has no systematic effect on terrorism, 2) when considering the impact of economic aid on terrorism, when no military aid is provided, economic aid in the previous year is associated with a modest increase in terrorism, while economic aid provided in the previous 7 to 10 years is associated with a modest reduction in terrorism.

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INTRODUCTION

"At 8:46 on the morning of September 11, 2001, the United States became a nation transformed" ("The 9/11 Commission Report: Executive Summary"). Members of Al Qaeda hijacked four commercial airplanes, one was crashed into the Pentagon, two were crashed into the World Trade Center, and one never reached its target, due to the heroic actions of the passengers on board. This attack left nearly 3,000 people dead, and thousands more injured. The death toll for this attack was higher than that of Pearl Harbor ("The 9/11 Commission Report: Executive Summary"). On September 20, 2001, President George W. Bush declared, "our war on terror begins with Al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated" ("President Bush Addresses the Nation" 2001) and with that the War on Terror began. The War on Terror was met with great public support, over half of Americans thought that terrorism should be the focus of US foreign policy and 87% of Americans approved of President Bush's handling of the war on terror in the months following its conception (Gallup 2001).

The focus of American foreign policy was now directed at terrorist organizations and the countries whence they originate. One of the tools to combat terrorism has been foreign assistance of two types: socio-economic[1] and military aid. The former aims to address the root causes of terrorism by focusing on improving the socio-economic conditions of the recipient country. This aid helps finance and develop such areas as health care, education, justice systems, infrastructure, etc. The latter is designed to fight terrorism with force and manifests as military operations in a recipient country. "Military

[1] Socio-economic aid is aid labelled by the USAID as "economic" aid.

assistance is defined as foreign aid for programs primarily for the benefit of recipient government armed forces, or aid which subsidizes or substantially enhances military capability" (USAID 2018).

Much research debates whether aid in fact has the intended (or rather, proclaimed) effects (e.g., Bapat 2005; Bueno de Mesquita and Smith 2009, 2010). When it comes to measuring the impacts of economic and military aid on terrorism, scholars have shown that, ultimately, military aid is ineffective (Kalina 2012, Jenkins 2011, Atwan 2012, Kilhoffer 2016), and that economic aid is more likely to reduce terrorist activity (de Ree and Nillesen 2009, Kilhoffer 2016). There is also evidence that counterterrorism/military aid is failing to achieve its objectives and, in some cases, is counterproductive (e.g., Udoh et al. 2019, Bapat 2012, Boutton 2014, Boutton 2019, Kilhoffer 2016, Kim et al. 2019, Meierrieks et al. 2020).

This thesis takes on the question of how foreign assistance influences terrorism by focusing on two peculiar empirical regularities: 1) most countries receive US aid for long spells of time and 2) most countries receive both military aid and socio-economic aid simultaneously. This is why this research asks: 1) how economic and military types of aid influence terrorism over time, and 2) whether and how economic aid and military types of aid interact with each other to shape terrorist activity in recipient countries.

My argument is that both military and economic types of aid have the potential to be effective counterterrorism tools, however, their respective effects may vary over time: socio-economic aid will likely reduce terrorist activity in the long-term as it alleviates grievances within the population that boost recruitment by extremist organizations, however, it may increase terrorist activity in the short run, because it provides easy

targets to terrorist groups who feel a loss of power as economic aid strengthens government and citizen relations. Military aid suppresses militant organizations in the short-term through "decapitation," cutting off logistic support, and making groups rethink their strategies. These are expected to reduce the number of terrorist attacks that originate from the recipient country. On the other hand, military aid may propel long-term recruitment by terrorist organizations, leading to more terrorist attacks in the future. This counterproductive effect stems from the nature of militarized response to nonstate actors that military aid funds: indiscriminate attacks on civilians aggrieve the population, seeding anger and need for revenge, and, in turn, alleviating recruitment into terrorist organizations.

To test my argument, I analyze time-series cross-sectional data on U.S economic and military aid and terrorist activity during 1946 – 2010 across 142 countries. My key findings include: 1) in the models with country-level fixed effects, aid has no systematic effect on terrorism, 2) when considering the impact of economic aid on terrorism, when no military aid is provided, economic aid in the previous year is associated with a modest increase in terrorism, while economic aid provided in the previous 7 to 10 years is associated with a modest reduction in terrorism. These results supply the US policy makers with better evidence for allocating aid, thereby increasing the security of the US as well as that of recipient nations. While the evidence presented here cautions the US policymakers against considering aid as panacea from terrorism, it also emphasizes that if local partners are committed to lowering civilian casualties (in my analyses this is indicated by the absence of military aid, but this could also be achieved through better designed military operations), aid may have a limited pacifying effect in the long run.

LITERATURE REVIEW

Determinants of Terrorism

Fighting a war on terror is easier said than done, because causes of terrorism vary by context. Members of terrorist organizations may come from all backgrounds: from the uneducated and deprived to the well-educated and privileged elites. Furthermore, all types of political regimes may produce terrorists: from democracies to autocracies (Lia and Skjølberg 2000). These probabilities are not equally distributed, however. An average terrorist operative is of average or even higher socio-economic background (Bjorgo 2005, Bueno de Mesquita 2005; Benmelech et al. 2012), while unintuitive, this happens because unemployment and economic struggles increase more individuals will turn to terrorism and terrorists will screen and select the most competent individuals to join their organizations (Bueno de Mesquita 2005, Benmelech et al. 2012).

While terrorist on the individual level are more often from the upper socio-economic levels, as groups they are most often from countries with lower economic development (Krueger and Malečková 2003), unstable governments, or from ethnic groups that have been politically discriminated against (Choi and Piazza 2016, Crenshaw 1981). While democracies are less likely to foster domestic terrorism, they are more likely than other regimes to be targets of transnational terrorism because of the types of foreign policy they pursue (Savun and Phillips 2009). However, in an article from the ISIS propaganda magazine Dabiq, they clearly state that foreign policy is a secondary reason for their hatred of the west, the primary reason lies in religious ideologies (ISIS 2018).

Research in psychology points out that political violence is rarely motivated by

material gains but by moral and abstract ideals (Ginges 2019); furthermore, sacred values and religion play a significant role in motivating political violence. Especially seen in suicide terrorism, channeling deeply held religious beliefs allows terrorist organizations to create a community of tight knit, kin-like believers who are willing to live, fight, and die (Atran 2010, Atran 2003) to stand against the "humiliation of globalization" (Stern 2014). There are many who have been disenfranchised by globalization religiously, economically, and often even physically, and terrorism can be used as a tool to regain dignity among this embarrassment and regain a "lost sense of personal significance" (Stern 2014, Kruglanski et al. 2009). Terrorism is based on ideology (Desker and Achyara 2006), those who become terrorists do so because they want to avenge the injustices they see in their communities (Crenshaw 1981, Krueger and Laitin 2003). Krueger and Laitin (2003) referred to this as the "Robin Hood effect" and it helps explain why the economically prosperous are often targets of terrorist attacks (Abadie 2004, Krueger and Laitin 2003, Krueger and Malečková 2003).

Effects of Foreign Aid

Because of the multi-cause nature of terrorism, it is difficult to pinpoint the roots (Newman 2006) to combat it. Traditionally, there are two ways used to combat terrorism, being "tough on terrorism," through military aid, or being "tough on the causes of terrorism," through economic aid (Bird et al. 2008). The literature most often focuses on the short-term effects of these types of aid, there is a large gap in the long-term effects of both types of aid (See Table 1).

Table 1

Literature Summary Regarding the Short- and Long-Term Effects of Aid on Terrorism

Cite	Type of aid (IV)	Short/ Long Term	Main Finding	Aid Indicator Lag	Dependent Variable	If DV = terrorism, how is it defined?	Unit of Analysis	Generalizability	
								Time period analyzed	How many countries analyzed?
Böhnke and Zürcher 2013	Economic Aid	Short	Strong correlation between aid and state legitimacy	--	Perceived Security	--	Village/ Year	2007 and 2009	1 (Afghanistan)
Boutton 2014	Military and Economic Aid (USAID)	Short	Aid creates a moral hazard and incentivizes terrorism	1-year	Terrorism	Threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal	Country/ Year	1970 to 2010	163
Boutton 2019	Military Aid (USAID)	Short	Increased domestic political violence in personalist and newly established regimes	3-year	Terrorism	Threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal	Country/ Year	1970 to 2014	163
Crost et al. 2016	Economic Aid (CCTs)	Short	CCT program decreased conflict and insurgent influence	--	Conflict Incidents	--	Village/ Month	2001 to 2010	1 (Philippines)
De Ree and Nillesen 2009	Economic Aid (ODA)	Short	Increased aid leads to decrease civil conflict duration	5-year	Civil Conflict	--	Country/ Year	1981 to 1999	39 (Sub-Saharan Africa)
Dimant et al. 2019	Military Aid (USAID)	Short	Increased Aid leads to more anti-American terrorism	--	Anti - American Terrorism	Use of extra-normal violence for political purposes by any individual or group intended to influence the behavior of a target group wider than the immediate victims	Country/ Year	1996 to 2015	148
Djankov et al. 2008	Economic Aid (ODA)	Long	Aid dependence weakens democratic institutions	1 period	Democracy	--	Country/ Year	1960 to 1999	108

Du Bois and Buts 2014	Military Aid	Short	Short lived increase in terrorism with increased military presence	2-years	Transnational Terrorism	Terrorism when the perpetrator and victim are different nationalities	Country/ Year	1998 to 2007	35
Jadoon 2019	Military Aid (Greenbook)	Short	Increase of killings with increase in aid	1-year	Civilian Killings	--	Country/ Year	1989 to 2011	133
Jaeger and Siddique 2018	Military Aid (Drone Strikes)	Short	Increase in terrorism after failed drone strikes on Taliban	--	Terrorism	Sub-national groups or individuals deliberately attacked civilians or non-combatants	Day/ Country	Jan 2007 to Sept 2011	2 (Pakistan and Afghanistan)
Johnston and Sarbahi 2016	Military Aid (Drone Strikes)	Short	Drone strikes temporarily help US counterterrorism efforts	--	Terrorism	Sub-national groups or individuals deliberately attacked civilians or non-combatants	FATA Agency/ Week	Jan 2007 to Sept 2011	1 (Pakistan)
Kilhoffer 2016	Military Aid and Economic Aid (USAID and AidData)	Short	Military aid decreases terrorism, unless the recipient state has a rivalry. Economic aid may increase or decrease terrorism	1-year	Terrorism	Threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal	Country/ Year	1946 to 2010	163
Khanna and Zimmermann 2017	Economic Aid (NREGS)	Short	Violence increased, particularly in the first few months	--	Naxalite Related Incidents	--	District/ Month/ Year	Jan 2005 to Mar 2008	1 (India)
Kim et al. 2019	Military Aid (NADR)	Short	Increased longevity of terrorist organizations	--	Terrorist group failure	--	Group/ Year	1990 to 2013	--
Meierrieks et al. 2020	Military Aid (USAID)	Short	Increased likelihood of Anti-American Terrorism	--	Anti – American Terrorism	Use of extra-normal violence for political purposes by any individual or group intended to influence the behavior of a target group wider than the immediate victims	Country/ Year	1968 to 2014	173
Nemeth and Mauslein. 2017	Economic Aid (Aid Data)	Short	Areas with aid are more heavily targeted by terrorist groups	1-year	Terrorism	Intentional use or threatened use of violence by subnational actors outside of legitimate government	Cell/ Year	1997 to 2008	144

Nielsen et al. 2011	Economic Aid (Aid Data)	Short	Negative foreign aid shocks increase armed conflict	1-year	Armed Conflict	--	Country/ Year	1981 to 2005	139
Phillips 2015	Decapitation	Short	Violence is reduced when leaders are rrested	--	Homicides linked to organized crime	--	State/Month	Sept 2007 to Nov 2012	1 (Mexico)
Savun and Tirone 2012	Economic Aid (OECD)	Short	Decrease in civil wars	4-years	Civil War	--	Country/ Year	1990 to 2004	ODA Eligible countries
Weintraub 2016	Economic Aid (CCTs)	Short	Increase in indiscriminate violence and civilian killings	--	FARC Violence	--	Municipality/ Year	1996 to 2004	1 (Colombia)
Wood and Sullivan. 2015	Economic Aid (Aid Data)	Short	Increase in rebel violence but less support for the relationship between aid and state violence	3-years	Govt. and Rebel one-sided violence	--	Country/ Year	1989 to 2008	22 (Sub-Saharan Africa)
Young and Findley 2011	Economic Aid (Aid Data)	Long	When directly targeted, foreign aid reduces terrorist activity	5-, 7-, 10-years	Terrorism	Use of extra-normal violence for political purposes by any individual or group intended to influence the behavior of a target group wider than the victims	Country/ Year	1968 to 2007	147

Economic Aid

Socio-economic disparities are fuel to the fire of disenfranchisement (Piazza 2011). Throughout the 20th century the IRA, the Irish Republican Army, was disillusioned by the treatment of the Irish by the British. The lack of jobs, poverty of the Irish, and desired freedom provoked the IRA to look to terrorism to prove their point. Between 1969 and 1994, it was estimated that they killed nearly 1,800 people (Cowell-Meyers and Arthur 2019). However, this effect is not immediate. There are five main theories that explain the effects that economic aid has on terrorism (Weintraub 2016). First is the information theory which explains that as economic aid is distributed citizens begin to share information with the government about terrorist organizations, this in turn creates an immediate increase in political violence as terrorist organizations lose control of citizens (Berman et al. 2011, Crost et al 2016, Khanna and Zimmerman 2017). Second is predation theory that explains the increase in terrorist activity in the short run as terrorists use violence to capture and loot aid distributors in order to gain more supplies when the economy is performing poorly (Dube and Vargas 2013, Wood and Sullivan 2015, Bates et al. 2002). Next is the mechanism of preemptively using violence to stop anticipated shifts in support, which is when terrorist organizations preventatively sabotage economic development projects in order to reduce shifts in civilian support (Crost et al. 2014). Fourth is the opportunity cost theory, which posits that economic aid increases the cost of joining an insurgency and therefore decreases terrorism in the long run (Grossman 1991). The final theory is the “hearts and minds” position, which theorizes that aid generates positive feelings towards donors and weakens support for insurgent groups, ultimately decreasing terrorist violence (Berman et al. 2011, Findley

and Young 2007). The literature has shown that it takes time for the economic aid to accomplish its goals, and while it has proven to reduce terrorism in the long run, in the short run it can increase terrorism, which is why I review, first, the immediate impacts of this type of aid, then focus on the long-term.

Short-Term Effects

In the immediate years following economic aid distribution there is most often an increase in terrorist activity consistent with the short-run based theories of information sharing, predation, and preemptive violence. It is important to note, however, that aid is not allocated randomly: while the evidence discussed below indicates that it is plausible that economic aid induces terrorist attacks immediately after its distribution, one should be careful when claiming causality between economic aid and terrorism, because countries with instability are more likely to receive aid (Findley 2018).

Especially since the declaration of the War on Terror there has been an increase in attacks on humanitarian workers (Fast 2010). Consistent with the predation and preemptive strike mechanisms, areas receiving socio-economic aid are more likely to become targets of terrorism to intimidate locals from working with the government and to dissuade governments from working in that area (Nemeth and Mauslein 2017). Multiple terrorist organizations have expressed their disdain for the distributors of socio-economic aid. A member of Al Qaeda shared this sentiment in a propaganda magazine, writing, "…you must cease all interference in the religion, society, politics, economy, and government of the Islamic world. This means putting an immediate stop to the deployment of your economic hitmen, CIA Jackals, Peace Corps volunteers, US Aid employees, and UN and US sponsored nongovernmental organizations. All of which put

together represent the vanguard of American interference in our region and the world" (Al Qaeda Inspire magazine 2010). Khanna and Zimmermann's analysis of one of the world's largest anti-poverty programs, India's NREG, also showed that humanitarian aid can increase violence on civilians in the short run as terrorists attempt regain lost power as citizens begin to share more information with the government (Weintraub 2016, Khanna and Zimmerman 2017, Zürcher 2017). However, in the long run economic aid can be effective at combatting terrorism. (Berman 2011, Crost 2014)

Long-Term Effects[2]

The hearts and mind and opportunity cost theories, by contrast, proffer that economic aid is helpful in reducing terrorism in the long run. There have been findings that socio-economic aid in fields such as health, unemployment, education, conflict prevention, and labor market programs can reduce terrorism (Krieger and Meierrieks 2010, Young and Findley 2011), as terrorist organizations often use such social services as tools to gain community support and recruit more members (Gaibulloev and Sandler 2019).

However, some have argued that aid of this type is ineffective and may even stunt the growth of democracy (Djankov et al. 2008, Doucouliagos and Paldam 2009). This is because the effectiveness of aid is significantly lower when aid is granted for political reasons (Dreher et al. 2014), and humanitarian aid is rarely motivated by altruism, but nearly always by political motives and donor self-interest, especially since 9/11 (Bueno

[2] Though most of this data is not explicitly analyzed to find the long-term results (see Table 1), they are analyzing programs that do ultimately affect communities in the long run (i.e. state legitimacy, democracy, unemployment, etc.) have long term effects.

de Mesquita and Smith 2009, Hoeffler 2011, Miles 2012). However, even with the ulterior motives decreasing the effectiveness, there is evidence that economic aid is an important tool in helping a country move from war economy to peace economy (Hoeffler 2012, Goodhand 2010), and in turn terrorism.

Böhnke and Zürcher (2013) find that while aid does not always increase positive attitudes towards donor countries or increase feelings of security it does increase the legitimacy of the state. When a state is unable to provide for its citizens potential rebels and insurgents gain bargaining strength and there is an increase of armed conflict and violence (Savun and Tirone 2012, Nielsen et al 2011). Economic aid can help to fill in the gaps where states cannot provide for their citizens and alleviate some of the tension between the people and the government. When socio-economic tensions exist, it increases the chances of insurgency (Fearon and Laitin 2003) but increased foreign aid can decrease the duration or chances of civil conflict (de Ree and Nillesen 2009). This is significant because overwhelming majority of terrorist attacks occur within the context of civil wars or insurgencies (Stanton 2013, Findley and Young 2012), as terrorism and civilian targeting is seen as an effective military tactic for rebel groups (Feldmann 2018, Kalyvas 2004, Wood 2010).

Military Aid

Short-Term Effects[3]

Military aid appears to reduce terrorism in the short run (Kilhoffer 2016), but not

[3] There has been much research done on the effects on military aid on terrorism. Most often scholars focus on the long-term and negative effects that military aid has on terrorism (See Table 1: Short- and Long-Term Literature Analysis). The military aid literature is lacking in its analysis of short-term effects on terrorism. Because of this gap in the literature I used literature on drone strikes and decapitation to best understand the

in the long term (Waśko–Owsiejczuk 2016). It is a more direct way of fighting terrorism and it may bring immediate results in the fight against terrorism as it helps disrupt sources of financing and logistical support for organizations (Waśko–Owsiejczuk 2016), and capturing and killing leaders of terrorist groups may cause disillusionment of recruits and a need to reevaluate leadership and strategies (Burke 2004), but it does not ultimately stop terrorist activity. In a short-term study on the effects of targeted and indiscriminate violence as counterterrorism, Benmelech et al. (2014) found that targeted violence is an effective preventive tool for terrorism in the first 5 years (Benmelech et al. 2014). After the death of Osama Bin Laden in May of 2011, there was not a terrorist attack directed by Al Qaeda until the In Amenas hostage situation in 2013 (Chrisafis et al. 2013) two years later. Successful drone strikes may reduce terrorist activity (Jaeger and Siddique 2018). In an analysis of drone strikes in Pakistan, Johnston and Sarbahi (2016) found that in the week of a drone strike there was a decrease in terrorist incidents (Johnston and Sarbahi 2016). Another case study of organized crime in Mexico found that decapitation was successful in the short run, but not the long (Phillips 2015). Decapitations are only successful if the organization has a weak bureaucracy and little communal support (Jordan 2014).

Long-Term Effects

When countries receive military aid, there it may result in a reduction in terrorist activity as it leads to decapitation and changes in terrorist tactics (Chrisafis et al. 2013, Zech 2016). However, it has not been found to reduce the ability of groups to generate propaganda and recruit new members (Smith and Walsh 2016). Terrorists succeed when

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short-term effects of military aid on terrorism.

governments react to their violence with more violence (Findley and Young 2012), counter terrorist actions may end up increasing "radicalization and social polarization" and lock the country into a vicious cycle of violence rather than eradicating terrorism (Schneider et al. 2014). As counter terrorist aid impedes on basic human rights, such as privacy, it creates a reverse effect and increases terrorist activity (Udoh et al. 2019).

For these reasons, in the long run, military aid is ineffective at stopping terrorism, (Kalina 2012, Jenkins 2011, Atwan 2012) and may even result in an increase in terrorist activity as it removes the incentive for regimes to actually fight terrorism (Bapat 2012, Boutton 2014, Boutton 2019, Kilhoffer 2016, Kim et al. 2019, Meierrieks et al. 2020) and does more to create feelings of anger and marginalization (Kellner 2002). Terrorism increases when military aid increases (Dimant et al. 2010, Jadoon 2019) especially when the aid includes the exporting of weapons or the deployment of troops (Du Bois and Buts 2014). "If countries are to win the war on terror, they must eradicate enemies without creating new ones" (Burke 2004), and military aid is not always an effective way of doing that. US military presence creates feelings of "apprehension and hostility and fear" (Pfaff 2010) that fuel terroristic motives (Stern 2020).

Military and Economic Aid

To summarize the preceding sections, both types of aid are effective at reducing terrorism in some ways, and ineffective in other ways (Kilhoffer 2016). Ultimately, in the long run it is economic aid that is more effective at reducing terrorism than military aid, because it addresses the roots of terrorism (Findley et al. 2011).

The literature has addressed the effects of the different types of aid (although the bulk of research examines more immediate effects) and has shown that the economic and

military aid tend to have different effects on terrorism. Most of scholarship tends to analyze the effects of military and economic aid, focusing on one or the other. The literature also often fails to recognize the differences between the two types of aid and simply lumps them into one "foreign aid" category (e.g. Azam and Thelen 2006, Azam and Thelen 2010, Bandyopahyay et al. 2010) with little regard to the different effects the aids have on terrorism. Some authors (e.g., Findley, 2018 or Boutton, 2019) will initially discuss the two types of aid, but ultimately fail to show the interaction between them.

Others have found that the militarization of humanitarian aid may lead to an increase in terrorism (Bristol 2006), or that US foreign policy tends to focus on military aid rather than economic aid (Liu et al. 2019). Gries et al. (2014) found that both economic and military dependence on the US may cause an increase in anti-American terrorist attacks within a short time period and a longer time period, respectively.

This study will examine the short- and long-term effects of each type of aid on terrorism originating in the recipient country. Few papers have done this (see Table 1). It will also measure the effect of military aid conditional on economic aid provisions to a country in the short- and in the long-term, and vice versa. The US rarely gives only one type of aid, so it is important to test if these two types interact with one another and what that interaction does to terrorist activity.

THEORY

Competing Time Varying Effects of Military and Economic Aid

The scholarship has implied, but not tested that military aid and socio-economic aid have opposite effects on terrorism. This section argues why—based on the intuition developed by prior scholars—we should expect that military aid reduces terrorism in the short term but is also likely to create a backlash that could drive more terrorism in the long term. Whereas, socio-economic aid is likely to increase terrorism in the short term but has the potential to solve the underlying grievances—thus, reducing terrorism—in the long term.

Table 2

Hypothesized Short- and Long-Term Effects of Aid on Terrorism

	Short-Term Effect	**Long-Term Effect**
Solely Economic Aid	Increase in terrorist Activity (Aid projects become targets of terrorism)	Decrease in Terrorist Activity (Socioeconomic grievances are resolved)
Solely Military Aid	Decrease in Terrorist Activity (Suppresses logistical support and decapitates organizations)	Increase in Terrorist Activity (Targeting of civilians creates more grievances)
Both Types of Aid	Stagnation of Terrorist Activity (The effects cancel each other out)	

As military aid takes effect in a recipient country there is a short-term setback in the amount of terrorist activity in that country, as the terrorist organization loses manpower, infrastructure, leaders, or begins to factionalize (Jones 2009, Zech 2016). Tactics such as decapitation have been proven to be effective at ending terrorist organizations in specific situations, but mostly it is ineffective and creates more problems

in the long run. The causal mechanisms for long-term effects of military aid are blowback, and feelings of anger and resentment that fuel terrorist organizations, this results in an increase in terrorist organization strength and activity (Johnson 2000). “Military force...alienates the local population by its heavy-handed nature and provides a window of opportunity for terrorist-group recruitment” (Jones and Libicki 2008). The terrorist attack on Pan Am flight 103 on December 21, 1988 that killed 270 people was in retaliation to a US bombing campaign of the Libyan capital (“Pan Am 103 Bombing | Federal Bureau of Investigation”, “Pan Am Flight 103 | Overview, Crash, Victims, & Facts | Britannica”, Johnson 2000).

The short term-term causal mechanisms for economic aid are that it creates targets for terrorist groups and that it threatens the territory and power of organizations. Often terrorist groups will engage in charitable activities in order to gain public support (Ly 2007). After an earthquake in Algeria in 1989 the Islamic Salvation Front gained public support by responding to the crisis and distributing relief more effectively and quickly than the government (St. John 1996, Ly 2007). By giving economic aid the US encroaches on the sphere of power set by terrorist organizations and creates animosity towards not only the US, but also local governments (Weintraub 2016, Khanna and Zimmerman 2017, Zürcher 2017). In recent years attacks on humanitarian workers have increased (Fast 2010, “Total Incidents by Country (1997-2019) | Aid Worker Security Database”, Dawson 2014). In Afghanistan, in 2016, there were 24 attacks on humanitarian workers distributing socio-economic aid from the UN, multiple countries and NGOs around the world. In Sudan, there were 52 workers attacked (Aid Worker Security Report 2017). The causal mechanisms for long-term effects of socio-economic

aid are the opposite, they fight terrorism from the roots and help to reduce the feelings of anger and resentment that fuel terrorist organizations, as the literature has proved.

In summary, military aid may reduce terrorism through force, while socio-economic aid may reduce it by addressing the social needs of the recipients. However, the combination of both types of aid will likely prolong the amount of time it will take to defeat terrorism, because of the dampening effect they have on one another. If there is socio-economic aid in the area it will become the target of the terrorist organizations, who are more than ever in need of supplies and money and need to maintain their monopoly on resources and stability. This means that the socio-economic aid will not reach its designated benefactors, and will not only benefit the terrorist organization, but it will more importantly not fight the roots of terrorism. This means that the positive long-term effects that socio-economic aid may have on fighting the roots of terrorism will now take longer to take hold and the feelings of disenfranchisement in the community will continue. As this feeling of marginalization continues to exist terrorist organizations will be able to thrive on the feelings of resentment that blowback (from the military aid) and continued socio-economic problems create. This leads not only to an increased amount of terrorist activity in the short-term, but a long-term consequence of an increased lifespan for terrorist organizations.

Hypotheses

This study will evaluate three expectations. The first hypothesis will verify systematically the intuition implied by the economic aid literature, which has shown that economic aid correlates with increases in terrorism in the short run (e.g. Fast 2010, Khanna and Zimmerman 2017, Weintraub 2016), and with reductions in terrorism in the

long run (e.g. Berman 2011, Crost 2014, Young and Findley 2011). The operationalizations of aid and terrorist activity vary between these groups of works, my contribution, thus, lies in re-evaluating this expectation, using consistent measures of both aid and terrorism across time.

H_{1A}: Economic aid is associated with short-term growth in terrorism.

H_{1B}: Economic aid is associated with long-term decline in terrorism.

The second hypothesis verifies the intuition from the military aid literature which has done little research on the long-term effects of military aid on terrorism but has focused much of its attention on the short-term effects on terrorism. Based on decapitation and military action literature, it is expected that military aid will initially create a lull in terrorist activity (e.g. Waśko–Owsiejczuk 2016, Burke 2004, Phillips 2015, Jordan 2014), however much evidence points in favor of military aid fostering terrorism down the road (e.g. Bapat 2012, Boutton 2014, Boutton 2019, Kilhoffer 2016, Kim et al. 2019, Meierrieks et al. 2020). This study's contribution is in evaluating this expectation relying on consistent measures of both aid and terrorism across time.

H_{2A}: Military aid is associated with short-term decline in terrorism.

H_{2B}: Military aid is associated with long-term growth in terrorism.

My third hypothesis focuses on the opposite impacts that the two types of aid generate that counter the other. The above stated effects on terrorism are expected in the absence of the other type of aid. If only economic aid were present, one would expect that after an immediate increase in terrorism, terrorist organizations would become less and less active. If only military aid were present, one would expect a continual resurgence of terrorist support after short-term decreases in terrorism gave way to a new resent-filled

population. With both types of aid present, it is expected that the short-term effects of military aid will reduce terrorism and the effects of economic aid will increase terrorism. In the long run, economic aid will be reducing the feelings of resentment, but military aid will be creating feelings of resentment. This will create a stagnation of terrorist activity in both the short and long run. When both types of aid are present in a country, they interact with one another. As the ratio of military to economic aid approaches 1 the effects of each type cancel the other out. But the more one type of aid exceeds the other, the closer the observed patterns are expected to follow those described in hypotheses 1A, 1B, 2A, and 2B.

> *H_{3A}: When both types of aid are present, the more economic aid exceeds the level of military aid, the more its impact on terrorism should follow the patterns outlined in hypotheses 1A and 1B.*

> *H_{3B}: When both types of aid are present, the more military aid exceeds the level of economic aid, the more its impact on terrorism should follow the patterns outlined in hypotheses 2A and 2B.*

> *H_{3c}: When both types of aid are present, the more balanced the two types of aid are, the less impact on terrorism we should observe.*

RESEARCH DESIGN

Data

To empirically test my expectations, I rely on the data from Boutton (2019). These data allow for a cross-sectional time-series analysis of U.S. economic and military aid on terrorist attacks in 142 recipient countries in 1970 – 2014. The unit of analysis is country–year.

Operationalization

Dependent Variables

The data on terrorist attacks come from the Global Terrorism Database. They define terrorism as "the threatened or actual use of illegal force and violence by a non-state actor to attain a political, economic, religious, or social goal through fear, coercion, or intimidation" (START, 2012). This database contains information on the location, year, and target of over 80,0000 terrorist attacks in nearly 200 countries from 1970 to 2012. The main dependent variable of interest is $Total\ Attacks_{it}$. For robustness, I will also analyze US and Non-US targeted attacks, as well as logged indicators of each type of attack. As can be seen in Figures 3 and 4 the data is heavily right skewed, the logged variables attempt to normalize the distribution and allow for more appropriate statistical analysis of the data. This results in six measures that capture the amount of terrorism in recipient countries in each year. Table 3 presents the descriptive statistics for the dependent variables

Figure 1

Distribution of Terrorism

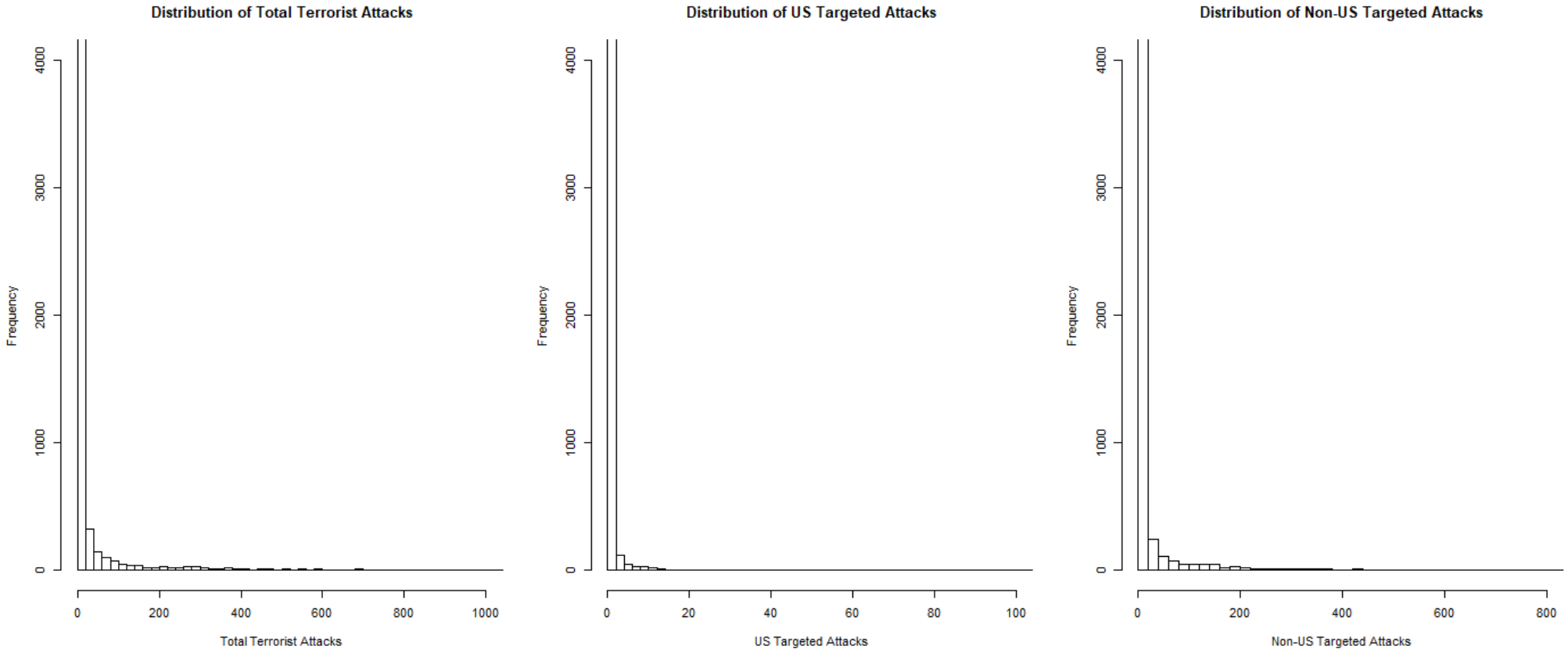


Figure 2

Distribution of Logged Terrorist Attacks

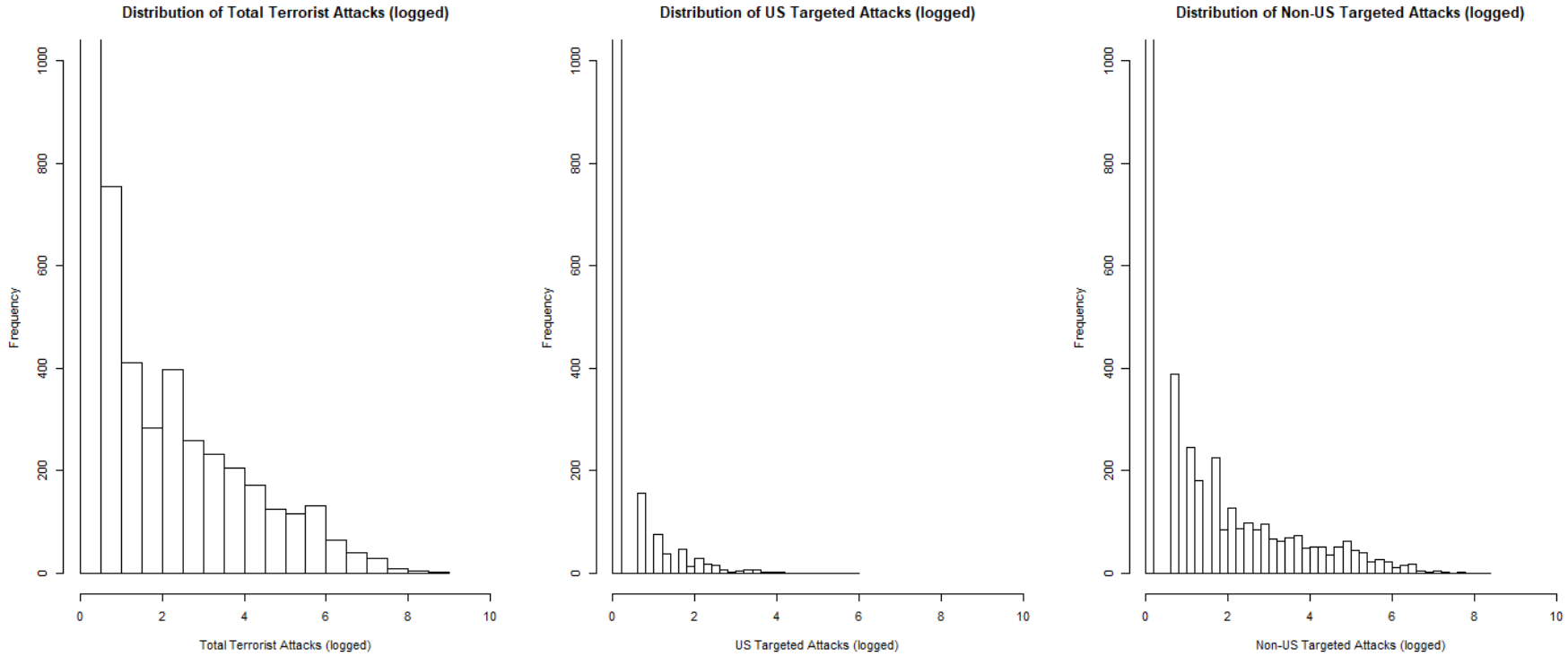


Table 3

Descriptive Statistics for Dependent Variables

	Minimum	Mean	Maximum	Standard Deviation	Number of Observations
Total Attacks	0	27.71	7849	179.64	9955
Total Attacks (Logged)	0	0.85	8.97	1.57	9955
US Targeted Attacks	0	0.37	354	4.45	9955
US Targeted Attacks (Logged)	0	0.06	5.87	0.34	9955
Non-US Targeted Attacks	0	13.67	3924	88.99	9955
Non-US Targeted Attacks (Logged)	0	0.61	8.27	1.33	9955

Independent Variables

The data on both US military and economic aid are available from 1946 to 2014. As Figure 5 demonstrates, the distribution of aid is extremely right skewed. I address this problem by using the natural log of aid indicators (logged distributions are shown in Figure 6), as is common in the literature (e.g., Bueno de Mesquita and Smith 2007, Boutton 2014). To test the short- and long-term effect of the US aid I lagged the aid variables by 1, 3, 5, 7, and 10 years. I consider 1 to 3 years short term, and 5, 7 and years as long term.

Figure 3

Distribution of Economic and Military Aid

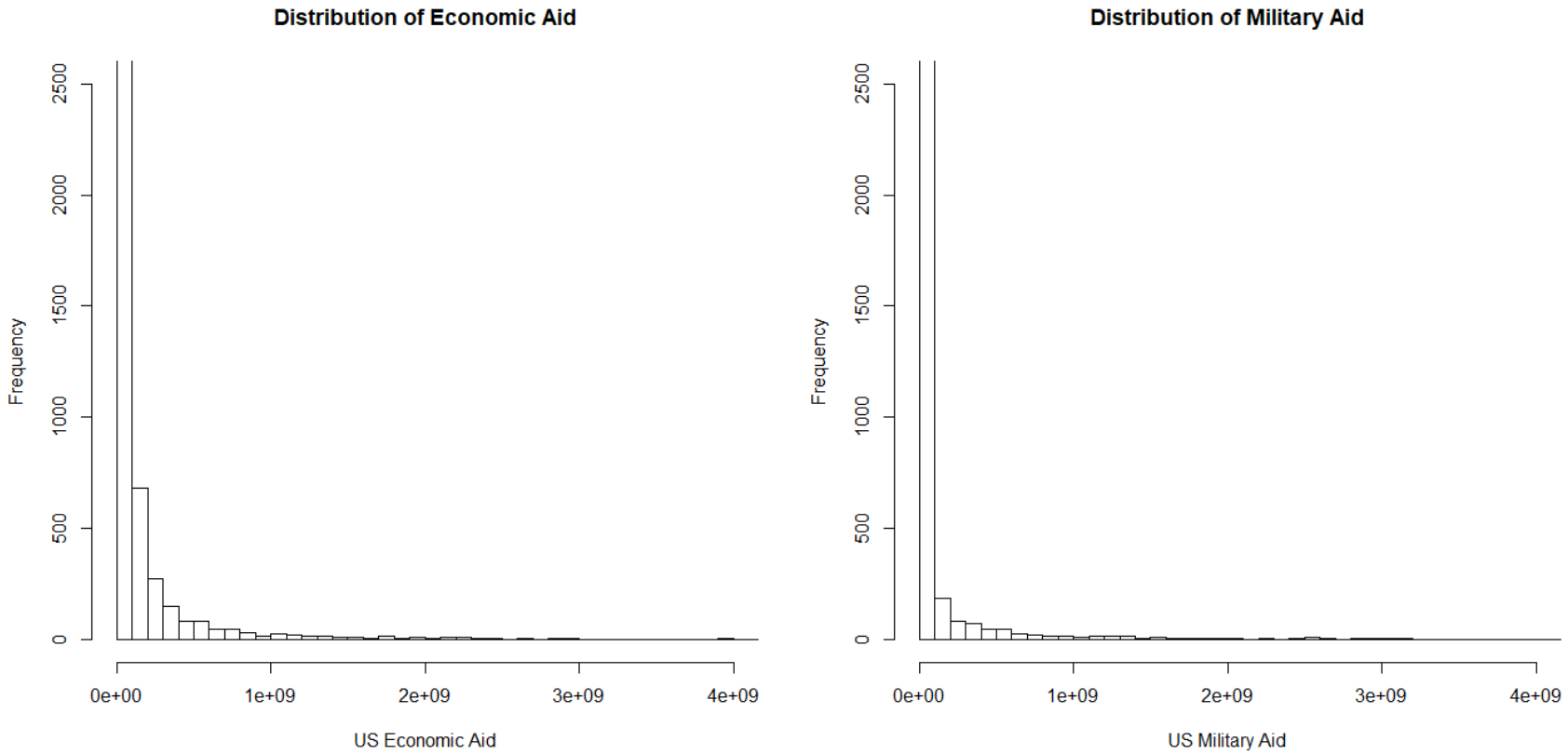


Figure 4

Distribution of Logged Economic and Military Aid

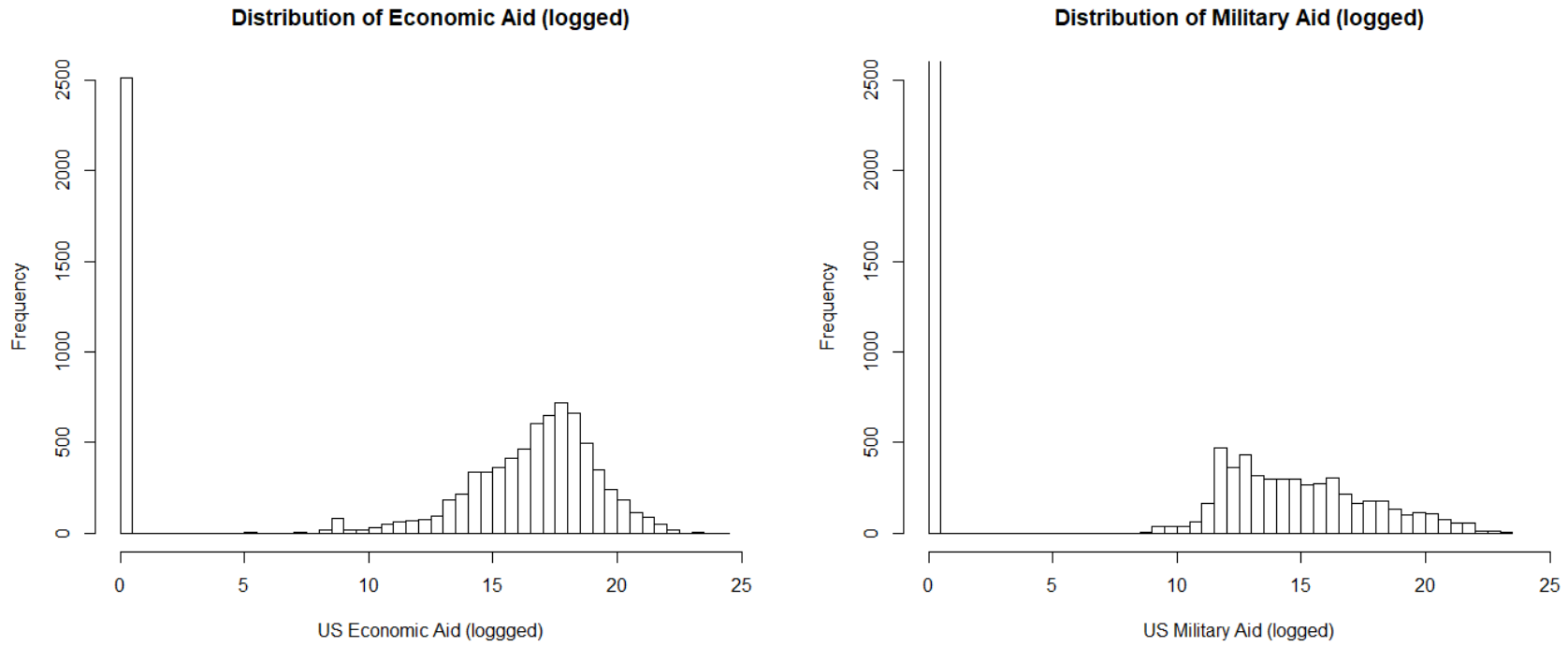


Table 4

Descriptive Statistics for Independent Variables

	Minimum	Mean	Maximum	Standard Deviation	Number of Observations
Economic Aid (Logged)	0	12.29	24.23	7.64	9581
Economic Aid$_{t-1}$ (Logged)	0	12.29	24.23	7.64	9578
Economic Aid$_{t-3}$ (Logged)	0	12.24	24.23	7.67	9385
Economic Aid$_{t-5}$ (Logged)	0	12.12	24.23	7.74	9006
Economic Aid$_{t-7}$ (Logged)	0	11.99	24.23	7.81	8628
Economic Aid$_{t-10}$ (Logged)	0	11.83	24.23	7.89	8062
Military Aid (Logged)	0	7.93	23.36	7.74	9581
Military Aid$_{t-1}$ (Logged)	0	7.93	23.36	7.74	9578
Military Aid$_{t-3}$ (Logged)	0	7.88	23.36	7.75	9385
Military Aid $_{t-5}$ (Logged)	0	7.73	23.36	7.76	9006
Military Aid $_{t-7}$ (Logged)	0	7.59	23.36	7.79	8628
Military Aid $_{t-10}$ (Logged)	0	7.39	23.36	7.81	8062

Military Aid

Military aid consists of foreign military financing, boots on the ground, loans, grants, and training programs, "Anti-Terrorism Assistance (the State Department's Nonproliferation, Anti-Terrorism, Demining, and Related Programs,) Department of Defense Security Assistance, and Defense Department funding under sections 1206 and 1207" (Boutton 2019). Section 1206 and 1207 are funding programs that began in 2007. They provide "the Secretary of Defense with authority to train and equip foreign military

forces for...counterterrorism and stability operations—and foreign security forces for counterterrorism operations" (Serafino 2014).

The data for military aid were recorded by Boutton from the United States Agency for International Development's Greenbook, with the exception of the Defense Department data which was not included in the Greenbook.

Economic Aid

US economic aid consists of humanitarian and socio-economic aid. It consists of grants, loans, and humanitarian donations. This information is taken from the USAID Greenbook. The Greenbook contains data from 192 countries from 1946 to 2014 (Boutton 2019, Greenbook 2020).

Control Variables

There are many confounding factors that may potentially affect both receiving US aid and the incidence of terrorism: political regime, GDP, civil war, population size, interstate rivalry, media, and whether or not the aid was given during the Cold War or post 9/11. To account for these, I use the same control variables that Boutton used in his 2019 analysis. All control variables, apart from media score, post-9/11, and Cold War, are reported at t-1.

Table 5

Descriptive Statistics for Control Variables

	Minimum	Maximum	Median	Mean	Standard Deviation	Number of Observations
Personalist Regime$_{t-1}$	0	1	0	0.15	0.36	7552
Democracy$_{t-1}$	0	1	0	0.32	0.47	9610
Military Regime$_{t-1}$	0	1	0	0.08	0.26	7552
GDP$_{t-1}$ (logged)	3.96	11.84	8.22	8.24	1.34	7588
Population$_{t-1}$ (logged)	11.29	21.02	15.81	15.76	1.64	8718
Civil War$_{t-1}$	0	1	0	0.14	0.35	9612
Interstate Rivalry$_{t-1}$	0	1	0	0.31	0.46	9049
Media Score	0	8	3	2.58	1.17	8951
Post 9/11	0	1	0	0.25	0.43	9799
Cold War	0	1	1	0.54	0.49	9799

Regime Type

Regime type has been shown to impact terrorist activity as per Boutton (2019). To control for this, I follow Boutton in using three separate dummy variables: democracy, personalist regime, and military regime. Political regimes are on a binomial scale that reflect whether a country is (1) or is not (0) a particular regime type.

GDP Per Capita

Wealthier states are less likely to experience domestic terrorism (Krueger and Malečková 2003). To account for this Boutton uses data on GDP per capita from Maddison (2012).

Civil Wars

Most terrorist attacks occur within the context of civil wars (Stanton 2013, Findley and Young 2011). Boutton uses a dichotomous variable, with 0 representing internal peace and 1 showing engagement in a civil war using data from the USDP/PRIO Armed Conflict Dataset (Themner and Wallensteen 2012). In order to be counted as a civil war the conflict must have resulted "in at least 25 battle-related deaths in one

calendar year" (Wallensteen 2018).

Controlling for civil conflict is the most important way of accounting for the nonrandom allocation of US aid in this study. Consider for instance, the patterns of US aid allocation and terrorism in Afghanistan. From 1985 to 2001, Afghanistan received solely economic aid from the United States, during this time there were 151 terrorist attacks, 4% of those were on US Citizens.[4] In 2002, after the 2001 invasion of Afghanistan, the United States began to provide Afghanistan with military aid along with economic aid. This is the period of the Taliban insurgency that uses terrorist attacks to combat the US presence. By 2010 there had been 7613 attacks, 11% of those were directed at US citizens (START 2018).

Consider Figure 2 that charts amounts of aid and terrorist attacks in Afghanistan over time. The endogeneity of aid and terrorism is obvious in this case, which is why all indicators of aid are lagged and the civil war is controlled for.

[4] While it is also true that the US supported the Mujahideen militarily, aid to support nonstate actors is not considered in this research.

Figure 5

Foreign Aid and Terrorism in Afghanistan

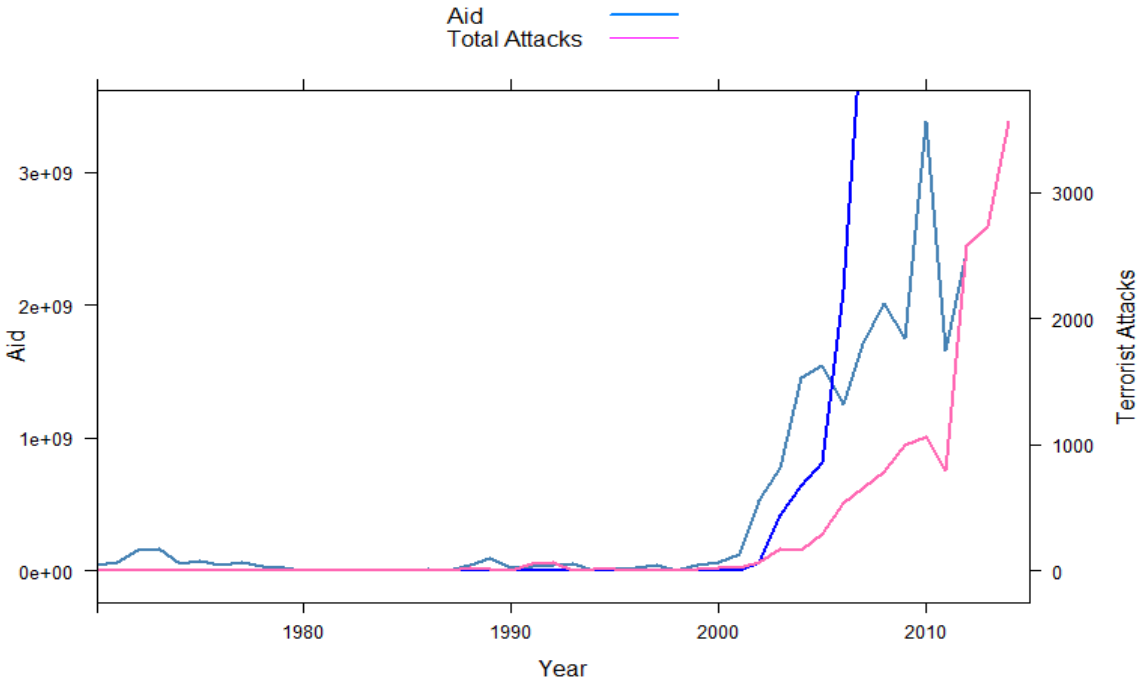
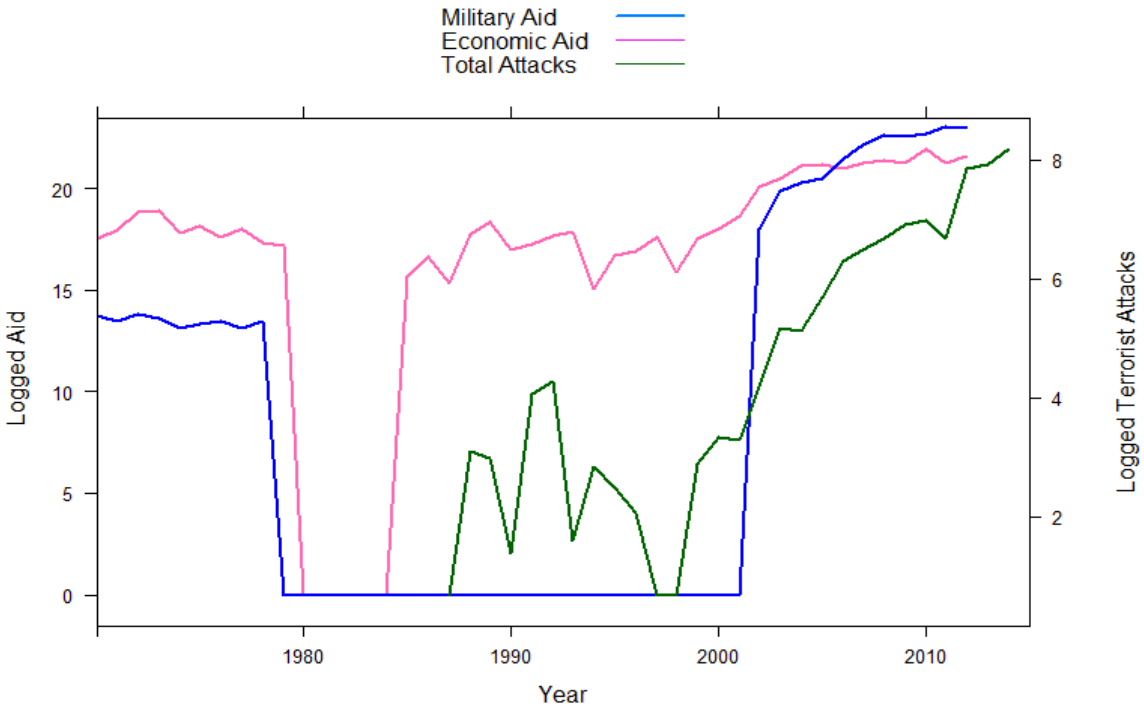


Figure 6

Logged Foreign Aid and Terrorism in Afghanistan



Population

There is also a correlation between population size and terrorist activity, where more populous countries experience more terrorist attacks (Wilson and Piazza 2013). To control for this a natural log of country population has been included. The data was taken from the World Bank (2014).

Interstate Rivalry

Evidence has also shown that states involved in interstate rivalries will experience an increase in terrorism (Boutton 2014). The data for this control is taken from Thompson and Dreyer (2011). It is represented by a dichotomous variable, with 1 representing a country engaged in interstate rivalry, and 0 representing countries not engaged in interstate rivalry.

Media Freedom

A measure of media freedom has been taken from Whitten-Woodring and Belle (2014) to control for any effect that underreporting biases may have on the count of terrorist attacks (Boutton 2019). This data is shown on a scale of 1 to 8, with 1 representing the most freedom of the press and 8 representing the least freedom of the press.

Time-Period Indicators

Two time-period indicators have been added as two separate dummy variables. These were added because terrorism could have been affected by the end of the Cold War. This is time period was a volatile time for state sponsorship behavior (Pillar 2004, Byman 2005), and may have affected the use of terrorism (Boutton 2019). The other time-period indicator is added to reflect the prominence of terrorism globally after the attacks on the 9/11 (Boutton 2019).

Empirical Strategy

An OLS regression is not appropriate for my dependent variables, because of the right skew in the distributions of attacks and the dependent variable having a theoretical value of zero, implying that predicted values cannot be negative. The variance in this data is also much greater than the mean. For these reasons, a negative binomial count model is more appropriate for these data. I have tested the significance of the overdispersion parameter alpha in all estimated models (details are provided under each table); it is statistically different from zero in almost all estimated models, which is why we reject Poisson in favor of negative binomial regression for these data, in some models, the parameter was not statistically discernible from 0, which is why I reran those models with Poisson estimator, which did not alter my results.

Additionally, countries receive different amounts of aid, some receiving exorbitant amounts and others receiving minimal amounts, and this fluctuates across time; not all of reasons for different amounts of aid are captured by the observable attributes included as controls in the models. To account for the unobserved country-specific effects, fixed effects for individual countries are included, as well, in models reported in Tables 7, 9, 11, and 13. With Figures 9, 12, 15, 18, and 21 visualizing the interactions shown in the models.

RESULTS

In this section I analyze the effects of military and economic aid on terrorism across 142 countries from 1970 to 2012 using a negative binomial count model. I control for regime type, GDP, population, interstate rivalry, civil war, and whether the attacks happened before or after the Cold War or 9/11 to test my hypotheses.

Analysis of Logged Count Model with 1-Year Lag

Tables 6 and 7 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks lagged by one year.

- Figure 7 visualizes the interaction effect based on Model 1 of Table 6: when we do not control for country-level fixed effects, both economic and military aid lagged by 1 year are positively associated with total attacks when the other type of aid is at the mean level.
- Figure 8 visualizes the interaction effect based on Model 3 of Table 6: when we do not control for unobserved inter-country heterogeneity, both types of aid lagged by 1 year are positively associated with attacks on US targets when the other aid is at average level.
- Figure 9 visualizes the interaction effect based on Model 7 of Table 7: when we *control* for unobserved inter-country heterogeneity, both types of aid lagged by 1 years generate statistically significant effects on total attacks (holding the other type of aid is at average level). With military aid showing a slight decrease in terrorism, when economic aid is held constant

at its mean, and economic aid showing a slight increase in terrorism, when military aid is held at its mean.

- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Table 6

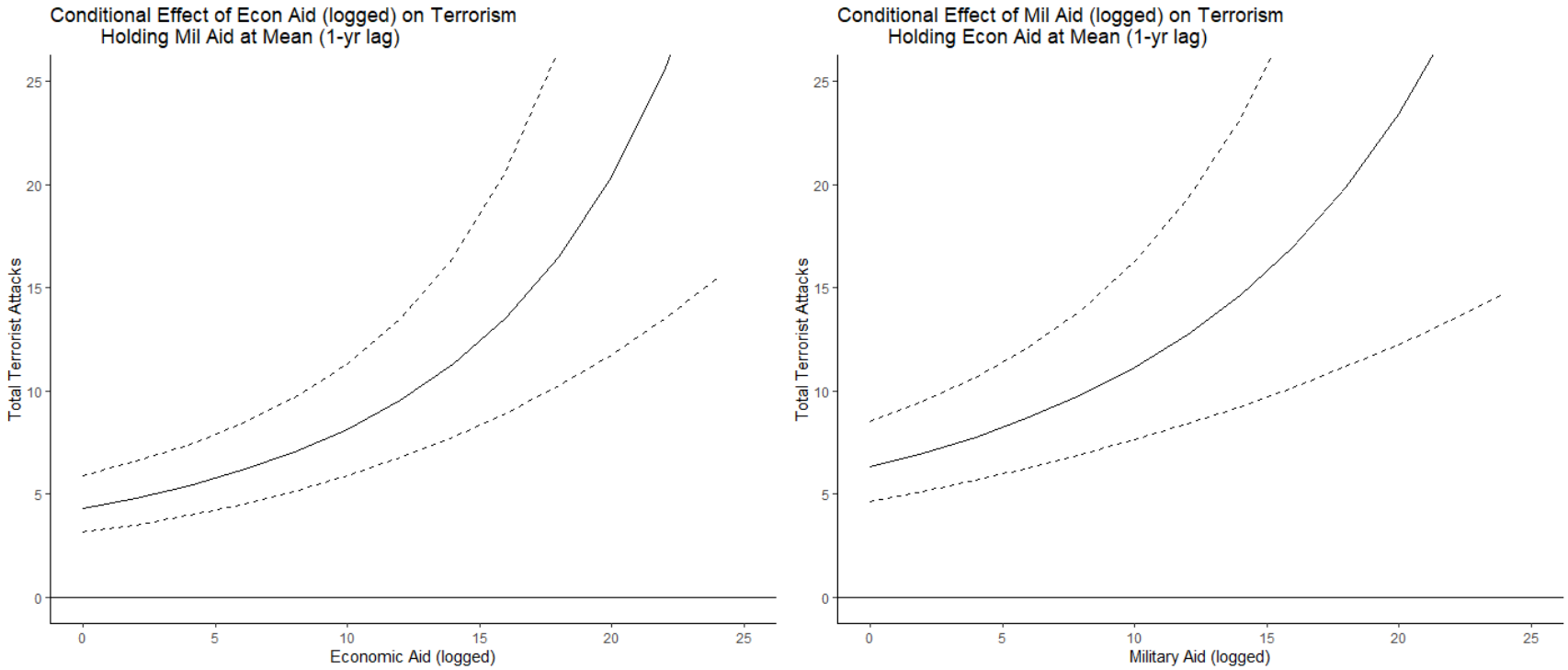
Logged Aid$_{t-1}$ and Terrorism Count Model

	(1)	***(2)***	***(3)***	***(4)***	***(5)***	***(6)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-1}$	1.04***	1.01	1.06***	1.07***	1.04***	1.01*
	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-1}$	1.05***	1.01***	1.04***	1.02	1.05***	1.02***
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Military Aid $_{t-1}$ * Economic Aid $_{t-1}$ (logged)	1.00	1.00	1.00*	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.48***	1.03	0.70*	0.58*	0.50***	1.01
	(0.05)	(0.06)	(0.12)	(0.13)	(0.05)	(0.08)
Democracy$_{t-1}$	0.82	1.25***	1.14	1.00	0.85	1.31***
	(0.08)	(0.07)	(0.18)	(0.18)	(0.08)	(0.09)
Military Regime$_{t-1}$	2.50***	1.92***	2.29***	1.78**	2.52***	2.10***
	(0.33)	(0.13)	(0.43)	(0.34)	(0.31)	(0.17)
GDP (logged)$_{t-1}$	1.61***	1.34***	1.78***	1.47***	1.59***	1.38***
	(0.06)	(0.03)	(0.10)	(0.10)	(0.05)	(0.03)
Population (logged)$_{t-1}$	1.86***	1.34***	1.60***	1.40***	1.84***	1.42***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	14.14***	3.49***	3.75***	3.29***	14.47***	4.36***
	(1.30)	(0.15)	(0.46)	(0.42)	(1.24)	(0.23)
Interstate Rivalry$_{t-1}$	2.27***	1.52***	3.57***	2.63***	2.19***	1.56***
	(0.05)	(0.06)	(0.40)	(0.33)	(0.16)	(0.08)
Media Freedom	0.77***	0.93**	0.77***	0.83*	0.77***	0.90***
	(0.03)	(0.02)	(0.05)	(0.06)	(0.03)	(0.03)
Post 9/11	0.42***	0.55***	0.43***	0.52***	0.42***	0.51***
	(0.04)	(0.03)	(0.06)	(0.09)	(0.04)	(0.03)
Cold War	0.41***	0.43***	0.84	0.98	0.43***	0.43***
	(0.03)	(0.02)	(0.10)	(0.13)	(0.03)	(0.02)
Number of Observations	*6,497*	*6,497*	*6,497*	*6,497*	*6,497*	*6,497*
2 x Log Likelihood	*-30,981.87*	*-15,669.45*	*-7,158.79*	*-3,167.88*	*-26,142.40*	*-12,681.78*
AIC	*31,011.87*	*15,699.44*	*7,188.79*	*3,197.88*	*26,172.40*	*12,711.78*
Pseudo R^2	*0.07*	*0.13*	*0.08*	*0.13*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.50*	*0.75*	*9.64*	*3.67*	*5.50*	*1.00*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 7

Conditional Effects of Logged Aid$_{t-1}$ on Terrorist Attacks

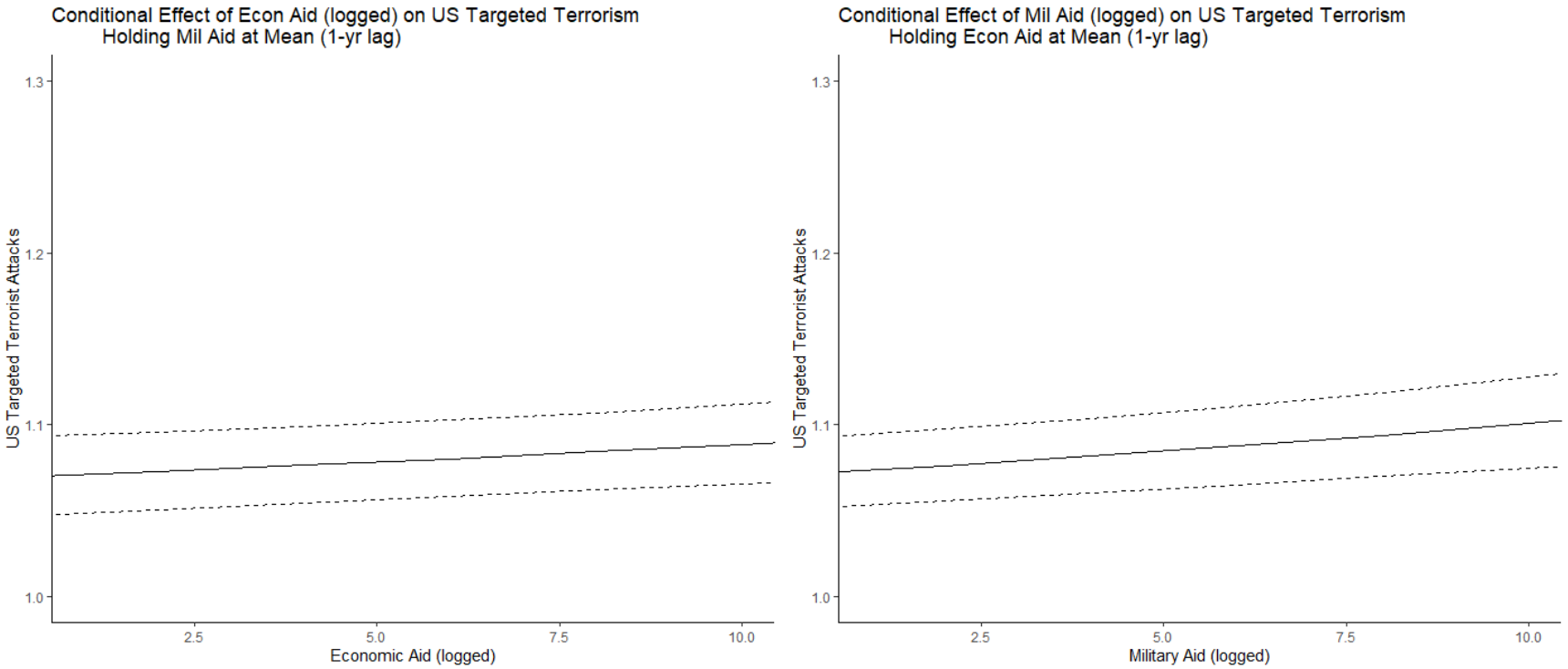


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 1 of Table 6.

Figure 8

Conditional Effects of Logged Aid$_{t-1}$ on US Targeted Attacks



Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 3 of Table 6.

Table 7

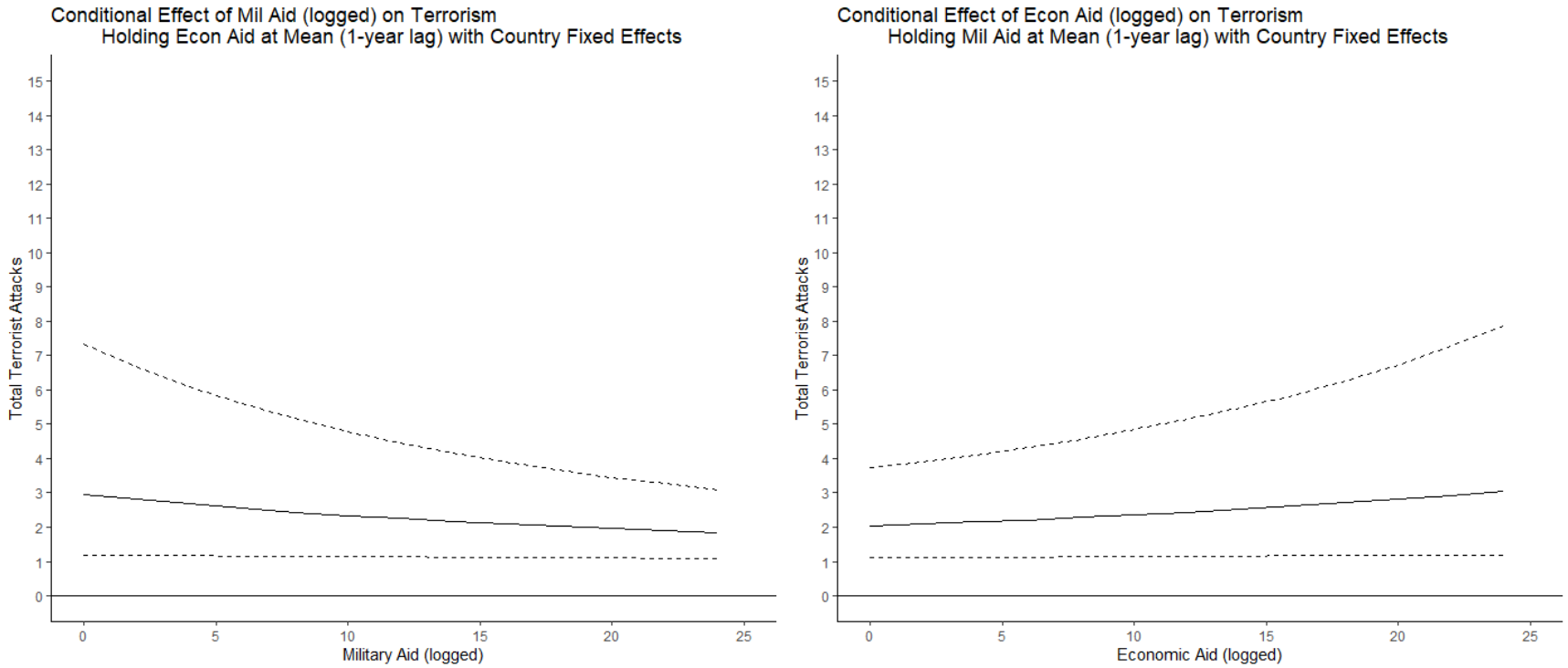
Logged Aid$_{t-1}$ and Terrorism Count Model with CFE

	(7)	*(8)*	*(9)*	*(10)*	*(11)*	*(12)*
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-5}$	0.99	0.99*	1.04**	1.07***	1.00	0.98*
	(0.01)	(0.01)	(0.02)	(002)	(0.01)	(0.01)
Economic Aid (logged)$_{t-5}$	1.03***	1.01**	1.03*	1.03*	1.04***	1.02***
	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)	(0.00)
Military Aid $_{t-5}$ * Economic Aid $_{t-5}$ (logged)	1.00*	1.00	1.00*	1.00**	1.00**	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.63**	0.85*	0.64	0.31***	0.61***	0.76**
	(0.09)	(0.07)	(0.17)	(0.09)	(0.09)	(0.07)
Democracy$_{t-1}$	1.09	1.03	0.97	0.80	1.08	0.95
	(0.14)	(0.06)	(0.22)	(0.21)	(0.13)	(0.07)
Military Regime$_{t-1}$	1.91***	1.56***	1.15	0.98	1.85***	1.50***
	(0.28)	(0.11)	(0.28)	(0.28)	(0.25)	(0.12)
GDP (logged)$_{t-1}$	4.61***	2.26***	3.06***	2.45***	4.61***	2.38***
	(0.42)	(0.12)	(0.52)	(0.54)	(0.41)	(0.15)
Population (logged)$_{t-1}$	226.88***	14.38***	19.73***	15.21***	189.38***	19.72***
	(36.34)	(1.32)	(5.18)	(5.10)	(30.28)	(2.25)
Civil War$_{t-1}$	5.93***	2.05***	2.13***	1.83***	5.95***	2.26***
	(0.53)	(0.08)	(0.31)	(0.29)	(0.49)	(0.10)
Interstate Rivalry$_{t-1}$	3.26***	1.79***	3.47***	2.74***	3.05***	1.87***
	(0.34)	(0.10)	(0.64)	(0.65)	(0.30)	(0.12)
Media Freedom	0.93	0.92**	0.83*	0.85	0.89*	0.89***
	(0.05)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Post 9/11	0.11***	0.37***	0.14***	0.21***	0.12***	0.34***
	(0.01)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)
Cold War	1.00	1.14**	1.52**	2.01***	1.10	1.18***
	(0.09)	(0.05)	(0.22)	(0.33)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-28,255.99*	*-13,095.38*	*-5,962.31*	*-2,393.19*	*-23,166.88*	*-10,225.36*
AIC	*28,567.99*	*13,407.38*	*6,274.31*	*2,705.19*	*23,478.88*	*10,537.36*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.16*	*0.03*	*3.19*	*0.57*	*2.36*	*0.03*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 8 and 12. Re-estimating models 8 and 12 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 9

Conditional Effect of Logged Aid$_{t-1}$ on Terrorist Attacks with CFE



(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 7 of Table 7.

Analysis of Logged Count Model with 3-Year Lag

Tables 8 and 9 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks lagged by three years. All results are similar to those described in the previous section:

- Figure 10 visualizes the interaction effect based on Model 13 of Table 8: when we do not control for unobserved inter-country heterogeneity, both types of aid lagged by 3 years are positively associated with total attacks when the other type of aid is at average level.
- Figure 11 visualizes the interaction effect based on Model 15 of Table 8: when we do not control for unobserved inter-country heterogeneity, military aid lagged by 3 years is positively associated with attacks on US targets when economic aid is at average level.
- Figure 12 visualizes the interaction effect based on Model 18 of Table 9: when we *control* for unobserved inter-country heterogeneity, bother types of aid lagged by 3 years generate statistically and substantively negligible effects on total attacks (holding the other type of aid is at average level).

- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Table 8

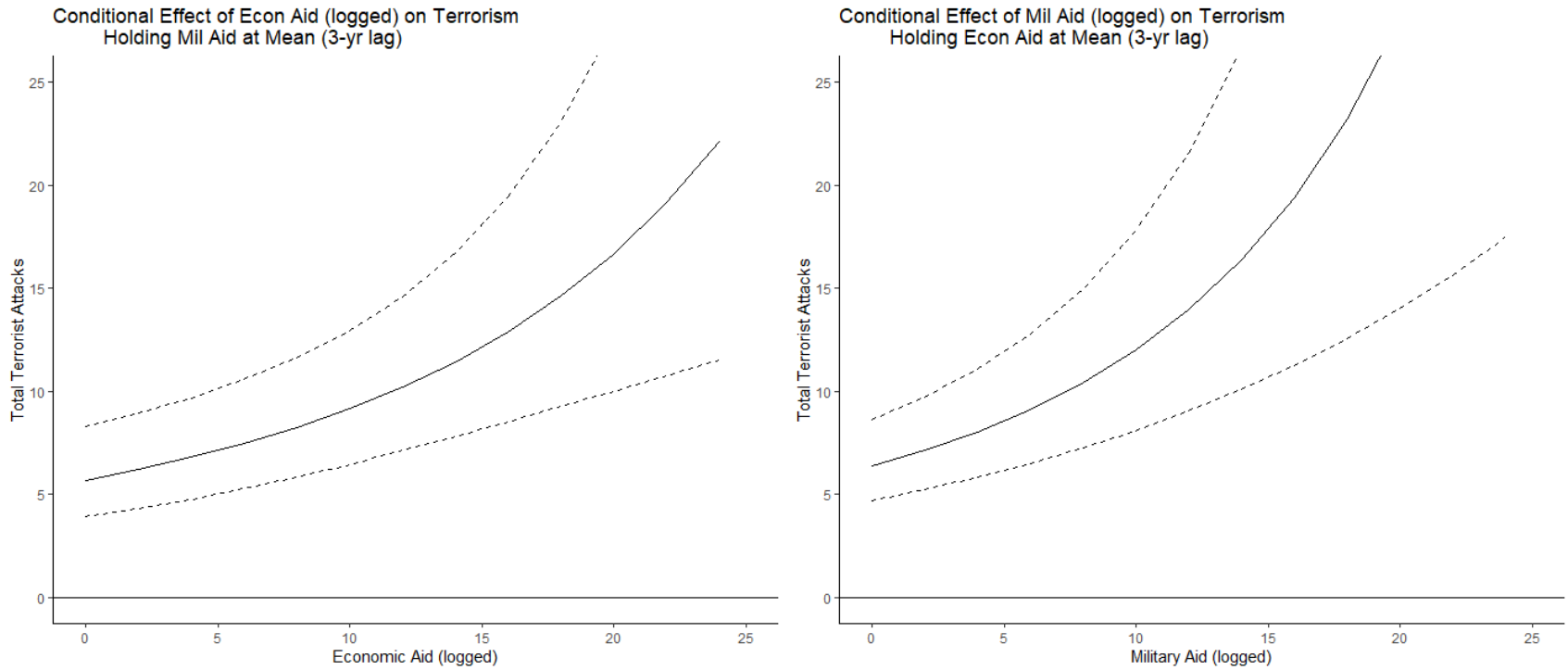
Logged Aid$_{t-3}$ and Terrorism Count Model

	(13)	***(14)***	***(15)***	***(16)***	***(17)***	***(18)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-3}$	1.04***	1.01*	1.07***	1.09***	1.04***	1.02**
	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-3}$	1.03***	1.01*	1.02*	1.02	1.03***	1.01**
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-3}$ * Economic Aid $_{t-3}$ (logged)	1.00	1.00	1.00**	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.47***	1.03	0.69*	0.57*	0.48***	1.00
	(0.05)	(0.06)	(0.12)	(0.13)	(0.05)	(0.08)
Democracy$_{t-1}$	0.82	1.24***	0.98	0.99	0.83	1.30***
	(0.08)	(0.07)	(0.15)	(0.18)	(0.08)	(0.09)
Military Regime$_{t-1}$	2.44***	1.90***	1.86***	1.75**	2.46***	2.08***
	(0.33)	(0.13)	(0.35)	(0.33)	(0.31)	(0.17)
GDP (logged)$_{t-1}$	1.56***	1.33***	1.54***	1.39***	1.54***	1.35***
	(0.06)	(0.03)	(0.08)	(0.09)	(0.05)	(0.03)
Population (logged)$_{t-1}$	1.84***	1.34***	1.51***	1.39***	1.83***	1.41***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	14.44***	3.51***	4.61***	3.43***	14.71***	4.40***
	(1.34)	(0.15)	(0.57)	(0.44)	(1.27)	(0.23)
Interstate Rivalry$_{t-1}$	2.28***	1.52***	3.92***	2.69***	2.20***	1.56***
	(0.17)	(0.06)	(0.43)	(0.34)	(0.16)	(0.08)
Media Freedom	0.78***	0.93**	0.73***	0.81**	0.78***	0.90***
	(0.03)	(0.02)	(0.05)	(0.06)	(0.03)	(0.03)
Post 9/11	0.43***	0.56***	0.55***	0.55***	0.43***	0.52***
	(0.04)	(0.03)	(0.08)	(0.09)	(0.04)	(0.03)
Cold War	0.41***	0.43***	0.74*	0.95	0.42***	0.43***
	(0.03)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6,432*	*6,432*	*6,432*	*6,432*	*6,432*	*6,432*
2 x Log Likelihood	*-30,787.34*	*-15,570.94*	*-7,079.10*	*-3,164.80*	*-25,992.79*	*-12,614.82*
AIC	*30,817.34*	*15,600.94*	*7,109.10*	*3,194.80*	*26,022.79*	*12,644.81*
Pseudo R^2	*0.07*	*0.12*	*0.08*	*0.13*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.52*	*0.75*	*8.95*	*3.60*	*5.52*	*1.00*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 10

Conditional Effects of Logged Aid$_{t-3}$ on Terrorist Attacks

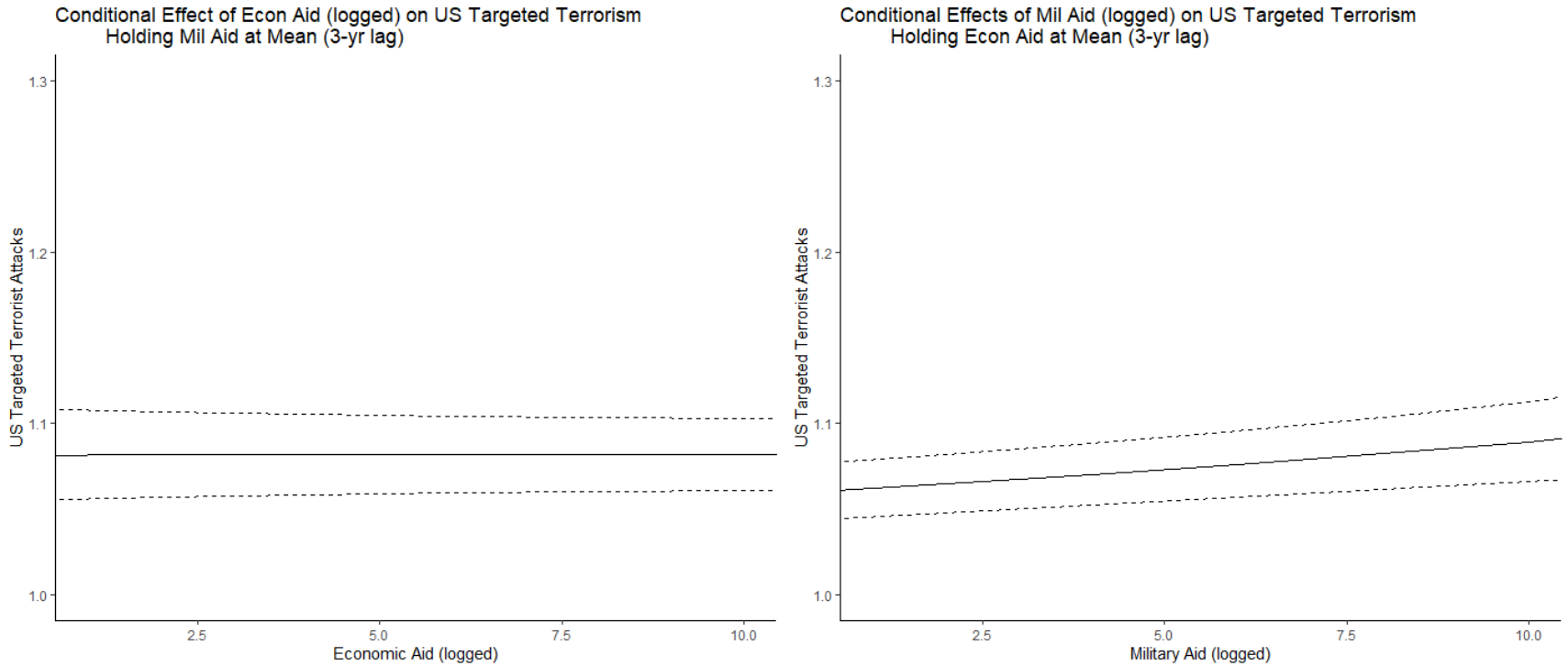


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 25 of Table 10.

Figure 11

Conditional Effects of Logged Aid$_{t-3}$ on US Targeted Attacks



Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 27 of Table 10.

Table 9

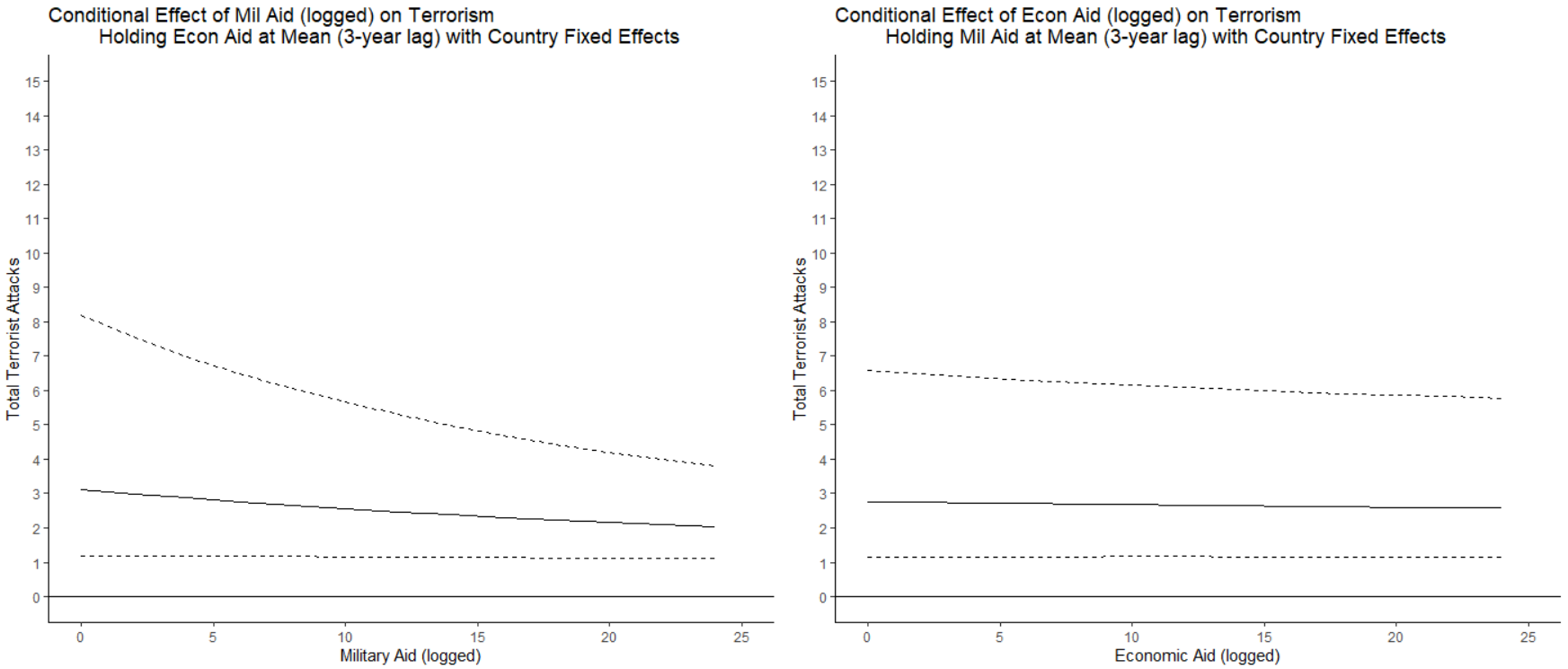
Logged Aid$_{t-3}$ and Terrorism Count Model with CFE

	(19)	***(20)***	***(21)***	***(22)***	***(35)***	***(24)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-3}$	0.99	0.99	1.06***	0.99	0.99	0.99
	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Economic Aid (logged)$_{t-3}$	1.00	1.00	1.01	1.00	1.00	1.01
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-3}$ * Economic Aid $_{t-3}$ (logged)	1.00	1.00	1.00***	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.62**	0.87	0.63	0.62**	0.61***	0.78**
	(0.09)	(0.07)	(0.17)	(0.09)	(0.09)	(0.07)
Democracy$_{t-1}$	1.05	1.02	0.99	1.05	1.04	0.94
	(0.13)	(0.06)	(0.22)	(0.13)	(0.12)	(0.07)
Military Regime$_{t-1}$	1.94***	1.58***	1.27	1.94***	1.90***	1.53***
	(0.28)	(0.11)	(0.31)	(0.28)	(0.26)	(0.13)
GDP (logged)$_{t-1}$	4.56***	2.26***	2.72***	4.56***	4.54***	2.38***
	(0.42)	(0.12)	(0.46)	(0.42)	(0.41)	(0.15)
Population (logged)$_{t-1}$	214.85***	14.12***	19.49***	214.85***	179.63***	19.56***
	(34.50)	(1.29)	(5.10)	(34.50)	(28.77)	(2.23)
Civil War$_{t-1}$	5.90***	2.07***	2.13***	5.90***	5.91***	2.29***
	(0.54)	(0.08)	(0.31)	(0.54)	(0.49)	(0.11)
Interstate Rivalry$_{t-1}$	3.30***	1.79***	3.57***	3.30***	3.08***	1.87***
	(0.34)	(0.10)	(0.66)	(0.34)	(0.31)	(0.12)
Media Freedom	0.91	0.92**	0.80*	0.91	0.87**	0.89***
	(0.05)	(0.02)	(0.07)	(0.05)	(0.04)	(0.03)
Post 9/11	0.11***	0.37***	0.15***	0.11***	0.12***	0.34***
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)
Cold War	0.97	1.13**	1.48**	0.97	1.07	1.18***
	(0.09)	(0.05)	(0.21)	(0.09)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6432*	*6432*	*6432*	*6432*	*6432*	*6432*
2 x Log Likelihood	*-28,096.88*	*-13,013.00*	*-5,932.17*	*-2,382.88*	*-25,053.18*	*-10,167.78*
AIC	*28,408.88*	*13,325.00*	*6,244.17*	*2,694.88*	*23,365.18*	*10,479.78*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.19*	*0.03*	*3.14*	*0.52*	*2.38*	*0.03*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 20 and 24. Re-estimating models 20 and 24 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 12

Conditional Effect of Logged Aid$_{t-3}$ on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 19 of Table 9.

Analysis of Logged Count Model with 5-Year Lag

Tables 10 and 11 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks lagged by five years. The results of this regression are similar to those described in the previous section:

- Figure 13 visualizes the interaction effect based on Model 25 of Table 10: where there is no control for unobserved inter-country heterogeneity, both types of aid lagged by 5 years are positively associated with total attacks when the other type of aid is at average level.
- Figure 14 visualizes the interaction effect based on Model 27 of Table 10: when we do not control for unobserved inter-country heterogeneity, military aid lagged by 5 years is positively associated with attacks on US targets when economic aid is at average level.
- Figure 15 visualizes the interaction effect based on Model 31 of Table 11: when we *control* for unobserved inter-country heterogeneity, both types of aid lagged by 5 years generate statistically and substantively negligible effects on total attacks (holding the other type of aid is at average level).

- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Table 10

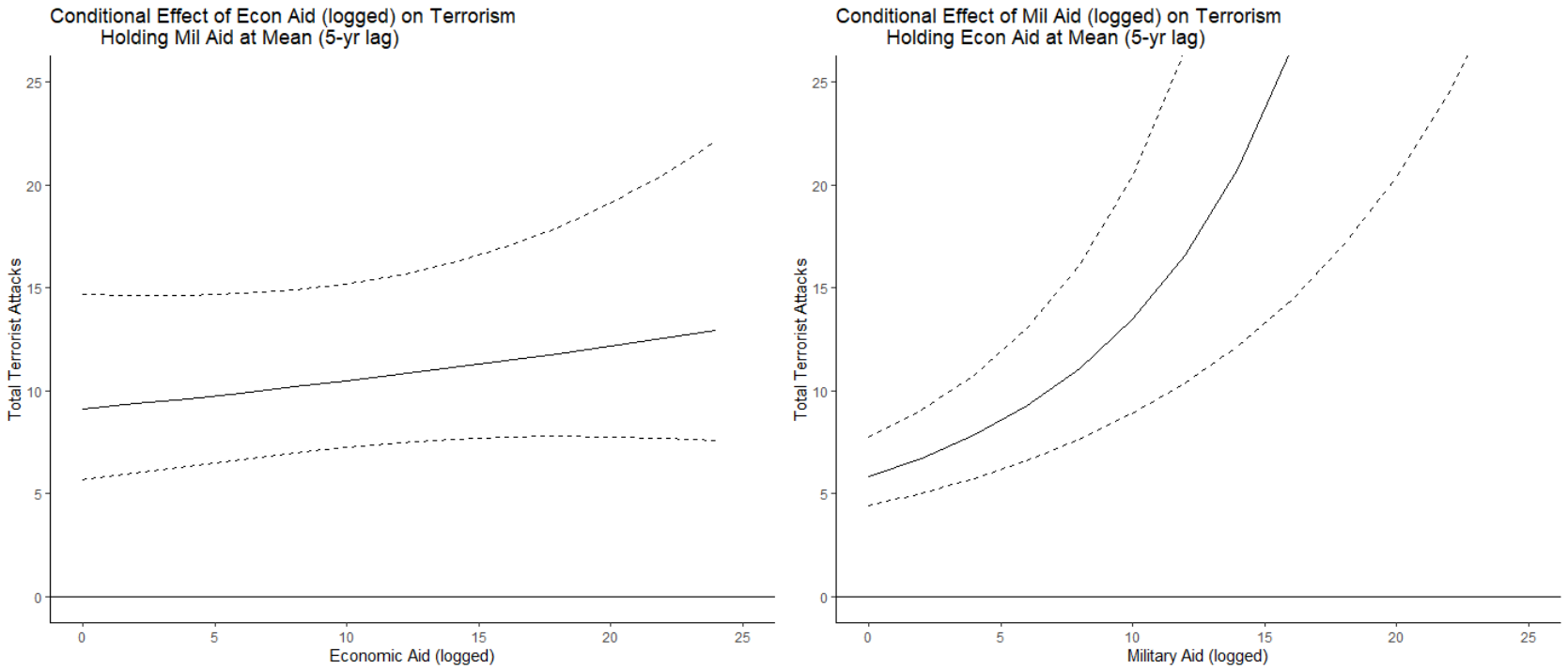
Logged Aid$_{t-5}$ and Terrorism Count Model

	(25)	***(26)***	***(27)***	***(28)***	***(29)***	***(30)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-5}$	1.05***	1.01*	1.05***	1.07***	1.05***	1.02**
	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-5}$	1.01	1.00	1.02	1.02	1.01	1.01
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-5}$ * Economic Aid $_{t-5}$ (logged)	1.00	1.00	1.00	1.00*	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.45***	1.01	0.72	0.60*	0.46***	0.99
	(0.05)	(0.06)	(0.12)	(0.14)	(0.05)	(0.08)
Democracy$_{t-1}$	0.81*	1.23***	1.04	1.07	0.81*	1.30***
	(0.08)	(0.07)	(0.17)	(0.20)	(0.08)	(0.09)
Military Regime$_{t-1}$	2.53***	1.87***	1.79**	1.79**	2.56***	2.06***
	(0.34)	(0.13)	(0.34)	(0.34)	(0.32)	(0.17)
GDP (logged)$_{t-1}$	1.48***	1.30***	1.53***	1.39***	1.47***	1.32***
	(0.05)	(0.03)	(0.08)	(0.09)	(0.05)	(0.03)
Population (logged)$_{t-1}$	1.83***	1.33***	1.52***	1.39***	1.82***	1.41***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	13.88***	3.50***	4.73***	3.47***	14.18***	4.38***
	(1.30)	(0.15)	(0.59)	(0.44)	(1.23)	(0.23)
Interstate Rivalry$_{t-1}$	2.27***	1.51***	4.06***	2.71***	2.19***	1.55***
	(0.17)	(0.06)	(0.46)	(0.34)	(0.16)	(0.08)
Media Freedom	0.79***	0.93**	0.75***	0.83*	0.79***	0.90***
	(0.03)	(0.02)	(0.05)	(0.06)	(0.03)	(0.03)
Post 9/11	0.47***	0.57***	0.61***	0.57**	0.46***	0.53***
	(0.05)	(0.03)	(0.09)	(0.10)	(0.04)	(0.03)
Cold War	0.42***	0.44***	0.77*	0.97	0.43***	0.43***
	(0.03)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6,316*	*6,316*	*6,316*	*6,316*	*6,316*	*6,316*
2 x Log Likelihood	*-30,449.68*	*-15,389.19*	*-7,040.56*	*-3,164.19*	*-25,717.24*	*-12,478.05*
AIC	*30,479.68*	*15,419.19*	*7,070.56*	*3,194.19*	*25,747.24*	*12,508.05*
Pseudo R^2	*0.06*	*0.13*	*0.08*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.61*	*0.74*	*9.13*	*4.16*	*5.59*	*0.98*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 13

Conditional Effects of Logged Aid$_{t-5}$ on Terrorist Attacks

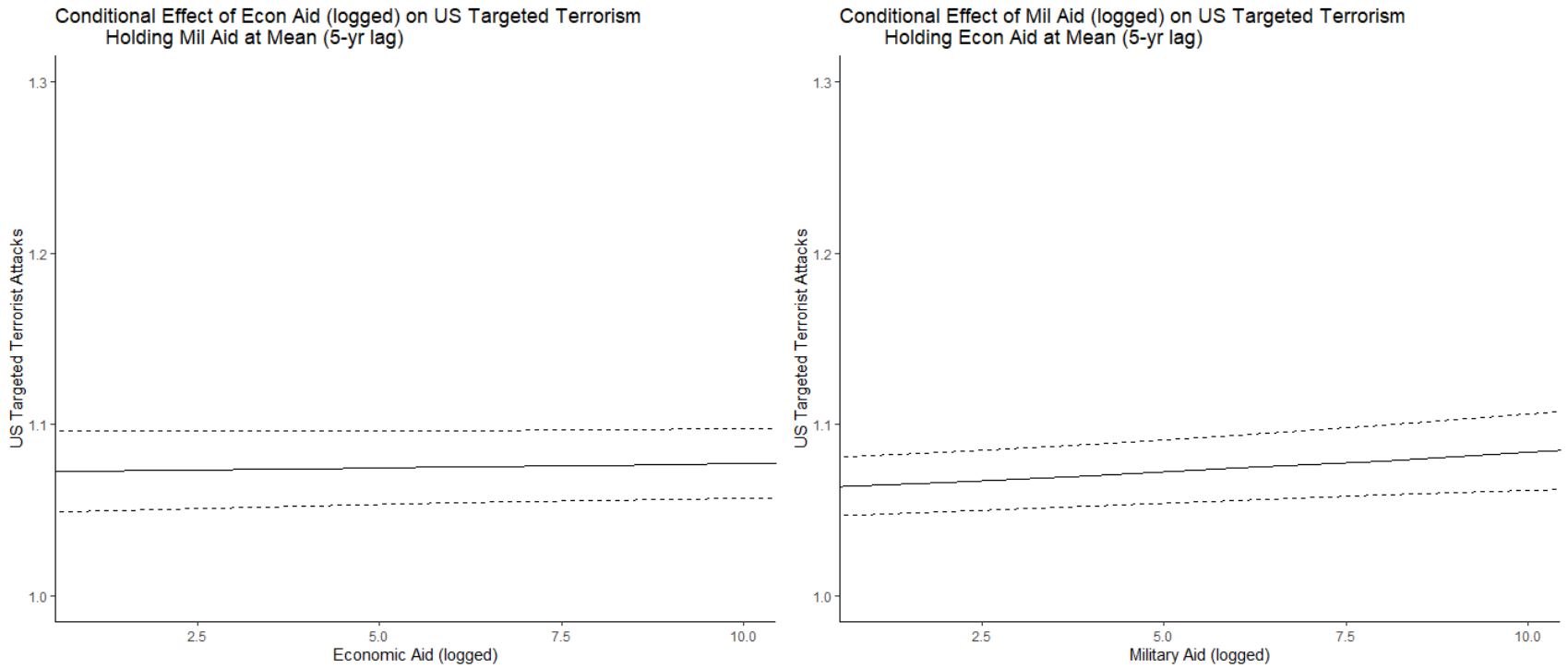


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 37 of Table 12.

Figure 14

Conditional Effects of Logged Aid$_{t-5}$ on US Targeted Terrorist Attacks



Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 39 of Table 12.

Table 11

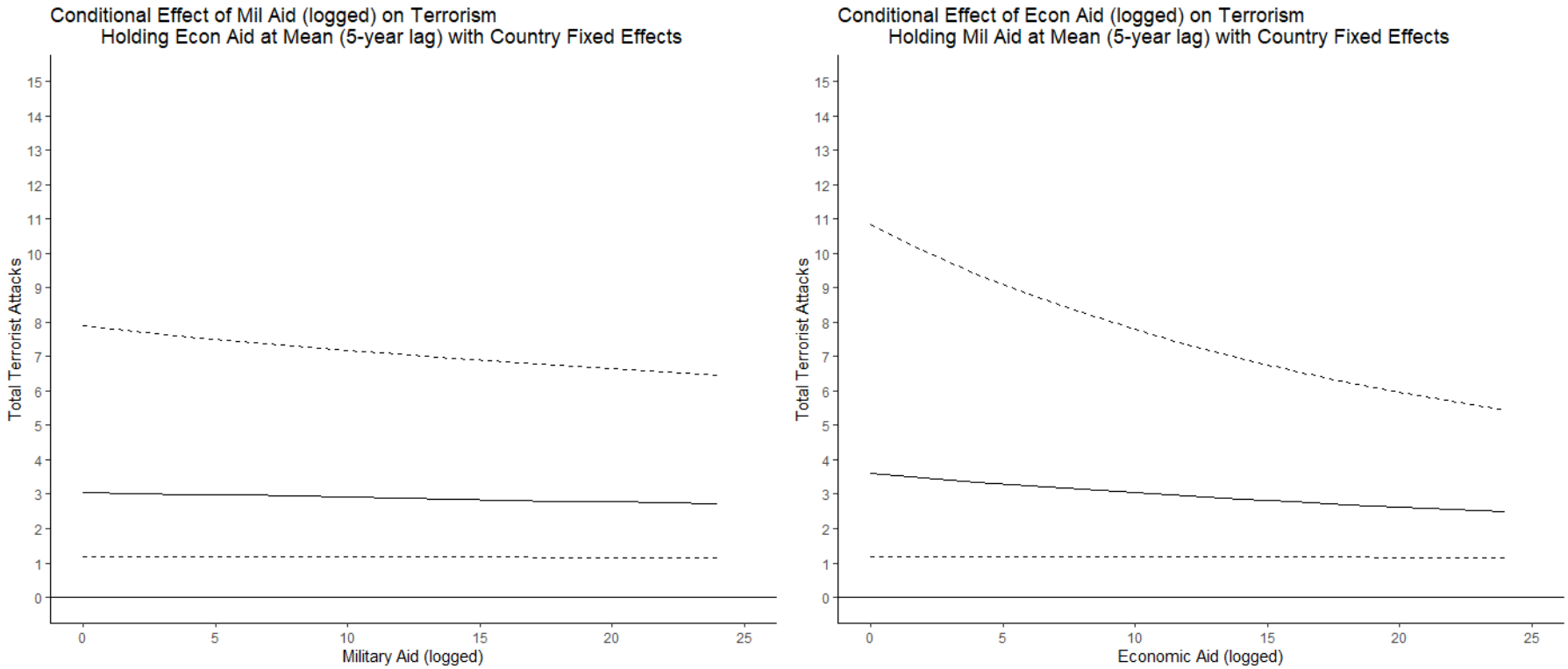
Logged Aid$_{t-5}$ and Terrorism Count Model with CFE

	(31)	***(32)***	***(33)***	***(34)***	***(35)***	***(36)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-5}$	1.00 (0.01)	0.99 (0.01)	1.03 (0.02)	1.03 (0.02)	1.00 (0.01)	0.99 (0.01)
Economic Aid (logged)$_{t-5}$	0.99* (0.01)	0.99 (0.00)	1.00 (0.01)	1.00 (0.01)	0.99 (0.01)	1.00 (0.00)
Military Aid $_{t-5}$ * Economic Aid $_{t-5}$ (logged)	1.00 (0.00)	1.00 (0.00)	1.00 (0.00)	1.00 (0.00)	1.00 (0.01)	1.00 (0.00)
Personalist Regime$_{t-1}$	0.60*** (0.09)	0.86 (0/07)	0.66 (0.18)	0.31*** (0.09)	0.59*** (0.09)	0.78** (0.07)
Democracy$_{t-1}$	1.02 (0.13)	1.02 (0.06)	0.97 (0.22)	0.80 (0.21)	1.00 (0.12)	0.94 (0.07)
Military Regime$_{t-1}$	1.82*** (0.27)	1.58*** (0.11)	1.22 (0.30)	1.01 (0.29)	1.81*** (0.25)	1.53*** (0.13)
GDP (logged)$_{t-1}$	4.56*** (0.42)	2.26*** (0.12)	2.86*** (0.48)	1.85** (0.40)	4.57*** (0.42)	2.37*** (0.15)
Population (logged)$_{t-1}$	190.02*** (30.70)	13.46*** (1.24)	19.19*** (5.05)	15.80*** (5.34)	161.29*** (25.94)	18.50*** (2.11)
Civil War$_{t-1}$	5.88*** (0.54)	2.06*** (0.08)	2.12*** (0.31)	1.85*** (0.30)	5.92*** (0.49)	2.27*** (0.11)
Interstate Rivalry$_{t-1}$	3.43*** (0.36)	1.81*** (0.10)	3.52*** (0.65)	2.92*** (0.69)	3.19*** (0.32)	1.91*** (0.12)
Media Freedom	0.89* (0.05)	0.92*** (0.02)	0.80** (0.07)	0.83 (0.08)	0.85*** (0.04)	0.89*** (0.03)
Post 9/11	0.12*** (0.01)	0.37*** (0.02)	0.15*** (0.02)	0.25*** (0.05)	0.13*** (0.01)	0.35*** (0.02)
Cold War	0.97 (0.07)	1.12** (0.05)	1.50** (0.22)	1.98*** (0.32)	1.06 (0.09)	1.17** (0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6316*	*6316*	*6316*	*6316*	*6316*	*6316*
2 x Log Likelihood	*-27,819.89*	*-12,868.66*	*-5,897.01*	*-2,389.42*	*-22,837.18*	*-10,058.18*
AIC	*28,131.89*	*13,180.66*	*6,209.01*	*2,701.42*	*23,149.18*	*10,370.18*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.19*	*0.03*	*3.22*	*0.59*	*2.39*	*0.03*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 32 and 36. Re-estimating models 32 and 36 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 15

Conditional Effect of Logged Aid$_{t-5}$ on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 31 of Table 11.

Analysis of Logged Count Model with 7-Year Lag

Tables 12 and 13 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks lagged by seven years. The results of this regression are summarized here:

- Figure 16 visualizes the interaction effect based on Model 37 of Table 12: where there is no control for unobserved inter-country heterogeneity, military aid lagged by 7 years is positively associated with total attacks when economic aid is at average level.
- Figure 17 visualizes the interaction effect based on Model 39 of Table 12: when we do not control for unobserved inter-country heterogeneity, both types of aid lagged by 7 years are positively associated with US targeted attacks when the other type of aid is at average level.
- Figure 18 visualizes the interaction effect based on Model 43 of Table 13: when we *control* for unobserved inter-country heterogeneity, economic aid lagged by 7 years is negatively associated with total attacks when military aid is held at its average level.

- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Table 12

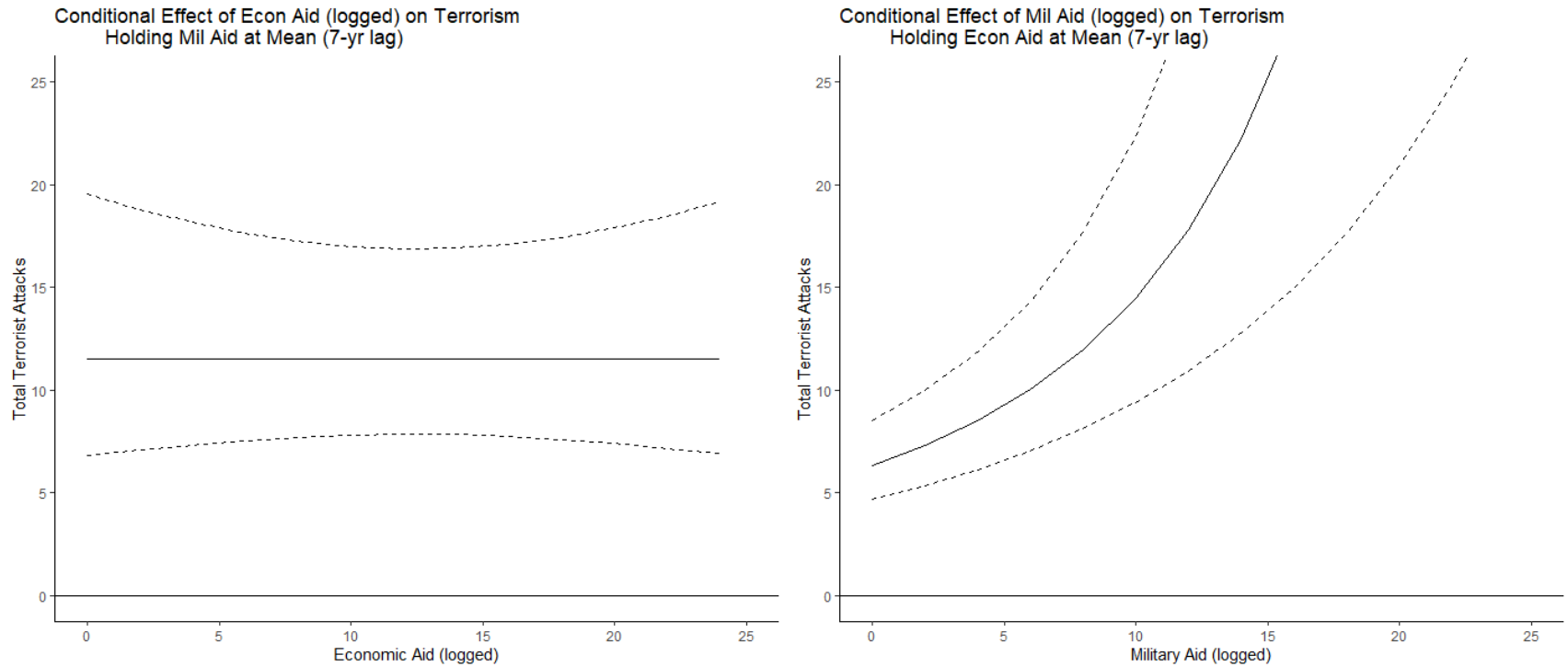
Logged Aid$_{t-7}$ and Terrorism Count Model

	(37)	***(38)***	***(39)***	***(40)***	***(41)***	***(42)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-7}$	1.04***	1.02**	1.00**	1.07***	1.04***	1.02***
	(0.01)	(0.01)	(0.00)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-7}$	1.00	1.00	1.00	1.04**	1.00	1.00
	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-7}$ * Economic Aid $_{t-7}$ (logged)	1.00	1.00	1.00**	1.00**	1.00	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.45***	1.00	0.69*	0.59*	0.46***	0.97
	(0.05)	(0.06)	(0.12)	(0.13)	(0.05)	(0.08)
Democracy$_{t-1}$	0.83	1.25***	1.06	1.06	0.83	1.32***
	(0.09)	(0.07)	(0.17)	(0.19)	(0.08)	(0.09)
Military Regime$_{t-1}$	2.50***	1.84***	1.83**	1.68**	2.54***	2.03***
	(0.33)	(0.13)	(0.34)	(0.32)	(0.32)	(0.17)
GDP (logged)$_{t-1}$	1.42***	1.27***	1.41***	1.44***	1.41***	1.29***
	(0.05)	(0.03)	(0.07)	(0.10)	(0.05)	(0.03)
Population (logged)$_{t-1}$	1.83***	1.33***	1.46***	1.38***	1.81***	1.40***
	(0.05)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	13.41***	3.46***	5.36***	3.41***	13.77***	4.35***
	(1.26)	(0.15)	(0.67)	(0.44)	(1.20)	(0.23)
Interstate Rivalry$_{t-1}$	2.29***	1.49***	4.25***	2.62***	2.21***	1.53***
	(0.17)	(0.06)	(0.48)	(0.33)	(0.16)	(0.08)
Media Freedom	0.81***	0.93**	0.77*	0.84*	0.81***	0.91**
	(0.04)	(0.02)	(0.05)	(0.06)	(0.03)	(0.03)
Post 9/11	0.48***	0.57***	0.62***	0.57***	0.48***	0.54***
	(0.05)	(0.03)	(0.09)	(0.10)	(0.04)	(0.03)
Cold War	0.43***	0.45***	0.77*	0.98	0.44***	0.44***
	(0.04)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6,113*	*6,113*	*6,113*	*6,113*	*6,113*	*6,113*
2 x Log Likelihood	*-30,102.35*	*-15,164.18*	*-7,009.87*	*-3,145.78*	*-25,433.46*	*-12,321.78*
AIC	*30,132.35*	*15,194.18*	*7,039.87*	*3,175.78*	*25,463.46*	*12,351.78*
Pseudo R^2	*0.06*	*0.12*	*0.08*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.46*	*0.71*	*9.05*	*4.09*	*5.48*	*0.95*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 16

Conditional Effects of Logged Aid$_{t-7}$ on Terrorist Attacks

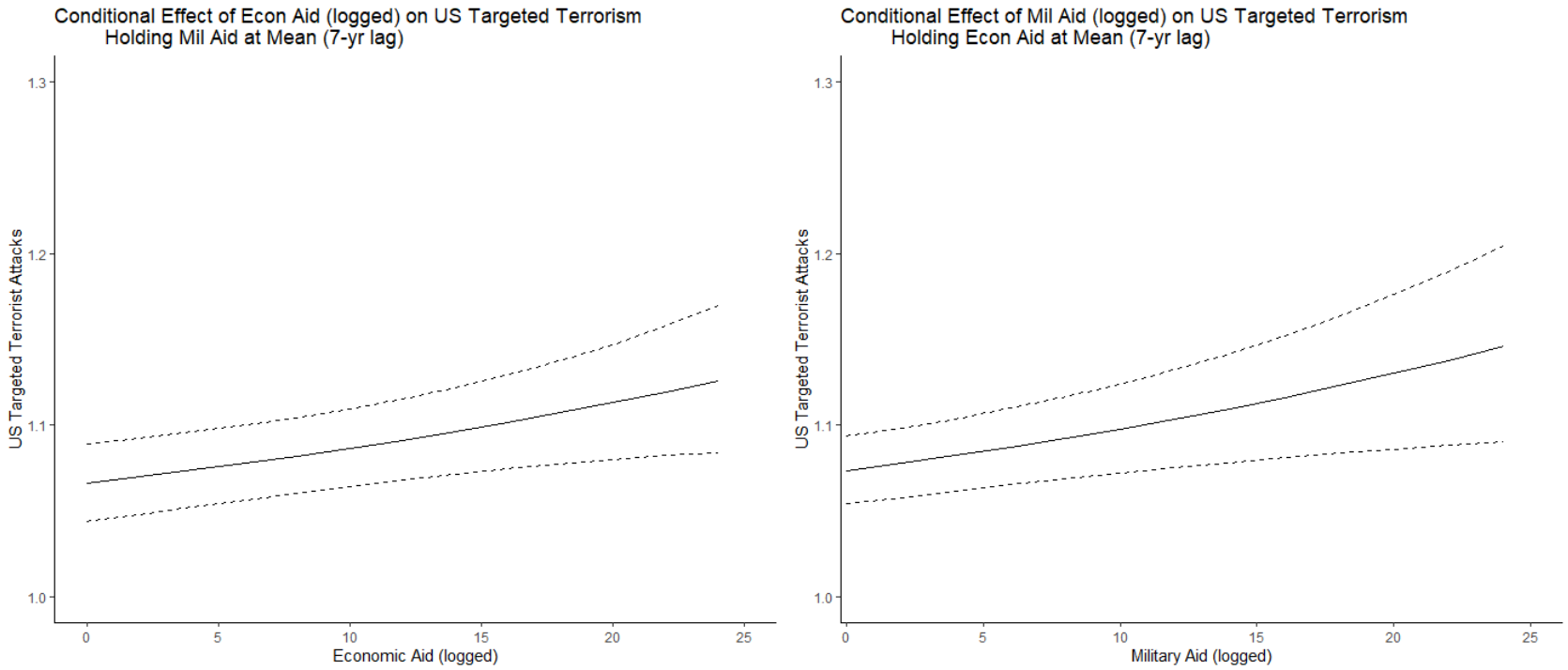


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 49 of Table 14.

Figure 17

Conditional Effects of Logged Aid$_{t-7}$ on US Targeted Attacks



Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 51 of Table 14.

Table 13

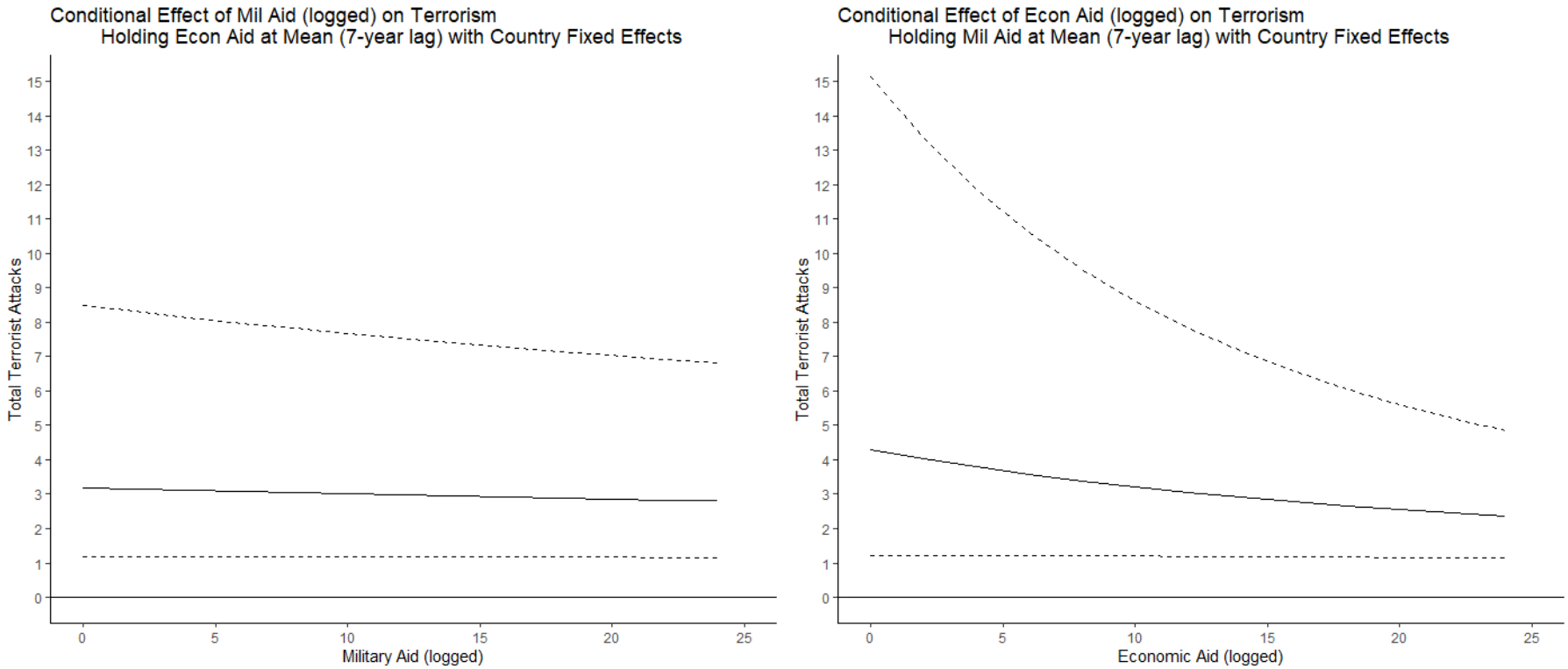
Logged Aid$_{t-7}$ and Terrorism Count Model with CFE

	(43)	***(44)***	***(45)***	***(46)***	***(47)***	***(48)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-7}$	0.99	1.00	1.01	1.02	0.99	1.00
	(0.01)	(0.00)	(0.02)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-7}$	0.97***	0.99***	1.03*	1.01	0.97***	0.99**
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-7}$ * Economic Aid $_{t-7}$ (logged)	1.00	1.00	1.00	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.61**	0.87	0.63	0.32***	0.61***	0.80*
	(0.09)	(0.07)	(0.17)	(0.10)	(0.09)	(0.07)
Democracy$_{t-1}$	1.01	1.02	0.94	0.79	0.99	0.95
	(0.13)	(0.06)	(0.21)	(0.21)	(0.12)	(0.07)
Military Regime$_{t-1}$	1.80***	1.56***	1.11	0.97	1.81***	1.52***
	(0.26)	(0.11)	(0.27)	(0.28)	(0.25)	(0.12)
GDP (logged)$_{t-1}$	4.14***	2.17***	3.08***	2.06***	4.18***	2.27***
	(0.38)	(0.11)	(0.52)	(0.44)	(0.38)	(0.15)
Population (logged)$_{t-1}$	173.47	12.61***	18.30***	15.27***	150.89***	17.26***
	(28.33)	(1.16)	(4.88)	(5.20)	(24.48)	(1.96)
Civil War$_{t-1}$	5.79***	2.04***	2.08***	1.81***	5.88***	2.25***
	(0.53)	(0.08)	(0.65)	(0.29)	(0.49)	(0.10)
Interstate Rivalry$_{t-1}$	3.30***	1.80***	0.81*	2.79***	3.08***	1.91***
	(0.35)	(0.10)	(0.07)	(0.66)	(0.31)	(0.12)
Media Freedom	0.89*	0.91***	0.81*	0.84	0.84***	0.89***
	(0.05)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Post 9/11	0.12***	0.38***	0.15***	0.23***	0.13***	0.36***
	(0.01)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)
Cold War	0.12***	1.12**	1.47***	1.95***	1.06	1.17**
	(0.01)	(0.05)	(0.21)	(0.32)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6113*	*6113*	*6113*	*6113*	*6113*	*6113*
2 x Log Likelihood	*-27,543.02*	*-12,693.16*	*-5,863.79*	*-2,389.68*	*-22,615.72*	*-9,935.56*
AIC	*27,855.02*	*13,005.16*	*6,175.79*	*1,701.68*	*22,927.72*	*10,247.56*
Pseudo R^2	*0.14*	*0.27*	*0.23*	*0.33*	*0.18*	*0.31*
Overdispersion Parameter Alpha	*3.16*	*0.02*	*3.21*	*0.61*	*2.37*	*0.02*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 44 and 48. Re-estimating models 44 and 48 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 18

Conditional Effect of Logged Aid$_{t-7}$ on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 43 of Table 14.

Analysis of Logged Count Model with 10-Year Lag

Tables 14 and 15 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks lagged by ten years. The results of this regression are summarized here:

- Figure 19 visualizes the interaction effect based on Model 49 of Table 14: where there is no control for unobserved inter-country heterogeneity, both types of aid lagged by 10 years are positively associated with total attacks when the other type of aid is at average level.
- Figure 20 visualizes the interaction effect based on Model 51 of Table 14: when we do not control for unobserved inter-country heterogeneity, both types of aid lagged by 10 years are positively associated with US targeted attacks when the other type of aid is at average level.
- Figure 21 visualizes the interaction effect based on Model 55 of Table 15: when we *control* for unobserved inter-country heterogeneity, economic aid lagged by 10 years is negatively associated with total attacks when military aid is at average level.

- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Table 14

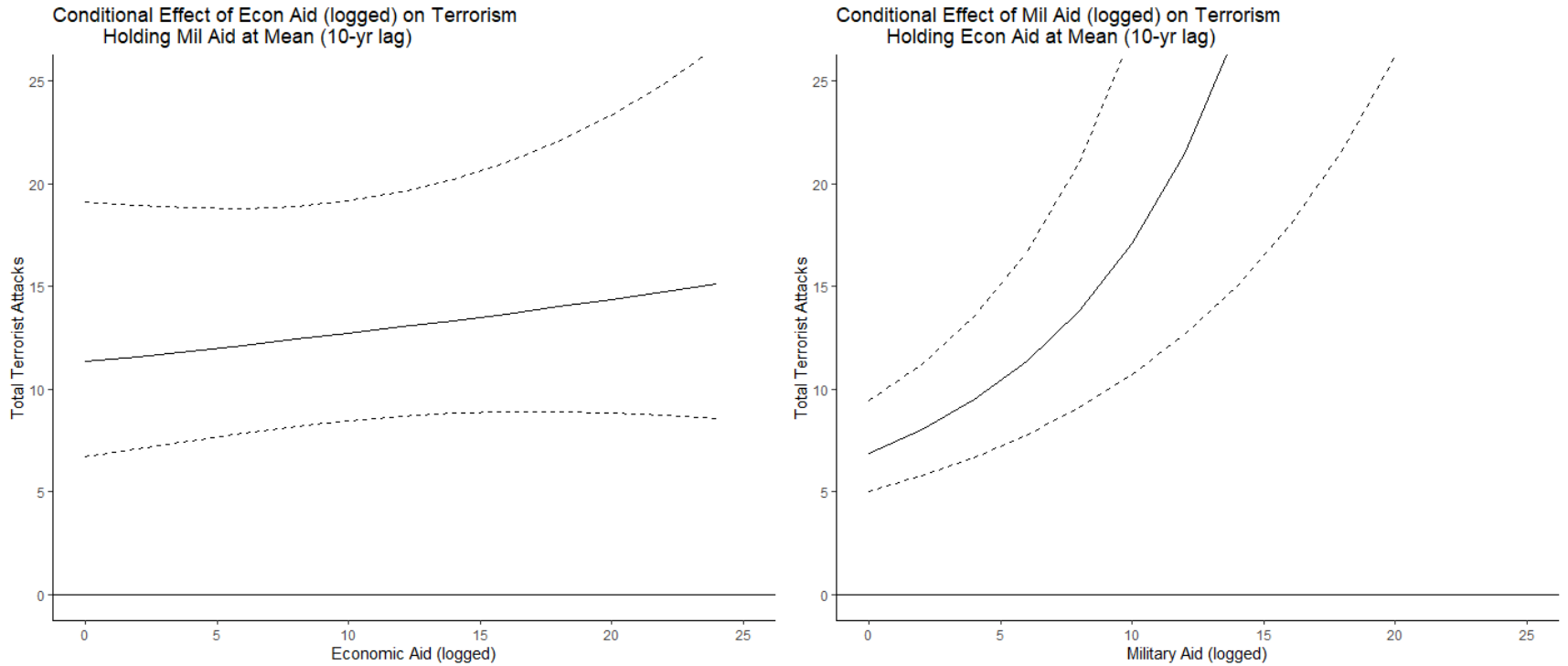
Logged Aid$_{t-10}$ and Terrorism Count Model

	(49)	***(50)***	***(51)***	***(52)***	***(53)***	***(54)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-10}$	1.03**	1.02***	1.05**	1.05***	1.03**	1.02***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-10}$	1.00	1.00	1.07***	1.06***	1.00	1.00
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-10}$ * Economic Aid $_{t-10}$ (logged)	1.00	1.00	1.00	1.00*	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.43***	0.98	0.78	0.60*	0.44***	0.96
	(0.05)	(0.06)	(0.14)	(0.13)	(0.05)	(0.08)
Democracy$_{t-1}$	0.83	1.25***	1.27	1.05	0.84	1.32***
	(0.09)	(0.07)	(0.21)	(0.19)	(0.09)	(0.09)
Military Regime$_{t-1}$	2.11***	1.77***	1.48*	1.57*	2.15***	1.95***
	(0.28)	(0.12)	(0.28)	(0.30)	(0.27)	(0.16)
GDP (logged)$_{t-1}$	1.38***	1.24***	1.85***	1.50***	1.37***	1.26***
	(0.05)	(0.03)	(0.10)	(0.10)	(0.05)	(0.03)
Population (logged)$_{t-1}$	1.83***	1.32***	1.54***	1.36***	1.81***	1.40***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	13.69***	3.37***	4.23***	3.35***	14.01***	4.22***
	(1.28)	(0.15)	(0.53)	(0.43)	(1.22)	(0.22)
Interstate Rivalry$_{t-1}$	2.17***	1.42***	3.32***	2.56***	2.11***	1.47***
	(0.17)	(0.6)	(0.38)	(0.33)	(0.15)	(0.07)
Media Freedom	0.82***	0.93**	0.88	0.86	0.82***	0.91**
	(0.04)	(0.02)	(0.06)	(0.07)	(0.04)	(0.03)
Post 9/11	0.53***	0.59***	0.49***	0.56***	0.52***	0.55***
	(0.05)	(0.03)	(0.07)	(0.09)	(0.05)	(0.03)
Cold War	0.47***	0.48***	0.93	0.95	0.48***	0.47***
	(0.04)	(0.02)	(0.12)	(0.13)	(0.04)	(0.02)
Number of Observations	*5,784*	*5,784*	*5,784*	*5,784*	*5,784*	*5,784*
2 x Log Likelihood	*-29,416.76*	*-14,747.71*	*-6,941.13*	*-3,109.35*	*-24,863.69*	*-12,042.66*
AIC	*29,446.76*	*14,777.71*	*6,971.13*	*3,139.35*	*24,893.69*	*12,072.66*
Pseudo R^2	*0.06*	*0.12*	*0.07*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.16*	*0.69*	*9.42*	*3.62*	*5.26*	*0.93*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 19

Conditional Effects of Logged Aid$_{t-10}$ on Terrorist Attacks

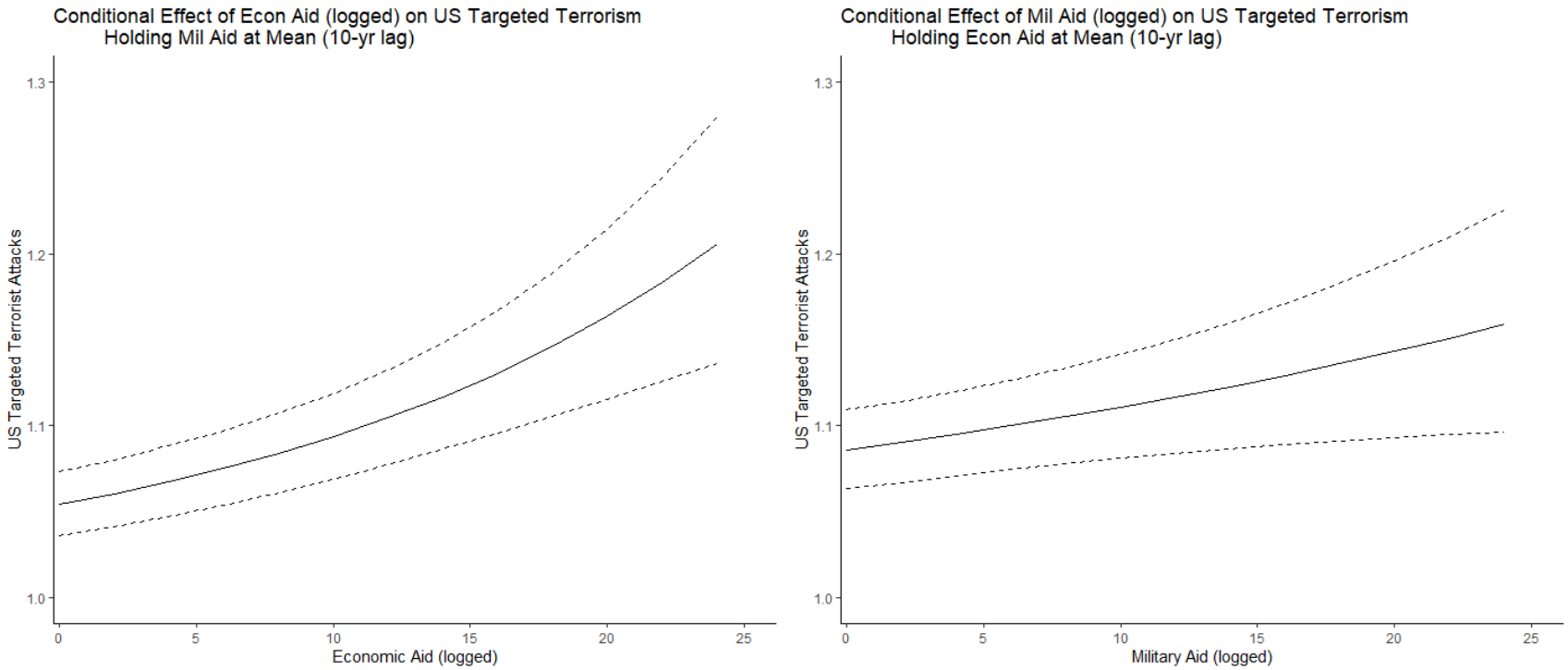


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 61 of Table 16.

Figure 20

Conditional Effects of Logged Aid$_{t-10}$ on US Targeted Attacks



(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 63 of Table 16.

Table 15

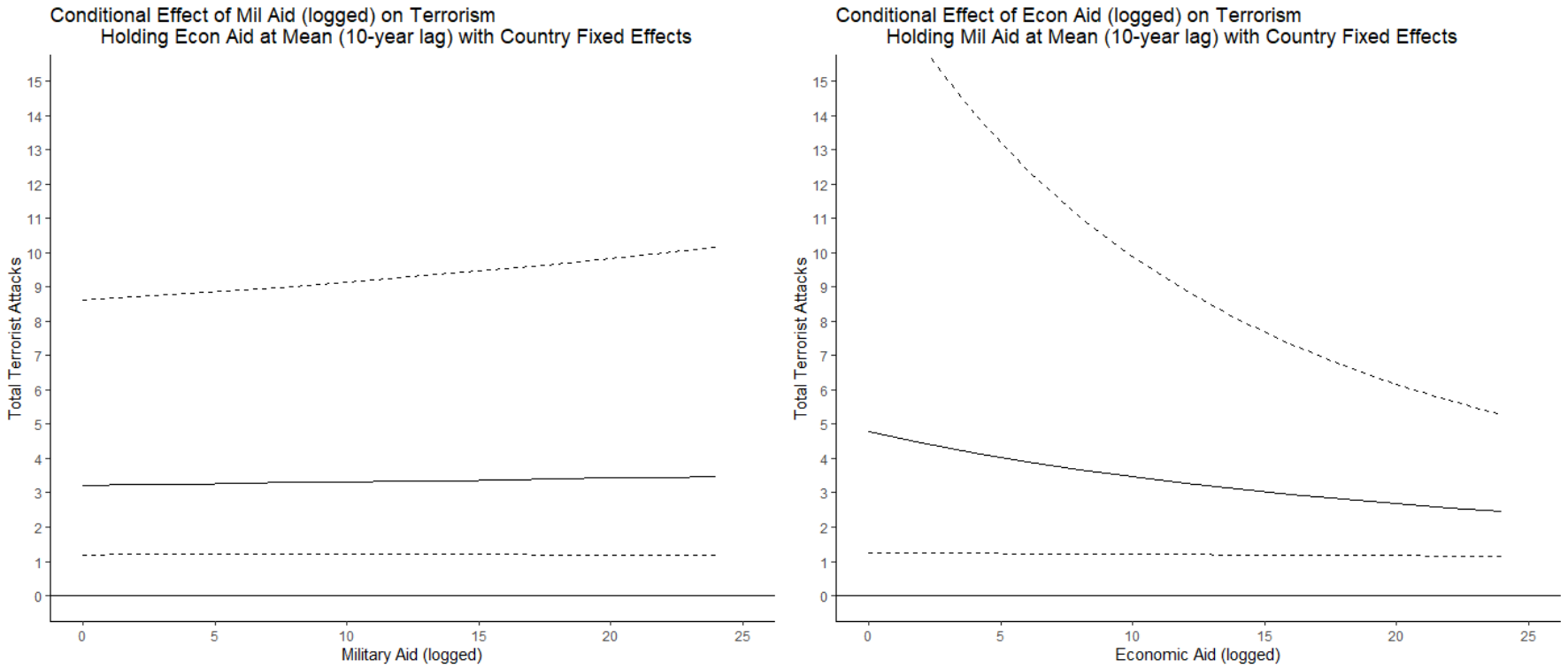
Logged Aid$_{t-10}$ and Terrorism Count Model with CFE

	(55)	***(56)***	***(57)***	***(58)***	***(59)***	***(60)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)$_{t-10}$	0.99	1.00	0.99	0.99	0.99	1.00
	(0.01)	(0.00)	(0.02)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)$_{t-10}$	0.97***	0.99***	1.04***	1.03*	0.97***	0.99***
	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)
Military Aid $_{t-10}$ * Economic Aid $_{t-10}$ (logged)	1.00*	1.00	1.00	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.62**	0.88	0.62	0.32***	0.61**	0.81*
	(0.10)	(0.07)	(0.17)	(0.10)	(0.09)	(0.07)
Democracy$_{t-1}$	1.02	1.00	0.90	0.81	0.99	0.93
	(0.13)	(0.06)	(0.20)	(0.22)	(0.12)	(0.07)
Military Regime$_{t-1}$	1.67***	1.51***	1.04	0.94	1.71***	1.47***
	(0.25)	(0.11)	(0.25)	(0.27)	(0.23)	(0.12)
GDP (logged)$_{t-1}$	3.81***	2.09***	2.94***	2.12***	3.80***	2.21***
	(0.36)	(0.11)	(0.50)	(0.45)	(0.36)	(0.14)
Population (logged)$_{t-1}$	150.79***	11.53***	15.15***	14.40***	138.70***	15.58***
	(25.62)	(1.08)	(4.14)	(4.96)	(23.37)	(1.80)
Civil War$_{t-1}$	5.88***	2.02***	2.14***	1.88***	5.97***	2.21***
	(0.54)	(0.08)	(0.31)	(0.30)	(0.50)	(0.10)
Interstate Rivalry$_{t-1}$	3.05***	1.72***	3.34***	2.75***	2.92***	1.82***
	(0.33)	(0.09)	(0.62)	(0.65)	(0.30)	(0.12)
Media Freedom	0.89*	0.92***	0.80*	0.84	0.85**	0.89***
	(0.05)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Post 9/11	0.13***	0.39***	0.16***	0.23***	0.13***	0.37***
	(0.01)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)
Cold War	1.00	1.11**	1.34*	1.88***	1.08	1.16***
	(0.09)	(0.05)	(0.20)	(0.31)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*5784*	*5784*	*5784*	*5784*	*5784*	*5784*
2 x Log Likelihood	*-28,233.13*	*-12,420.95*	*-5,796.26*	*-2,372.22*	*-22,219.39*	*-9,776.65*
AIC	*27,333.11*	*12,732.95*	*6,108.26*	*2,684.22*	*22,531.39*	*10,088.65*
Pseudo R^2	*0.14*	*0.26*	*0.22*	*0.33*	*0.18*	*0.30*
Overdispersion Parameter Alpha	*3.13*	*0.02*	*3.13*	*0.57*	*2.37*	*0.02*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 56 and 60. Re-estimating models 56 and 60 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Figure 21

Conditional Effect of Logged Aid$_{t-10}$ on Terrorist Attacks with CFE



(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 55 of Table 15.

CONCLUSION

Summary of Results

This paper addresses the question of how economic and military aid impact terrorism both in the short run (1 to 3 years), and in the long run (5 to 7 to 10 years). Many scholars agree that while economic aid projects may create immediate targets of terrorism, they help socioeconomic development, impeding future terrorism. By contrast, military aid funds counterinsurgency operations that tend to use indiscriminate attacks on civilians, thus despite immediate success in suppressing terrorism, such aid breeds grievances and helps future recruitment by terrorist organizations. This paper retests these expectations, while addressing some of the problems present in prior research:

a) I use the statistical model that accounts for overdispersion in the data and compare models with and without country-level fixed effects.

b) I use consistent operationalization of aid and terrorism, while also systematically varying lagged values of aid indicators.

c) I interact the two types of aid since most recipients are provided with both types of aid.

This research has exposed the importance of modeling choices when estimating the impact of military and economic aid on terrorism. My main finding is that adding country-level fixed effects washes out the impact of aid on terrorism. When I consider the effects of each type of aid when the other type is absent in the models with fixed effects, a pattern broadly consistent with the theoretical expectation of Hypothesis 1 emerges. When military aid is absent, economic aid provided in the previous year is associated

with a modest increase in terrorism, while economic aid provided in the previous 7 to 10 years is associated with a modest reduction in terrorism. About 40% of country-year observations in my data set saw economic aid in the preceding years with no accompanying military aid, this is a more common pattern of aid allocation than military aid without economic assistance.

For comparison, without fixed effects, economic aid provided in the preceding 1 to 3 years is associated with increases in terrorism (at mean levels of military aid), while military aid (at mean levels of economic aid) generates increases in terrorism in all lags, but especially substantively large increases when using 5 to 10 year lags of military aid indicators. Interestingly, none of the model specifications produced a pacifying effect of aid on terrorism. However, most conditional effects of aid are substantively and statistically negligible after country-level fixed effects are included. In summary, my main conclusion is that inter-country heterogeneity not captured by the included control variables (standard in the literature) explains much variation in terrorism across the world.

An obvious empirical challenge for this project is the coexistence of civil conflict, aid, and terrorism: states experiencing civil conflict are more likely to receive more aid and to experience more terrorism. As an additional robustness check, I re-estimated my results on a subsample of civil war cases. While some models did not converge, among the estimated models with 3-, 5-, and 10-year lagged indicators of aid, the effects of aid were substantively and statistically negligible, which further supports the idea that aid and terrorism are both correlates of the underlying causes for instability.

Limitations and Future Research

The United States is not the only country that distributes aid and while US patterns of aid do not differ greatly from other OECD countries (Bueno de Mesquita and Smith 2009) a comparative study of US aid versus other OECD countries' aid would be relevant and important. It is also important to recognize that non – OECD countries also distribute aid. China and Russia give significant amounts of aid as well (Degterev et al. 2018, Kitano and Harada 2015). Future research should study the impacts of non-western aid on terrorism, as well as do a comparative study, and control for aid that does not come from the United States that is most likely being distributed in countries where the US is also working.

While this cross-national approach is useful in identifying patterns, it aggregates both aid and terrorism at the level of nation states, thus potentially missing the cases where aid and terrorism (while occurring on the territory of the same state) were geographically separated and causally unrelated. Future research could increase its reliance on event-level quantitative data to conduct a series of quantitative case studies to reexamine the findings of this paper by estimating whether within-country over-time changes in aid shape terrorism, while also accounting for the geographic proximity of aid projects and terrorism. Furthermore, future research could study this question qualitatively by observing how aid looks on the ground, and how it affects its intended targets. This would be a good way to probe the causal mechanism of this paper, verifying the "hearts and mind" and "blowback" theories.

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APPENDIX

Analysis of Logged Count Model with No Lag

Appendix Tables 1 and 2 (country-level fixed effects) present the incidence rate ratios from the negative binomial regressions that estimate the impact of logged economic and military aid on terrorist attacks with no lag The results of this regression are summarized here:

- Appendix Figure 1 visualizes the interaction effect based on Model 1 of Appendix Table 1: where there is no control for unobserved inter-country heterogeneity, both types of aid are positively associated with total attacks when the other type of aid is at average level.
- Appendix Figure 2 visualizes the interaction effect based on Model 3 of Appendix Table 1: when we do not control for unobserved inter-country heterogeneity, both types of aid are positively associated with US targeted attacks when the other type of aid is at average level.
- Appendix Figure 3 visualizes the interaction effect based on Model 7 of Appendix Table 2: when we *control* for unobserved inter-country heterogeneity economic aid is positively associated with total attacks when the military aid is at average level.
- Controls: all results are consistent with prior literature except for:
  - Increases in GDP are associated with more terrorism, which contradicts finding that wealthier states are less likely they are to experience domestic terrorist attacks (Krueger and Malečková 2003). My results are consistent with Boutton (2019).

Appendix Table 1

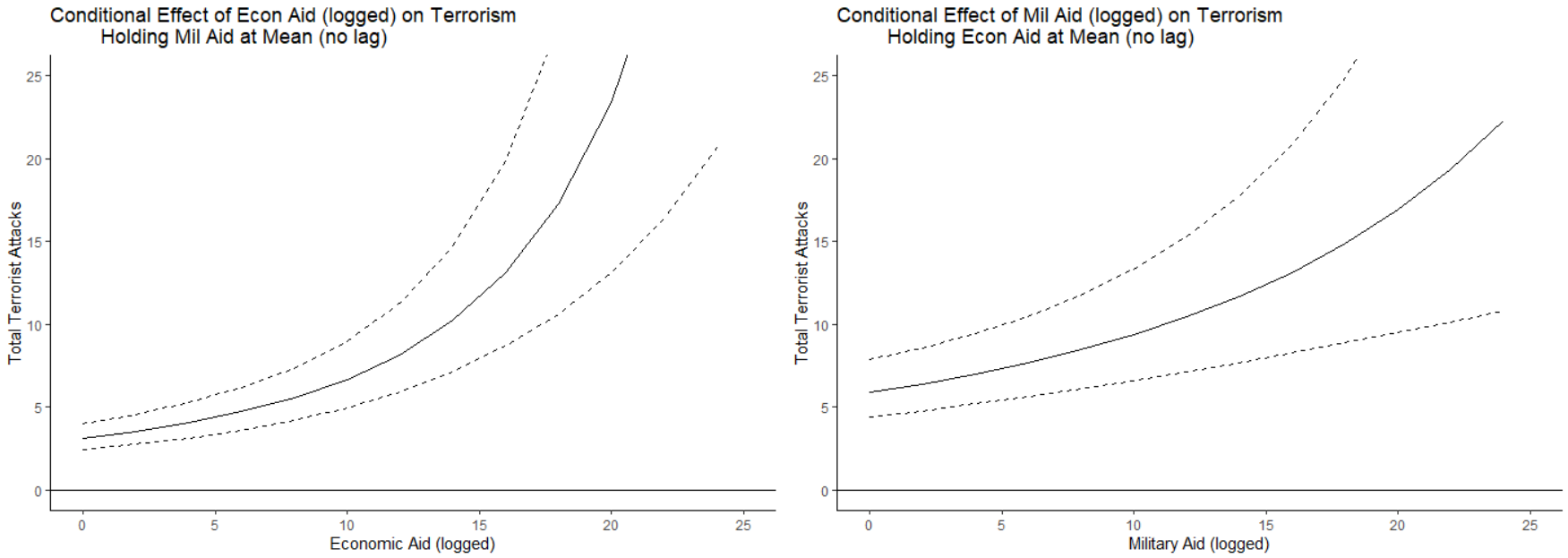
Logged Aid and Terrorism Count Model

	(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)	1.02*	1.01	1.07***	1.07***	1.02*	1.01
	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)
Economic Aid (logged)	1.05***	1.02***	1.05***	1.01	1.05***	1.02***
	(0.01)	(0.00)	(0.01)	(0.02)	(0.01)	(0.01)
Military Aid * Economic Aid (logged)	1.00	1.00	1.00*	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist Regime$_{t-1}$	0.49***	1.04	0.70*	0.58*	0.50***	1.01
	(0.05)	(0.06)	(0.12)	(0.13)	(0.05)	(0.08)
Democracy$_{t-1}$	0.87	1.25***	1.04	0.99	0.89	1.32***
	(0.09)	(0.07)	(0.16)	(0.18)	(0.09)	(0.09)
Military Regime$_{t-1}$	2.55***	1.91***	2.48***	1.84**	2.55***	2.10***
	(0.34)	(0.13)	(0.46)	(0.35)	(0.32)	(0.17)
GDP (logged)$_{t-1}$	1.66***	1.36***	1.93***	1.51***	1.64***	1.39***
	(0.06)	(0.03)	(0.11)	(0.10)	(0.06)	(0.03)
Population (logged)$_{t-1}$	1.85***	1.34***	1.62***	1.40***	1.84***	1.42***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War$_{t-1}$	13.67***	3.46***	3.92***	3.24***	14.01***	4.32***
	(1.26)	(0.15)	(0.49)	(0.41)	(1.20)	(0.22)
Interstate Rivalry$_{t-1}$	2.28***	1.51***	3.22***	2.58***	2.21***	1.55***
	(0.17)	(0.06)	(0.36)	(0.33)	(0.16)	(0.08)
Media Freedom	0.78***	0.93**	0.76***	0.84*	0.78***	0.90***
	(0.03)	(0.02)	(0.05)	(0.06)	(0.03)	(0.03)
Post 9/11	0.39***	0.54***	0.41***	0.49***	0.40***	0.50***
	(0.04)	(0.03)	(0.06)	(0.08)	(0.04)	(0.03)
Cold War	0.41***	0.43***	0.90	0.98	0.42***	0.43***
	(0.03)	(0.02)	(0.11)	(0.13)	(0.03)	(0.02)
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-30,954.93*	*-15,660.72*	*-7,163.70*	*-3,156.33*	*-26,114.07*	*-12,674.14*
AIC	*30,984.93*	*15,690.72*	*7,193.70*	*3,186.33*	*26,144.07*	*12,704.14*
Pseudo R^2	*0.06*	*0.13*	*0.08*	*0.13*	*0.09*	*0.14*
Overdispersion parameter alpha	*6.46*	*0.75*	*11.98*	*3.64*	*5.46*	*1.00*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 1

Conditional Effects of Logged Aid on Terrorist Attacks

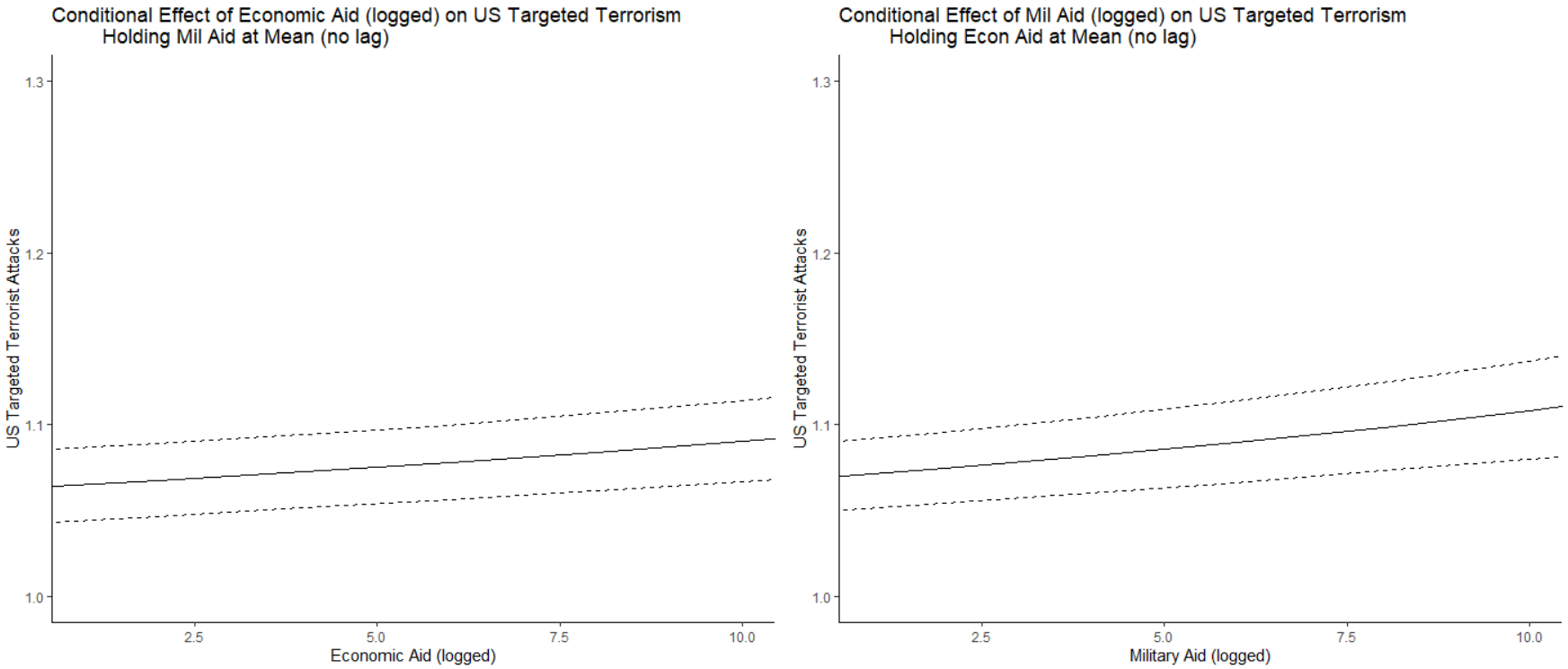


(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the total number of terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on terrorism holding economic aid at mean level. The estimates are based on Model 1 of Appendix Table 1.

Appendix Figure 2

Conditional Effects of Logged Aid on US Targeted Attacks



(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the number of US targeted terrorist attacks holding military aid at mean level. Graph (b) visualizes the conditional effect of logged military aid on US targeted terrorism holding economic aid at mean level. The estimates are based on Model 3 of Appendix Table 1.

Appendix Table 2

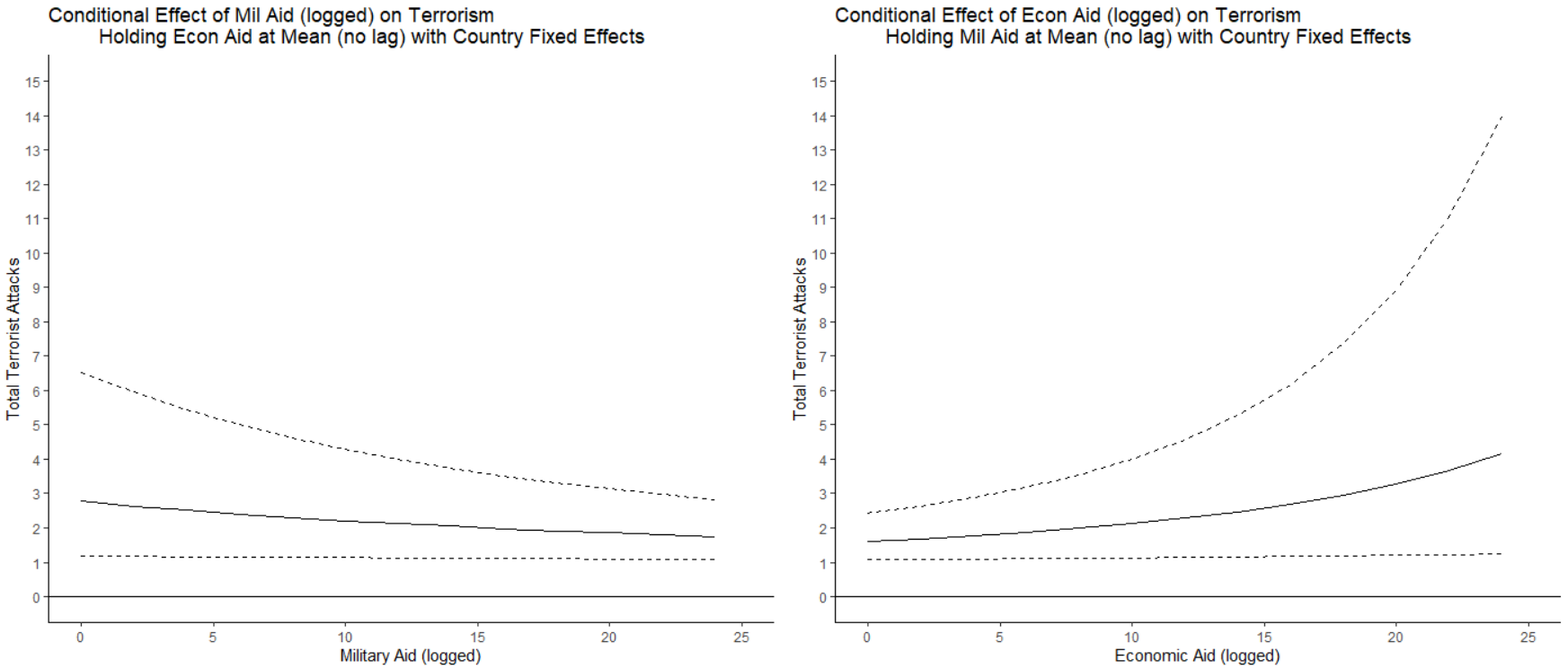
Logged Aid and Terrorism Count Model with CFE

	(7)	***(8)***	***(9)***	***(10)***	***(11)***	***(12)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid (logged)	0.99 (0.01)	0.99** (0.01)	1.05** (0.02)	1.07*** (0.02)	0.99 (0.01)	0.98* (0.01)
Economic Aid (logged)	1.05*** (0.01)	1.01*** (0.00)	1.04** (0.01)	1.04* (0.02)	1.06*** (0.01)	1.02*** (0.00)
Military Aid * Economic Aid (logged)	1.00 (0.00)	1.00 (0.00)	1.00 (0.00)	1.00* (0.00)	1.00 (0.00)	1.00 (0.00)
Personalist $Regime_{t-1}$	0.61*** (0.09)	0.85* (0.07)	0.64 (0.17)	0.32*** (0.10)	0.59*** (0.08)	0.76** (0.07)
$Democracy_{t-1}$	1.09 (0.14)	1.03 (0.06)	0.92 (0.21)	0.80 (0.21)	1.07 (0.13)	0.95 (0.07)
$Military\ Regime_{t-1}$	1.87*** (0.27)	1.54*** (0.11)	1.16 (0.28)	1.01 (0.29)	1.80*** (0.24)	1.48*** (0.12)
$GDP\ (logged)_{t-1}$	4.77*** (0.43)	2.30*** (0.12)	3.47*** (0.59)	2.90*** (0.64)	4.74*** (0.43)	2.42*** (0.15)
$Population\ (logged)_{t-1}$	235.77*** (37.85)	14.33*** (1.31)	19.44** (5.11)	14.68*** (4.87)	197.46*** (31.64)	19.63*** (2.24)
$Civil\ War_{t-1}$	5.87*** (0.53)	2.03*** (0.08)	2.08*** (0.30)	1.83*** (0.29)	5.88*** (0.48)	2.23*** (0.10)
$Interstate\ Rivalry_{t-1}$	3.15*** (0.32)	1.78*** (0.10)	3.42*** (0.62)	2.61*** (0.61)	2.95*** (0.29)	1.86*** (0.12)
Media Freedom	0.94 (0.05)	0.93** (0.02)	0.84* (0.07)	0.86 (0.09)	0.90* (0.04)	0.90*** (0.03)
Post 9/11	0.10*** (0.01)	0.36*** (0.01)	0.12*** (0.02)	0.18*** (0.04)	0.11*** (0.01)	0.33*** (0.02)
Cold War	1.04 (0.09)	1.14** (0.05)	1.49** (0.22)	2.02*** (0.33)	1.14 (0.10)	1.19*** (0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6,497*	*6,497*	*6,497*	*6,497*	*6,497*	*6,497*
2 x Log Likelihood	*-.28,233.13*	*-13,099.99*	*-5,950.83*	*-2,385.37*	*-23,145.22*	*-10,230.69*
AIC	*28,545.13*	*13,411.99*	*6,262.83*	*2,697.37*	*23,457.22*	*10,542.69*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.35*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.15*	*0.03*	*3.22*	*0.52*	*2.36*	*0.03*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 8 and 12. Re-estimating models 8 and 12 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 3

Conditional Effect of Logged Aid on Terrorist Attacks with CFE



(a) (b)

Note: Graph (a) charts the conditional effect of logged economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of logged military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 7 of Appendix Table 2.

Appendix Table 3

Descriptive Statistics of Economic and Military Aid

	Minimum	Mean	Maximum	Standard Deviation	Number of Observations
Economic Aid	0	110,500,000	33,360,000,000*	532,928,257	9581
Economic Aid$_{t-1}$	0	110,600,000	33,360,000,000*	533,008,195	9578
Economic Aid$_{t-3}$	0	111,100,000	33,360,000,000*	537,495,507	9358
Economic Aid$_{t-5}$	0	111,300,000	33,360,000,000*	545,908,839	9006
Economic Aid$_{t-7}$	0	111,100,000	33,360,000,000*	554,497,236	8628
Economic Aid$_{t-10}$	0	112,800,000	33,360,000,000*	570,313,215	8062
Military Aid	0	75,100,000	13,910,000,000	484,670,555	9581
Military Aid$_{t-1}$	0	75,130,000	13,910,000,000	484,744,648	9578
Military Aid$_{t-3}$	0	74,870,000	13,910,000,000	478,408,178	9385
Military Aid$_{t-5}$	0	74,330,000	13,910,000,000	467,250,965	9006
Military Aid$_{t-7}$	0	73,880,000	13,910,000,000	461,611,753	8628
Military Aid$_{t-10}$	0	74,420,000	13,910,000,000	463,283,802	8062

*This number represents the amount of aid the US gave to the UK in 1947 and is not used in the regressions as the terrorism data begins in 1970

Analysis of Non-Logged Count Models

As is seen in the paper (see Appendix Table 3 and Figure 3), the variables of economic and military aid are extremely right skewed. Running the regressions without logging the data results in substantively negligible effects, even when they are statistically significant.

- Appendix Tables 4, 6, 8, 10, 12, and 14 present the incident rate ratios of the negative binomial count model without controlling for inter-country heterogeneity, with no lag, 1-, 3-. 5-, 7-, and 10- year lags, respectively.

- Appendix Tables 5, 7, 9, 11, 13, and 15 present the incident rate ratios of the negative binomial count model with *control* for inter-country heterogeneity, with no lag, 1-, 3-. 5-, 7-, and 10- year lags, respectively.
- All figures show the unsubstantial nature of the regressions. As all the results have a slope equal to 0.

Appendix Table 4

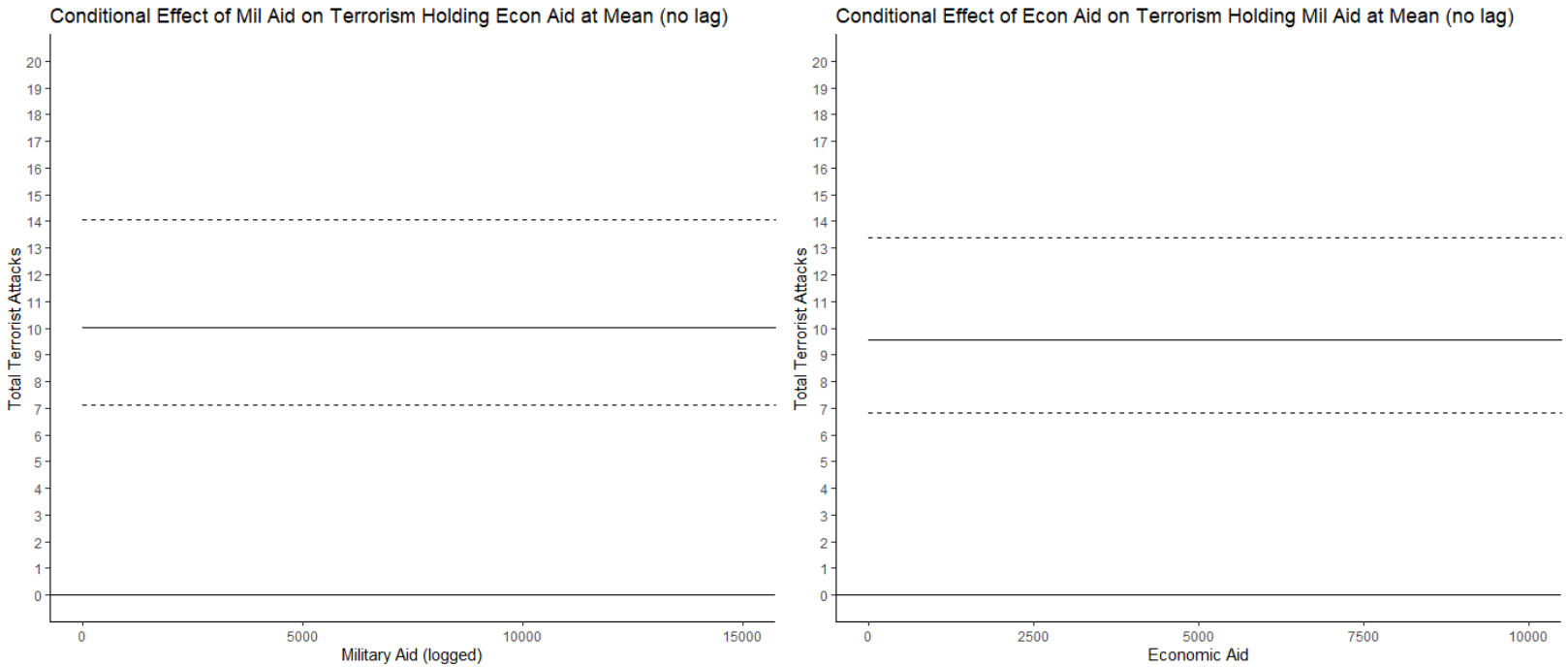
Aid and Terrorism Binomial Count Model

	(13)	***(14)***	***(15)***	***(16)***	***(17)***	***(18)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid	1.00	1.00	1.00***	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid	1.00	1.00*	1.00***	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid * Economic Aid	1.00	1.00*	1.00***	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.46***	1.05	0.53***	0.62*	0.48***	1.04
	(0.05)	(0.07)	(0.09)	(0.15)	(0.05)	(0.08)
$Democracy_{t-1}$	0.89	1.30***	1.17	1.41	0.91	1.39***
	(0.09)	(0.07)	(0.18)	(0.26)	(0.09)	(0.10)
Military $Regime_{t-1}$	2.53***	2.02***	2.12***	2.33***	2.58***	2.25***
	(0.34)	(0.14)	(0.38)	(0.44)	(0.32)	(0.18)
GDP $(logged)_{t-1}$	1.46***	1.28***	1.52***	1.43***	1.44***	1.29***
	(0.04)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.77***	1.34***	1.41***	1.36***	1.76***	1.41***
	(0.04)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	14.60***	3.51***	3.75***	3.19***	14.84***	4.35***
	(1.36)	(0.15)	(0.46)	(0.41)	(1.28)	(0.22)
Interstate $Rivalry_{t-1}$	2.28***	1.54***	3.37***	2.77***	2.21***	1.58***
	(0.17)	(0.06)	(0.37)	(0.36)	(0.16)	(0.08)
Media Freedom	0.86***	0.94**	0.81**	0.91	0.86***	0.92**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.45***	0.57***	0.32***	0.42***	0.45***	0.53***
	(0.04)	(0.03)	(0.05)	(0.08)	(0.04)	(0.03)
Cold War	0.39***	0.42***	0.69**	0.91	0.40***	0.42***
	(0.03)	(0.02)	(0.08)	(0.12)	(0.03)	(0.02)
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-31,068.15*	*-15,682.82*	*-7,054.29*	*-3,178.79*	*-26,229.71*	*-12,700.12*
AIC	*31,098.15*	*15,712.82*	*7,084.29*	*3,208.79*	*26,259.71*	*12,730.12*
Pseudo R^2	*0.63*	*0.13*	*0.09*	*0.13*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.64*	*0.74*	*8.35*	*3.98*	*5.61*	*0.99*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 4

Conditional Effect of Aid on Terrorist Attacks

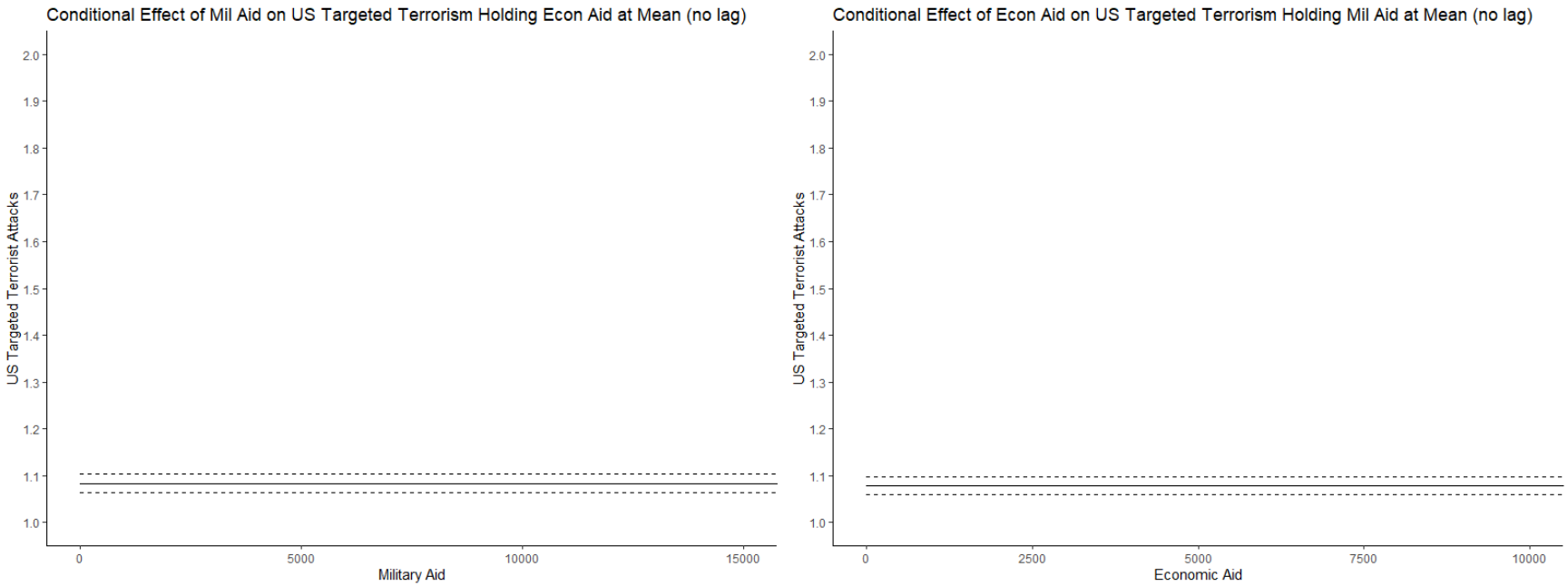


(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 13 of Appendix Table 4.

Appendix Figure 5

Conditional Effect of Aid on US Targeted Attacks



(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 15 of Appendix Table 4.

Appendix Table 5

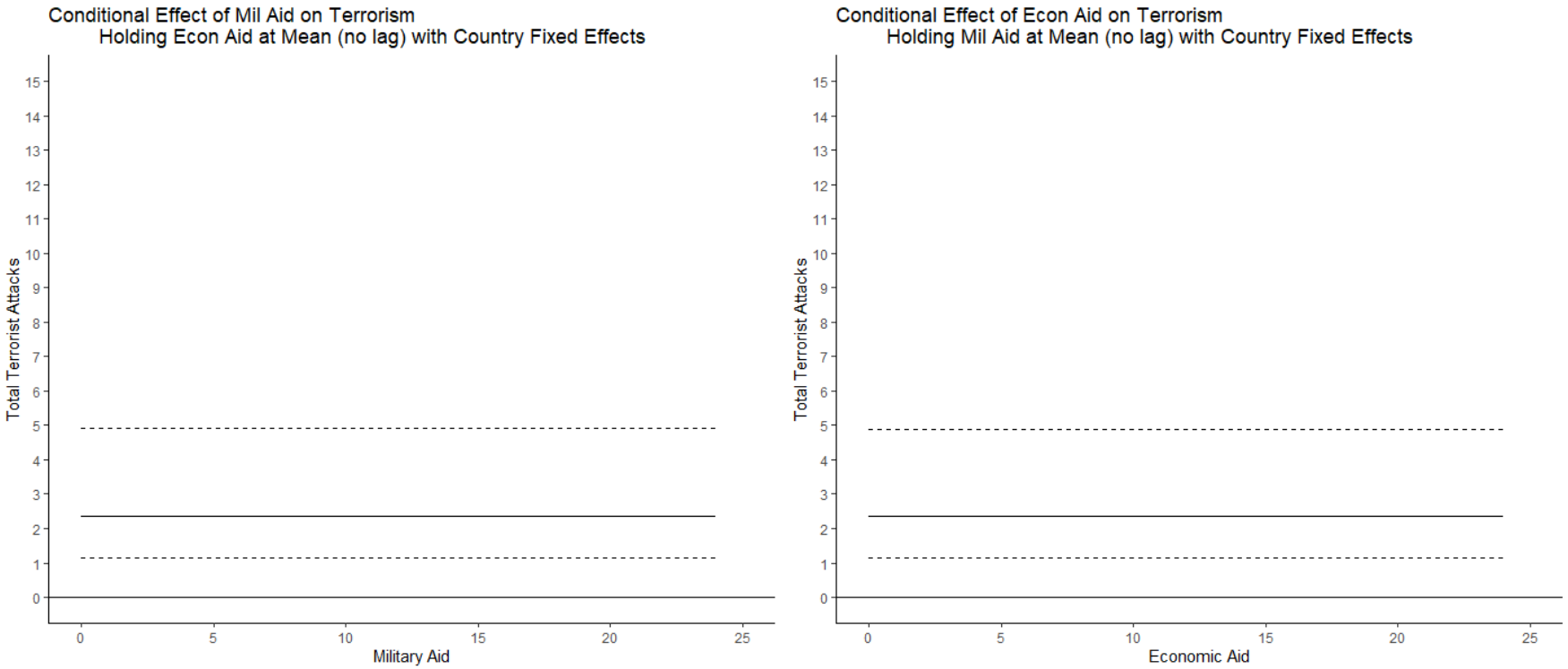
Aid and Terrorism Binomial Count Model with CFE

	(19)	***(20)***	***(21)***	***(22)***	***(23)***	***(24)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid	1.00	1.00	1.00**	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid	1.00	1.00	1.00***	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid*Economic Aid	1.00*	1.00	1.00**	1.00***	1.00*	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.61***	0.87	0.53*	0.30***	0.59***	0.79*
	(0.09)	(0.07)	(0.14)	(0.09)	(0.09)	(0.07)
$Democracy_{t-1}$	1.04	1.04	0.94	0.79	1.02	0.96
	(0.13)	(0.06)	(0.21)	(0.21)	(0.12)	(0.07)
Military $Regime_{t-1}$	1.80***	1.57***	1.07	0.88	1.76***	1.52***
	(0.26)	(0.11)	(0.26)	(0.25)	(0.24)	(0.13)
GDP $(logged)_{t-1}$	4.46***	2.31***	3.40***	3.08***	4.42***	2.44***
	(0.40)	(0.12)	(0.56)	(0.64)	(0.40)	(0.16)
Population $(logged)_{t-1}$	202.08***	13.71***	19.35***	15.33***	167.13***	18.81***
	(32.33)	(1.27)	(5.07)	(5.08)	(26.78)	(2.16)
Civil War_{t-1}	5.71***	2.04***	1.98***	1.67**	5.70***	2.24***
	(0.52)	(0.08)	(0.28)	(0.27)	(0.47)	(0.10)
Interstate $Rivalry_{t-1}$	3.29***	1.81***	3.31***	2.58***	3.10***	1.90***
	(0.34)	(0.10)	(0.60)	(0.59)	(0.31)	(0.12)
Media Score	0.94	0.93**	0.88	0.91	0.90*	0.90***
	(0.05)	(0.02)	(0.07)	(0.09)	(0.04)	(0.03)
Post 9/11	0.11***	0.36***	0.13***	0.16***	0.12***	0.32***
	(0.01)	(0.01)	(0.02)	(0.03)	(0.01)	(0.02)
Cold War	0.94	1.11*	1.47**	1.98***	1.03	1.15**
	(0.09)	(0.05)	(0.21)	(0.31)	(0.09)	(0.06)
Country-level fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-28,277.07*	*-13,138.41*	*-5,946.76*	*-2.362.90*	*-23,201.58*	*-10,268.06*
AIC	*28,589.07*	*13,450.41*	*6,258.76*	*2,674.90*	*23,513.58*	*10,580.06*
Pseudo R^2	*0.15*	*0.27*	*0.24*	*0.35*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.19*	*0.04*	*3.05*	*0.39*	*2.40*	*0.04*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 20 and 24. Re-estimating models 20 and 24 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 6

Conditional Effect of Aid on Terrorist Attacks with CFE



(a) (b)

Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 19 of Appendix Table 5.

Appendix Table 6

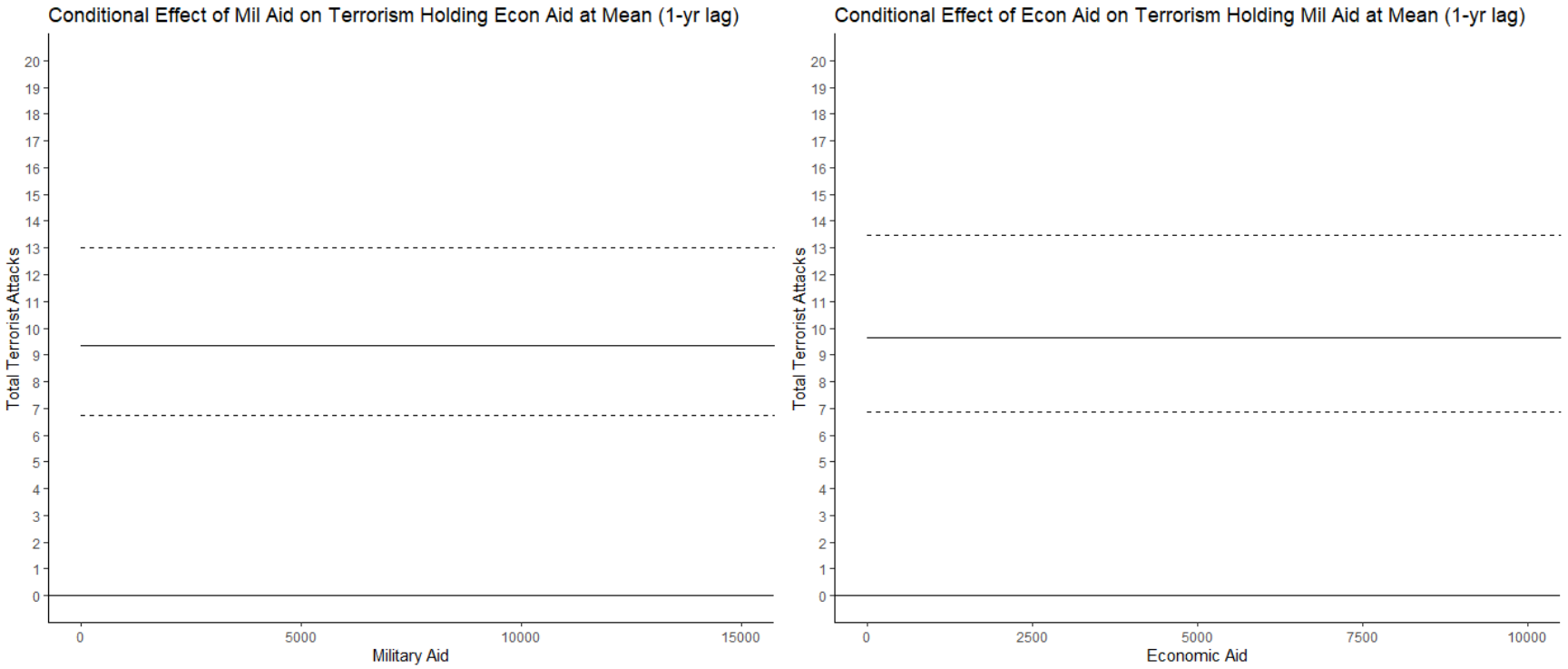
Aid_{t-1} and Terrorism Binomial Count Model

	(25)	***(26)***	***(27)***	***(28)***	***(29)***	***(30)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-1}	1.00	1.00	1.00**	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-1}	1.00	1.00**	1.00***	1.00	1.00	1.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-1} * Economic Aid_{t-1}	1.00	1.00**	1.00	1.00	1.00	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.46***	1.05	0.68*	0.65	0.48***	1.04
	(0.05)	(0.06)	(0.12)	(0.15)	(0.05)	(0.08))
$Democracy_{t-1}$	0.88	1.30***	1.12	1.38	0.90	1.38***
	(0.09)	(0.07)	(0.17)	(0.25)	(0.09)	(0.10)
Military $Regime_{t-1}$	2.52***	2.01***	2.07***	2.29***	2.57***	2.24***
	(0.33)	(0.14)	(0.38)	(0.44)	(0.32)	(0.18)
GDP $(logged)_{t-1}$	1.45***	1.28***	1.48***	1.40***	1.43***	1.29***
	(0.04)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.78***	1.34***	1.44***	1.36***	1.77***	1.42***
	(0.05)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	15.38***	3.55***	3.99***	3.32***	15.54***	4.41***
	(1.43)	(0.16)	(0.49)	(0.43)	(1.34)	(0.23)
Interstate $Rivalry_{t-1}$	2.37***	1.56***	3.88***	2.89***	2.27***	1.60***
	(0.18)	(0.06)	(0.43)	(0.38)	(0.16)	(0.08)
Media Score	0.86***	0.93**	0.79***	0.89	0.85***	0.91**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.48***	0.58***	0.47***	0.48***	0.47***	0.54***
	(0.05)	(0.03)	(0.07)	(0.09)	(0.04)	(0.03)
Cold War	*0.39****	0.43***	0.72**	0.93	0.40***	0.42***
	(0.03)	(0.02)	(0.08)	(0.12)		(0.02)
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-31,072.32*	*-15,680.26*	*-7,113.24*	*-3,198.25*	*-26,233.15*	*-12,699.10*
AIC	*31,102.32*	*15,710.26*	*7,143.24*	*3,228.25*	*26,2623.15*	*12,729.09*
Pseudo R^2	*0.06*	*0.13*	*0.09*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.64*	*0.74*	*8.84*	*4.07*	*5.62*	*0.99*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 7

Conditional Effect of Aid_{t-1} on Terrorist Attacks

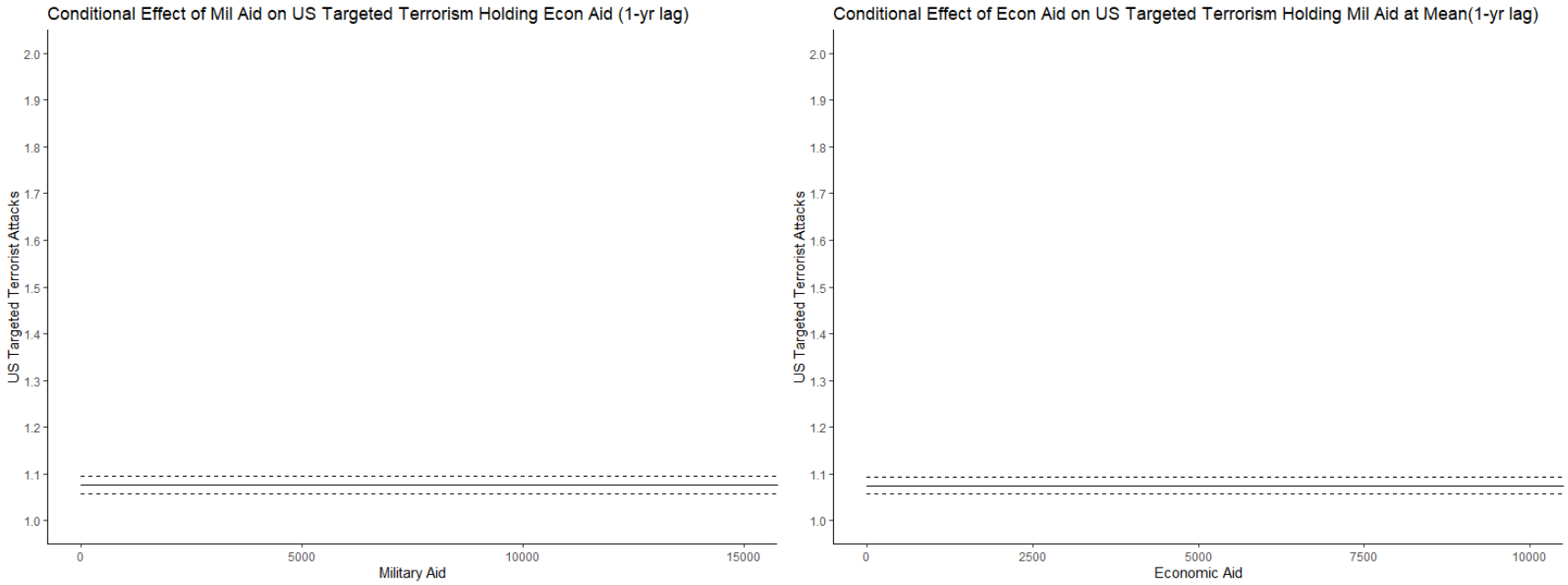


(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 25 of Appendix Table 6.

Appendix Figure 8

Conditional Effect of Aid_{t-1} on US Targeted Attacks



(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 27 of Appendix Table 6.

Appendix Table 7

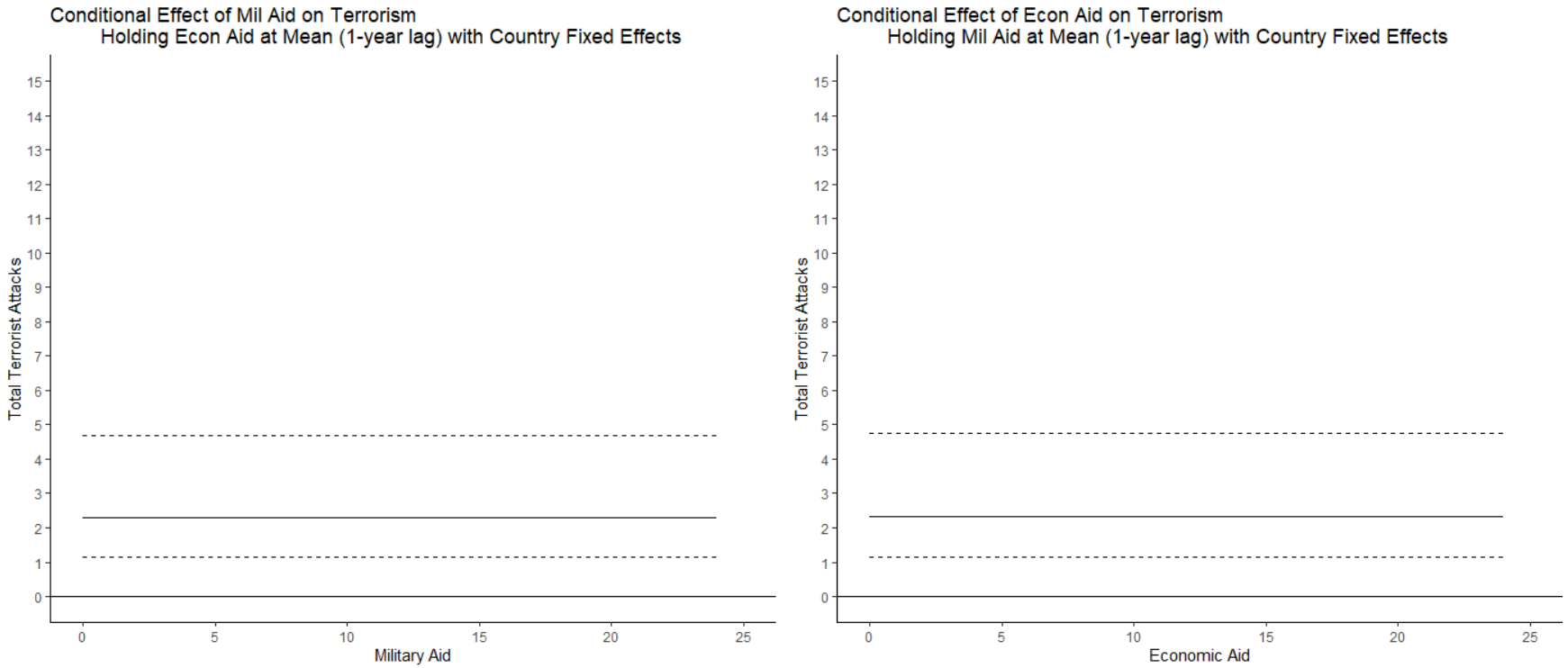
Aid_{t-1} and Terrorism Binomial Count Model with CFE

	(31)	***(32)***	***(33)***	***(34)***	***(35)***	***(36)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-1}	1.00*	1.00	1.00	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-1}	1.00*	1.00	1.00*	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-1}*Economic Aid_{t-1}	1.00***	1.00	1.00	1.00	1.00***	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.61***	0.85*	0.68	0.35***	0.59***	0.77**
	(0.09)	(0.07)	(0.18)	(0.11)	(0.09)	(0.07)
$Democracy_{t-1}$	1.05	1.03	1.00	0.85	1.03	0.95
	(0.13)	(0.06)	(0.22)	(0.22)	(0.12)	(0.07)
Military $Regime_{t-1}$	1.82***	1.57***	1.20	0.98	1.78***	1.52***
	(0.26)	(0.11)	(0.29)	(0.28)	(0.24)	(0.13)
GDP $(logged)_{t-1}$	4.38***	2.27***	3.01***	2.55***	4.33***	2.39***
	(0.40)	(0.12)	(0.49)	(0.53)	(0.39)	(0.15)
Population $(logged)_{t-1}$	203.41	13.79***	19.60***	14.46***	166.54***	18.88***
	(32.55)	(1.28)	(5.15)	(4.85)	(26.69)	(2.18)
Civil War_{t-1}	5.91***	2.05***	1.98***	1.71***	5.86***	2.25***
	(0.53)	(0.08)	(0.29)	(0.28)	(0.48)	(0.10)
Interstate $Rivalry_{t-1}$	3.28***	1.81***	3.50***	2.75***	3.09***	1.90***
	(0.34)	(0.10)	(0.64)	(0.64)	(0.31)	(0.12)
Media Score	0.94	0.93**	0.83*	0.88	0.89*	0.90***
	(0.05)	(0.02)	(0.07)	(0.09)	(0.04)	(0.03)
Post 9/11	0.11***	0.36***	0.14***	0.20***	0.12***	0.33***
	(0.01)	(0.01)	(0.02)	(0.04)	(0.01)	(0.02)
Cold War	0.95	1.11*	1.48**	1.95***	1.04	1.15**
	(0.09)	(0.05)	(0.21)	(0.31)	(0.09)	(0.06)
Country-level fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6497*	*6497*	*6497*	*6497*	*6497*	*6497*
2 x Log Likelihood	*-28,274.57*	*-13,139.42*	*-5,966.55*	*-2,393.30*	*_23,202.39*	*-10,271.55*
AIC	*28,586.57*	*13,451.42*	*6,278.55*	*2,705.30*	*23,514.39*	*10,583.55*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.19*	*0.04*	*3.19*	*0.52*	*2.40*	*0.04*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 32 and 36. Re-estimating models 32 and 36 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *p<0.05 **p<0.01 ***p<0.001

Appendix Figure 9

Conditional Effect of Aid_{t-1} on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 31 of Appendix Table 7.

Appendix Table 8

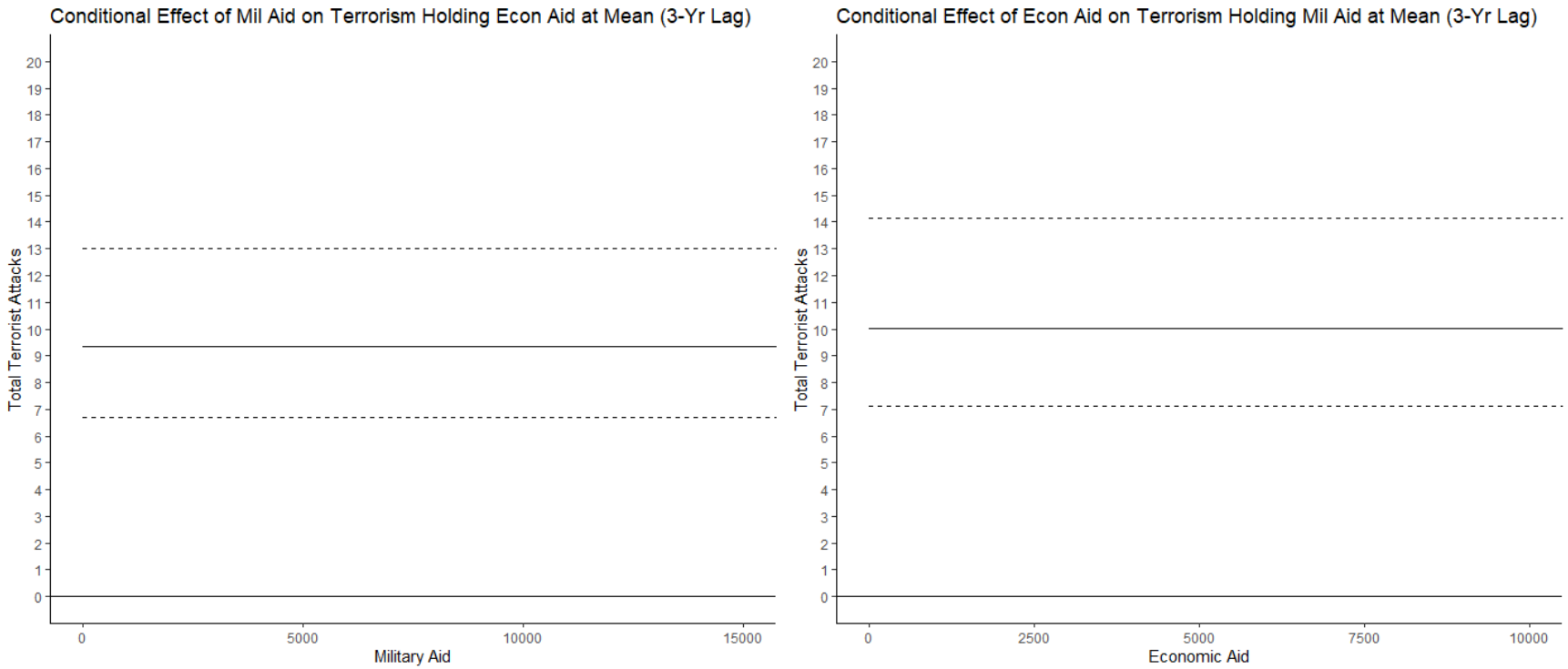
Aid_{t-3} and Terrorism Binomial Count Model

	(37)	*(38)*	*(39)*	*(40)*	*(41)*	*(42)*
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-3}	1.00	1.00	1.00***	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-3}	1.00***	1.00***	1.00	1.00	1.00**	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-3}*Economic Aid_{t-3}	1.00	1.00*	1.00*	1.00	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.44***	1.04	0.69*	0.61*	0.46***	1.02
	(0.05)	(0.04)	(0.12)	(0.14)	(0.05)	(0.08)
$Democracy_{t-1}$	0.86	1.29***	1.13	1.27	0.88	1.37***
	(0.09)	(0.07)	(0.18)	(0.23)	(0.09)	(0.10)
Military $Regime_{t-1}$	2.45***	1.98***	2.00***	2.11***	2.50***	2.20***
	(0.33)	(0.14)	(0.37)	(0.40)	(0.31)	(0.18)
GDP $(logged)_{t-1}$	1.45***	1.28***	1.51***	1.36***	1.43***	1.29***
	(0.04)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.79***	1.34***	1.48***	1.36***	1.78***	1.41***
	(0.05)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	16.04***	3.58***	4.84***	3.64***	16.14***	4.45***
	(1.50)	(0.16)	(0.60)	(0.47)	(1.40)	(0.23)
Interstate $Rivalry_{t-1}$	2.43***	1.57***	4.15***	3.01***	2.33***	1.61***
	(0.18)	(0.06)	(0.60)	(0.40)	(0.17)	(0.08)
Media Freedom	0.85***	0.93**	0.79***	0.87	0.85***	0.91**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.49***	0.58***	0.53***	0.55***	0.49***	0.54***
	(0.05)	(0.03)	(0.08)	(0.10)	(0.04)	(0.03)
Cold War	0.39***	0.43***	0.73**	0.94	0.40***	0.42***
	(0.03)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6432*	*6432*	*6432*	*6432*	*6432*	*6432*
2 x Log Likelihood	*-30,860.09*	*-15,571.33*	*-7,113.51*	*-3,207.39*	*-26,064.60*	*-12,621.99*
AIC	*30,890.09*	*15,601.33*	*7,143.51*	*3,237.39*	*26,094.60*	*12,652.00*
Pseudo R^2	*0.06*	*0.13*	*0.08*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.64*	*0.74*	*9.23*	*4.21*	*5.61*	*0.99*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 10

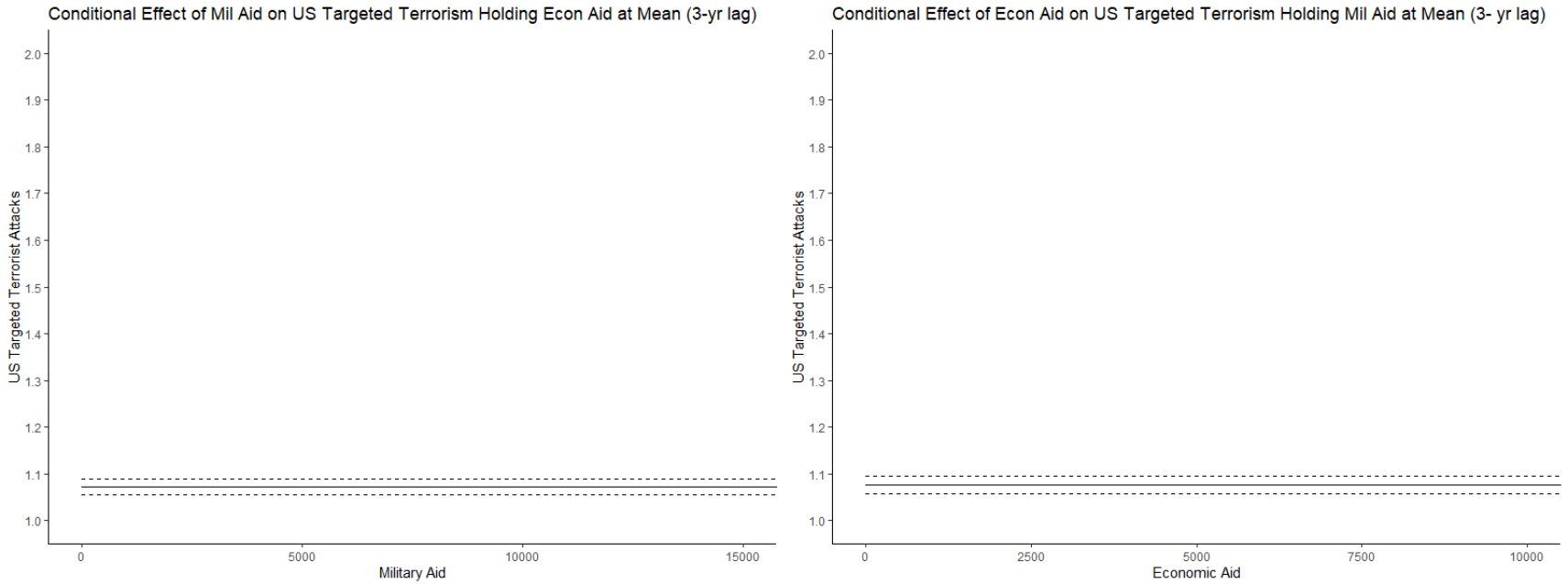
Conditional Effect of Aid_{t-3} on Terrorist Attacks



Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 37 of Appendix Table 8.

Appendix Figure 11

Conditional Effect of Aid_{t-3} on US Targeted Attacks



Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 39 of Appendix Table 8.

Appendix Table 9

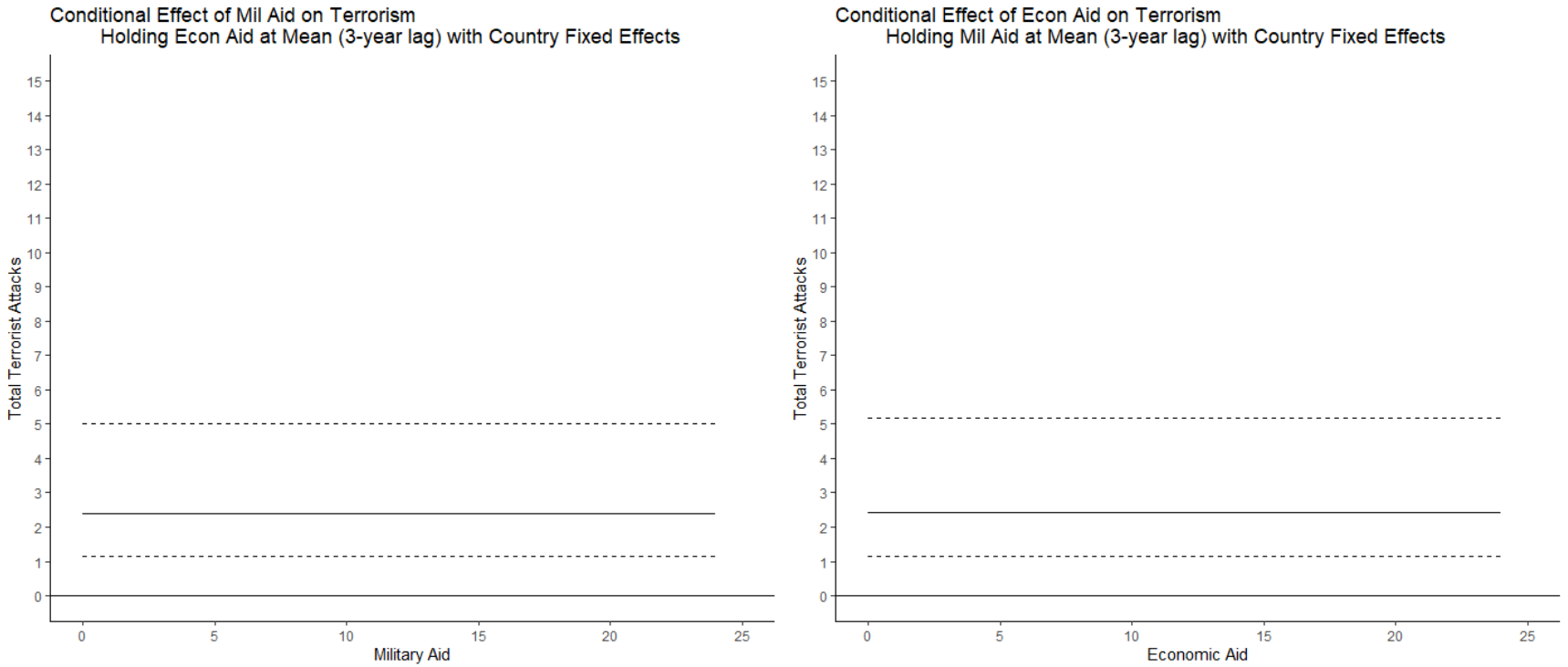
Aid_{t-3} and Terrorism Binomial Count Model with CFE

	(43)	***(44)***	***(45)***	***(46)***	***(47)***	***(48)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-3}	1.00*	1.00*	1.00	1.00*	1.00*	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-3}	1.00***	1.00*	1.00	1.00***	1.00***	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-3}*Economic Aid_{t-3}	1.00***	1.00**	1.00	1.00***	1.00***	1.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.58***	0.86	0.63	0.58***	0.57***	0.78**
	(0.09)	(0.07)	(0.17)	(0.09)	(0.08)	(0.07)
$Democracy_{t-1}$	1.03	1.02	0.99	1.03	1.02	0.94
	(0.13)	(0.06)	(0.22)	(0.13)	(0.12)	(0.07)
Military $Regime_{t-1}$	1.82***	1.56***	1.20	1.82***	1.77***	1.51***
	(0.26)	(0.11)	(0.29)	(0.26)	(0.24)	(0.12)
GDP $(logged)_{t-1}$	4.31***	2.25***	2.66***	4.31***	4.25***	2.37***
	(0.39)	(0.12)	(0.44)	(0.39)	(0.39)	(0.15)
Population $(logged)_{t-1}$	200.64***	13.65***	19.98***	200.64***	165.51***	18.74***
	(32.19)	(1.27)	(5.30)	(32.19)	(26.59)	(2.17)
Civil War_{t-1}	5.95***	2.06***	2.11***	5.95***	5.92***	2.26***
	(0.54)	(0.08)	(0.31)	(0.54)	(0.49)	(0.11)
Interstate $Rivalry_{t-1}$	3.31***	1.81***	3.54***	3.31***	3.10***	1.90***
	(0.34)	(0.10)	(0.65)	(0.34)	(0.31)	(0.12)
Media Score	0.94	0.93**	0.83*	0.94	0.89*	0.90***
	(0.05)	(0.02)	(0.07)	(0.05)	(0.04)	(0.03)
Post 9/11	0.11***	0.36***	0.15***	0.11***	0.12***	0.33***
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)
Cold War	0.96	1.11*	1.49**	0.96	1.04	1.16**
	(0.09)	(0.05)	(0.22)	(0.09)	(0.09)	(0.06)
Country-level fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6432*	6432	6432	6432	6432	6432
2 x Log Likelihood	*-28,093.26*	*-13,038.20*	*-5,932.17*	*-2,406.67*	*-23,059.91*	*-10,198.34*
AIC	*28,405.26*	*13,350.20*	*6,244.17*	*2,718.67*	*23,371.91*	*10,510.34*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.19*	*0.03*	*3.24*	*0.61*	*2.40*	*0.04*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 44 and 48. Re-estimating models 44 and 48 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *p<0.05 **p<0.01 ***p<0.001

Appendix Figure 12

Conditional Effect of Aid_{t-3} on Terrorist Attacks with CFE



(a) (b)

Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 43 of Appendix Table 9.

Appendix Table 10

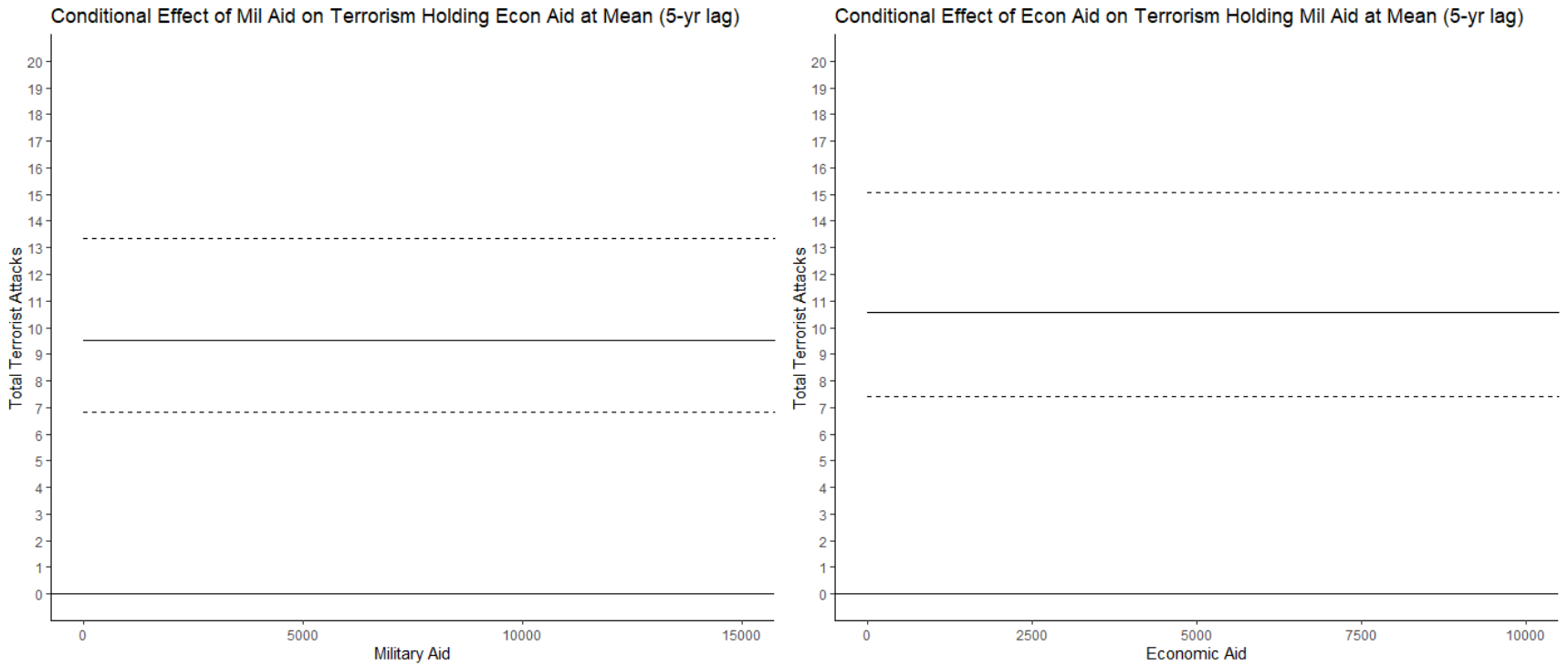
Aid_{t-5} and Terrorism Binomial Count Model

	(49)	***(50)***	***(51)***	***(52)***	***(53)***	***(54)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-5}	1.00	1.00	1.00***	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-5}	1.00***	1.00**	1.00	1.00	1.00***	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-5}*Economic Aid_{t-5}	1.00	1.00	1.00***	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.42***	1.02	0.66	0.62*	0.44***	1.00
	(0.05)	(0.06)	(0.11)	(0.14)	(0.05)	(0.08)
$Democracy_{t-1}$	0.85	1.29***	1.01	1.25	0.86	1.37***
	(0.09)	(0.08)	(0.16)	(0.23)	(0.09)	(0.10)
Military $Regime_{t-1}$	2.36***	1.95***	1.88***	2.06***	2.40***	2.16***
	(0.31)	(0.13)	(0.35)	(0.39)	(0.30)	(0.17)
GDP $(logged)_{t-1}$	1.44***	1.27***	1.43***	1.35***	1.43***	1.28***
	(0.04)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.78***	1.34***	1.46***	1.36***	1.77***	1.42***
	(0.05)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	16.93***	3.61***	5.40***	3.83***	17.05***	4.52***
	(1.59)	(0.16)	(0.67)	(0.49)	(1.49)	(0.23)
Interstate $Rivalry_{t-1}$	2.47***	1.57***	4.22***	3.05***	2.37***	1.62***
	(0.19)	(0.06)	(0.47)	(0.40)	(0.17)	(0.08)
Media Score	0.85***	0.93**	0.75***	0.86*	0.85***	0.91**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.51***	0.58***	0.61***	0.58**	0.51***	0.55***
	(0.05)	(0.03)	(0.09)	(0.10)	(0.05)	(0.03)
Cold War	0.40***	0.44***	0.72**	0.95	0.41***	0.43***
	(0.03)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6316*	*6316*	*6316*	*6316*	*6316*	*6316*
2 x Log Likelihood	*-30,517.06*	*-15,381.38*	*-7,047.33*	*-3,189.98*	*-25,784.91*	*-12,475.37*
AIC	*30,547.06*	*15,411.38*	*7,077.33*	*3,219.98*	*25,814.91*	*12,505.37*
Pseudo R^2	*0.06*	*0.13*	*0.08*	*0.12*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.61*	*0.74*	*9.13*	*4.16*	*5.59*	*0.98*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 13

Conditional Effect of Aid_{t-5} on Terrorist Attacks

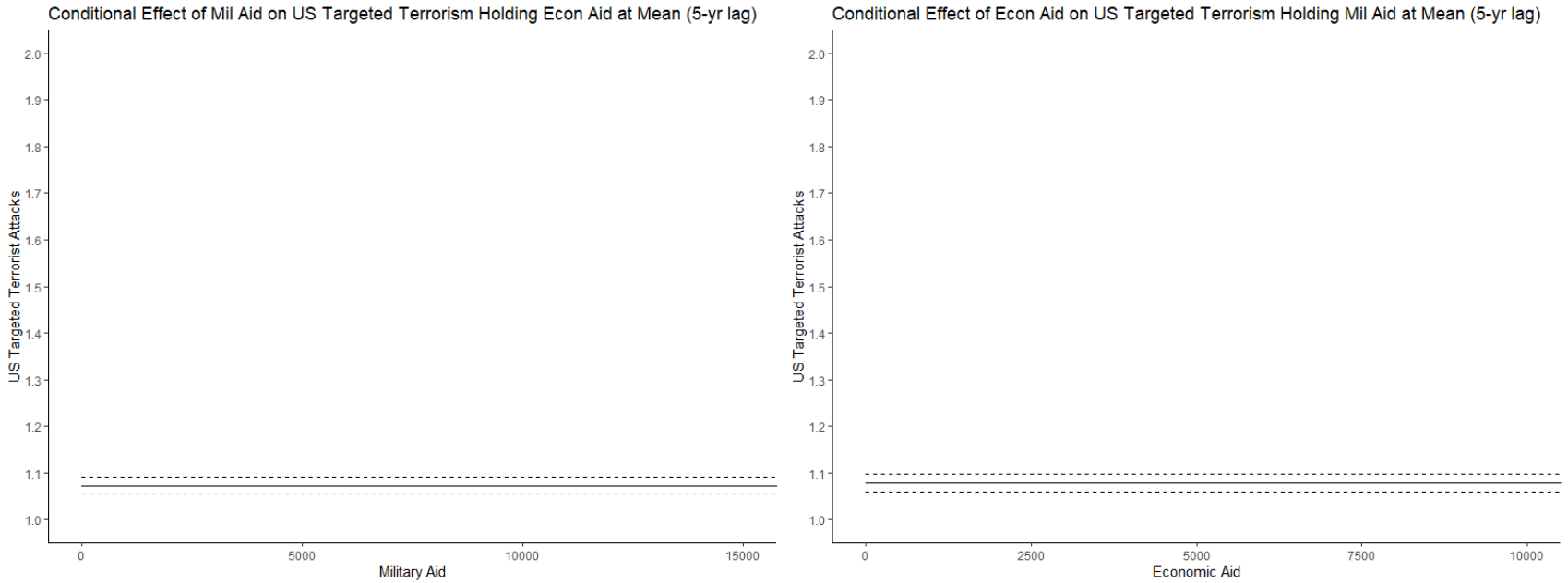


(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 49 of Appendix Table 10.

Appendix Figure 14

Conditional Effect of Aid_{t-5} on US Targeted Attacks



Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 51 of Table 10.

Appendix Table 11

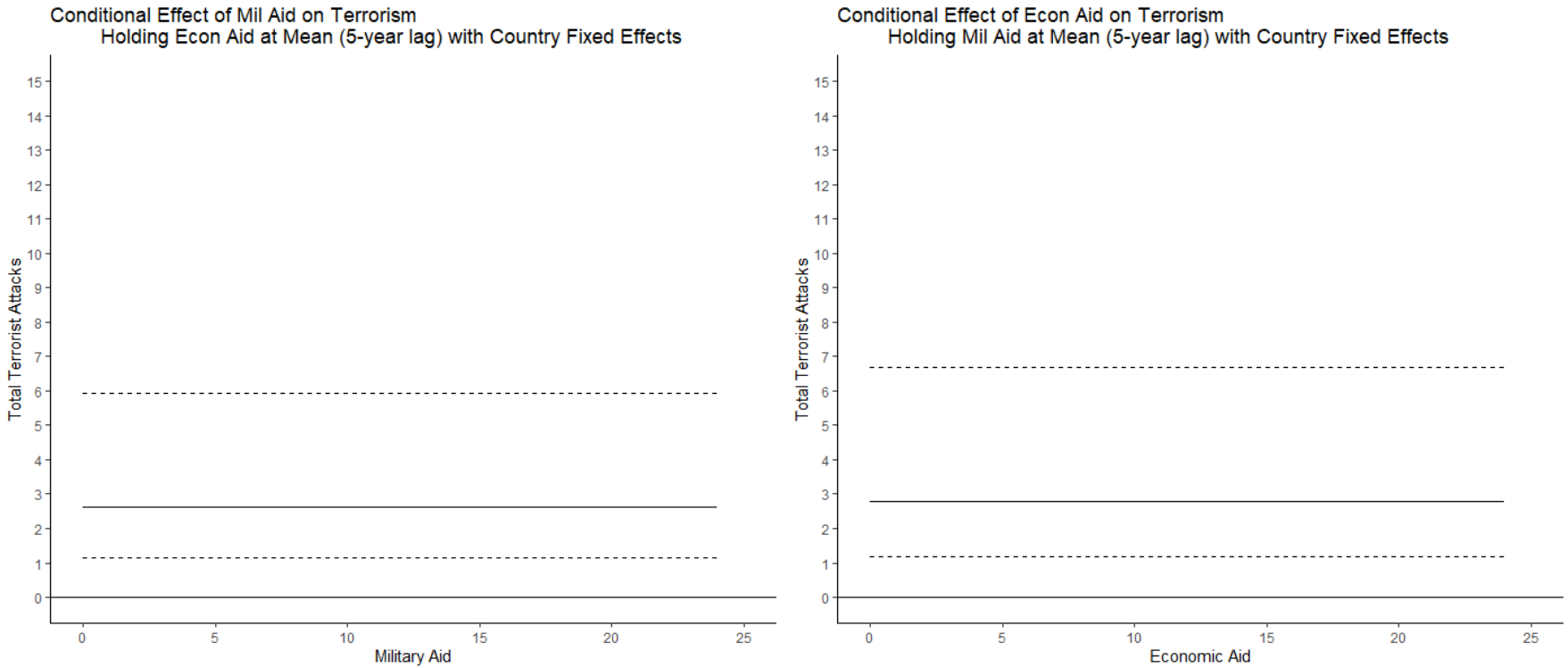
Aid_{t-5} and Terrorism Binomial Count Model with CFE

	(55)	***(56)***	***(57)***	***(58)***	***(59)***	***(60)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-5}	1.00 (0.00)	1.00* (0.00)	1.00 (0.00)	1.00 (0.00)	1.00 (0.00)	1.00 (0.00)
Economic Aid_{t-5}	1.00*** (0.00)	1.00*** (0.00)	1.00 (0.00)	1.00 (0.00)	1.00*** (0.00)	1.00*** (0.00)
Military Aid_{t-5}*Economic Aid_{t-5}	1.00 (0.00)	1.00** (0.00)	1.00*** (0.00)	1.00 (0.00)	1.00 (0.00)	1.00* (0.00)
Personalist $Regime_{t-1}$	0.60*** (0.09)	0.85 (0.07)	0.66 (0.18)	0.30*** (0.09)	0.58*** (0.09)	0.77** (0.07)
$Democracy_{t-1}$	1.02 (0.13)	1.00 (0.06)	0.98 (0.22)	0.79 (0.21)	1.00 (0.12)	0.93 (0.07)
Military $Regime_{t-1}$	1.81*** (0.26)	1.54*** (0.11)	1.21 (0.30)	0.97 (0.28)	1.76*** (0.24)	2.34*** (0.15)
GDP $(logged)_{t-1}$	4.43*** (0.41)	2.22*** (0.12)	2.69*** (0.45)	1.95** (0.41)	4.35*** (0.40)	2.34*** (0.15)
Population $(logged)_{t-1}$	181.23*** (29.21)	13.17*** (1.22)	19.47*** (5.15)	15.70*** (5.34)	151.46*** (24.43)	17.96*** (2.06)
Civil War_{t-1}	5.85*** (0.53)	2.06*** (0.08)	2.09*** (0.30)	1.83*** (0.29)	5.87*** (0.49)	2.26*** (0.10)
Interstate $Rivalry_{t-1}$	3.42*** (0.36)	1.81*** (0.10)	3.57*** (0.66)	2.89*** (0.68)	3.15*** (0.32)	1.90*** (0.12)
Media Score	0.90* (0.05)	0.92** (0.02)	0.81* (0.07)	0.84 (0.08)	0.86** (0.04)	0.89*** (0.03)
Post 9/11	0.12*** (0.01)	0.37*** (0.01)	0.15*** (0.02)	0.24*** (0.04)	0.13*** (0.01)	0.34*** (0.02)
Cold War	0.97 (0.09)	1.12** (0.05)	1.50** (0.22)	1.97*** (0.32)	1.06 (0.09)	1.16** (0.06)
Country-level fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6316*	*6316*	*6316*	*6316*	*6316*	*6316*
2 x Log Likelihood	*-27,810.22*	*-12,871.85*	*-5,894.90*	*-2,393.41*	*-22,830.75*	*-10,066.53*
AIC	*28,122.22*	*13,183.85*	*6,206.90*	*2,705.41*	*23,142.75*	*10,378.53*
Pseudo R^2	*0.15*	*0.27*	*0.23*	*0.34*	*0.19*	*0.31*
Overdispersion Parameter Alpha	*3.18*	*0.03*	*3.22*	*0.61*	*2.39*	*0.03*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 56 and 60. Re-estimating models 56 and 60 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *p<0.05 **p<0.01 ***p<0.001

Appendix Figure 15

Conditional Effect of Aid_{t-5} on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 55 of Appendix Table 11.

Appendix Table 12

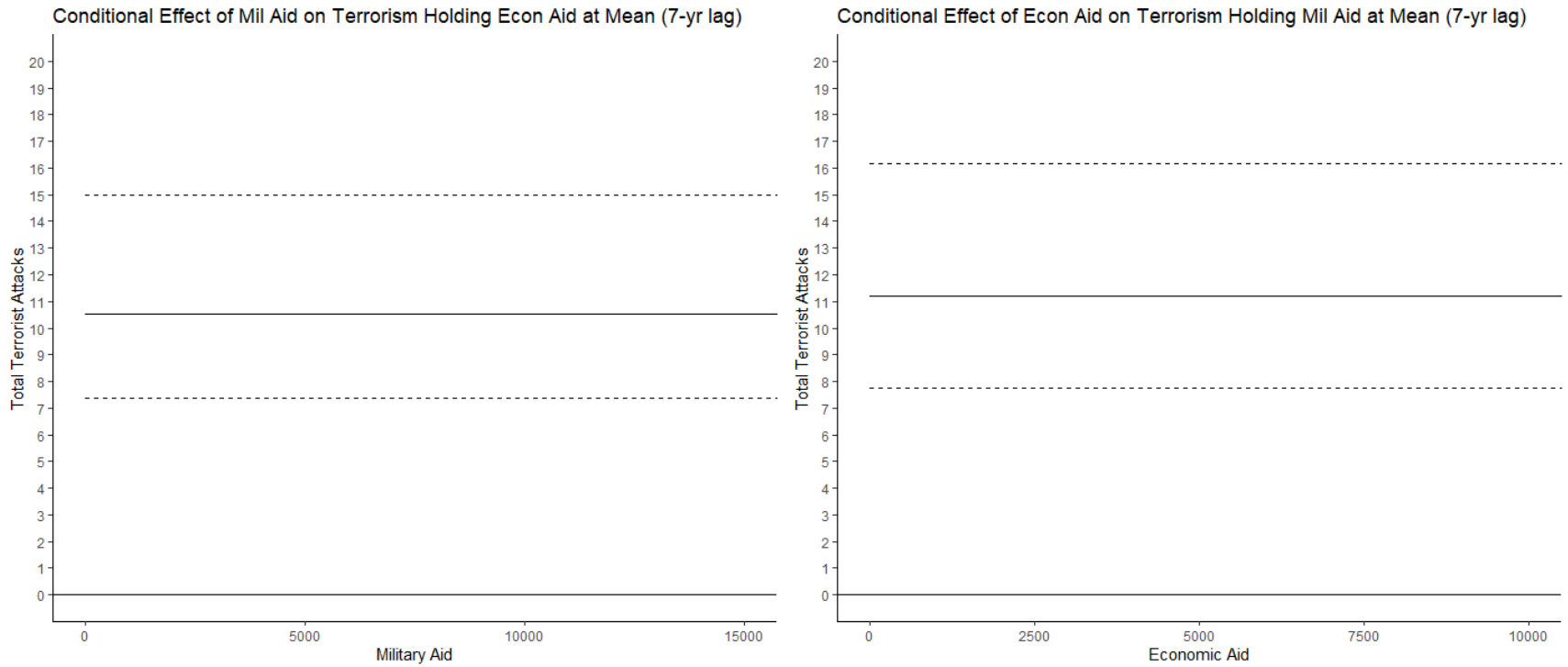
Aid_{t-7} and Terrorism Binomial Count Model

	(61)	***(62)***	***(63)***	***(64)***	***(65)***	***(66)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-7}	1.00	1.00	1.00**	1.00**	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-7}	1.00***	1.00***	1.00	1.00	1.00***	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-7}*Economic Aid_{t-7}	1.00	1.00	1.00**	1.00*	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.42***	1.01	0.69*	0.62*	0.43***	0.98
	(0.05)	(0.06)	(0.12)	(0.14)	(0.05)	(0.08)
$Democracy_{t-1}$	0.90	1.32***	1.06	1.28	0.91	1.41***
	(0.10)	(0.08)	(0.17)	(0.24)	(0.09)	(0.02)
Military $Regime_{t-1}$	2.28***	1.92***	1.83**	2.03***	2.32***	2.13***
	(0.30)	(0.13)	(0.34)	(0.39)	(0.29)	(0.17)
GDP $(logged)_{t-1}$	1.44***	1.26***	1.41***	1.33***	1.42***	1.27***
	(0.04)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.78***	1.34***	1.46***	1.36***	1.77***	1.41***
	(0.05)	(0.02)	(0.05)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	16.84***	3.59***	5.36***	3.82***	17.03***	4.50***
	(1.58)	(0.16)	(0.67)	(0.49)	(1.49)	(0.23)
Interstate $Rivalry_{t-1}$	2.49***	1.56***	4.25***	3.03***	2.40***	1.61***
	(0.19)	(0.06)	(0.48)	(0.40)	(0.17)	(0.08)
Media Freedom	0.88**	0.94**	0.77***	0.86	0.87**	0.91**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.50***	0.58***	0.62***	0.59**	0.50***	0.54***
	(0.05)	(0.03)	(0.09)	(0.10)	(0.05)	(0.03)
Cold War	0.42***	0.46***	0.77*	0.98	0.43***	0.45***
	(0.03)	(0.02)	(0.09)	(0.13)	(0.03)	(0.02)
Number of Observations	*6113*	*6113*	*6113*	*6113*	*6113*	*6113*
2 x Log Likelihood	*-30,151.93*	*-15,147.71*	*-7,003.80*	*-3,176.26*	*-25,480.33*	*-12,308.81*
AIC	*30,181.93*	*15,177.71*	*7,033.80*	*3,206,26*	*25,510.33*	*12,338.31*
Pseudo R^2	*0.06*	*0.13*	*0.08*	*0.11*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.46*	*0.71*	*9.05*	*4.09*	*5.48*	*0.95*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 16

Conditional Effect of Aid_{t-7} on Terrorist Attacks

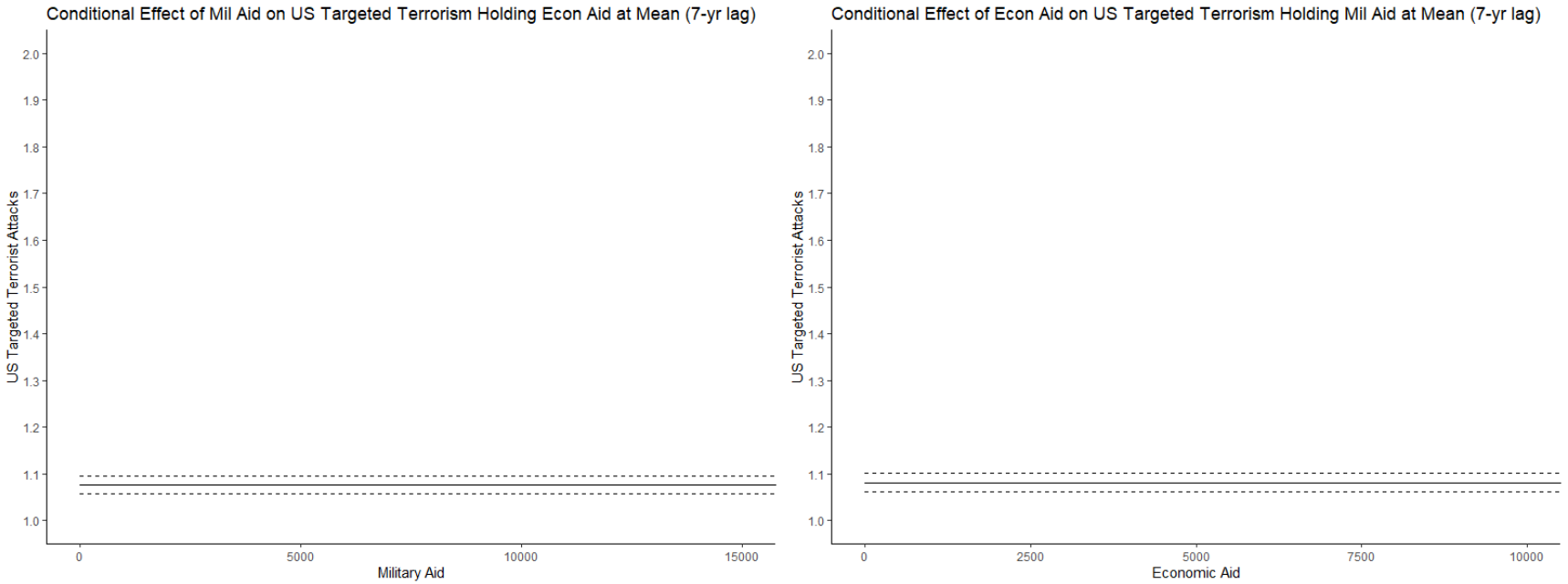


(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 61 of Appendix Table 12.

Appendix Figure 17

Conditional Effect of Aid_{t-7} on US Targeted Attacks



Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 63 of Appendix Table 12.

Appendix Table 13

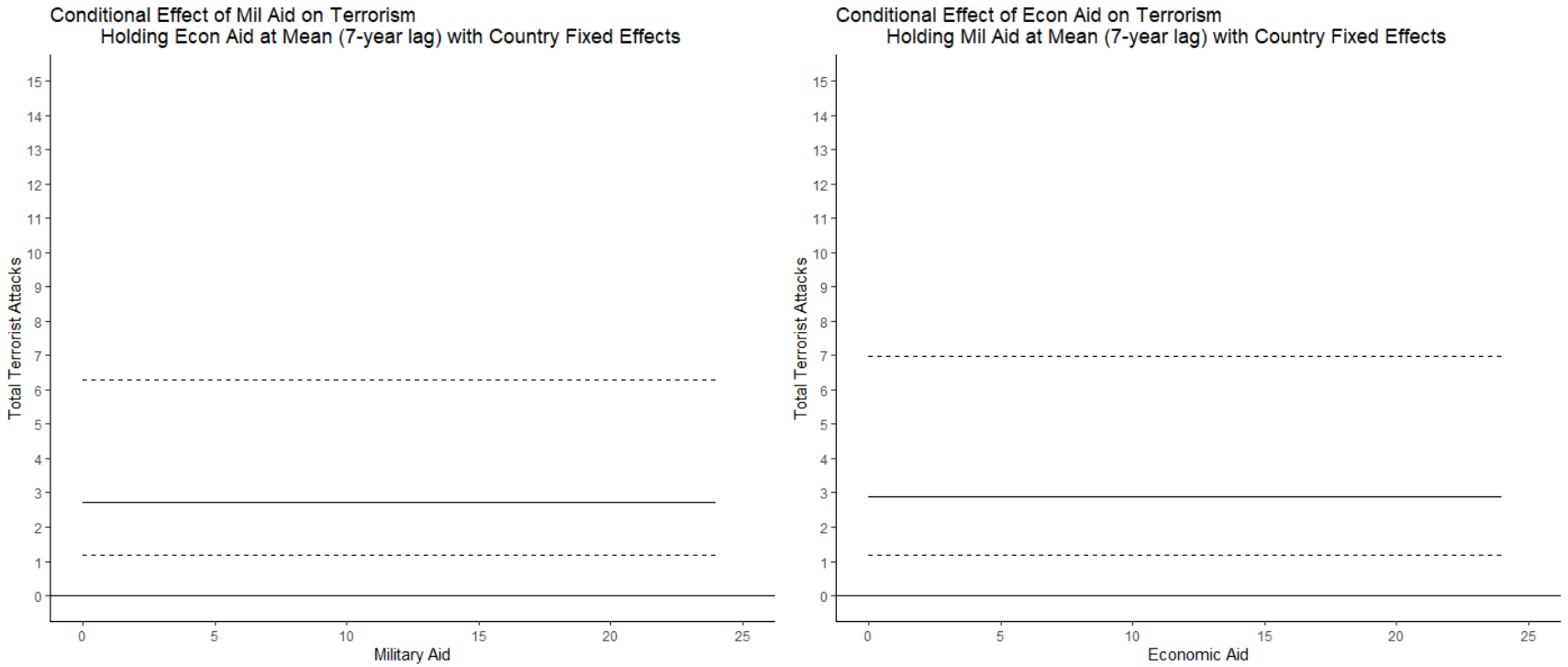
Aid_{t-7} and Terrorism Binomial Count Model with CFE

	(67)	***(68)***	***(69)***	***(70)***	***(71)***	***(72)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-7}	1.00	1.00**	1.00	1.00	1.00	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-7}	1.00***	1.00***	1.00*	1.00	1.00***	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-7}*Economic Aid_{t-7}	1.00	1.00***	1.00	1.00	1.00	1.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.60***	0.86*	0.66	0.31***	0.59***	0.78**
	(0.09)	(0.06)	(0.18)	(0.09)	(0.09)	(0.07)
$Democracy_{t-1}$	1.02	1.00	1.00	0.80	1.00	0.93
	(0.13)	(0.06)	(0.22)	(0.21)	(0.12)	(0.07)
Military $Regime_{t-1}$	1.78***	1.51***	1.23	0.97	1.75***	1.46***
	(0.26)	(0.10)	(0.30)	(0.28)	(0.24)	(0.12)
GDP $(logged)_{t-1}$	4.10***	2.12***	2.53***	1.85**	4.08***	2.23***
	(0.38)	(0.11)	(0.43)	(0.39)	(0.38)	(0.14)
Population $(logged)_{t-1}$	170.07***	12.36***	17.94***	15.17***	146.55***	16.81***
	(27.61)	(1.14)	(4.76)	(5.17)	(23.78)	(1.92)
Civil War_{t-1}	5.67***	2.04***	2.06***	1.83***	5.77***	2.24***
	(0.53)	(0.08)	(0.30)	(0.29)	(0.48)	(0.10)
Interstate $Rivalry_{t-1}$	3.38***	1.78***	3.49***	2.83***	3.11***	1.87***
	(0.35)	(0.10)	(0.64)	(0.66)	(0.31)	(0.12)
Media Score	0.90*	0.92**	0.81*	0.84	0.86**	0.90***
	(0.05)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Post 9/11	0.12***	0.38***	0.16***	0.25***	0.13***	0.35***
	(0.01)	(0.02)	(0.02)	(0.04)	(0.01)	(0.02)
Cold War	0.97	1.11*	1.46*	1.95***	1.06	1.15**
	(0.09)	(0.05)	(0.21)	(0.31)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*6113*	*6113*	*6113*	*6113*	*6113*	*6113*
2 x Log Likelihood	*-25,525.94*	*-12,687.85*	*-5,862.37*	*-2,388.29*	*-22,602.56*	*-9,941.75*
AIC	*27,837.94*	*12,999.85*	*6,174.37*	*2,700.29*	*22,914.56*	*10,253.75*
Pseudo R^2	*0.14*	*0.27*	*0.23*	*0.33*	*0.18*	*0.31*
Overdispersion Parameter Alpha	*3.14*	*0.02*	*3.20*	*0.59*	*2.36*	*0.02*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 68 and 72. Re-estimating models 68 and 72 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *p<0.05 **p<0.01 ***p<0.001

Appendix Figure 18

Conditional Effect of Aid_{t-7} on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 67 of Appendix Table 13.

Appendix Table 14

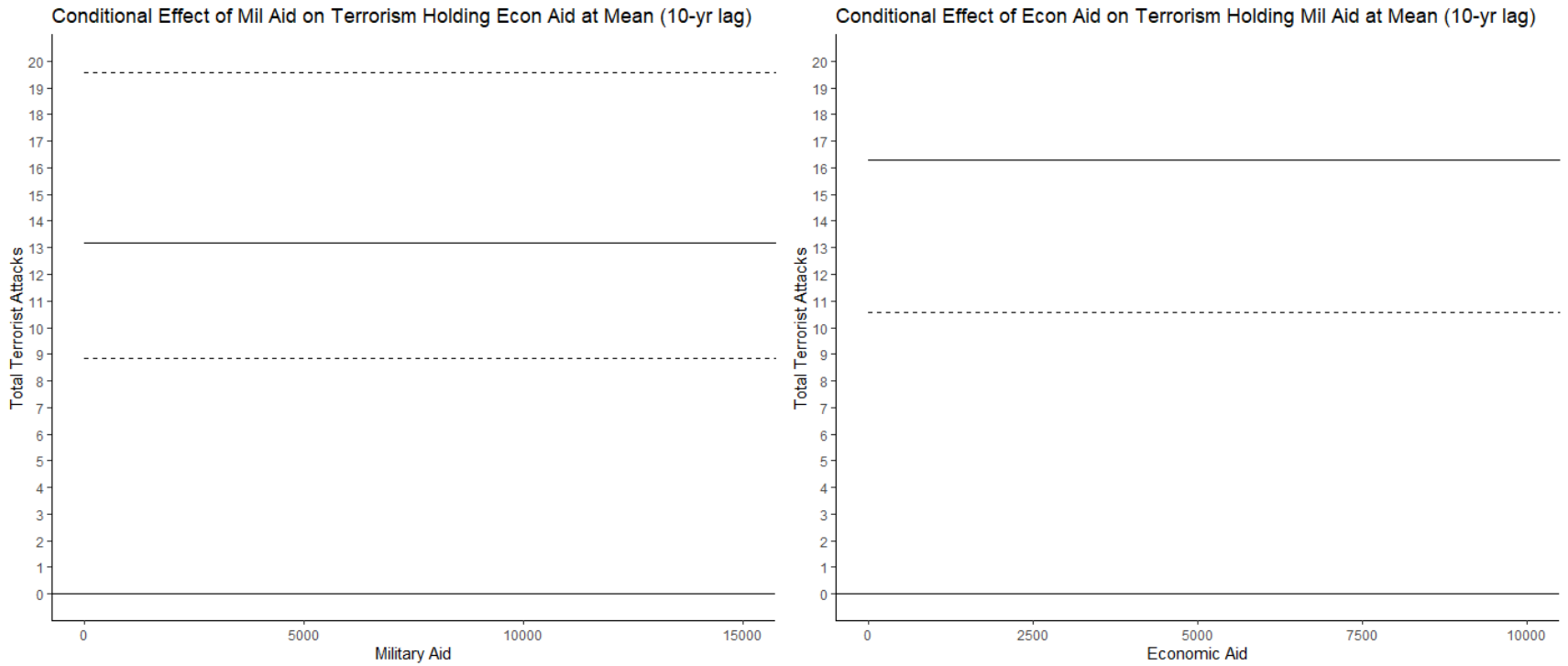
Aid_{t-10} and Terrorism Binomial Count Model

	(73)	***(74)***	***(75)***	***(76)***	***(77)***	***(78)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-10}	1.00	1.00	1.00***	1.00***	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-10}	1.00***	1.00***	1.00**	1.00**	1.00***	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-10}*Economic Aid_{t-10}	1.00	1.00	1.00**	1.00*	1.00	1.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.42***	0.98	0.69*	0.62*	0.42***	0.97
	(0.05)	(0.06)	(0.12)	(0.14)	(0.04)	(0.08)
$Democracy_{t-1}$	0.85	1.35***	1.09	1.35	0.98	1.45***
	(0.09)	(0.08)	(0.18)	(0.25)	(0.10)	(0.10)
Military $Regime_{t-1}$	2.36***	1.89***	1.79**	2.01***	2.32***	2.10***
	(0.31)	(0.13)	(0.33)	(0.38)	(0.29)	(0.17)
GDP $(logged)_{t-1}$	1.44***	1.25***	1.36***	1.29***	1.37***	1.26***
	(0.04)	(0.02)	(0.07)	(0.07)	(0.04)	(0.03)
Population $(logged)_{t-1}$	1.78***	1.34***	1.45***	1.36***	1.80***	1.41***
	(0.05)	(0.02)	(0.06)	(0.06)	(0.04)	(0.02)
Civil War_{t-1}	16.93***	3.50***	5.13***	3.75***	15.84***	4.39***
	(1.59)	(0.15)	(0.64)	(048)	(1.38)	(0.23)
Interstate $Rivalry_{t-1}$	2.47***	1.51***	4.15***	2.95***	2.28***	1.56***
	(0.19)	(0.06)	(0.47)	(0.38)	(0.17)	(0.08)
Media Score	0.85***	0.94*	0.78***	0.87	0.89**	0.92**
	(0.04)	(0.02)	(0.05)	(0.07)	(0.04)	(0.03)
Post 9/11	0.51***	0.58***	0.60***	0.57***	0.48***	0.54***
	(0.05)	(0.03)	(0.09)	(0.10)	(0.04)	(0.03)
Cold War	0.40***	0.49***	0.83	1.04	0.47***	0.48***
	(0.03)	(0.02)	(0.10)	(0.14)	(0.04)	(0.02)
Number of Observations	*6316*	*5784*	*5784*	*5784*	*5784*	*5784*
2 x Log Likelihood	*-29,458.90*	*-14,746.09*	*-6,907.78*	*-3,140.03*	*-24,900.72*	*-12,034.67*
AIC	*29,488.89*	*14,776.09*	*6,937.78*	*3,170.03*	*24,930.72*	*12,064.67*
Pseudo R^2	*0.06*	*0.12*	*0.08*	*0.11*	*0.08*	*0.14*
Overdispersion Parameter Alpha	*6.22*	*0.69*	*8.79*	*3.96*	*5.30*	*0.92*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Alpha levels are all statistically discernible from 0. Statistical significance is indicated as followed: *$p<0.05$ **$p<0.01$ ***$p<0.001$

Appendix Figure 19

Conditional Effect of Aid_{t-10} on Terrorist Attacks

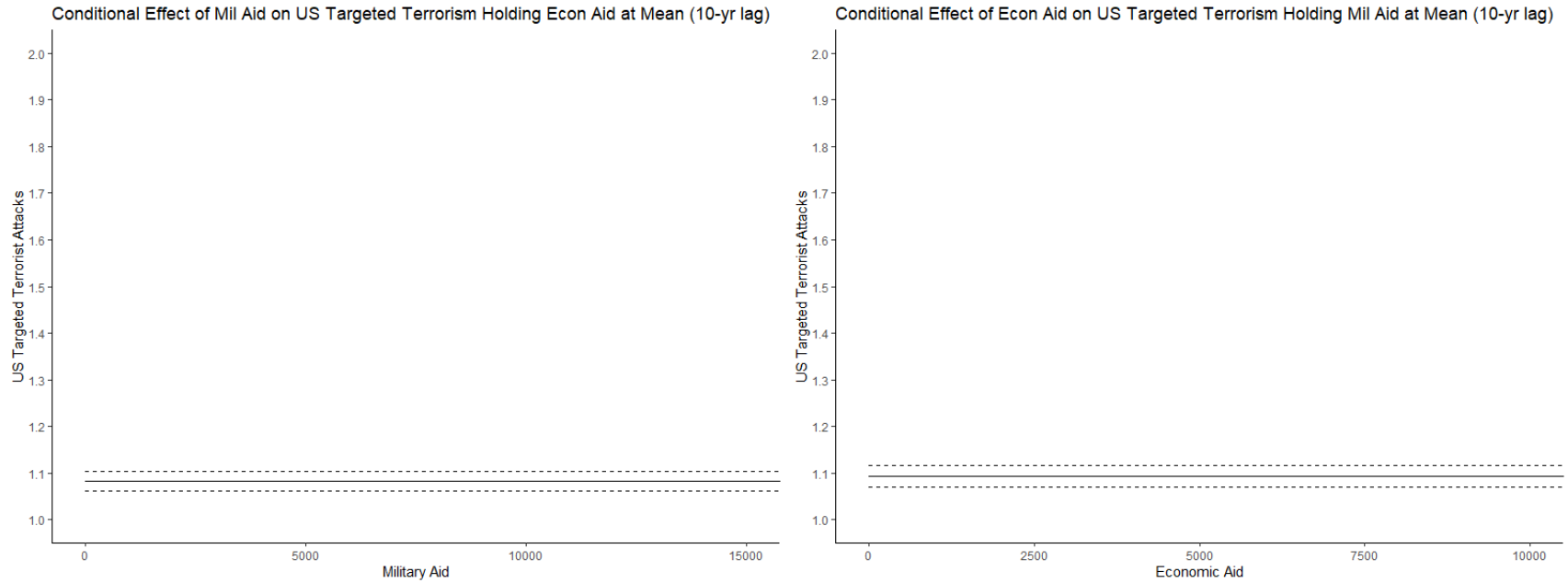


(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the total number of terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on terrorism holding military aid at mean level. The estimates are based on Model 73 of Appendix Table 14.

Appendix Figure 20

Conditional Effect of Aid_{t-10} on US Targeted Attacks



(a) (b)

Note: Graph (a) charts the conditional effect of military aid on the number of US targeted terrorist attacks holding economic aid at mean level. Graph (b) visualizes the conditional effect of economic aid on US targeted terrorism holding military aid at mean level. The estimates are based on Model 75 of Appendix Table 14.

Appendix Table 15

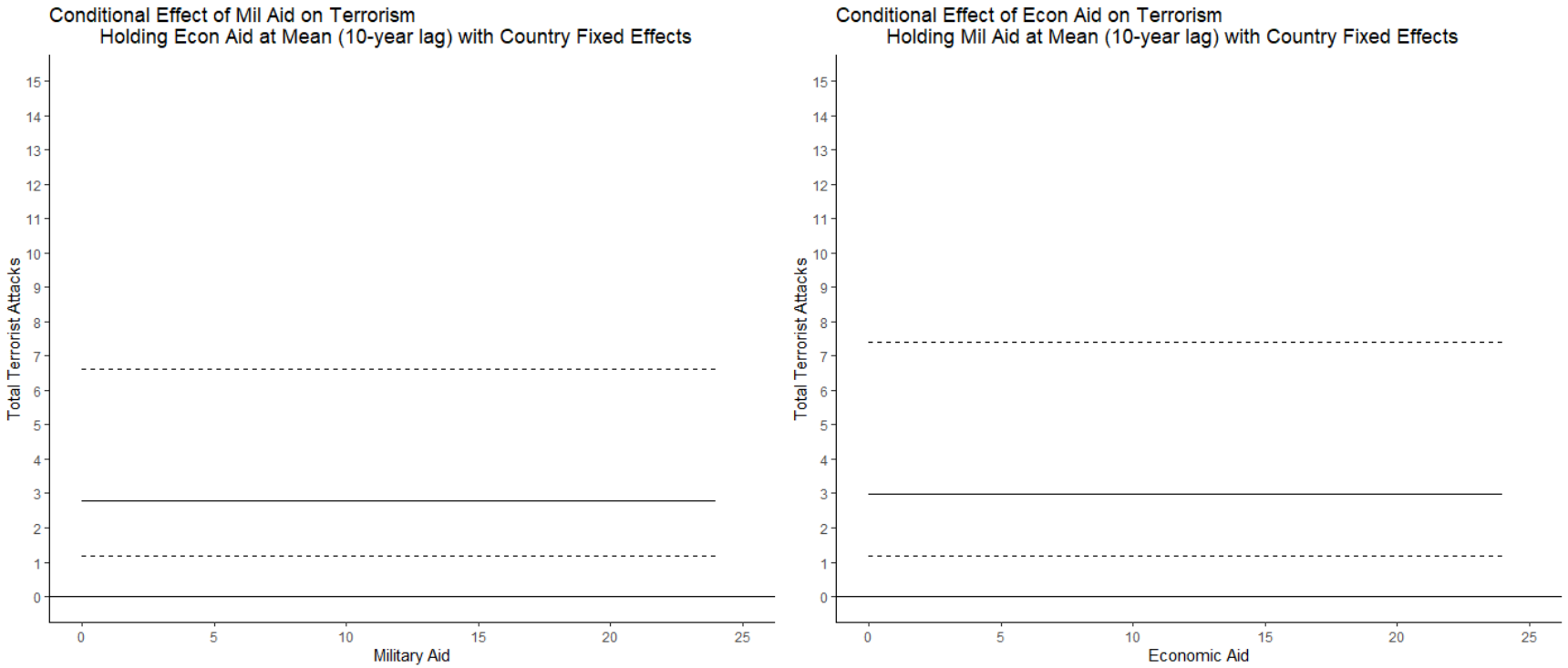
Aid_{t-10} and Terrorism Binomial Count Model with CFE

	(79)	***(80)***	***(81)***	***(82)***	***(83)***	***(84)***
	Total Attacks	***Total Attacks (logged)***	***US Targeted Attacks***	***US Targeted Attacks (logged)***	***Non-US Targeted Attacks***	***Non-US Targeted Attacks (logged)***
Military Aid_{t-10}	1.00	1.00*	1.00	1.00	1.00	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Economic Aid_{t-10}	1.00***	1.00***	1.00*	1.00	1.00***	1.00***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Military Aid_{t-10}*Economic Aid_{t-10}	1.00	1.00*	1.00	1.00	1.00	1.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Personalist $Regime_{t-1}$	0.62**	0.87	0.67	0.31***	0.61***	0.81*
	(0.09)	(0.07)	(0.18)	(0.09)	(0.09)	(0.07)
$Democracy_{t-1}$	1.00	0.99	0.98	0.81	0.98	0.92
	(0.13)	(0.06)	(0.22)	(0.22)	(0.12)	(0.06)
Military $Regime_{t-1}$	1.73***	1.48***	1.19	0.97	1.72***	1.43***
	(0.25)	(0.10)	(0.29)	(0.28)	(0.23)	(0.11)
GDP $(logged)_{t-1}$	3.70***	2.01***	2.29***	1.64*	3.66***	2.10***
	(0.35)	(0.11)	(0.39)	(0.35)	(0.34)	(0.14)
Population $(logged)_{t-1}$	151.91***	11.38***	15.58***	13.75***	135.44***	15.10***
	(25.30)	(1.06)	(4.18)	(4.70)	(22.46)	(1.72)
Civil War_{t-1}	5.67***	2.02***	2.04***	1.81***	5.72***	2.21***
	(0.52)	(0.08)	(0.30)	(0.29)	(0.48)	(0.10)
Interstate $Rivalry_{t-1}$	3.14***	1.71***	3.17***	2.70***	2.96***	1.79***
	(0.34)	(0.09)	(0.59)	(0.64)	(0.30)	(0.11)
Media Score	0.90*	0.93***	0.81*	0.85	0.86**	0.90***
	(0.05)	(0.02)	(0.07)	(0.08)	(0.04)	(0.03)
Post 9/11	0.12***	0.39***	0.17***	0.26***	0.13***	0.36***
	(0.01)	(0.02)	(0.03)	(0.05)	(0.01)	(0.02)
Cold War	0.97	1.10*	1.42*	1.90***	1.05	1.13*
	(0.09)	(0.05)	(0.21)	(0.31)	(0.09)	(0.06)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Number of Observations	*5784*	*5784*	*5784*	*5784*	*5784*	*5784*
2 x Log Likelihood	*-29,442.94*	*-12,393.41*	*-5,809.22*	*-2,376.32*	*-22,185.42*	*-9,757.55*
AIC	*29,474.94*	*12,705.41*	*6,121.22*	*2,688.32*	*22,497.42*	*10,069.55*
Pseudo R^2	*0.06*	*0.26*	*0.22*	*0.33*	*0.18*	*0.30*
Overdispersion Parameter Alpha	*6.19*	*0.01*	*3.19*	*0.58*	*2.33*	*0.01*

Note: Incidence rate ratios are reported in cells, standard errors in parentheses. Overdispersion parameters alpha are all statistically discernible from 0, expect for models 80 and 84. Re-estimating models 80 and 84 with a Poisson regression produces very similar results. Statistical significance is indicated as followed: *p<0.05 **p<0.01 ***p<0.001

Appendix Figure 21

Conditional Effect of Aid_{t-10} on Terrorist Attacks with CFE



Note: Graph (a) charts the conditional effect of economic aid on the number of total targeted terrorist attacks holding military aid at mean level controlling for inter-country heterogeneity. Graph (b) visualizes the conditional effect of military aid on total targeted terrorism holding economic aid at mean level controlling for inter-country heterogeneity. The estimates are based on Model 79 of Appendix Table 15.