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Dangerous Delegation: Explaining the Rationales and Outcomes of State
Sponsorship of Terrorism through the Principal-Agent Framework

BY

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DISSERTATION

Submitted in partial fulfillment of the requirements for
the degree of Doctor of Philosophy in Political Science
in the Graduate School of
Binghamton University
State University of New York
2018

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Accepted in partial fulfillment of the requirements for
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in the Graduate School of
Binghamton University
State University of New York
2018

May 8th, 2018

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Abstract

State sponsorship of terrorism, where a government deliberately provides resources and material support to a terrorist organization, is common in the international system. By conceptualizing state sponsorship as a relationship between a principal and agent, I develop a consistent theoretical model that explains why states pursue this foreign policy strategy, as well as how they rationally attempt to minimize the inherent risks of delegating to violent non-state actors. I test my model by using a novel dataset on sponsorship behaviors that improves on the range, detail, and temporality of previously used measurements. My dissertation is organized into three distinct papers, the first of which examines why states choose to delegate to terrorists, the second, which organizations they are likely to support, and the third, how they attempt to control these unpredictable actors.

Dedication

To my beloved wife, Riya, for all of her support and encouragement during our time together in Graduate School.

And to my parents, Linda and Carl, for their love, encouragement, and willingness to both edit my drafts and drive me to the airport.

Acknowledgements

I would first like to thank my advisor, Seden Akcinaroglu, for the enormous amounts of guidance and support she offered me throughout my time at Binghamton. I am also indebted to the other members of my committee, Benjamin Fordham and Katja Kleinberg, for their support during the dissertation process, as well as Wendy Martinek for her constant encouragement and professional guidance. I would also like to thank the faculty, staff, and graduate students of the Binghamton University Department of Political Science for their advice in research, teaching, and professional development. I would next like to thank Michael Colaresi and the anonymous reviewers at *International Interactions* for their support in the publication of my first academic article based on this dissertation. I would also like to acknowledge Erica Chenoweth, James Piazza, and several other chairs, discussants, and participants at the APSA, ISA, Peace Science, and ASMEA Annual Conferences and Conventions for their useful feedback. Finally, I would like to thank my wife, Riya Das, my parents, Carl Berkowitz and Linda Emanuel, my brother Drew, and close friends Amanda Levine and Rudi Nel for their love and friendship during these six years. I could not have done it without you all.

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Introduction

Why do sponsors of terrorism choose to provide resources to violent non-state actors, and having done so, how do they select and control these controversial and dangerous actors?

Although isolated acts of terrorism have frequently been conducted by individuals, the greatest terrorist threats to public safety come from well-organized and well-equipped terrorist organizations, engaging in planned and systemic acts of political violence. Unfortunately, the organizational costs of terrorism are relatively low when compared to the billions many nations spend annually on defense budgets, such as the expenditure on Al Qaeda's devastating 9/11/2001 terrorist attacks, estimated at half a million dollars (Kean and Hamilton 2004).

Terrorist organizations operate on the far extremes of the political system, however, and the typically illegal nature of these groups creates difficulties in acquiring the resources, training, and expertise necessary for coordinated, lengthy terrorism campaigns (Hoffman 2006; Kydd and Walter 2006). Because of this, a greater understanding of how terrorist organizations obtain their operating finances and training can contribute to both the scholastic understanding of terrorist organizations, as well as policy formulation on how to reduce the threat of terrorism.

State sponsorship of terrorism can be viewed as distinct from other funding methods, due to the introduction of a state actor in the terrorism process. Previous literature on state sponsorship of terrorism has conceptualized the relationship between the sponsor and organization as a principal-agent relationship, a framework originating from literature on government bureaucracies and other hierarchical systems (Bapat 2012; Byman and Kreps 2010). State sponsors will provide resources, ranging from medical supplies to training and weaponry,

to terrorist organizations. In return, the sponsored organization will engage in violence in order to achieve policy goals desired by the state, becoming an agent for the sponsor's interests. Sponsorship offers a number of possible benefits, such as weakening a target state's military, diplomatic leverage, or the achievement of ideological objectives. Although the intended objectives will naturally vary from case to case, it is reasonable to assume that sponsorship is intended to achieve specific objectives that would otherwise be costly, difficult, or impossible for the state to achieve without the organization's specialized skills.

However, providing material support to terrorist organizations can also result in significant costs for states that engage in this behavior (Byman and Kreps 2010; Carter 2012; Conrad 2011). Terrorist organizations expressly engage in violence against civilian populations, and states that have been revealed to support these groups may experience normatively-driven international diplomatic penalties and domestic political scandals. State sponsors will also be concerned with the errant behaviors of their agents, which is commonly referred to as agency loss or shirking. Sponsored terrorist organizations have frequently acted in ways that directly contradict the interests of their principals, such as shifting the targets of terrorist attacks, escalating low-intensity conflicts, and publically failing important or complex operations. In severe instances of agency loss, terrorist organizations have completely broken with their principals, including the launching of terrorist attacks directed at the sponsor state. Given the potential for the negative outcomes of state sponsorship to outweigh the policy benefits of delegation, it is puzzling that states continue to delegate to these violent non-state actors.

The principal goal of my dissertation is to develop the theoretical and empirical tools necessary to evaluate broad patterns of sponsorship decision-making and behavior, advancing both the academic study of sponsorship and resultant policy-making. I expand upon existing theoretical research by incorporating strategic decision-making and cost-benefit analysis to the

principal-agent framework. I argue that states should balance their incentives to engage in terrorism sponsorship with the potential for political, diplomatic, and security costs, and engage in sponsorship only when their expected utility is high. Since it is impossible to completely eliminate the risks of agency loss, states will also seek to control the behaviors of their agents, acting in ways that are similar to more conventional principal-agent relationships (Hawkings et al. 2006). My theoretical models contend that the broad patterns of sponsorship will reflect these considerations in clear and predictable ways, opening avenues for future research and policy consideration.

I test these models using a novel dataset and large-N empirical tests, which allow me to examine broader patterns of state sponsor-terrorist organization relationships than could previously have been explored. In addition to collecting a larger number of sponsorship cases, my dataset also varies over time, allowing for time-sensitive analyses to be conducted. The dataset also includes a wide variety of variables detailing the specifics of the sponsorship relationship, such as the type of support provided. As the opacity of terrorist organizations and the covert nature of sponsorship result in innate concerns over the reliability of data on sponsorship patterns, I have utilized a multi-source data collection process that can assess the reliability of sponsorship observations. This data, which will be publically released after the conclusion of this project, may also be valuable for other scholars examining state sponsorship of terrorism or broader sources of funding for terrorist groups. When combined with the sophisticated empirical models and predictive heuristics I utilize in my dissertation, this dataset allows me to fully explore the broad sponsorship questions and general theoretical models I outline below.

In my first paper, I ask why states are motivated to engage in sponsorship, and whether state sponsors strategically weigh the benefits and risks of this behavior. In the second paper,

which focuses on sponsorship in the Middle East, I ask why state sponsors select the specific groups the sponsor, utilizing a two-stage empirical model to evaluate both the initial decision to engage in sponsorship and the group selection process. In my final paper, I ask how the relationship between the state and the terrorist organization will affect the behaviors of sponsored groups.

Paper 1: Delegating Terror: Principal-Agent Based Decision Making in State Sponsorship of Terrorism

Following his successful 1969 coup d'état, Muammar Gaddafi ruled Libya for 42 years. During his first decades in power, the Libyan government regularly provided funding, training, and material resources to organizations that engaged in politically-motivated violence against civilian populations, or terrorism. Gaddafi's sponsorship decisions appear to be deliberately strategic in nature, as the target selection of sponsored groups frequently benefited Libyan interests (Collins 2004). In some instances, terrorist groups were supported to advance Libyan regional influence and territorial claims, such as the Chadian Movement for Democracy and Development and the Islamic Legion. In others, such as Libyan support for the Irish Republican Army and the Arab Commando Cells, sponsorship was intended to replace conventional attacks against militarily superior enemies, like the United States and United Kingdom (Hoffman 2006).

Although the sponsorship of terrorist organizations allowed Gaddafi to have a significant influence on regional and international politics, the costs to Libya from its aggressive sponsorship were high. International outrage from the United Nations, US military reprisals, and multilateral economic sanctions significantly weakened the Libyan economy, military capabilities, and reputation. By the later decades of Gaddafi's

regime, his government had almost completely discarded terrorism sponsorship as a foreign policy, with few if any of Libya's policy goals having been achieved. Given the international costs of being labeled a terrorism sponsor, and the dubious benefits, it is puzzling that Gaddafi's Libya and other states have pursued this policy option so vigorously.

State sponsorship of terrorism, despite its strongly negative connotations and continual condemnation from international organizations, is common in the international system. Over 50 nations have either explicitly or allegedly engaged in this behavior since 1970, ranging from United States sponsorship of the Nicaraguan Contras to Syrian and Iranian support for the Lebanese Hezbollah organization. Although in recent years some of the most devastating terrorist organizations, such as Boko Haram and the Islamic State, have engaged in campaigns of violence without state sponsorship, external support remains a valuable source of funding and training for many terrorist groups (Agbiboa 2013; Byman and Kreps 2010). If counter-terrorism policymakers wish to reduce the number of state-sponsored organizations, a vital first step is to comprehensively examine which states become sponsors and why they choose to engage in this behavior.

In this article, I examine the motivations that drive a state to sponsor terrorism in another country, employing large-N empirical methodology to investigate a wide range of dyadic relationships. Using prior applications of the principal-agent framework as a foundation, I develop a model that interprets state sponsorship as a delegation of foreign policy objectives from the government of a state to a nonstate actor.

Sponsorship offers a number of strategic benefits, allowing states to influence the policies of others more effectively, discretely, and with lower costs than direct military action. However, there are significant risks associated with pursuing this strategy, including international condemnation, domestic disapproval, and even reciprocal sponsorship of terrorism. As Gaddafi discovered, the costs of sponsoring terrorism may grow to outweigh the benefits. Because of Libya and other visible examples of state sponsorship's potential risks, the variations in costs and benefits should influence potential sponsors' decisions on whether or not to pursue this strategy. I test this argument utilizing a new dataset that examines state sponsorship across all countries between 1970 and 2008.

Previous Research

Although not all sponsored terrorist organizations can be considered insurgent groups, a wealth of literature exists on external support in civil wars (Findley and Teo 2006; Salehyan 2010). Political interests appear to motivate many external interventions, such as advancing the sponsor's ideological interests in the region or weakening a rival state (Nasr 2006; Prunier 2004). Interventions often significantly influence the outcomes of civil wars, with the presence of external support for rebel groups related to longer and more deadly conflicts (Regan 2002; Salehyan et al. 2014). A common explanation for rebel sponsorship is that it is a form of policy delegation, wherein the supporter has specific goals for the outcome of the civil war and will attempt to control the actions of a rebel group in order to achieve them.

Although delegation to rebel groups can provide significant benefits, the risks associated with delegation lead Salehyan and other scholars to conceptualize state sponsorship of rebel organizations as a principal-agent relationship (Hawkins et al. 2006; Salehyan 2010). Salehyan argues that states lose policy autonomy when they support insurgencies, principally due to a lack of information about the true preferences of the group, or agent. This can lead to the agent engaging in undesired behaviors, such as indiscriminate violence against civilians or conflict escalation (Salehyan et al. 2014). Delegation can also result in costs outside of the sponsorship relationship, including retaliation by targeted states and international condemnation.

The principal-agent framework has also been utilized to examine state sponsorship of terrorist organizations. In the article "Agents of Destruction," Byman and Kreps develop a principal-agent framework similar to Salehyan's, which accounts for both the incentives of states to delegate policy to terrorist groups and the resulting agency problems (Byman and Kreps 2010). Their model suggests that terrorist organizations have unique characteristics which will provide benefits to sponsors beyond those available from insurgent groups. These include the clandestine nature of terrorist organizations, offering plausible deniability to sponsors, as well as the transnational and asymmetric capabilities of terrorism, which will allow sponsors to credibly commit to international threats regardless of conventional military strength (Hoffman 2006; Sandler 2010). Byman and Kreps utilize a selection of case studies to support their arguments, drawing on prominent sponsorship examples in Lebanon, India, and Afghanistan. Since this empirical technique cannot test broad patterns of

behavior, expansions to this analysis using large-N quantitative methods may offer additional evidence of the principal-agent framework's value.

Previous large-N analyses have examined state sponsorship as an independent variable, finding significant differences between sponsored and non-sponsored groups. Sponsored groups appear to be more likely to negotiate with their targets, and are also responsible for causing fewer average fatalities than other groups (Asal and Rethemeyer 2008; Bapat 2006). Similar behavioral characteristics have been found to significantly increase the likelihood of organizational success (Abrahms 2012). However, some forms of sponsorship have been found to increase the likelihood that an organization will forcibly dissolve, suggesting that state sponsors strategically betray organizations that no longer work towards their interests (Carter 2012). These findings strongly support the argument that sponsorship is policy driven, as changes in sponsored group behavior and resultant outcomes can be explained through external pressure to pursue achievable political goals.

The interpretation of sponsorship as not only policy driven, but strategic, is strengthened by previously observed links between interstate political disputes and terrorism. Earlier analyses have found that an empirical connection exists between interstate rivalry and greater numbers of transnational terrorist attacks (Conrad 2011; Findley et al. 2012). Unfortunately, the dyadic data utilized by these analyses only examines the total number of transnational terror attacks in a given year. Since these articles cannot differentiate between attacks by sponsored and non-sponsored organizations, they cannot establish a clear link between government strategy and

terrorist behavior. In addition to testing the validity of the principal-agent framework, my new data collection fills this empirical gap, enabling scholars to more accurately examine the strategy of state sponsorship in a variety of theoretical contexts.

Defining Terrorist Organizations

I adopt the Global Terrorism Database definition of behaviors that constitute terrorism, and resultantly what constitutes a terrorist organization. The GTD definition of terrorism is an intentional act of violence (or the threat of violence) by a subnational perpetrator, which must be carried out with a specific political, social, economic, or religious goal, communicate to an intended audience beyond the immediate victims of the attack, and deliberately target either civilians or noncombatants (LaFree and Dugan 2007; START 2015).

Defining Sponsorship

In the context of this article, I define state sponsorship as the deliberate provision of resources and material support to a nondomestic terrorist organization by a government institution.¹ I limit my definition to material forms of support that offer concrete advantages for terrorist organizations, such as money, military equipment, nonmilitary material resources, training facilities, and safe havens.²

¹There exists a sizable amount of previous research on government support of domestic militias in civil war, many of which also engage in terrorism. This includes recent research on the incentives to delegate to domestic actors (Carey et al. 2015; Eck 2015) and the impact of government support on militia behavior (Mitchell et al. 2014; Stanton 2015).

My definition excludes instances in which a state only provides nonmaterial support to a terrorist organization, such as diplomatic recognition. Since this form of support will not directly contribute to an organization's survival, a nonmaterial supporter will not gain the level of control over a group's goals and behaviors that comes with material dependency. The provision of nonmaterial support will also result in lower risks for the state, as the weaker relationship between the state and terrorist organization may lead to smaller reputational costs than would occur in instances of material support. These differences are sufficient to suggest an analytical distinction between material and nonmaterial forms of support, and so I will focus exclusively on the former.

My definition also excludes instances in which a government allows domestic nonstate actors to provide material support to terrorist organizations. Such passive sponsorship can provide significant material benefits to the group, but fundamentally results in a weaker relationship between a state and terrorist organization than active sponsorship (Byman 2006). Since a passive sponsor merely tolerates a group's activities, these states will have less influence than active sponsors, but will also face fewer risks from normative outrage. The criterion of awareness by a state's government also creates a significant empirical obstacle for outside observers in differentiating passive sponsors from states that are ignorant of terrorist fundraising or unable to effectively prevent terrorist activity.

²Although previous research (Carter 2012) has found that safe havens may contribute to a group's eventual dissolution, the immediate organizational benefits of safe havens strongly suggest this form of support is closer in impact to material resources than nonmaterial.

The Principal-agent Relationship

The principal-agent framework has its roots in research on bureaucracies and firms, but in recent years has been frequently utilized in studies of international political institutions, such as alliances and international organizations (Eisenhardt 1989; Hawkins et al. 2006). The framework's central component is the concept of delegation, in which one actor, the principal, enlists a second, the agent, to act in a way that serves the principal's interests.

Principal-agent relationships can easily be applied to conceptualizing state sponsorship of terrorist groups. State principals will delegate to terrorist agents in order to achieve foreign policy objectives, such as projecting power, advancing an ideological agenda, or satisfying a domestic constituency (Bapat 2012). The decision to delegate should be motivated by the comparative advantages of terrorist organizations over other methods of coercion available to the state, such as conventional military forces or covert intervention (Hoffman 2006; Pape 2003; Poznansky 2015).

All principal-agent relationships have the potential for agents to behave in ways that do not serve the interests of the principal, which is typically referred to as agency loss (Sappington 1991; Shapiro and Siegel 2007). Although the risk of agency loss is an important consideration in the decision to delegate, this is not the only potential cost in the context of terrorism sponsorship (Byman and Kreps 2010). State sponsors must also consider the negative international consequences of being identified as a supporter of terrorism, such as withdrawals from trade agreements, military strikes, or even

reciprocal support of domestic terrorists. Sponsorship may also incur reputational costs from domestic audiences, due to the negative normative judgments that arise from violence against civilian targets. These concerns create a clear distinction between licit principal-agent relationships and state sponsorship, as the potential costs associated with this form of delegation will be naturally higher than others. This may explain why a comparatively smaller number of states choose to delegate foreign policy to terrorist groups compared with delegation of authority to international organizations such as the United Nations or the World Health Organization (Bradley and Kelley 2008).

Benefits of Sponsorship

Since its creation in 1948, Israel has faced strong opposition from many Muslim majority states in the Middle East. Despite Israel's relatively smaller size and population, its superior conventional military allowed it to routinely defeat its neighbors during the first decades of the nation's existence. In recent years, a number of still hostile states, particularly Syria and Iran, have pursued nonconventional methods of striking at Israel, most notably through their sponsorship of anti-Israeli terrorist organizations like Hezbollah and Hamas (Rabil 2006). The material support provided by the two states has allowed these groups to engage in continual campaigns of terrorism and insurgent violence, leading to often controversial counter-terrorism efforts by the Israeli military (el-Hokayem 2007; Findley et al. 2012). By sponsoring terrorist groups, Iran and Syria have been able to demonstrate their continued opposition to Israel's

existence, weaken the Israeli military, and tarnish Israel's international reputation, all without suffering the probable high costs of direct military conflict with their opponent.

This example demonstrates the potential benefits states may obtain by delegating foreign policy goals to terrorist organizations. However, states have numerous options to manipulate other states' policies, and the empirical record suggests that most foreign policy disagreements are not resolved by terrorism sponsorship (Colaesi et al. 2007). Terrorism sponsorship should therefore offer a distinct policy benefit to a state in order to justify its selection in addition to, or instead of, alternative mechanisms of coercion, such as diplomacy, economic sanctions, or military force.

When compared to other methods of interstate coercion, delegating to terrorist organizations has a number of distinct strategic advantages. The first is the inexpensive nature of sponsorship, as the material expenditures necessary for supporting a terrorist campaign will be lower than the costs of deploying conventional military forces (Byman 2006; Laquer 1996). States will also be able to employ terrorist organizations in assassinations or kidnappings, reducing the need for costly covert agencies, which are frequently underdeveloped in non-great power states (Carson 2016; Gleditsch and Høgetveit 1984).

Despite these lower costs, the likelihood of coercive success will not necessarily be diminished, as terrorism is an asymmetric method of conflict that can be successfully utilized by small, comparatively weak actors (Arreguin-Toft 2001; Sobek and Braithwaite 2005). In some circumstances, state-sponsored terrorism will be a more effective tool

of coercion than conventional military or covert interventions. Unlike the limited forms of conventional warfare common in recent decades, terrorism directly impacts civilian populations, potentially pressuring the targeted state to make concessions in order to avoid domestic unrest (Kydd and Walter 2006; Pape 2003). Terrorist organizations will also be more aggressive than government actors, selecting targets and utilizing tactics that would not be considered by risk-averse covert agencies. This violence, coupled with the extremist ideology of most terrorists, has been argued to increase the bargaining power of sponsor states, due to the perception that only the sponsor can control its otherwise unrestrained agents (Bapat 2012).

Prior to becoming sponsors, the governments of Syria and Iran had strong preferences regarding Israel's foreign and domestic policies, and it was unlikely that any of their goals would have been achievable through diplomacy. These paired factors provided incentives to engage in the risky strategy of sponsorship. Neither Syria nor Iran have sponsored terrorist organizations in states with whom they enjoy historically friendly relationships, such as Russia, or in states with few overlapping interests, such as geographically distant Latin American nations. If both political and strategic incentives exist, it is reasonable to assume that a state will see greater incentives to sponsor terrorism than if one or both are absent.

One type of relationship that offers both incentives is a lengthy history of disputes and antagonism between the potential sponsor and the target, often referred to as rivalry. Rivalry has been identified as a significant motivator for interstate conflicts, ranging from border disputes and trade disagreements to militarized conflict

(Colaresi et al. 2007; Diehl and Goertz 2000). Although the continued interactions between rivals will likely result in strong policy preferences, rivalry will also increase distrust and reduce the likelihood of cooperation. In these circumstances, the incentives to rely upon violent coercive strategies in order to force specific political changes will increase.

Although a state sponsor of terrorism will avoid the high costs of direct military conflict, the same cannot be said for the target state, making sponsorship attractive for long-term rivals. States that experience terrorist campaigns often suffer costs similar to those in conventional wars, such as losses to civilian populations, damage to key infrastructure, and weakened military capabilities (Epright 1997; Frey et al. 2007). These effects may be exacerbated if the terrorist organization is strengthened and sustained by outside support (Byman et al. 2001; Overgaard 1994). While the military capabilities of the target state are drained by longer, costlier counter-terrorism campaigns, the sponsor's capabilities will be unaffected, adjusting the balance of power in its favor. This readjustment in capabilities will offer little benefit to nonrivals, as they will be less likely to experience future military conflicts. Diminishing a rival state's capabilities, however, will benefit a potential sponsor, as the likelihood of future hostilities will be high.

Rival states will also be attracted to the potential efficacy of terrorism when compared with other forms of nonmilitarized coercion available to them. Repeated hostile interactions with a rival state will harden the positions of the states relative to each other and reduce their overlapping interests, making nonviolent forms of coercion

available to other states unlikely to succeed (Drezner 1999; Miyagawa 1992; Wagner 1988). A foreign power controlling a well-equipped terrorist organization will gain a significant bargaining chip when negotiating with a hostile state, as such a group can cause significant disruptions to the target's economy and political system (Conrad 2011).

Although most states should benefit from weakening the capabilities of a rival, it is reasonable to assume that states will benefit more from the declining capabilities of a stronger opponent than a weaker one. Direct conflict with a militarily powerful rival will be risky for a weaker state, as the probability of victory will be low and the potential costs of defeat will be high (Colaresi et al. 2007; Waltz 1979). By sponsoring terrorist organizations to attack a strong rival, the weaker state not only gains the benefits of the terrorist campaign, but can also avoid the negative consequences of directly confronting its enemy.

Israel's difficulties in occupying southern Lebanon while simultaneously combating domestic terrorism clearly illustrate the incentives of rivals to sponsor terrorist organizations. Despite Israel's superior military force successfully occupying parts of Lebanon from 1982 to 2000, Israeli military objectives were politically hampered by Syrian-sponsored terrorist campaigns, both in Lebanon and within Israel itself. Operating independently, it is unlikely that the Syrian military would have been able to forcibly dislodge Israeli troops from Lebanon. By supplying equipment and resources to multiple terrorist organizations, Syria increased the costs of the Lebanese occupation, ultimately contributing to Israeli withdrawal (Rabil 2006). Although many of

Syria's desired goals, such as the dissolution of the Israeli state, were not achieved, sponsorship did contribute to a foreign policy victory that might otherwise have been unachievable.

Due to the strategic and political advantages of sponsoring terrorist organizations that target rival states, the likelihood of a state choosing this strategy should be significantly higher if the target state is a rival than if no such antagonism exists. However, this effect will be influenced by the relative military capabilities of the two rivals, as the weaker state in a rivalry will have greater incentives to delegate to terrorist organizations than the stronger state. Therefore, the likelihood of a rival state sponsoring a terrorist organization should be comparatively higher if the potential sponsor is weaker than its rival.

Hypothesis 1: If a state is both weaker than the target state and in an antagonistic relationship, then the likelihood of sponsorship will be higher than if the state is stronger than the target state and in an antagonistic relationship.

Costs of Sponsorship

While Iran and Syria have benefited from their sponsorship of anti-Israeli terrorist groups, this strategy has not been costless. State sponsorship has been utilized to justify a continued program of economic sanctions and diplomatic hostility from both regional powers such as Saudi Arabia and global powers like the United States (Byman 2005; Rabil 2006). The resulting international isolation has helped fuel domestic unrest

and dissatisfaction within both countries, including antigovernment organizations that are allegedly funded by targets of Syrian and Iranian sponsored terrorism.

The costs Iran and Syria have experienced because of their delegation to terrorist groups are not unique. It is clear that state sponsorship of terrorism has the potential to cost the sponsor state as much or more than sponsorship's potential benefits (Byman and Kreps 2010; Collins 2004). The numerous historical examples suggest that potential state sponsors will be aware of the risks associated with choosing to delegate. As a result, I assume that only states which are confident that they will either avoid or minimize the costs of sponsorship should make the rational choice to engage in it, while less confident states will avoid this behavior entirely. While the risk of agency loss will vary significantly depending upon the specific terrorist organization a state chooses to sponsor, states may also suffer costs that are independent from the characteristics of the agent, resulting instead from the decision to utilize sponsorship as a foreign policy strategy.

International Risks of Sponsorship

All of the groups included in my analysis have engaged in at least one act of violence that targeted noncombatants. Although there is considerable variation in patterns of violence committed by terrorist organizations, the deliberate killing of civilians frequently distinguishes terrorism from other forms of violence by nonstate actors (Ganor 2002; Young and Findley 2011). Studies of public opinion within and across countries have noted strongly negative normative opinions towards targeting

civilians, in contrast to the more nuanced views on nonviolent protest movements and insurgent groups that exclusively attack military targets (Hoffman 2006; Stephan and Chenoweth 2008).

Because of these normative reactions, states should be concerned with the negative reputational costs that will emerge if they are definitively identified as sponsors. The inherent difficulty of monitoring terrorist behavior will prevent principals from moderating the actions of their agents, resulting in, with near inevitability, the deaths of civilians. Particularly heinous acts of terrorism have led to international condemnation and economic sanctions against nations that supported the groups responsible, such as airline boycotts of Algeria following the 1968 El Al hijacking and Al Qaeda-related UN sanctioning of the Taliban regime in 2000 (Byman 2005; Ensalaco 2008). Prolific sponsor states such as Syria, Libya, and Iran have experienced long term political and economic isolation, in large part due to their roles in the targeting of civilian populations (Byman and Kreps 2010; Torbat 2005). Even if such efforts are unsuccessful in coercing a state to abandon sponsorship, the economic and political isolation resulting from multilateral punishments can prove highly detrimental to its wealth and influence.

Although these economic and reputational risks reduce the incentives to engage in sponsorship, there are circumstances in which these normative pressures will be reduced or eliminated. The history of conflict suggests that states will be more willing to engage in otherwise reprehensible behaviors when they have already been the targets of those behaviors themselves, such as the widespread use of chemical

weaponry during the First World War (Ellis van Courtland Moon 1984). If a state has already been the target of state-sponsored terrorism, utilizing this strategy can be framed to both domestic and international audiences as a defensive action, necessary in order to "level the playing field."

The patterns of international condemnation towards state-sponsored terrorism suggest that aggressive sponsors are more likely to be punished than reciprocal sponsors. The United States has a history of supporting violent opposition groups in countries whose attacks on US interests have led to international condemnation, such as Libya, Iran, and Afghanistan (Byman 2005). In recent years, Indian defense policymakers have openly stated their support for reciprocal sponsorship, using language such as "kante se kanta nikalna (removing a thorn with a thorn)" to describe countering foreign terrorism with Indian-sponsored organizations (Haider and Haider 2015). Pakistan, a pivotal regional ally of the United States and Great Britain, has made allegations that this policy includes Indian support for domestic terrorist organizations in Balochistan that are attempting to violently separate their province (Wikileaks 2009). However, despite active condemnations of and antipathy towards Balochi separatist groups by American and British policymakers, the two states do not appear to have reprimanded or punished India for its alleged sponsorship (US State Department, Office of the Coordinator for Counterterrorism 2007; UK Home Office 2016). Although this silence may be the result of a number of factors, Pakistan's overt sponsorship of multiple Indian terrorist organizations is likely to have influenced US and UK decision making. If these examples are representative of larger trends, international and

domestic actors will be less inclined to punish the reciprocal sponsor, reducing the overall costs of sponsorship and increasing the likelihood that a potential sponsor will choose to support terrorist organizations that target the initial sponsor.

Hypothesis 2: If a non-sponsor state experienced state-sponsored terrorism perpetrated by the target state in the past year, then the likelihood of sponsorship will be higher.

Domestic Risks of Sponsorship

The authoritarian al-Bashir regime in Sudan has had a lengthy history of both harboring terrorist organizations and directly sponsoring terrorism in regional neighbors such as Chad, Ethiopia, and Uganda (Carney 2005). Sudan's history of terrorism sponsorship has resulted in widespread criticism and isolation from the international community, including economic sanctions and military strikes by the United States. Despite this, the al-Bashir regime has continued to both remain in power and sponsor terrorists, due in large part to the institutional weakness of Sudan's domestic political opposition (Martin 2002).

The durability of the al-Bashir regime demonstrates the role domestic political considerations have on the decision to delegate foreign policy to terrorist organizations. Since alleged or explicit state sponsors of terrorism range from fully developed democracies such as the United States to absolute monarchies like Saudi Arabia, the domestic concerns of sponsors will also vary widely. However, regardless of the institutional system, it is reasonable to assume that the majority of governments will be

motivated by the desire to remain in power for the foreseeable future. Sponsorship has the potential to complicate this goal, as political opponents may seek to use the inherent controversy of supporting terrorism to weaken the sponsoring government.

Because of this, the ability of a government to limit information and oversight over its foreign policy actions will play an important role in reducing the domestic risks of sponsorship. Declassified British and American documents regarding Cold War-era covert operations strongly suggest that policymakers were deeply concerned about the political ramifications of controversial decisions, and deliberately acted in ways intended to evade or reduce domestic oversight (Carson and Yarhi-Milo 2017; Gibbs 1995; Jones 2004). Extremely controversial actions, such as the Central Intelligence Agency's involvement in the 1960 Democratic Republic of the Congo military coup d'état and British military support for Royalist forces in the 1962-1964 Yemen Civil War, appear to have been deliberately concealed from legislative and public oversight. Due to the similarly negative normative views associated with the support of terrorism, potential state sponsors should have similar incentives to hide their behavior from domestic audiences. However, the ability of policymakers to conceal their activities from other domestic actors will vary greatly, even between states that possess broadly similar political institutions, such as advanced democracies (Gleditsch and Høgetveit 1984).

One indicator of a government's ability to reduce or eliminate the risk of domestic oversight is the level of institutional constraint on the actions of the executive. Many states possess institutions that enable other branches of government to monitor and constrain the actions of the executive (Strøm 2000). As the executive branch of a

government is traditionally responsible for the implementation of foreign policy and domestic security, any outside checks on executive behavior have the potential to influence decision making in these policy areas.

Previous research has found that higher levels of executive constraints decrease the likelihood of conventional conflict initiation in democracies (Reiter and Tillman 2002). Given the negative normative associations of sponsoring terrorism, it is also reasonable to assume that executive constraints will reduce the ability of states to sponsor, due to the increased potential for other actors to prevent sponsorship initiation. Executive constraints will also increase the institutional costs policymakers may suffer if state-sponsorship is discovered, such as the political and legal difficulties for the Reagan administration following the Iran-Contra affair (Brody and Shapiro 1989).

The need to be accountable to other political institutions may also limit the executive branch's confidence in its counter-terrorism efforts. Greater institutional checks and balances will, in many cases, prevent the adoption of measures that would improve counter-terrorism capabilities at the expense of civil rights and liberties (Li 2005). This will increase the risks of reciprocal state-sponsored terrorism, as a constrained sponsor will be unable to quickly and effectively deal with terrorist organizations supported by a foreign state (Allen 2008; Piazza 2008; Weeks 2008).

The political and security risks associated with high levels of executive constraints suggest that the costs of sponsorship for constrained governments will be significantly greater than for governments with low executive constraints. As a result,

there should be a significant difference in the likelihood of sponsorship initiation between states with different levels of executive constraints.

Hypothesis 3: If the executive constraints of a state's political system are weak, then the likelihood of sponsorship will increase.

Research Design

The central political relationship I examine in this article is the decision by a state government to sponsor terrorist organizations targeting another state. Since the characteristics of both states are necessary to understand this decision making process, I test my hypotheses using a dataset of directed country-level dyads between the years 1970 and 2008.

I include all possible country-level dyadic pairs in the database, resulting in a total of 1,132,742 observations. Although previous studies of state-level interactions and trends in terrorism have limited the sample of dyads based on political relevance, removing observations that are not contiguous or include a major power reduces the total number of positive observations of state sponsorship in my data by 49% (Findley et al. 2012). This suggests, perhaps unsurprisingly, that state sponsorship of terrorism is not limited by the geographic and material constraints that restrict conventional military operations, a principal rationale for excluding dyads in studies of interstate conflict (Lemke and Reed 2001).

Dependent Variable

Although previous literature has examined static patterns of state sponsorship within small samples of terrorist organizations, I expand upon this empirical work by developing a comprehensive, dynamic database of sponsorship patterns across all states in the international system (Asal and Rethemeyer 2008; Bapat 2012). To create this data, I built upon four existing sources of group-level information about the financing of organizations that utilize terrorism. These sources are the Non-State Actor Dataset (NSA) developed by Cunningham, Gleditsch, and Salehyan, the Terrorism Research and Analysis Consortium (TRAC) digital group-level profiles, the Terrorism Knowledge Base Terrorist Organization Profiles (archived by the University of Maryland National Consortium for the Study of Terrorism and Responses to Terrorism), and the Big Allied and Dangerous (BAAD) 1.0 database, created by Asal and Rethemeyer.

Although each source includes a classification system that differentiates between whether or not a violent nonstate actor obtains support from a state, significant coding was necessary to account for the variance between level of specification, number of organizations, and temporality. For example, the NSA database only examines insurgent groups, ignoring many organizations that exclusively engage in terrorism, but contains a large amount of information on sponsorship characteristics, including the time period in which a group receives support, the type of support received, and whether specific sponsors explicitly acknowledge their sponsorship behaviors. In contrast, the qualitative TRAC profiles include a larger number of terrorist organizations, but most profiles do not include a temporal component or information on sponsor identity and support type. Due to these coding differences, as well as possible

differences in available evidence, I found identification disagreements in roughly 40 percent of the positive observations of sponsorship in my data. To control for these inconsistencies, I divide sponsorship into three categories: the first in which all available sources unanimously agree on sponsorship classification, the second where there are disagreements on classification, and a third combining all observations of sponsorship.³

As I discussed earlier, I define sponsorship as the deliberate provision of resources and material support to a nondomestic terrorist organization by the government of a state. Recorded instances of support which did not fit these criteria were excluded from my dataset, such as state diplomacy on behalf of a terrorist organization.

Using this new dataset, I created a binary variable that indicates whether or not the first state in a dyadic relationship began sponsoring a terrorist organization in the second state in a given year. This indicator is more appropriate to use as a dependent variable than other measurements of sponsorship, as the central question underlying this analysis is why some states begin to sponsor terrorist organizations, while others do not.

Independent Variables

The measurement of rivalry that I utilize is based upon Colaresi and Thompson's definition of strategic rivalry, in which rivalry is indicated by both competition and a perception of threat between dyadic pairs, rather than density of interstate disputes

³ A random sample of state sponsors and sponsored terrorist organizations can be found in the Appendix.

(Colaresi et al. 2007; Diehl and Goertz 2000).⁴ By selecting a definition that explicitly requires hostility between the paired states, I avoid including dyads that experience frequent low-scale militarized interactions, such as maritime disputes, but otherwise enjoy productive diplomatic relationships.

The variable used for the first hypothesis is the interaction of rivalry with the difference in military capabilities between dyadic pairs.⁵ This measurement was generated by subtracting the potential sponsor state's Composite Index of National Capability (CINC) version 4.0 score for the given year from the CINC score of the target state (Singer 1987; Singer et al. 1972).⁶ For ease of interpretation, as I predict that relative weakness will increase the likelihood of sponsorship, I negate this variable in my analysis.

The binary indicator for reciprocal sponsorship was generated from the same data as the dependent variable. I measured whether a potential sponsor had experienced state-sponsored terrorism perpetrated by the target state in the years prior to the observation year, but had not yet sponsored a terrorist organization against the target. I exclude years in which a potential sponsor no longer experienced state-sponsored terrorism or had begun to sponsor terrorism itself from the measurement.

⁴ To control for possible endogeneity between sponsorship and rivalry onset, I exclude instances of rivalry which began the same year as sponsorship.

⁵ The comparison group for this variable, the difference in military capabilities between non-rival states, is accounted for in my models by the composite terms of the interaction.

⁶ As a result, the converse observation for each dyadic pair will have a symmetrical value for difference in capabilities (for example, the reverse of a directed dyad with a score of .1 will have a score of -.1).

Since my conceptualization of reciprocal sponsorship involves a state responding to a seemingly unprovoked sponsorship campaign, a maximum of one state in any dyadic pair, regardless of being directed or not, can be coded under the above criteria. The only exceptions are instances in which both states began to sponsor terrorism during the same year. My data includes three instances of simultaneity, the dyadic pairs of Iraq/Turkey, Ethiopia/Sudan, and the United States/Afghanistan. In these instances, both relevant directed dyads are coded as reciprocal.

The third independent variable, which measures the institutional constraints on the actions of chief executives, comes from the Polity IV dataset (Marshall et al. 2014). This variable, measured on a seven-point scale, captures limits on executive decision making by “accountability groups” such as legislatures, judiciaries, or the military.

Control Variables

I include several control variables in my analyses.⁷ The first is a binary variable indicating whether an observation took place during the Cold War, which I measure as ending in 1991. Previous research on state-sponsored insurgency has suggested that external support to rebel groups was more common during this period (Salehyan 2010).

I also include variables that control for the geographic region of the potential sponsor, excluding East Asian and Oceanic states as the category of comparison.

Previous research shows that Middle Eastern groups enjoy greater longevity than

⁷ Model results with only control variables included and additional control variables can be found in the Appendix.

others, suggesting that sponsorship incentives may differ across regions (Blomberg et al. 2011).⁸

Since the costs of direct military conflict should incentivize states to pursue nontraditional foreign policy options like state sponsorship, I control for whether the potential sponsor was involved in an interstate military conflict during the observation year, obtained from the Correlates of War (COW) Project (Sarkees and Wayman 2010).

I also control for whether or not a potential sponsor state has already sponsored a terrorist organization in a previous year. Governments that have already engaged in sponsorship should be more likely to pursue this strategy than non-sponsor states, as the one-time risks of being labeled as a state sponsor will reduce the costs of each subsequent instance of sponsorship.

Finally, I include a variable that measures the number of years that have passed since a potential sponsor last initiated support for a terrorist organization in the target state. States should experience fewer reputational and material costs for sponsoring terrorist organizations in close geographic and temporal proximity to pre-existing agents. Therefore, as the number of years since a state has sponsored increases, the likelihood of new sponsorship initiations should decrease.

Analysis and Results

As my dependent variable is a binary indicator of the initiation of state-sponsored terrorism, I estimated a number of multivariate logistic regression models to

⁸ Models that control for the geographic region of the target state and whether the two states are in the same geographic region can be found in the Appendix.

evaluate my hypotheses. Because my data is naturally clustered by dyadic pairs, I employed robust standard errors to control for within-dyad effects.

In the three logistical regression models shown in Table 1, strategic rivalry was found to significantly increase the likelihood of a state providing material support to terrorist organizations targeting another state. These findings support my argument that strategic rivalry will fundamentally alter foreign policy incentives, as rival states are willing to pursue a normatively frowned upon and risky foreign policy strategy. A likely explanation for this is that the history of disputes and resultant distrust which characterize strategic rivalry prevent these states from diplomatically influencing the policy choices of their rivals. Therefore, strategic rivals will be forced to rely upon violent methods of policy influence, increasing the potential benefits of delegating coercion to terrorist organizations.

Table 1: Logistic Regression Results for Hypothesis 1

Variable Name	Unanimous Cases	Non-Unanimous Cases	All Cases
Strategic Rivalry	3.75*** (.24)	3.89*** (.32)	3.51*** (.20)
Difference in Capabilities	-15.41*** (2.64)	1.59 (6.60)	-8.49** (2.82)
Rivalry*Difference	23.91*** (5.01)	10.33 (8.20)	17.89*** (4.42)
Cold War	-.47* (.26)	.16 (.30)	-.34* (.18)
N. America/ W. Europe	-.55 (.43)	-.61 (.48)	-.36 (.32)
Latin America	.15 (.37)	-1.03** (.47)	-.30 (.28)
Africa	.42 (.33)	-.59* (.35)	-.07 (.24)

Middle East	1.22*** (.30)	.01 (.35)	.58** (.23)
E. Europe/ Central Asia	-.88** (.40)	-.90* (.51)	-.80** (.33)
Current War Involvement	.90*** (.25)	.07 (.49)	.62** (.22)
Pre-existing Sponsorship	1.45*** (.23)	1.80*** (.28)	1.97*** (.21)
Years Since Last Sponsorship	-.10*** (.01)	-.05** (.02)	-.10*** (.01)
Constant	-8.40*** (.37)	-9.13*** (.41)	-7.86*** (.25)
Number of Observations	1,132,742	1,132,742	1,132,742
Wald Chi-squared	1459.47	679.34	1809.22
Area under ROC Curve	.90	.83	.89

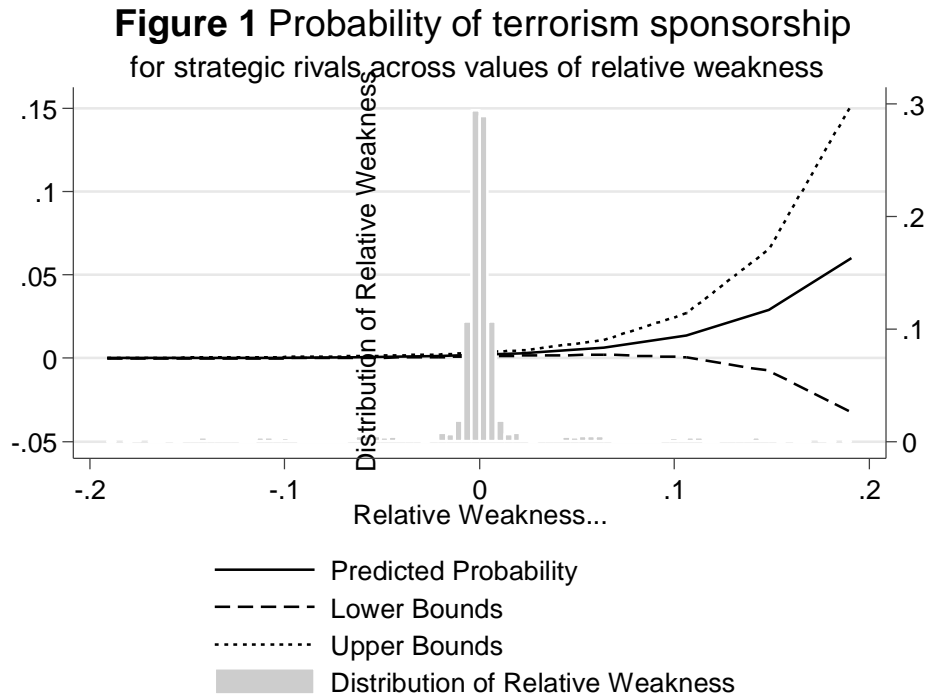
Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

The first hypothesis was empirically supported by two of the three models in Table 1. The results imply that militarily weak states are more likely to sponsor terrorist organizations against rival states than militarily stronger rivals, while weaker nonrival states are significantly less likely to engage in sponsorship than stronger nonrivals. This suggests that rivalry is a crucial driver for this relationship, as without rivalry, weaker states will have no incentive to antagonize stronger ones. The interaction between the effects of rivalry and capabilities also suggests that policymakers in rival states will be well aware of their opponent's military strength, and will select sponsorship when other forms of coercion, such as direct warfare, will be counter-productive. In this way, the decision by a state to sponsor terrorism resembles one of the more common conceptualizations of the decision by a nonstate actor to engage in terrorism, as both

are tools of comparatively weak actors who are unable to accomplish their goals through alternative means (Hoffman 2006; Kydd and Walter 2006). The prominent examples of states sponsoring terrorist organizations after multiple conventional defeats, such as Pakistani sponsorship in Kashmir and Syrian sponsorship of anti-Israeli organizations, reinforce this explanation, since these states clearly view sponsorship as a more productive strategy than engaging in another costly, and likely fruitless, war against their powerful rivals.

The relationship reported by the coefficients can only offer a partial insight into the impact of the relative capabilities of rivals on terrorism sponsorship. The predicted probabilities of this effect across all instances of sponsorship, shown in Figure 1, indicated that the likelihood of state sponsorship did not significantly increase for rivals with dramatically weaker relative capabilities. One explanation for this finding is that potential sponsors will consider the debilitating costs of military conflict with a dramatically stronger state. This will motivate states to avoid any form of antagonism towards a dramatically stronger rival, including engaging in terrorism sponsorship. Although this observation complicates my findings, it should be noted that dyad-years where this disparate level of material capabilities exist were uncommon, accounting for less than two percent of the total observations in my analysis and three percent of rivalry observations.

Figure 1: Probability of Terrorism Sponsorship



In each of the three models in Table 2, previously being targeted by state-sponsored terrorist organizations significantly increased the likelihood that a non-sponsor state would reciprocate. Since reciprocal sponsors, by definition, do not have a prior history of terrorism sponsorship, these results suggest that a significant shift in foreign policy incentives occurred after these states were targeted by state-sponsored terrorism.

Although the substantive effect of reciprocity, shown in Figure 2, was consistent with the results in Table 2, the specific mechanism behind this shift is likely to vary significantly from case to case. For some states, the threat of a foreign-funded terrorist organization may be sufficient to alter domestic political norms, increasing support for an otherwise controversial foreign policy. Alternatively, the driving force behind this

change may be international, as being attacked through state-sponsored terrorism has the potential to reduce foreign disapproval if the state responds in kind. Unfortunately, the indicator I used for reciprocity cannot capture the variation in the incentives driving this behavior, and few states will publicize the decision making process behind their delegation to foreign terrorists. As a result, any broad conclusions or comments I am able to make about reciprocal sponsorship, beyond the recognition that it is an observable behavior, must, by necessity, remain largely speculative.

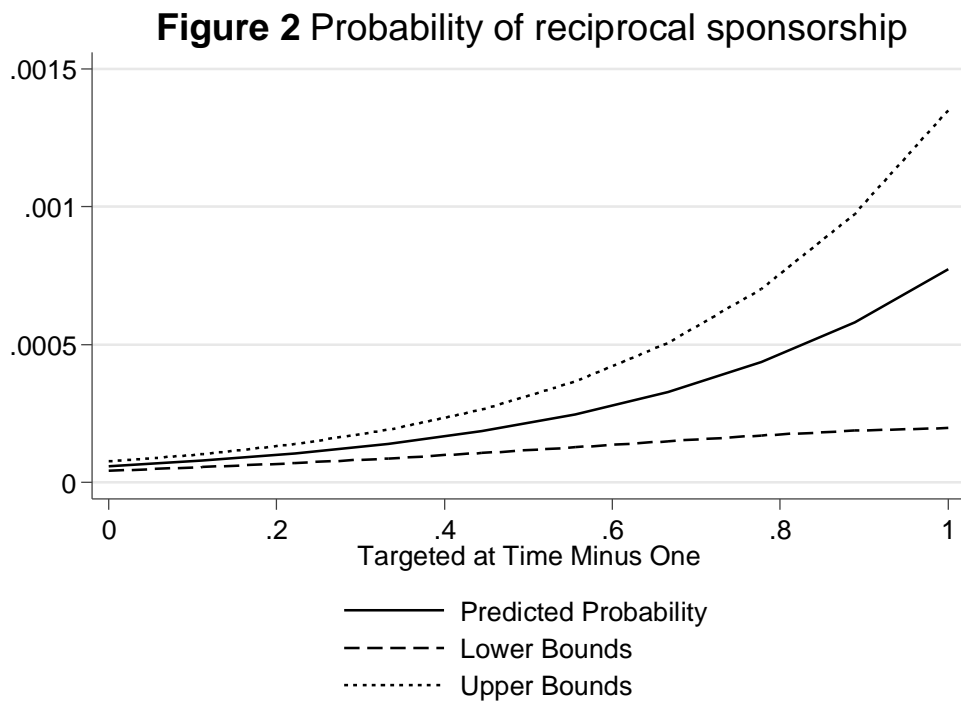
Table 2: Logistic Regression Results for Hypothesis 2

Variable Name	Unanimous Cases	Non-Unanimous Cases	All Cases
Targeted _{t-1}	2.70*** (.53)	4.08*** (.52)	2.58*** (.34)
Cold War	-.68** (.29)	-.03 (.35)	-.65*** (.19)
N. America/ W. Europe	-.22 (.44)	-.78 (.49)	-.39 (.33)
Latin America	-.25 (.34)	-.92** (.43)	-.49* (.27)
Africa	-.07 (.30)	-.60* (.33)	-.36 (.23)
Middle East	.89*** (.27)	.28 (.31)	.53** (.21)
E. Europe/ Central Asia	-.80* (.45)	-.98* (.53)	-.81** (.33)
Current War Involvement	1.13*** (.23)	.15 (.49)	.78*** (.20)
Pre-existing Sponsorship	2.23*** (.23)	2.17*** (.31)	2.52*** (.21)
Years Since Last Sponsorship	-.12*** (.01)	-.07*** (.02)	-.13*** (.01)
Constant	-7.68*** (.37)	-8.60*** (.49)	-7.23*** (.25)
Number of Observations	1,131,199	1,131,964	1,130,823

Wald Chi-squared	476.61	268.76	675.97
Area under ROC Curve	.86	.80	.86

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Figure 2: Probability of Reciprocal Sponsorship



In two of the three empirical models that examined the third hypothesis, shown in Table 3, higher levels of executive constraints decreased the likelihood that states will delegate foreign policy to terrorist organizations. However, the predicted probabilities for this effect, shown in Figure 3, did not indicate that the change in sponsorship likelihood was discernible between individual values of executive constraints. This finding complicates the theoretical conclusions that can be made regarding the effect of domestic political institutions on the sponsorship decision making process, as there is

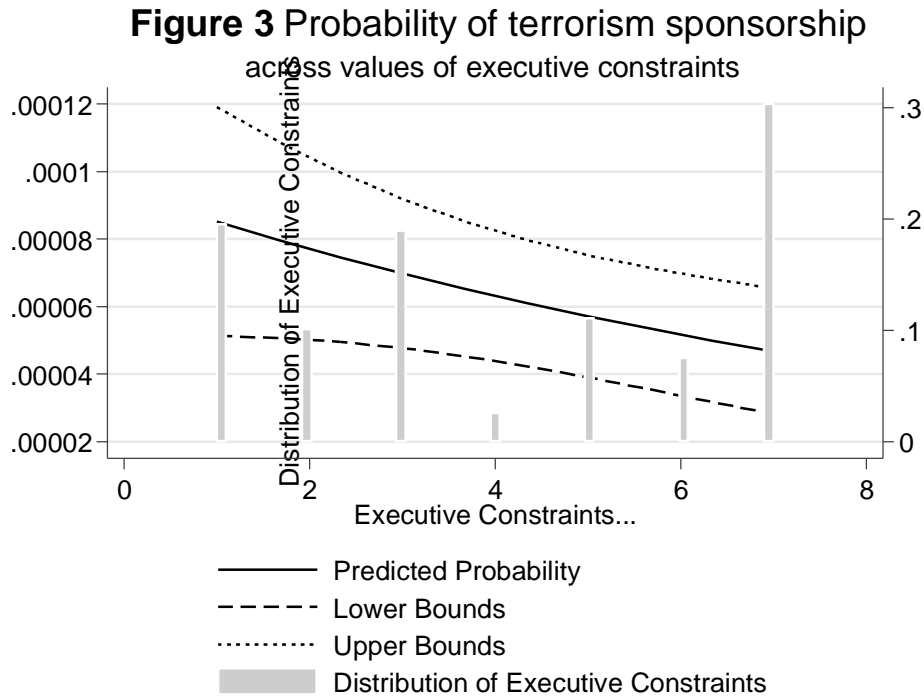
only mixed support for the argument that states with lower levels of executive constraints will be more likely to engage in sponsorship.

Table 3: Logistic Regression Results for Hypothesis 3

Variable Name	Unanimous Cases	Non-Unanimous Cases	All Cases
Executive Constraints	-.14** (.05)	-.04 (.07)	-.10** (.04)
Cold War	-1.27*** (.35)	-.48 (.42)	-1.10*** (.23)
N. America/ W. Europe	-.09 (.49)	-.82 (.54)	-.27 (.36)
Latin America	-.47 (.33)	-.96** (.43)	-.64** (.26)
Africa	-.65** (.31)	-.94** (.36)	-.88*** (.26)
Middle East	.40 (.27)	.08 (.29)	.19 (.20)
E. Europe/ Central Asia	-2.44*** (.75)	-1.87** (.73)	-2.03*** (.52)
Current War Involvement	1.03*** (.25)	.35 (.47)	.71*** (.21)
Pre-existing Sponsorship	2.06*** (.21)	2.02*** (.28)	2.32*** (.19)
Years Since Last Sponsorship	-.13*** (.02)	-.09*** (.02)	-.14*** (.01)
Constant	-6.08*** (.54)	-7.55*** (.67)	-5.94*** (.39)
Number of Observations	924,377	924,377	924,377
Wald Chi-squared	350.51	148.18	507.65
Area under ROC Curve	.86	.80	.86

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Figure 3: Probability of Terrorism Sponsorship



The results of the models in Table 4, which examined all independent variables simultaneously, largely confirmed the earlier findings. One notable change is a decline in the consistency of Hypothesis 2. While the effect of previously being targeted by the other state uniformly increased the likelihood of sponsorship in Table 2, when included with the other hypotheses, it was significant in only two of the three models. These results imply that the domestic costs of sponsorship will have a greater impact on the decision making processes of potential sponsors than the international costs. This is consistent with the broader literature on covert policymaking, which suggests that policymakers actively seek to conceal illicit behaviors from domestic audiences, but are comparatively unconcerned with other states' awareness of their actions (Carson 2016; Gibbs 1995; Yarhi-Milo 2013). This finding is also supported by the observation that

relatively few state sponsors of terrorism are openly condemned or punished by international actors, despite the high likelihood that their behaviors are detected by other members of the international community. Therefore, while policymakers may be concerned about the reputational or security risks that accompany sponsorship, the results of the model suggest that they will be more deeply motivated by the potential risks to their own political survival.

Finally, I wish to note the consistent differences in empirical results when comparing the logistical regression models that exclusively examined disputed observations of terrorism sponsorship with those that included undisputed observations and all observations. These differences, particularly in the models that examine Hypotheses One and Three, suggest that the incentives to engage in state-sponsored terrorism will vary significantly between the 84 non-unanimous and the 158 unanimous observations. This variance is possibly due to identification errors by the sources I utilized, resulting in states which are not terrorism sponsors being falsely identified as non-unanimous sponsor states. However, it is also possible that both the empirical results and the lack of uniform identification are the products of fundamental differences in state behaviors, signaling deeper divergences in incentives between these observations.

Table 4: Logistic Regression Results for Full Model

Variable Name	Unanimous Cases	Non-Unanimous Cases	All Cases
Strategic Rivalry	3.66*** (.27)	3.65*** (.35)	3.41*** (.22)

Difference in Capabilities	-10.35*** (3.18)	.12 (5.99)	-6.33** (3.07)
Rivalry*Difference	17.69*** (4.55)	11.35 (7.62)	15.15*** (4.41)
Targeted _{t-1}	.54 (.61)	1.71** (.62)	.82* (.42)
Executive Constraints	-.15** (.06)	-.06 (.07)	-.12** (.04)
Cold War	-.68** (.32)	-.24 (.36)	-.55** (.21)
N. America/ W. Europe	-.08 (.48)	-.57 (.53)	-.08 (.35)
Latin America	-.14 (.40)	-1.01** (.47)	-.45 (.30)
Africa	-.36 (.37)	-.85** (.38)	-.51* (.26)
Middle East	.55* (.32)	-.17 (.34)	.17 (.24)
E. Europe/ Central Asia	-1.73** (.74)	-1.62** (.69)	-1.48** (.50)
Current War Involvement	.78** (.28)	.15 (.50)	.54** (.24)
Pre-existing Sponsorship	1.48*** (.22)	1.68*** (.28)	1.89*** (.20)
Years Since Last Sponsorship	-.10*** (.01)	-.07*** (.02)	-.10*** (.01)
Constant	-7.18*** (.57)	-8.03*** (.60)	-6.87*** (.37)
Number of Observations	923,039	923,736	922,722
Wald Chi-squared	1498.69	638.75	1710.14
Area under ROC Curve	.91	.84	.90

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Predictive Heuristics

Since the inferences drawn from the statistical significance of empirical results have often been found to be insufficient for accurately predicting conflict, I assessed the

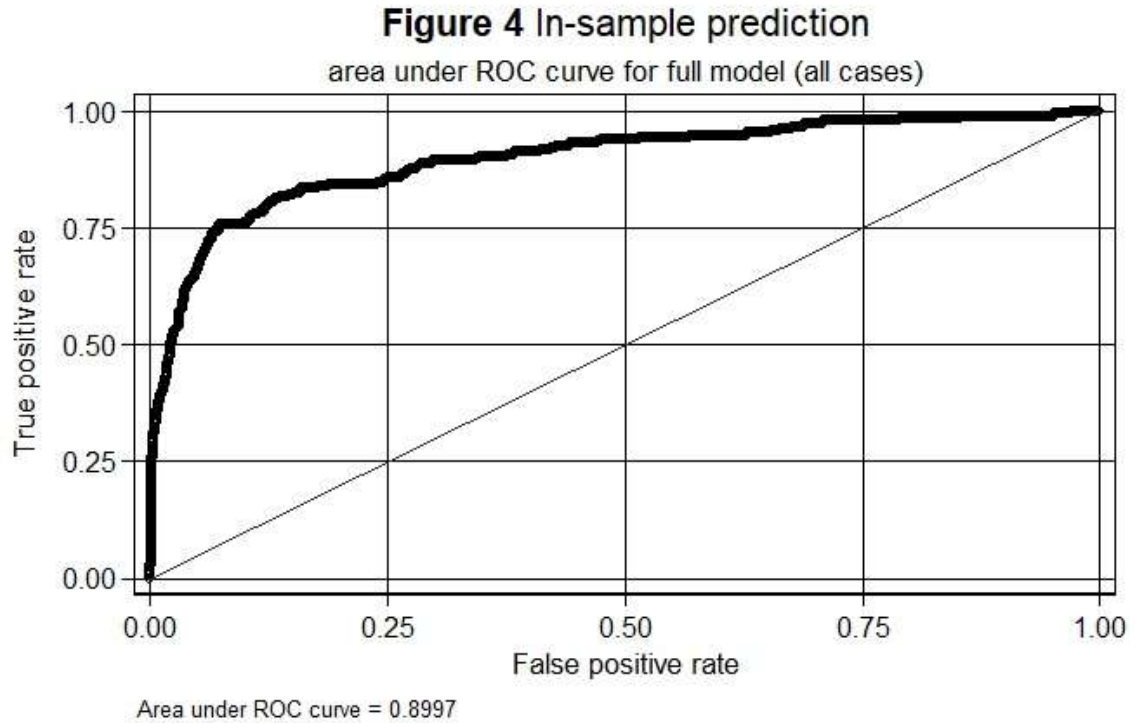
predictive power of my empirical results using in-sample and out-of-sample predictive heuristics (Ward et al. 2010).

I first examined the in-sample predictive power of each of my models using Receiver Operator Characteristic (ROC) plots. ROC plots illustrate the relationship between the rate of false positives (the number of incorrectly predicted sponsorship initiations divided by the total number of cases where sponsorship did not occur) and the rate of true positives (the number of correctly predicted initiations divided by the total number of cases where sponsorship did occur). As the area under a model's ROC curve increases, the ability of the model to predict instances of a state sponsorship will also increase, up to a maximum threshold of 1.0, where a model would perfectly predict sponsorship initiation.

Although none of my models perfectly predicted the initiation of state-sponsored terrorism, the ROC curve statistics suggest that these models have a high accuracy in predicting the initiation of state-sponsored terrorism within my sample. The average area under curve statistic of the above models was .86, well above the .50 threshold which would indicate that no predictive power could be attributable to the model (Koubi and Böhmelt 2014; Ward et al. 2010). The results also indicate that the full model, illustrated in Figure 4, offered the highest predictive power of my models, as the average area under curve of these models (.88) was consistently higher than in the less comprehensive models. This suggests that my theoretical model, which considered both the benefits and costs of sponsorship, more accurately represents the decision making process of potential terrorism sponsors than models that exclusively examine

one of these factors, and will therefore be more valuable for policymakers seeking to predict future incidents of sponsorship.

Figure 4: In-Sample Prediction



Although ROC plots are useful in assessing the comparative predictive power of my theoretical model with others, they cannot provide insights into the out-of-sample predictive power of a model or the predictive power of a single covariate of a model. In order to examine these characteristics, I performed a fourfold cross-validation exercise, comparing my full model with one that lacks the interactive relationship between interstate rivalry and military capabilities (Koubi and Böhmelt 2014; Ward et al. 2010).

Cross-validation randomly divides the dataset used in my analysis into four segments, pooling three together in order to estimate a statistical model using three-quarters of the initial dataset. The remaining quarter is set aside as a test set, which is

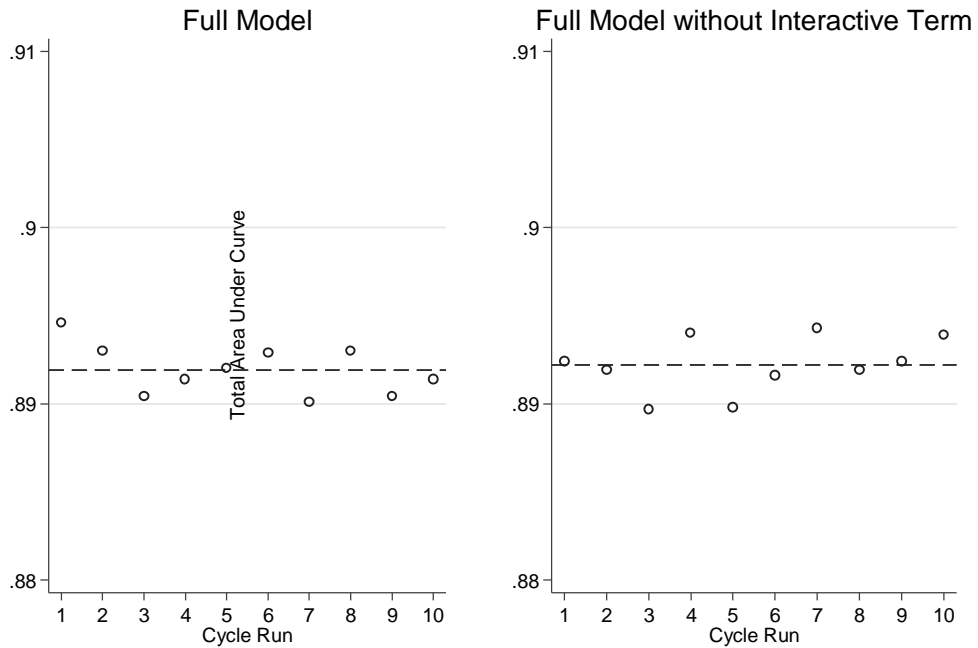
utilized to externally assess the predictive power of the model estimated on the pooled subsets. The procedure is repeated 10 times for different random partitions of the data, ensuring that the results are not dramatically influenced by an individual partition.⁹

Although the predictive power of the out-of-sample estimates (measured in terms of average area under ROC curve) was lower than the AUC value when all available data is used (.89 compared with .90), the results of the four-fold cross-validation suggested that a high degree of out-of-sample predictive power exists in the full model. However, there was little evidence that the statistical significance of the interaction between rivalry and military capabilities corresponded to an increase in predictive power. A comparison of the cross-validation results, shown in Figure 5, demonstrated that there is no appreciable difference in predictive power between the two models. This implies that, despite the strong statistical significance of Hypothesis One, the conditional relationship between strategic rivalry and military weakness will not dramatically assist policymakers in predicting future initiations of state-sponsored terrorism. Given the high AUC of the cross-validation results, this finding does not invalidate my theoretical model, but the low predictive impact of Hypothesis One does suggest that the driving force of this predictive value may come from other parts of the model, such as the existence of a strategic rivalry independent of military strength.

⁹ See Ward et al. (2010) for a detailed description and application of this approach.

Figure 5: Out of Sample Prediction: Fourfold Cross-validation

Figure 5 Out-of-sample Prediction: fourfold cross-validation



Robustness

I conducted several tests of the robustness of my models, the results of which can be found in the Appendix. The first of these tests limited the analysis to only politically relevant dyads, to compare the sponsorship incentives between contiguous and noncontiguous states. Hypothesis 1 was supported when limiting the data to these dyads, while Hypotheses 2 and 3 were not.

I also evaluated the empirical differences between sponsoring terrorist organizations in target states engaged in a civil war and those that were not, as the existing literature often treats rebel groups and terrorist organizations as theoretically distinct, despite frequent overlaps between the two categories. The results suggest that

states are less motivated by the military capabilities of the target state or the risk of international disapproval when the target is not experiencing a civil conflict.

I also examined several alternative measurements for my independent variables. These included an alternative measurement of rivalry and several measurements of institutional constraints on the potential sponsor (Henisz 2002; Klein et al. 2006; Marshall et al. 2014). These did not offer significant advantages over my existing measurements, and in the case of Hypothesis 3, there were similar inconsistencies between the effects of the regression coefficients and predicted probabilities.¹⁰

Finally, in order to assess the independence of the dyadic observations, I reproduced my theoretical model using a nondirected dyadic data structure and a bivariate probit statistical model. In these simultaneous equation models, the effects of Hypotheses 1 and 3 were consistent with the main analysis. However, the effect of being previously targeted by sponsorship, Hypothesis 2, had a reduced impact on likelihood of sponsorship.

Conclusion

The decision to delegate foreign policy to terrorist organizations will be a complicated consideration for state actors. The results of my empirical analysis support the applicability of the principal-agent model in conceptualizing state sponsorship, as well as shed light on the incentive structures driving sponsorship decision making (Byman and Kreps 2010). As with any principal-agent relationship, my models show that

¹⁰ It is interesting to note that similar inconsistencies appear across different, independently generated measurements of executive constraints.

states will be motivated to engage in sponsorship due to the potential benefits of delegation, in this case the coercive power of a sustained terrorist campaign in another state. However, these incentives will be moderated by the distinct risks of being identified as a state sponsor, leading to predictable patterns in refraining from delegation.

Since my analysis is the first large-N, cross-national study of the decision process behind delegation to terrorist organizations, there is significant room for further investigation on the behaviors of state sponsors. The clandestine nature of sponsorship as a strategy necessitates future scholars to revise existing datasets as new information appears. The often significant differences in my empirical results between uniformly identified cases of sponsorship and those with disagreements highlight this issue, as some non-unanimous cases may have been erroneously reported. Although I believe that the dataset I have developed for this article will be a valuable resource for future research, it is important to acknowledge the often-embryonic nature of large-N studies of terrorism, and the clear potential for improvements to my empirical evidence.

One difficult, but potentially insightful, empirical improvement on my existing analysis would be an examination of the possible differences in sponsorship incentives across the various forms of sponsorship included in my analysis. As I have noted, material support can take many forms, from explicitly violent military equipment to ostensibly humanitarian food and medical supplies. As a result, the incentives to engage in sponsorship, as well as the potential risks of being detected, may vary widely between different forms of this behavior. Unfortunately, developing accurate

measurements for support type could prove difficult for future scholars. States may openly acknowledge humanitarian assistance while strategically concealing more controversial support to the same organization. Although I include a rough measurement of support type in my raw data, and give an example of how to operationalize this concept in the Appendix, developing a comprehensive and accurate measurement of support type will likely require considerable research to exhaustively evaluate each sponsored organization.¹¹

Future work can also address several lingering theoretical puzzles regarding the incentives of state sponsorship. First, while my empirical results suggest that a state that has been targeted by state-sponsored terrorism will be more likely to respond in kind, my data is unable to fully explore the causal chain behind this reciprocal sponsorship. The finding in the robustness checks, that sponsorship incentives differ between target states embroiled in domestic conflicts and those that are not, also warrants future consideration. Potential sponsors may consider terrorist organizations active in civil conflicts as more durable, capable, and able to coordinate with larger insurgent organizations, all of which would increase the likelihood of successful delegation. Alternatively, sponsors may perceive the governments of these states as weaker and less resolved, and will therefore be more likely to offer concessions.

Researchers may also wish to utilize similar empirical methodologies to examine other aspects of state-sponsored terrorism using the principal-agent framework, such as

¹¹ These models, which compare military and nonmilitary support, suggest that nonmilitary sponsors are less concerned with the strategic benefits and international risks of sponsorship, while military sponsors appear to be surprisingly unthreatened by domestic risks.

the selection process through which states choose sponsored groups. Finally, the data I present reveals a larger population of state-terrorist relationships than is normally discussed. In-depth case studies of underexamined instances of sponsorship have the potential to uncover causal mechanisms that cannot be observed through analyses of broader sponsorship patterns.

Policymakers seeking to reduce the dangers of state-sponsored terrorism should naturally be interested in understanding the underlying processes of this behavior. The principal-agent model fundamentally interprets state sponsorship as a low-cost, but risky, alternative to more conventional forms of international conflict. My results support this line of reasoning, as states involved in long-term conflicts against militarily stronger opponents will be significantly more likely to delegate to terrorists. With this knowledge, policymakers can predict whether a state will consider becoming a terrorism sponsor, a valuable tool for dissuading other states from relying upon this dangerous policy.

Unfortunately, preventing state sponsorship will likely prove to be a difficult goal for counter-terrorism policymakers. The low levels of domestic political constraints enjoyed by many sponsors may reduce the efficacy of coercion, as they will be able to continue delegation regardless of unrest at home. As was seen in the case of Libya, significant levels of diplomatic, economic, and even military pressure can be necessary to dissuade a terrorism sponsor, including multilateral cooperation with other members of the international community. Policymakers should anticipate lengthy and costly struggles if they wish to rid the world of this dangerous form of terrorism financing.

Paper 2: The Best Terrorist for the Job: Selection Motivations in State Sponsorship of Terrorism

Antagonism between the predominantly Jewish state of Israel and its Arab neighbors has existed since Israel's establishment in 1948. Although these states were unable to defeat Israel over the course of several wars, many of the geopolitical tensions that incited these conflicts have not been satisfactorily resolved through diplomacy, including the political future of millions of Arabs displaced during these conflicts. Due to this inability to force favorable outcomes through direct military pressure, since the 1960s many Arab nations have chosen the controversial strategy of providing military training, weaponry, and funding to pro-Palestinian terrorist and insurgent organizations (Bapat 2012).

By providing this support, Arab sponsors sustained a decades-long conflict within Israel, demonstrating their continued opposition to Israeli policies while avoiding the costs of direct military engagement. However, the sponsorship patterns of these states are far from uniform or coordinated, contributing to the overall fragmentation of the Palestinian resistance movement (Clauzet et al. 2010). Many Arab states, such as Egypt and Jordan, only sponsored the Palestinian Liberation Organization (PLO), an umbrella resistance group, and ceased their direct support of Palestinian terrorism following the Oslo Accords. Others, like Libya and Syria, have been far less discriminate in their

sponsorship, supporting PLO rivals like the Abu Nidal Organization and continuing to sponsor radical groups after the establishment of the Palestinian Authority (Byman and Kreps 2010; Prunckun and Mohr 1997). If the geopolitical conflict between the Arab world and Israel is the sole driving force for Arab sponsorship of Palestinian terrorism, why do group-level sponsorship patterns differ so dramatically between individual Arab states?

Despite the fundamentally negative normative connotations surrounding acts of terrorism and the organizations that commit them, state sponsorship of terrorism is common in the Middle East. Sponsorship offers a number of potential strategic benefits, allowing states to influence the policies of others more effectively, discreetly, and with lower costs than direct military action (Byman and Kreps 2010). Since 1970, there have been ninety-four explicit or alleged instances of terrorism sponsorship involving Middle Eastern nations as either the sponsor or target state. Although other forms of funding exist, state sponsorship is one of the most effective methods by which terrorist organizations can obtain the resources to perpetuate campaigns of violence against civilian and government targets (Agbiboa 2013). Middle Eastern states frequently delegate policy to the large number of terrorist organizations active in the region, resulting in a disproportionate number of cases of state sponsorship.¹²

In this article, I examine the characteristics that incentivize state sponsors in the Middle East to select specific terrorist organizations from a larger pool of groups,

¹² Although the dyadic relationships between the 39 states in my data represent 4 percent of global state-level interactions, 39 percent of identifiable observations of state-sponsored terrorism occurred between these dyads.

employing large-N empirical methodology to investigate a wide range of observations. I focus my analysis on the Middle East because of the importance of state sponsorship as a regional foreign policy tool, and the potential policy benefits that may arise from understanding terrorism sponsorship in the Middle Eastern context. Since state-sponsored terrorism has perpetuated many of the geopolitical conflicts in the Middle East, reducing the number of groups benefiting from it may play an important role in developing resolutions to these long-running hostilities (Hoffman 2006). In order for counter-terrorism policy makers to effectively predict which organizations will receive sponsorship, it is of critical importance to understand the process by which state sponsors differentiate between and select their sponsored groups.

Using prior applications of the principal-agent framework as a foundation, I develop a model that interprets the selection process as a conscious effort by the sponsor state to choose the organization best suited to act on its behalf (Byman and Kreps 2010; Salehyan 2010). A well selected agent will faithfully and effectively work to achieve the delegated goals of the sponsor, allowing a state to achieve otherwise unattainable foreign policy goals. A poorly selected organization, however, may fail in its delegated tasks or actively work against the interests of its principal, resulting in a suboptimal outcome. In the most extreme cases, sponsored terrorist organizations have attacked a sponsor state using its own resources, such as the Black September conflict in Jordan (Bapat 2012). The risks associated with poor selection should motivate state sponsors of terrorism to strategically differentiate between groups,

selecting organizations that are perceived as both highly effective and highly controllable.

Past Studies

Although not all sponsored terrorist organizations can be considered insurgent groups, a wealth of relevant literature exists on external support in civil wars (Findley and Teo 2006; Prunier 2004; Salehyan 2010). State-level interventions appear to be largely strategic in nature, motivated by shared ethnic linkages or ideological similarities between the rebel group and the foreign state (Prunier 2004; Nasr 2006; Regan 2010). Ideological interventions during the Cold War were often driven by the geopolitical competition between the Soviet Union and the United States. In later decades other ideologies, such as Islamism, have motivated others, including Middle Eastern states, to support insurgencies (Khosla 1999; Regan 1998). Material support for rebel groups has the potential to significantly alter the outcomes of civil wars, increasing the duration and overall fatalities of conflicts (Regan 2002; Salehyan 2014). Since states that engage in this behavior likely have specific policy goals they wish to attain, and will rely upon the rebel group to achieve them, state support of rebel groups can be conceptualized as a form of policy delegation.

Delegation to rebel groups has the potential to provide significant benefits for a state, such as pressuring another state to shift its policy positions, while simultaneously avoiding the high costs of direct inter-state conflict (Fearon 1995; Hawkins et al.2006). However, alongside these benefits is the fundamental risk that rebel groups will act in

opposition to their supporter's interests, preventing these policy goals from being reached. Because of these paired incentives and risks, Salehyan (2010) and other scholars conceptualize state sponsorship as a principal-agent relationship. In "The Delegation of War to Rebel Organizations," Salehyan argues that a state principal will be unable to determine the true preferences of the group, or agent, potentially resulting in a loss of control over policy outcomes. Although the broader literature on principal-agent relationships suggests that principals can exercise some control over agents through pre-delegation screening, contractual obligations, and monitoring of behavior, it is impossible to completely eliminate the risk of agency loss (Sappington 1991). In cases of state support for insurgent groups, agency loss has the potential to result in highly undesirable outcomes, such as refusal to support sponsor-backed negotiations, greater levels of indiscriminate violence, and sudden conflict escalation (Popovic 2017; Salehyan et al. 2014).

The principal-agent framework has also been utilized to examine state sponsorship of terrorist organizations. In "Agents of Destruction," Byman and Kreps (2010) develop a model that accounts for both the incentives for states to delegate policy to terrorist groups and the agency problems that will inevitably arise from delegation of authority. Their model suggests that sponsoring terrorist organizations provides unique benefits for states, such as plausible deniability and asymmetric tactics (Hoffman 2006; Sandler 2010). However, terrorist agents have the potential to deviate from their principal's interests, necessitating control mechanisms to ensure that the policy goals of the state are achieved. Byman and Kreps suggest that state sponsors of

terrorism will be heavily dependent upon effective pre-delegation selection, as the closer the preferences of a state and organization prior to the relationship, the lower the likelihood that the organization will shirk from the principal's objectives.

To support their arguments, Byman and Kreps utilize a selection of case studies, drawing on prominent sponsorship examples in Lebanon and Syria. While this empirical technique is useful, it cannot test broad patterns of behavior, suggesting that Large-N quantitative studies may offer additional support for the principal-agent model. This form of analysis has previously been utilized to examine state sponsorship as an independent variable, concluding that sponsored groups are significantly more likely to negotiate with their targets and cause fewer average fatalities (Asal and Rethemeyer 2008; Bapat 2006). These findings support the argument that state sponsorship is both policy-driven and strategic, as they suggest that external pressure will moderate organizational behavior. However, the data utilized in these analyses are unable to directly examine the differences between organizations that determine which obtain state sponsorship. Therefore, along with providing a broader test of the principal-agent framework, my data collection efforts will fill this existing empirical gap, enabling scholars to more accurately examine state sponsorship using a variety of theoretical models.

Defining Terrorist Organizations and Sponsorship

To delineate between terrorist organizations and other types of non-state actors, I adopt the Global Terrorism Database's definition of behaviors that constitute

terrorism, and therefore what constitutes a terrorist organization. The GTD definition of terrorism, taken from the introduction of the dataset by LaFree and Dugan, is an intentional act of violence (or the threat of violence) by a sub-national perpetrator (LaFree and Dugan 2007; START 2013). This violence must be carried out with a specific political, social, economic, or religious goal, have an intended audience beyond the immediate victims of the attack, and must deliberately target either civilians or non-combatants. I consider any formal organization (rather than an individual or an unknown perpetrator) that engages in this type of behavior to be a terrorist organization, and therefore a potential recipient of state sponsorship.

I define sponsorship as the government of a state providing resources and material support to a non-domestic terrorist organization. This support must be the result of a deliberate action by a government institution. Therefore, funding provided by a nation's military would be considered sponsorship, whereas a military employee independently donating money to an organization would not. I limit sponsorship to only include material forms of support, such as money, military equipment, and non-military resources like food and medical equipment. Since training facilities and safe havens offer concrete advantages for terrorist organizations, I also include state provision of these services within my definition of sponsorship.¹³

My definition excludes instances in which a state only provides non-material support to a terrorist organization, such as diplomatic recognition. This is because non-

¹³Although previous research (Carter 2012) has found that safe havens may contribute to a group's eventual dissolution, the immediate organizational benefits of safe havens strongly suggest this form of support is closer in impact to material resources than non-material.

material support does not offer immediate, concrete improvements to an organization's capabilities and survivability, unlike the forms of support included in my definition. Exclusively non-material support will also result in different costs and benefits for states than more effective, but riskier, support methods. Since this will not directly contribute to an organization's survival, a non-material supporter will not gain the influence over a group's goals and behaviors that comes with material dependency. However, the provision of non-material support will result in lower risks for the state, as the weaker relationship between the state and terrorist organization will lead to smaller reputational costs than would occur from material support. These differences are sufficient to suggest an analytical distinction between material and non-material forms of support, and so, in this article, I will focus exclusively on the former.¹⁴

The Principal-Agent Relationship

The principal-agent framework has its roots in research on bureaucracies and firms, but has recently been utilized in studies of international political institutions, such as alliances and international organizations (Eisenhardt 1989; Hawkins et al. 2006). The central component of the framework is the concept of delegation, in which one actor, the principal, enlists a second, the agent, to act in a way that serves the principal's interests.

¹⁴ My definition also excludes instances of passive sponsorship, in which a government allows domestic non-state actors to provide material support to terrorist organizations. See (Byman 2006) for a detailed discussion of the differences between these two forms of terrorism finance.

When applying the principal-agent framework to understanding state sponsorship of terror groups, states will have specific goals they intend to delegate, such as projecting power, advancing an ideological agenda, or satisfying the foreign policy demands of domestic constituencies (Byman and Kreps 2010). Terrorist groups will be selected because of their comparative advantages over alternative methods of foreign influence. These advantages will often take the form of unconventional tactics, such as suicide bombing and hostage taking, as well as localized knowledge and experience (Hoffman 2006; Pape 2003). However, the unique characteristics of terrorist organizations will increase the potential costs of delegation beyond those found in more conventional principal-agent relationships.

All principal-agent relationships have the potential for agents to behave in ways that do not serve the interests of the principal, which is typically referred to as agency loss or agency slack (Byman and Kreps 2010; Eisenhardt 1989; Sappington 1991). By definition, when a principal delegates a task to an agent, it relinquishes a degree of authority and control over the resultant outcomes. Since the preferences of an agent and principal are unlikely to perfectly correspond, agents will have incentives to act in ways that fit their preferences more than their principals.

These divergences in preferences will be more pronounced when the characteristics of the principal and agent are fundamentally different, as is the case with states and terrorist organizations (Bradley and Kelley 2008; Sappington 1991). Due to the comparative fragility of terrorist organizations compared to monolithic state apparatuses, terrorist agents may be more risk averse than their principals, resulting in

disagreements regarding target selection, attack type, and other strategic decisions. Such tensions arose in the relationship between the Syrian government and the Palestinian Abu Nidal Organization, due to ANO principally targeting poorly-defended civilian populations, rather than the hardened military and government targets Syria intended it to target (Byman 2005). Alternatively, the extreme ideological positions held by many terrorist organizations can cause sponsored groups to act more aggressively than desired, escalating conflicts and making demands that contradict the more moderate goals of their principals (Bapat 2012; Byman and Kreps 2010).

To further compound the problems of agency loss in state sponsorship, several of the mechanisms through which principals normally control their agents will likely be less effective. Terrorist organizations, due to their targeting of civilian populations, are often the targets of strongly negative normative judgments by both domestic and international actors (Collins 2004; Saleyhan et al. 2014). Because of this, state sponsors of terrorism may experience negative consequences if they are identified, leading many states to pursue a degree of plausible deniability around their support. Although high levels of secrecy and discretion may insulate state sponsors from international disapproval, they will also limit the ability of principals to control their agents through contractual authority and direct monitoring.

In licit principal-agent relationships, detailed contracts are frequently used as a mechanism through which the actions of agents are regulated, often by limiting the areas in which power is delegated and through the implementation of contractual obligations and punishments. However, in order to create a barrier between

themselves and terrorist attacks, state sponsors often deliberately limit their instructions to their terrorist agents. This results in less responsibility for the group's actions, but prevents the state from adjusting the instructions so that the group's behaviors will more closely correspond to the state's interests. Similarly, routine monitoring and auditing of an agent's actions, which in licit principal-agent relationships allows the principal to correct deviations in behavior over time, is risky for state sponsors. By avoiding continual direct interactions between state representatives and the terrorist organization, sponsors will reduce the likelihood of external detection, but will also reduce their ability to detect and punish agency loss.

Although observable instances in which these high-visibility mechanisms were successfully utilized to control terrorist organizations exist, they highlight the significant costs of direct interaction with terrorist agents. One of the most overt relationships between a terrorist organization and a state sponsor has been the creation and continued support of the Lebanese Hezbollah group by the Iranian government. The Iranian government is actively involved with Hezbollah's training, supervision, and indoctrination, creating an ideal agent for Iranian interests both within Lebanon and elsewhere in the world. However, because of this visibility, Iran has been the target of extensive multi-lateral economic sanctions, resulting in billions of dollars of lost revenue and contributing to extensive isolation from the international economic and diplomatic system (Byman 2005; Rabil 2006). The Iranian example, as well as international backlash against other visible sponsors like Syria and Libya, should incentivize the

majority of state sponsors to pursue strategies of plausible deniability, rather than overt sponsorship and its resultant punishments.

Because of the problems arising from contractual controls and extensive monitoring, it is reasonable to assume that state sponsors will heavily rely upon the third method of preventing agency loss, screening and selection of agents. If states are able to predetermine the true preferences of a potential agent prior to sponsorship, they should rationally select terrorist organizations that will be least likely to engage in shirking behavior. Careful agent selection can reduce the risks of delegating tasks to groups that possess similar preferences, but lack the capabilities to successfully achieve them (Byman and Kreps 2010). Although states can attempt to ascertain the preferences of sponsorship-seeking organizations from public statements, these may not accurately reflect their true preferences. Groups that are aware of potential sponsorship opportunities may actively misrepresent their stated preferences, in order to improve their chances of being selected. Therefore, if states will be unable to select groups solely based on their stated preferences, what other observable characteristics will influence state sponsors to select potential terrorist agents?

Explaining Selection Rationales

I conceptualize the process by which states select sponsored terrorist organizations through an expected utility model, in which states weigh the probable benefits of sponsoring a specific organization with the potential costs of that decision. This model allows states to predict the outcomes of sponsorship depending upon the

characteristics of a potential agent, an important consideration in circumstances where numerous terrorist organizations are simultaneously active in a target state. The model I utilize captures the three main components of the principal-agent model, the benefits of delegating to a terrorist organization, the probability that a specific terrorist organization will successfully complete the state's objectives, and the potential costs associated with sponsoring that particular group.

$$\textit{Equation 1: Expected Utility} = \textit{Benefits} * \textit{probability (Success)} - \textit{Costs}$$

Benefits of Sponsorship

During the first decades after its establishment, Israel routinely defeated coalitions of antagonistic neighbors using its superior military capabilities. In recent years, a number of still hostile states, particularly Syria and Iran, have shifted to nonconventional methods of striking at Israel, most notably through sponsorship of anti-Israeli terrorist organizations (Rabil 2006). Material support provided by these states has allowed groups like Hezbollah and Hamas to engage in lengthy campaigns of terrorism and insurgent violence, leading to controversial counter-terrorism efforts by the Israeli military (el-Hokayem 2007; Findley et al. 2012). By sponsoring terrorist groups, Iran and Syria have been able to demonstrate their continued opposition to Israel's existence, tarnish Israel's international reputation, and weaken its military, all without suffering the probable high costs of direct military conflict.

This example demonstrates the potential benefits states may obtain by delegating foreign policy goals to terrorist organizations. However, the empirical record

suggests that most interstate disagreements are not resolved through terrorism sponsorship (Colaresi et al. 2007). Sponsorship should therefore offer a distinct policy benefit to a state in order to justify its selection in addition to, or instead of, alternative mechanisms of coercion, such as diplomacy, economic sanctions, or military force.

When compared to other methods of interstate coercion, delegating to terrorist organizations provides a number of distinct strategic advantages. The first is the inexpensive nature of sponsorship, as the material costs of supporting a terrorist campaign will be lower than deploying conventional military forces (Byman 2006; Laqueur 1996). States will also be able to employ terrorist organizations in assassinations or kidnappings, reducing the need for costly covert agencies, which are frequently underdeveloped in non-great power states (Carson 2016; Gleditsch and Høgetveit 1984).

The governments of Syria and Iran were incentivized to engage in the risky strategy of sponsorship due to their strong preferences regarding Israeli policies, and the low probabilities of achieving their goals through diplomacy. Neither country has sponsored terrorist organizations in states with which they enjoy historically friendly relationships, such as Russia, or in states with few overlapping interests, such as geographically distant Latin American nations. If both political and strategic incentives exist, it is reasonable to assume that a state will see greater incentives to sponsor terrorism than if one or both are absent.

One type of relationship that offers both incentives is a lengthy history of antagonistic disputes between the potential sponsor and another state, often referred

to as rivalry. Rivalry has been identified as a significant motivator for interstate conflicts, ranging from trade disputes to militarized conflict (Colaresi et al. 2007; Diehl and Goertz 2000). Although the continued interactions between rivals will likely result in strong policy preferences, rivalry will also increase distrust and reduce the likelihood of cooperation. In these circumstances, the incentives to rely on violent coercive strategies will increase.

Although a state sponsor will avoid the high costs of direct military conflict, the same cannot be said for the target state, making sponsorship attractive for long-term rivals. States that experience terrorist campaigns often suffer costs similar to those in conventional wars, which may be exacerbated if the terrorist organization is reinforced and sustained by external support (Epright 1997; Frey et al. 2007; Byman et al. 2001). While the military capabilities of the target state will be drained by costly counter-terrorism efforts, the sponsor's capabilities will be unaffected, adjusting the balance of power in its favor. Although this readjustment will offer little benefit if the states are nonrivals, this shift will be highly beneficial in cases of rivalry, as the likelihood of future military conflict will be high.

Rival states will also be attracted to the potential efficacy of terrorism when compared with other forms of available nonmilitarized coercion. Repeated hostile interactions with a rival will harden the positions of states relative to each other and reduce their overlapping interests, making nonviolent forms of coercion unlikely to succeed (Drezner 1999; Miyagawa 1992; Wagner 1988). A state sponsor controlling a well-equipped terrorist organization will gain a significant bargaining chip when

negotiating with a rival, as such a group can cause significant disruptions to the target's economy and political system (Conrad 2011).

Israel's difficulties in occupying parts of Lebanon from 1982 to 2000 while simultaneously combating domestic terrorism clearly illustrate the incentives for rivals to sponsor terrorist organizations. Operating conventionally, it is unlikely that the Syrian and Iranian militaries would have been able to forcibly dislodge Israeli troops from southern Lebanon. By supplying equipment and resources to terrorist organizations both in Lebanon and Israel itself, these states increased the costs of the Lebanese occupation, ultimately contributing to Israeli withdrawal (Rabil 2006).

Although many of their desired goals were not achieved, sponsorship did contribute to a foreign policy victory that might otherwise have been unachievable. Due to the strategic and political advantages of sponsoring terrorist organizations that target rival states, the likelihood of a state choosing this strategy should be significantly higher if the target state is a rival than if no such antagonism exists.

Hypothesis 1: If a state is in an antagonistic relationship with the target state, then the likelihood of sponsorship will be higher.

Probability of Organizational Success

Although the potential benefits of delegation will motivate states to pursue sponsorship, the likelihood of the state achieving its desired goals will be dependent upon the success of the sponsored organization. Terrorism is frequently described as a strategy for the desperate, as groups which have little power or influence in a society

will turn towards violence in the attempt to force desired policies to be enacted.

Because of the limited resources of these groups when compared with the vast capabilities of most states, terrorist organizations are often unsuccessful at accomplishing their goals (Abrahms 2006; Kydd and Walter 2006).

An unsuccessful terrorist agent is highly undesirable for a state sponsor, as the state will spend the costs of funding the organization while gaining little to no resulting policy benefits. Because of this risk, state sponsors should be highly motivated to distinguish between capable and non-capable groups, selecting only those organizations that will be most likely to succeed. However, group capability will be difficult for state sponsors to confidently determine, not only because of the incentives for sponsor-seeking organizations to portray themselves as formidable, but also due to fundamental difficulties in accurately predicting the outcomes of terrorist campaigns. State sponsors should therefore be motivated to search for difficult to mimic organizational characteristics that signal the inherent capabilities of potential sponsored organizations.

Although terrorist organizations have incentives to inflate or conceal many organizational characteristics, such as membership or financial resources, their ideological identities are likely to be accurately presented to the outside world. Since the objective of terrorism is to achieve an ideological goal, ideology will naturally be communicated through manifestos, publicized demands, and target selection (Hoffman 2006; Paletz and Tawney 1992). Group ideology will also serve as an indicator of the depth and breadth of domestic support that an organization may possess, as specific

ideological identities will naturally appeal to broader or narrower constituencies (Piazza 2009).

My definition of sponsorship necessitates that a state will provide some form of material support, such as weaponry, medical equipment, or training. However, a foreign actor will be unable to provide all of the resources necessary for a group to function (Byman 2006). Recruits, informants, and networks of both active and passive supporters will not only play a significant role in organizational success, but will also be difficult, if not impossible, for a foreign sponsor to supply. Previous research has suggested that these resources are integral to group longevity, positive public opinion, and eventual success, particularly in situations where terrorist organizations also engage in insurgencies (della Porta 1995; Townshend 1995). If state principals are interested in selecting terrorist agents with the greatest likelihood of success, they will be motivated to sponsor terrorist organizations that naturally possess a broad domestic constituency, such as ethnic-nationalist groups.

Ethnically motivated conflicts are common throughout the Middle East, emerging from the geopolitical system that developed during European colonization and the highly centralized, authoritarian state apparatuses common in many post-colonial states (Fearon and Laitin 2003; Wimmer 1997). Many disenfranchised ethnic minorities in the Middle East, such as Palestinian Arabs, the Sahrawi in Morocco, and the Kurds in Turkey, Iraq, and Iran, have turned to terrorism in hopes of securing political autonomy or independence. State sponsorship of ethnic terrorist organizations is also common, ranging from overt support of ethnic kin, such as the pan-Arab support for Palestinian

organizations prior to the Oslo Accords, to covert sponsorship by great powers to weaken antagonist states, such as the United States' sponsorship of the Patriotic Union of Kurdistan in Iraq.

Ethnically-based terrorist and insurgent groups have significant human resource advantages when compared to organizations without ethnic ideological characteristics. Ethnic identities are often described as more effective tools for mobilization than exclusively political affiliations, with policy preferences being generated by cultural histories and psychological grievances as much as rational self-interest (Connor 1994; Fearon and Laitin 2000). Terrorist organizations that recruit along ethnic lines are therefore likely to benefit from pre-existing familial and social relationships within co-ethnic populations (Gubler and Selway 2012; Horowitz 1985). These will provide ethnic groups with pre-existing networks that will enable them to mobilize supporters, spread and obtain information, and recruit new members. These resources will endow newly-formed ethnic organizations with stronger capabilities than non-ethnic counterparts, and the ability to continuously replenish these resources likely contributes to observations of greater ethnic organizational longevity (Blomberg et al. 2011; Fearon 2004; Phillips 2014).

Ethnic networks also improve a group's ability to withstand counter-terrorism, as government repression against co-ethnics may backfire, engendering sympathy and support for the group within the ethnic community (Byman 1998). Counter-terrorism against an ethnic organization will likely involve increased scrutiny and police presence near ethnic enclaves. These efforts will negatively impact the lives of co-ethnic

neighbors, increasing distrust of the government within that ethnic community. If counter-terrorism efforts are particularly indiscriminate, support for the goals and operations of the ethnic organization may increase, particularly if the group claims that the government is inherently antagonist towards members of the ethnic group. As a result, direct counter-terrorism against an ethnic organization can be counter-productive, creating grievances that will fuel the organization's membership and community support.

Ethnic terrorist organizations may also possess homeland territories, geographic regions where ethnic kin are the principal inhabitants. By providing an area where the group can openly operate and recruit, ethnically-dominant geographic regions will insulate group members from government reprisals and improve the group's ability to engage in asymmetric warfare (Weidmann 2009). Homelands will also allow ethnic organizations opportunities to regroup and reconstitute themselves after experiencing significant defeats or setbacks, contributing to the greater longevity of ethnic terrorist organizations, such as the Irish Republic Army and the Kurdistan Workers Party (Gunter 1988; Hoffman 2006).

Ethnically-based conflicts are also linked to significant increases in the duration of civil wars and insurgent violence (Fearon 2004; Metternich 2011). By providing ethnic terrorist organizations with material resources, sponsor states may deliberately be attempting to spark a larger-scale, ethnically-motivated civil war. A lengthy conflict, maintained by external support, may dramatically destabilize the target state,

weakening its international capabilities and increasing the likelihood that the sponsor will achieve its intended foreign policy goals (Regan 2002).

These human resource advantages will be naturally possessed by many ethnic groups, but will be difficult, if not impossible, to provide to other organizations. Although past terrorist campaigns show that an ethnic identity is not an automatic indicator of success, the inherent strategic advantages ethnic groups may possess should lead to the perception that ethnic agents will be more successful and desirable. As a result, state sponsors should select ethnically-identifying terrorist organizations at an observably higher rate than non-ethnic groups.¹⁵

Hypothesis 2: If a terrorist organization identifies itself as an ethnically based group, then its likelihood of being sponsored will increase.

Costs of Sponsorship

Independent of the probability of organizational success, variations in the potential costs incurred by agency loss should lead state sponsors to strategically differentiate between potential terrorist agents. Although group-independent sponsorship risks do exist, such as international political or economic reprisals, the likelihood that a specific agent will engage in shirking behavior will depend upon the characteristics of the group (Byman and Kreps 2010). Since agency loss may significantly

¹⁵ Although I argue in Hypothesis 2 that ideological similarities such as a shared ethnicity between the sponsor and organization will increase the likelihood of selection, the effect of ethnicity should be independent from ethnic similarity. Potential sponsors will benefit from the increased probability of organizational success regardless of whether or not they are ethnic kin.

reduce the likelihood that a sponsor will achieve its goals, states should have strong incentives to select groups that appear to be least likely to engage in shirking behaviors.

An ideal indicator for a potential agent with a low risk of shirking would be identical policy preferences with the sponsor state. Since the principal and agent would share the same goals, the group would have few incentives to deviate from the state's interests. However, given the incentives for sponsorship-seeking organizations to appear ideologically similar to potential principals, there may be fundamental information asymmetries about the true preferences of prospective agents. A state comparing the stated policy agenda of a terrorist organization with its own foreign policy goals will therefore be unable to comfortably determine the actual goals of the group.

One method by which sponsors can ascertain the underlying preferences of an organization is by observing similarities between the underlying ideologies of the organization and the state's government. Although multiple terrorist organizations may appear to share policy goals with a potential sponsor, it is significantly more likely that these preferences will be genuine if the organization possesses a similar political ideology. Many terrorist groups have ideological identities and policy agendas that are similar, albeit often more extreme, to those of states (Kellen 1990; Shughart 2006). For example, a Communist government will likely approve of a foreign Marxist terrorist organization's intent to institute greater state control over industry, due to the shared economic and political beliefs of these two actors. In contrast, a non-Marxist organization might share similar views on issues such as American influence, but would

likely disagree with a Communist sponsor on economic and political objectives. Since similar ideologies should, in most circumstances, result in similar policy preferences, a state sponsor should be less concerned with agency loss when sponsoring ideologically matched organizations.

An example of the closeness of state-sponsor preferences influencing the resultant level of agency loss can be seen in the relationships between the Shiite Hezbollah organization and its two sponsors, Iran and Syria (Byman and Kreps 2010). Iran and Syria share a number of geopolitical interests, such as countering Israeli military power and reducing American regional influence, and have often collaborated with each other, including co-sponsorship of Hezbollah (Ehteshami and Hinnebusch 1997). The Iranian government shares a Shiite Islamist ideology with Hezbollah, whereas the Syrian Ba'athist government is distinctly secular and nationalist. Due to Hezbollah and Iran's shared ideology, the organization regularly sends pledges of religious loyalty to the Iranian Supreme Leaders, along with frequent requests for decision making and guidance (Byman 2005). This relationship has contributed to Hezbollah's actions closely corresponding to Iran's interests, even extending into attacks on Iranian political exiles with little importance to Hezbollah's interests in Lebanon. In contrast, despite the Syrian government's continued support of the Hezbollah organization, there is little ideological common ground between the two organizations. This has led to violent confrontation between Syria and Hezbollah during the 1980s, and a significant reduction in the level of Hezbollah's material dependence upon Syria (el-Hokayyem 2007). Although Syria has ultimately maintained its support of Hezbollah, the Shiite

organization's closer relationship with Iran suggests that ideological identity has played an important role in the respective ability of these principals to control their shared agent.

As with ethnic identity, the ideology of an organization should be easily observable by prospective sponsors, as it will be expressed through public statements and demands. Although ideological identifiers will not directly provide information about a group's true preferences, they may shed light on possible similarities and differences between the goals of the two actors. Since state sponsors interested in minimizing agency loss will actively select organizations whose preferences are most likely to align with theirs, the likelihood of state sponsors selecting ideologically similar terrorist organizations should be significantly higher than non-ideologically similar groups.

Hypothesis 3: If a terrorist organization possesses an ideology similar to a sponsor state's government, then its likelihood of being sponsored will increase.

The risks of agency loss can also be reduced by institutionally constraining an agent's autonomy and behavior (Grant and Keohane 2005; Sappington 1991). Although principals traditionally rely upon detailed formal contracts to constrain their agents, deniability-minded state sponsors of terrorism will be loath to create the evidence that such agreements would require. Because of this, state sponsors should strategically select organizations whose range of available actions are naturally constrained, resulting in a minimization of the risks of agency loss without relying upon risky formal contracts. One organizational characteristic that will signal the natural constraints of a terrorist

organization is whether that organization is already receiving resources from another state (Spiller 1990; Whitford 2005).

For many terrorist organizations, acquiring multiple state sponsors will be highly advantageous for long term survival. A single state may be unable or unwilling to provide all of the material resources and training necessary for the group to survive and carry out a sustained terrorist campaign. Additional sponsors will reduce the potential for the group to be operationally crippled if a sponsor withdraws its support, as subsequent resource deficiencies may be mitigated by the others (Carter 2012). This flexibility will naturally reduce an organization's dependency on any one state, reducing the risk that the group will be significantly weakened by losing a sponsor, and allowing it to disobey a sponsor's orders and instructions if they do not align with its preferences. In some circumstances, the policy goals of one sponsor will be in direct opposition to the policy goals of another, forcing the group to shirk the interests of at least one of its principals (Popovic 2017; Saleyhan 2012).

Although it is possible that the preferences of multiple principals will perfectly align, it is probable that most states will view the presence of other sponsors as dangerous to their own interests. In extreme circumstances, state sponsors may have actively hostile relationships with each other, as in the case of the Iraqi Patriotic Union of Kurdistan, which simultaneously began receiving support from the United States, Iran, Syria, and Libya in 1981. It seems unlikely that the US shared similar preferences and goals with these states, and would presumably have refrained from sponsoring the PUK if it had been aware of their involvement (Gunter 1996). Even in instances where

the relationships between potential and pre-existing sponsors are cordial, the increased likelihood of agency loss will create greater risks associated with sponsorship. As a result, sponsors should naturally attempt to avoid simultaneous sponsorship by only selecting groups with whom they will have an exclusive relationship.

Hypothesis 4a: If a terrorist organization is currently being sponsored by at least one other state, then its likelihood of being sponsored will decrease.

The presence of information asymmetries regarding the involvement of other states should play a significant role in explaining observations of simultaneous sponsorship. Unlike ideological or ethnic identities, terrorist organizations will not have strong incentives to broadcast the presence of state sponsorship. The incentives for plausible deniability will also lead many states to disguise their delegation to terrorist organizations, creating obstacles for prospective sponsors to accurately determine the presence of other principals.

However, as the duration of sponsorship increases, visible indicators of support, such as proprietary weapons technology, should also increase, improving the ability of prospective sponsors to detect another state's involvement. Even in instances where sponsorship is overt, longer durations of pre-existing sponsorship will increase the group's dependency on that sponsor, as the operations of the organization will become increasingly reliant upon the materials given by that state. This will create further disincentives for prospective sponsors to select these groups, as the group will be unlikely to follow the directives of a state that contradict the interests of the dominant sponsor. Therefore, as the period of time in which one or more states have been

sponsoring an organization increases, the likelihood that other states will sponsor that organization should significantly decrease.

Hypothesis 4b: If the number of years that a terrorist organization was sponsored by at least one other state increases, then its likelihood of being sponsored will decrease.

Research Design

In this article, I examine the process by which state sponsors of terrorism select the agents they will sponsor from a larger pool of organizations that are active in a target country. Since the characteristics of all three actors are necessary to understand this decision making process, I test my hypotheses using an unbalanced panel dataset of directed country-level dyads (Bennett and Stam 2000; Saideman et al. 2002). As states often sponsor multiple terrorist organizations in a target country, I do not eliminate dyadic pairs after the first instance of sponsorship, although terrorist organizations that are selected by the sponsor state are excluded in subsequent years.

In each cross-sectional panel, I include all groups that the Global Terrorism Database reports were active in the target state during the year when sponsorship began (Lafree and Dugan 2007; START 2015).¹⁶ This results in a dataset where each observation simultaneously represents an individual terrorist organization, a target state, and a potential sponsor state. Although the high level of missing data in the GTD

¹⁶ In instances where the GTD divides deeply politically interconnected regions into two categories, such as the United Kingdom and North Ireland or Israel and the Gaza Strip/West Bank, I include groups active in both regions.

likely results in an under-reporting of the total number of active organizations or attributable attacks, I assume that state sponsors will be inclined to support organizations that are determinably active in a target state, minimizing the impact of hypothetically active, but non-recognized, organizations in my analysis (Arva and Bieler 2014).

Although the principal theoretical focus of this article is to explain the agent selection process, my theoretical and empirical model also considers the initial decision by a state to become a terrorism sponsor. Despite the capability of many states to provide material support to terrorist organizations, the empirical record strongly suggests that few actual observations of sponsorship exist compared to the larger pool of potential sponsors. Since it is likely that there are numerous instances where a state could benefit from delegating to a terrorist organization, but makes a conscious decision to refrain, examining only those states in which state sponsorship is observed would result in a selection bias problem. In order to account for this empirical issue, I utilize a censored probit model with sample selection. This model censors observations where sponsorship does not occur, while accounting for the factors that, in my first paper, were found to influence the initial decision process to engage in or refrain from sponsorship (Butler 1996; Puhani 2000).

My sample consists of 39 states between the years 1970 and 2008, including the 22 nations that existed during this time period in the Middle East and North Africa. Since the complex network of conflicts between Middle Eastern states frequently entangle nations outside of the region, I include 17 non-Middle Eastern states in my

analysis. These include the five dominant global powers of the latter half of the 20th century, as these states have extensive political and economic interests in the Middle East and have a history of involvement in regional conflicts such as the Arab-Israeli conflict, the Iran-Iraq War, and the ongoing Syrian Civil War.¹⁷ I also include the twelve countries that share a geographic border with a Middle Eastern state, as these states often have deep cultural, historical, and political interrelations with neighboring Middle Eastern states.¹⁸ Including these major power states and neighboring countries into my analysis improves the overall political relevance of my sample, as these states are collectively more likely to be involved in regional politics and sponsor Middle Eastern terrorist organizations. By using these criteria, I exclude only one observation of state sponsorship of a Middle Eastern terrorist organization, the North Korean sponsorship of the Polisario Front in Morocco from 1976 to 1987.

Dependent Variable

Although previous literature has examined static patterns of state sponsorship within small samples of terrorist organizations, I expand upon this empirical work by developing a comprehensive, dynamic database of sponsorship patterns across all states in the international system (Asal and Rethemeyer 2008; Bapat 2012). To create this data, I built upon four existing sources of group-level information about the financing of organizations that utilize terrorism. These sources are the Non-State Actor Dataset

¹⁷ France, Great Britain, China, the Soviet Union/Russia, and the United States.

¹⁸ Mauritania, Mali, Niger, Chad, Sudan, Greece, Bulgaria, Georgia, Azerbaijan, Turkmenistan, Afghanistan, Pakistan.

(NSA) developed by Cunningham, Gleditsch, and Salehyan, the Terrorism Research and Analysis Consortium (TRAC) digital group-level profiles, the Terrorism Knowledge Base Terrorist Organization Profiles (archived by the University of Maryland National Consortium for the Study of Terrorism and Responses to Terrorism), and the Big Allied and Dangerous (BAAD) 1.0 database, created by Asal and Rethemeyer.

Each of these sources includes a classification system that differentiates between whether or not a violent non-state actor obtains support from a state, although significant coding was necessary to account for the variance between each source's level of specification, number of organizations, and temporality. For example, the NSA database only examines insurgent groups, omitting many organizations that exclusively engage in terrorism, but contains a large amount of information on sponsorship characteristics, including the time period in which a group receives support, the type of support received, and whether specific sponsors explicitly acknowledge their sponsorship behaviors. In contrast, the qualitative TRAC profiles include a larger number of terrorist organizations, but frequently do not include a temporal component or information on sponsor identity and support type. Due to these differences in coding procedures, in addition to possible differences in evidence gathered by the databases, I found disagreements in identification for roughly forty percent of the positive observations of sponsorship in my data.

The definition of sponsorship I utilize in this article is the deliberate provision of resources and material support to a non-domestic terrorist organization by the government of a state. Observations of state sponsorship of terrorism which did not fit

these criteria were naturally excluded from my dataset. This includes instances of support that did not provide material benefits, such as a state engaging in diplomacy on behalf of the terrorist organization, as well as observations in which there was insufficient information regarding the identity of the sponsor state.

Using this new dataset, I created a binary variable that indicates whether or not a state selected a terrorist organization that was active in the target state during a year when sponsorship initiation had been identified. Of the 39 states included in the analysis, 17 supported a total of 56 terrorist organizations, resulting in 94 discrete instances of sponsorship initiation. Including all of these groups, regardless of characteristics such as organizational size or lethality, is of critical importance to answering the central question underlying this analysis, what characteristics will impact the likelihood of an organization receiving sponsorship. The data I have collected can also be utilized to construct a variety of other measurements related to sponsorship, such as the duration of time a state sponsors a given organization, or the total number of organizations a state has sponsored. The summary statistics for the dependent variable, as well as those of the independent variables and controls I will discuss below, can be seen in Table 5.

Table 5: Descriptive Statistics

Variable Name	Mean	Standard Deviation	Minimum Value	Maximum Value	Number of Observations
Sponsored Group	.001315	.042376	0	1	71,484
Ethnic Organization	.459477	.4983586	0	1	72,354

Similar Ideology	.1574066	.3641862	0	1	72,354
Prior Sponsorship	.1772259	.3818624	0	1	72,354
Duration of Sponsorship	1.898264	5.222243	0	38	72,354
Number of Attacks _{t-1}	4.286066	17.49659	0	316	72,354
Number of Attacks _t	5.820701	18.35754	1	316	72,354
Cold War	.5495371	.4975434	0	1	74,308
Number of Groups	5.960718	6.118511	0	25	74,308
Breadth of Goals	.1874175	.3902498	0	1	55,299
Criminal Organization	.1667661	.3727703	0	1	55,299
<hr/>					
Selection Model					
State Sponsorship	.0043562	.065858	0	1	98,480
Strategic Rivalry	.0451634	.0369212	0	1	98,480
Difference in Capabilities	.0136319	.0588073	-.198308	.198308	98,480
Executive Constraints	2.816257	2.003096	1	7	96,623
% of Mountainous Terrain (Target)	20.8036	21.36733	0	71.3	98,175
Pop. of Target (millions)	67.12154	141.9199	.119246	1324.655	98,480
GDP per capita of Target	8107.502	9756.641	60.47566	82990.07	98,167
Polity Score of Target	12.08728	7.585895	0	20	98,480
No Active Groups	.2652924	.441491	0	1	98,480

Independent Variables

The measurement of rivalry that I utilize is based upon Colaresi and Thompson's definition of strategic rivalry, in which rivalry is indicated by both competition and a perception of threat between dyadic pairs, rather than density of interstate disputes (Colaresi and Thompson 2002; Diehl and Goertz 2000).¹⁹ By selecting a definition that explicitly requires hostility between the states, I avoid including dyads that experience frequent low-scale militarized interactions, such as maritime disputes, but otherwise enjoy productive diplomatic relationships.

I generated my indicator of a group's ethnic identity from the Terrorism Research and Analysis Consortium (TRAC) digital group-level profiles, which categorizes terrorist organizations across a wide variety of ideological positions. Although TRAC profiles a large number of groups, the depth of information varies widely from case to case. To increase the reliability of the variable, I cross-referenced TRAC's ethnic-nationalist coding with the BAAD1 dataset, which includes a variable that also codes for whether a group's ideology contains an ethno-nationalist component (Asal and Rethemeyer 2008).²⁰ 225 of the 877 terrorist organizations in my dataset possess an ethnic identity, although these organizations appear to have greater longevity than non-ethnic groups, and therefore account for 46% of the group-level observations.

To generate the measurement of ideological similarity, I compared the ideology of the terrorist organization, obtained from the TRAC group profiles, and the

¹⁹ To control for possible endogeneity between sponsorship and rivalry onset, I exclude instances of rivalry which began the same year as sponsorship.

²⁰ I found that the TRAC and BAAD1 ethnic identifications are identical for all but one organization, the Popular Front for the Liberation of Palestine. Based on public statements and manifestos, I decided to conform to the TRAC designation, coding the PFLP an ethnic group (Bloom 2004; Laqueur and Rubin 2001).

descriptions of governing party ideology in the *Political Handbook of the World*, an annual encyclopedia of states and non-governmental organizations (Banks et al. 1975-2008). I used the information included in these profiles to code for descriptive keywords pertaining to the ideological identity of the organization or government. For example, in 1992, the Iranian government was coded as Centrist and Islamic (Shi'ite), while Hezb-e Wahdat-e Islami-yi Aghanistan, an Afghani terrorist organization, was coded as Ethnic (Hazara) and Islamic (Shi'ite). Since the two actors possessed one or more shared ideological identities, I coded them as ideologically similar. As terrorist organizations are often narrower in ideological focus than governments, cases where a group's ideology could reasonably fit within a government's were coded as similar. For example, I coded Palestinian ethnic-nationalist organizations as ideologically similar to pan-Arabism governments, since the Palestinian ethnic group can be considered a subset of the broader Arab population. Roughly 15% of active groups were coded as ideologically similar to potential sponsor states.

I generated both the binary indicator for prior sponsorship and the count of the number of years a terrorist organization has been continuously sponsored from the same original data as the dependent variable.²¹ In both of these variables, the sponsorship initiation year of a previously unsponsored terrorist organization was set at zero. Given the secretive nature of the relationship between a sponsor and terrorist organization, it is unreasonable to assume that other states will be able to accurately

²¹ If two or more states sponsored the organization for different lengths of time, the longer duration was used.

determine whether a sponsorship relationship has begun in the initial months of the relationship.

Control Variables

In order to account for possible sources of variation that are not directly related to a principal's selection process, I include several control variables in my analyses.²²

The first is a binary variable indicating whether the year of the dyadic relationship took place during the Cold War, which I measure as ending with the dissolution of the Soviet Union in 1991. Previous research on state-sponsored insurgency has suggested that external support to rebel groups was more common during this period, as the global rivalry between capitalist and communist states led to conflict delegation to proxy groups (Byman et al. 2001; Salehyan 2010). I include this variable to control for the systemic differences in international conflict between these periods, and determine if the decline in competition between these ideologies influenced patterns in sponsorship.

The second control measures the number of years an organization had been active prior to the observation year. This variable is intended to control for organizational factors tied to the longevity of terrorist groups, such as tactical variation, organizational expertise, and group size (Abrahms 2012; Blomberg et al. 2011). Although longer-lived terrorist organizations are likely to be more durable and dominant within the target state, they are also likely to be less organizationally flexible and willing

²² Model results with only control variables included and additional control variables can be found in the supplementary files.

to adapt (Horowitz 2010; Young and Dugan 2014).²³ This will create contradictory incentives for state sponsors, as older organizations will be inherently more likely to succeed at delegated tasks, but they may also resist the directives of the state, increasing the likelihood of agency loss. I measure group longevity by the number of years since the organization first conducted an attack, based on event data from the Global Terrorism Database.

I also include two estimates of the lethality of the terrorist organization, the number of attacks that the group had committed in the previous year and the observation year. These variables account for the differences in the pre-sponsorship capabilities of groups, as well as how visible the group's activities will be to both sponsors and counter-terrorism efforts. As with the previous control, I obtain the variables from the GTD.²⁴

I also include a variable that controls for the breadth of terrorist goals, distinguishing between groups with narrow organizational objectives and those with broad, expansive goals. Utilizing an analysis of group-level characteristics by the RAND Corporation, I divided terrorist organizations into two distinct categories (Jones and Libicki 2008). The first category includes organizations with narrower goals, such as maintaining the status quo, enacting policy changes, or demanding territorial changes. Conceding to these goals would be comparatively low cost for a state, whereas groups with broader goals, such as regime change, the overthrow of multiple regimes, and

²³ The maximum organizational longevity in my data is 38 years, while the mean longevity is 4.6 years.

²⁴ The maximum number of observed attacks was 316 for both controls, while the mean number of attacks was slightly lower (4.3) in the previous year than the observation year (5.8).

global societal revolution, would threaten the fundamental existence of the government. Groups with narrow organizational goals should be viewed differently by potential sponsors than groups with broad goals, as broad organizational goals should engender a more aggressive and non-conciliatory attitude from the target state.²⁵

Finally, I include an indicator for whether an organization engages in economic criminal activities in addition to terrorism, such as drug-trafficking and piracy. I utilized the TRAC group profiles to determine whether an organization possessed this characteristic, coding a group as an economic criminal organization if it engaged in transnational criminal activities, narco-terrorism, or warlordism.²⁶ Organizations with these characteristics should be distinct from other terrorist groups, but it is theoretically unclear whether these differences will result in greater incentives for states to delegate policy to them. For-profit criminal activities have the potential to significantly increase an organization's probability of success, as the revenue can be utilized to purchase additional supplies and attract new members to the organization (Piazza 2011). However, this revenue will result in a greater degree of economic independence for the organization, reducing the sponsor's financial control over the agent's activities (Weinstein 2007). These organizations will also have incentives to act in ways that further the group's economic interests but disobey the sponsor's wishes, increasing the risk of agency loss. Because of these considerations, states will likely view economic

²⁵ The majority of organizations (80%) in the dataset were observed to have narrow goals.

²⁶ Roughly 16% of organizations in the dataset engaged in these activities, making them a clear minority in the Middle East.

criminal terrorist organizations differently than other groups, but it is unclear whether they will be incentivized to select them.

Along with the first hypothesis, I include several control variables in the selection model to account for the state-level variations in the incentives to engage in sponsorship, derived from previous theoretical and empirical work on terrorism sponsorship (Berkowitz 2017; Byman and Kreps 2010). The first of these is difference in military capabilities, as weaker states may be incentivized to pursue alternatives to direct military action such as sponsorship.²⁷ To represent domestic political considerations regarding sponsorship, I include a measurement of executive constraints, as states with fewer constraints should be able to more readily pursue this normatively controversial behavior. The remaining variables control for relevant characteristics of the target state and the time period.

Analysis and Results

As the dependent variable of my principal equation is a binary indicator of the initiation of state-sponsored terrorism, I estimated a number of multivariate censored probit regression models to evaluate my hypotheses. Since my data is naturally clustered by dyadic pairs, I employ robust standard errors to control for within-dyad effects.

In the censored probit models shown in Table 6, all four of my hypotheses were consistently supported across all five models. In the selection model, states were

²⁷ For ease of interpretation, I negate this variable in my analysis.

significantly more likely to make the initial decision to engage in sponsorship if they and the target state were engaged in a strategic rivalry. Once the initial decision to engage in sponsorship is made, organizations with ethnic identities were found to be significantly more likely to be chosen by state sponsors than non-ethnic groups, as were groups that shared at least one ideological characteristic with the potential sponsor state. Organizations that had been previously sponsored by a state were found to be significantly less likely to be sponsored, although the static indicator of prior sponsorship ceased to be statistically distinguishable from zero when the number of years a group had been continuously sponsored by a state was included in the model. These findings support my argument that state sponsors will selectively differentiate between terrorist agents based on organizational characteristics, sponsoring those that possess greater likelihood of organizational success and lower likelihoods of agency loss.

Table 6: Results of Censored Probit Regressions

Variable Name	Model One	Model Two	Model Three	Model Four	Complete Model
Ethnic Organization (H2)	.499** (.174)				.557** (.188)
Similar Ideology (H3)		.457** (.162)			.427** (.171)
Prior Sponsorship (H4a)			-.500* (.268)		.144 (.366)
Duration of Sponsorship (H4b)				-.162** (.062)	-.218** (.104)
Number of Attacks _{t-1}	-.121** (.052)	-.121** (.051)	-.127** (.054)	-.177** (.073)	
Number of Attacks _t	.025*** (.008)	.025*** (.008)	.026*** (.007)	.035*** (.010)	.017*** (.005)
Cold War	-.022	.140	.096	.075	.090

	(.187)	(.183)	(.189)	(.190)	(.186)
Number of Groups	-.134***	-.133***	-.136***	-.133***	-.132***
Breadth of Goals	.443*	.209	.361	.365	.362
	(.237)	(.231)	(.232)	(.242)	(.248)
Criminal Organization	.147	.430*	.355	.366	.043
Constant	(.245)	(.226)	(.228)	(.234)	(.246)
	.100	-.175	.447	.453	-.391
	(.513)	(.482)	(.494)	(.504)	(.514)
Selection Model					
Strategic Rivalry (H1)	1.041***	1.042***	1.041***	1.041***	1.042***
Difference in Capabilities	(.052)	(.052)	(.052)	(.052)	(.052)
Executive Constraints	-1.978***	-1.993***	-1.978***	-1.980***	-1.994***
Cold War	(.601)	(.600)	(.602)	(.602)	(.599)
% of Mountainous Terrain (Target)	-.071***	-.071***	-.071***	-.071***	-.071***
Population (Target)	(.011)	(.011)	(.011)	(.011)	(.011)
GDP per Capita (Target)	.253***	.253***	.253***	.253***	.253***
	(.041)	(.041)	(.041)	(.041)	(.041)
	.003**	.003**	.003**	.003**	.003**
	(.001)	(.001)	(.001)	(.001)	(.001)
	-.002***	-.002***	-.003***	-.002***	-.002***
	(.001)	(.001)	(.001)	(.001)	(.001)
	-.00002***	-.00002***	-	-.00002***	-.00002***
	(.00001)	(.00001)	.00002***	(.00001)	(.00001)
			(.00001)		
Polity Score (Target)	.005	.005	.005	.005	.005
No Groups	(.004)	(.004)	(.004)	(.004)	(.004)
Constant	-4.912***	-4.418***	-4.740***	-4.740***	-4.418***
	(.048)	(.048)	(.048)	(.048)	(.047)
	-2.527***	-2.530***	-2.526***	-2.527***	-2.530***
	(.076)	(.077)	(.076)	(.076)	(.076)
Number of Observations	95,976	95,976	95,976	95,976	95,976
Number of Uncensored Observations	381	381	381	381	381
Wald Chi ²	43.06	49.55	50.64	50.41	52.37

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

The results of the complete model show that the effect of possessing an ethnic identity on likelihood of sponsorship selection appears to be independent of the comparable effect of ideological similarity. This was a potential empirical concern, as the ethnic basis of many political conflicts in the Middle East has resulted in states and terrorist organizations sharing ideologies that are ethnic in nature, such as pan-Arabism. This overlap had the potential to muddy the theoretical waters between the costs and benefits of sponsorship, as the significance of ethnicity could have been a tangential result of state principals minimizing sponsorship risks by selecting ethnically similar agents. Although ideological similarity does reinforce the marginal effect of ethnic identity on sponsorship selection, increasing the likelihood of selection by roughly twelve percent, the complete model suggests that even states that are not ethnically similar are still more likely to sponsor ethnic organizations than non-ethnic groups. These findings reinforce my argument that ethnic groups possess distinct strategic advantages that will incentivize states to select them.

The consistently negative and significant effect of pre-existing sponsorship, when considered alongside the positive effect of ideological similarity, strongly suggests that state sponsors will consider the potential for agency loss when selecting terrorist agents. The dynamic nature of the dominant sub-hypothesis, duration of prior sponsorship, implies that states will consider groups that have been sponsored for brief periods of time differently than groups with lengthier histories of active sponsorship. Unfortunately, it is unclear whether this observation results from the perception that longer durations of sponsorship increase an organization's dependence on the initial

sponsor or the result of time delays in the discovery of prior sponsorship. Given the highly clandestine nature of state sponsorship, it is unlikely that sufficient records of pre-sponsorship deliberations will emerge to conclusively resolve this theoretical uncertainty. However, future research on state sponsorship may offer empirical insight into this issue, particularly if duration of sponsorship is found to have a significant effect on the likelihood of agency loss.

The results of the sample selection model were uniform across all five models shown in Table 2. As expected, higher levels of executive constraints decreased the likelihood that a state would make the initial decision to engage in sponsorship. In contrast, the expected effect of difference in material capabilities was consistently negative and significant, suggested that weaker Middle Eastern states were less incentivized to engage in sponsorship than stronger states.

The impact of my state-level and group-level control variables on the likelihood of a terrorist organization being sponsored were mixed. The number of organizations active in the target state had a consistently negative and significant effect, and greater number of attacks by an organization in the prior and current year respectively decreased and increased sponsorship likelihood. However, the number of prior attacks by an organization, whether the panel year took place during the Cold War, the breadth of ideological goals, and whether the organization engaged in criminal behavior were consistently non-significant.

Although it is unsurprising that greater numbers of active terrorist organizations reduce the likelihood that individual groups will be sponsored, the empirical results for

the other control variables suggest several intriguing findings about state sponsorship in the Middle East. The first is that states appear unconcerned about the potential consequences of sponsoring terrorist organizations with broad agendas, which have been shown to engage in higher fatality, less discriminate acts of terrorism (Jones and Libicki 2008; Piazza 2009). This suggests that some Middle Eastern sponsors will refrain from selecting these organizations, due to the potential for operational overreach or controversy, while others may value their destructive potential, selecting them in order to disrupt or destabilize the target state.

The seeming indifference of potential sponsors towards criminal behavior implies that states may lack detailed information about the criminal history of potential agents. This suggests that information asymmetry may play a greater role in state decision making than is apparent elsewhere in the model. This is supported by the difference in effect between past and current group behaviors, as states may be unable to find accurate information about prior activities, and will therefore place greater importance on presently observable attack patterns.

It would be possible to improve my organizational characteristic variables by developing time varying measurements for breadth of organizational goals and participation in criminal behavior. While the general ideology of a terrorist organization should remain consistent over time, specific organizational goals may fluctuate as the group evolves, potentially altering the impact of breadth of goals on selection likelihood (Asal and Reythemer 2008; Jones and Libicki 2008). Although the consistently non-significant effect of criminal activities on the likelihood of sponsorship may result from

principal-agent information asymmetries, an alternative explanation is that my models cannot determine when organizations begin engaging in these behaviors. Including a time-varying indicator for this characteristic would resolve this uncertainty, as future research would be able to differentiate between groups that commenced criminal behavior before or after they were considered for sponsorship.

Following the example of recent studies that have employed sample selection models, I derived mean marginal effects from my models, shown in Table 7 (Marcum and Brown 2016; Vance and Ritter 2014). The directionality and significance levels of the marginal effects are largely consistent with the results in Table 2, and there are several observations that reinforce my analytical claims.²⁸ First, the inclusion of both the dynamic and static measurements of prior sponsorship results in a sizable increase in the marginal impact of the dynamic variable. When considered alongside the lack of significance of the static variable, this reinforces my supposition that variations in sponsorship duration impact the decision making process. Second, the relatively similar marginal effect of ethnic group identity and ideological similarity suggests that sponsors' group selection processes will be equally motivated by the potential benefits and risks of delegating to a specific group. Since significant differences between the observed effects of these two variables would suggest that states place greater value in either the costs or benefits of sponsorship, the similarity between them reinforces the paired incentives driving my theoretical model.

²⁸ Perplexingly, the inclusion of number of attacks in the prior year, despite not significantly changing the results in the probit model, dramatically altered the mean marginal effects in Model 5. Since this control was not of theoretical significance, I omitted it in model 5. A model with this control is included in the supplementary files.

Table 7: Mean Marginal Effect Estimates

Variable Name	Model One	Model Two	Model Three	Model Four	Complete Model
Ethnic Organization	.088** (.033)				.105** (.042)
Similar Ideology		.078** (.032)			.081** (.033)
Prior Sponsorship			-.083* (.045)		.027 (.067)
Duration of Sponsorship				-.016** (.007)	-.041** (.013)
Number of Attacks _{t-1}	-.021*** (.006)	-.021*** (.006)	-.021*** (.005)	-.017*** (.005)	
Number of Attacks _t	.004*** (.001)	.004*** (.001)	.004*** (.001)	.003** (.001)	.003** (.001)
Cold War	.008 (.031)	.023 (.029)	.021 (.029)	.010 (.017)	.016 (.033)
Number of Groups	-.024*** (.007)	-.023*** (.008)	-.023** (.007)	-.013* (.007)	-.025*** (.007)
Breadth of Goals	.078* (.047)	.036 (.041)	.060 (.043)	.035 (.032)	.068 (.049)
Criminal Organization	.026 (.043)	.074* (.039)	.059 (.039)	.035 (.027)	.008 (.046)
Strategic Rivalry	.0001*** (.00001)	.0001*** (.00002)	.0001*** (.00002)	.0001*** (.0002)	.0001*** (.00003)

Results are mean marginal effects, with robust standard errors in parentheses. * = significant at .10 level. ** = significant at .05 level. *** = significant at .001 level.

Robustness

I conducted several tests of the robustness of my models, the results of which can be found in the supplementary files. The first of these limited the positive observations of sponsorship to unanimously identified observations, dropping observations that were disputed by my sources. The results of this analysis were consistent with the main findings, although the effect of prior sponsorship on likelihood of selection was greater in instances of unanimous identification.

I also examined several alternative measurements of my independent variables. These included a measurement of ideological similarity disaggregated into perfect and partial correspondence between the sponsor and organization. The results suggest that perfectly corresponding terrorist groups are more likely to receive sponsorship than partially corresponding, further supporting my finding that sponsors have incentives to select groups with similar ideological beliefs and goals.

I also assessed adjustments to Hypothesis 4a, expanding the range of prior sponsorship by one and two years, and examined whether prior sponsorship by countries sanctioned by the United States influenced the group selection process. These tests did not offer significant improvements on the existing binary indicator, and did not alter the impact of Hypothesis 4b, which continued to offer greater explanatory power than the binary alternatives.

I also included several additional control variables to the model. These consisted of whether a group was listed as a rebel organization in the NSA dataset, a rough measurement of group size aggregated from RAND and BAAD, a binary indicator for older versus younger organizations, and an indicator of whether a terrorist organization was the only active group in a dyad. None of these additional controls significantly altered the main theoretical findings of the analysis.

Finally, to assess the differences between Middle Eastern states and the relevant non-Middle Eastern dyads included in my analysis, I ran models that limited the range of dyads to the 22 Middle Eastern states. I did not find any significant differences between these results and the findings in my main analysis.

Conclusion

State sponsors of terrorism will be faced with a complex decision making process when selecting the individual organizations they intend to support. The results of my empirical analysis support the principal-agent model's utility in conceptualizing state sponsorship, as well as the importance of both state-level and group-level characteristics in explaining sponsorship decision making (Byman and Kreps 2010). My models show that Middle Eastern sponsors will be aware of the innate differences between potential terrorist agents, and appear to strategically sponsor organizations based on these characteristics. The results also suggest a consistent utility maximization in sponsorship decision making, as states will take into account both the probability of organizational success and the likelihood of agency loss.

Since my analysis is the first large-N, cross-national study of the decision making process by which state-sponsored terrorist organizations are selected, there is significant room for further research. The frequently clandestine nature of terrorism in general and state sponsorship in particular necessitates future scholars to revise existing datasets as new information appears. Although I believe that the dataset I have developed for this article will be a valuable resource for future research, it is important to acknowledge the often-embryonic nature of large-N studies of terrorism, and the clear potential for improvements to my empirical evidence.

Future work can also address lingering theoretical questions regarding state sponsorship of terrorism that are not conclusively answered in my analysis. One of these questions is the applicability of the principal-agent framework and utility model I

present in this article to observations of sponsorship outside of the Middle East.

Although state sponsorship is a disproportionately regional foreign policy tool, material support for terrorist groups is not confined to this geographic area. Over half of the occurrences of state sponsorship in my broader dataset involve countries outside of the Middle East, including pressing contemporary cases such as Pakistani support for terrorism in India and reciprocal sponsorship between countries in the Horn of Africa.

It may also be profitable to consider the potential impact of differences between ethnic groups on the likelihood of selection. Although my analysis indicates that terrorist organizations with an ethnic identity are, on a whole, more likely to be sponsored than non-ethnic groups, variations in ethnic groupness, such as group size, its share of domestic political power, and its history of past conflict, have been found to influence the likelihood of an ethnic population engaging in violence against the state (Cederman et al. 2010; Wimmer et al. 2009). Since these characteristics may also influence a sponsor's perception of organizational capabilities, future research on the differences between ethnic organizations can potentially improve our understanding of the relationship between ethnicity and sponsorship.

Researchers may also wish to employ similar empirical methodologies and theoretical models to examine other aspects of state-sponsored terrorism, such as state-terrorist dynamics during the period of sponsorship. Finally, my analysis points towards, but cannot definitively prove, an active consideration of terrorist organizational characteristics by state sponsors of terrorism. If a record of a state

sponsor's internal deliberations exists and can be obtained, the resulting case study analysis would offer considerable support for my theoretical model.

Reducing the number of state-sponsored terrorist organizations in the Middle East is an important step in reducing the large number of violent conflicts in the region. As a result, policymakers should naturally be interested in understanding why specific terrorist organizations receive sponsorship while others do not. The principal-agent model conceptualizes the agent selection process as a comparison between the positive and negative characteristics of potential agents, with the intention of selecting the one best suited to the principal's needs. My analysis supports this line of reasoning, as state sponsors select terrorist organizations based on both the likelihood of success and the potential for costly shirking behavior.

Although policymakers can use this knowledge to predict which terrorist organizations are most likely to receive sponsorship from particular Middle Eastern states, it may be difficult to translate this information into effective counter-terrorism policy. As the long-running hostilities between Israel and the Arab world demonstrate, state sponsors often have strong domestic incentives to continue supporting terrorist organizations, regardless of international pressures. When combined with the strategic selection of effective and low-risk terrorist agents, the incentives to refrain from sponsorship further diminish. Although the potential global benefits of reducing sponsorship in the Middle East are vast, policymakers should anticipate lengthy and complex struggles to achieve this end, and be prepared for a high risk of failure.

Paper 3: Success or Shirking in Terror: Control Mechanisms in State Sponsorship of Terrorism

Since 1970, the Syrian government has provided financial support, military equipment and training, and safe haven to multiple anti-Israeli terrorist organizations, such as the Abu Nidal Organization, Hezbollah, and the Popular Front for the Liberation of Palestine. Collectively, terrorist attacks by these groups have been responsible for the deaths of hundreds of Israeli citizens, and have prompted repeated international condemnation against Syrian support. Despite this, Syria has continued to engage in sponsorship, in large part due to its inability to resolve long-standing geopolitical disputes, such as the Israeli occupation of the Syrian Golan Heights region, through conventional military force (Bapat 2011; Byman 2005). By delegating to terrorist organizations, Syria has been able to continue its opposition to Israel's domestic and regional policy interests while simultaneously avoiding the negative ramifications of direct conflict. This strategy has been partially successful, forcing Israel to engage in costly and unpopular counter-terrorism campaigns and contributing to a number of limited policy victories, such as the 1999 withdrawal of the Israeli military from southern Lebanon (Kaye 2002).

However, the history of Syrian sponsorship points to a pattern of continual friction and conflict between the Syrian government and the terrorist groups it

supports. Sponsored groups have damaged Syrian interests in a variety of ways, ranging from operational disobedience to outright violence, while Syria has responded by reducing support, arresting organization leaders, and expelling groups from Syrian territory (Byman and Kreps 2010). These tensions, as well as similar conflicts in other state sponsorship relationships, likely developed from divergences in the underlying preferences of terrorist organizations and their sponsors.

If state sponsorship of terrorism is conceptualized as a relationship between a principal and agent, the behaviors of the sponsored organization that are undesired by the sponsor can collectively be referred to as agency loss or shirking (Fama 1980; Sappington 1991; Strøm 2000). The potential for agents to act in ways undesired by their principals is a fundamental risk of principal-agent relationships, as delegating authority to another actor naturally results in the potential for that actor to abuse that authority. In conventional principal-agent relationships, agency loss is commonly regarded as the principal source of inefficiency between the two actors, and principals generally seek to minimize agency loss through contractual limitations and monitoring. Although previous scholars have examined state support for violent non-state actors as a principal-agent relationship, agency loss has been understudied in the existing literature on terrorism sponsorship (Byman and Kreps 2010; Salehyan et al. 2014). Outside of a small selection of case studies, there has been little in-depth exploration of the behaviors of sponsored organizations, and scholars currently lack the necessary measurements to assess broad patterns of agency loss.

In this paper, I fill in this empirical gap by developing general measurements for both agent success and agency loss in state sponsorship of terrorism, based on prior theoretical arguments and constructed using the observable behaviors of sponsored groups. I then test the influence of sponsor-organization relationship characteristics on the likelihood of observing these behaviors across time, using large-N data to examine a wide range of sponsorship observations. I find that conventional methods of minimizing agency loss, when applied to the context of state sponsorship relationships, significantly decrease the occurrence of shirking behaviors while simultaneously increasing the group's attack behaviors. These findings offer insight into the complex relationship between state sponsors of terrorism and their agents, and should enable scholars and policy analysts to better evaluate the behaviors of sponsored organizations and assess the strength of sponsorship relationships.

Prior Studies

There is a sizable literature examining cases where an agent does not behave in ways previously agreed upon with the principal, or agency loss, in the context of traditional principal-agent relations such as government bureaucracies and corporations (Eisenhardt 1989; Grant and Keohane 2005). However, it is only recently that the principal-agent framework has been applied to state support of violent non-state actors, and so understandably the literature addressing agency loss within this context has only begun to be developed. In "External Rebel Sponsorship and Civilian Abuse," Salehyan, Sirosky, and Wood examine agency loss behaviors of sponsored insurgent groups across

a wide range of state-sponsored rebel groups (Salehyan et al. 2014). Unfortunately, the definition of agency loss utilized by Salehyan et al., violence against civilians, is unsuitable when considering agency loss in the context of sponsored terrorists. Terrorist organizations often strategically choose to engage in violence against civilian populations, and this behavior has been suggested to increase an organization's media attention, credibility, and ability to extract concessions (Conrad and Greene 2015; Thomas 2014; Wood 2010). As a result, it is unclear whether civilian violence will be considered agency loss by sponsors, and some states may choose to support terrorist organizations expressly because of their greater ability and expertise in attacking civilian populations (Byman 2005).

Byman and Kreps' "Agents of Destruction" applies a similar principal-agent framework directly to terrorist organizations, and specifically outlines a number of ways in which terrorist agents can act for or against the interests of their principals (Byman and Kreps 2010). The benefits of sponsorship include projecting force to conventionally inaccessible areas, credibly demonstrating the state's ability to harm militarily superior rivals, and strengthening ideologically-similar non-state actors. The behaviors they describe as agency loss in this context are the organization attacking a broader array of targets, engaging in economic, rather than political, terrorism, pursuing violence apolitically, repeated mistakes or errors in operations, engaging in unauthorized attacks that escalate conflicts, the unauthorized spoiling of peace negotiations, and encouraging terrorism or domestic unrest within the sponsor's own country.

Byman and Kreps' categorization does not directly address whether agency loss will be visible to outside observers, and a number of forms of agency loss require complete information regarding a state sponsor's preferences. Given the incentives of principals in illicit relationships to hide their involvement with their agents, theoretical distinctions between observable and non-observable agency loss are needed in order to develop a useful general measurement in the context of terrorism sponsorship. Without such a definition, it will be both theoretically and empirically difficult to make general observations about tensions between state sponsors and terrorists, which will in turn limit the ability of scholars and policymakers to exploit these divisions.

Defining Agency Loss

As in traditional principal-agent relationships, agency loss in state sponsorship of terrorism should be defined as actions by the sponsored agent that deviate from the preferences of the state. Previous scholars have enumerated a number of potential agency loss behaviors that are in line with both the theoretical literature on agency loss as well as the empirical record on state sponsorship, such as falsely claiming attacks, shifting attack patterns towards less-desirable targets, engaging in exclusively economic forms of terrorism, escalating conflicts, and launching terrorist attacks against the sponsor state itself (Bapat 2011; Byman and Kreps 2010).²⁹

²⁹Byman and Kreps expand the traditional definition of agency loss to include inadvertent organizational failures, such as unsuccessfully executing an attack. This broadening is uncommon in the larger literature, as the preferences of an inept, yet sincere, agent do not necessarily diverge from the principal, as they will continue to share the same goals and preferences (Sappington 1991). Although a history of continual failings will undoubtedly result in tensions, there are clear theoretical differences between this failure and

However, there are significant differences in the preferences of state sponsors of terrorism when compared with typical principals, which creates uncertainty regarding the status of some organizational behaviors as shirking. These divergences result from the incentives for a state sponsor to disguise its support of violent and often illegal terrorist organizations, particularly from the international community. The ramifications of state sponsorship being discovered are frequently negative, including heightened diplomatic tensions, economic sanctions, and even military action. States such as Iran and Syria have experienced significant economic downturns following the imposition of sponsorship-related sanctions by Western states, which in turn have fueled domestic political dissatisfaction (Byman 2005; Torbat 2005). Other states with overt links to terrorist organizations have experienced even costlier international punishments, such as United States-led military strikes against Libya and Afghanistan following high profile attacks by terrorist groups supported by their governments (Prunckun and Mohr 1997; Wright 2006). To create plausible deniability of their actions and reduce the likelihood of costly reprisals, many states conceal their sponsorship of terrorist groups, and utilize limited communication, informal agreements, and intermediaries to create barriers between themselves and their agents. This dramatically contrasts with traditional principals such as the bureaucracies and corporations, as public awareness of a relationship, alongside formal contracts that delineate principal expectations and possible violations, are considered integral methods of reducing agency loss.

agency loss behaviors I discuss in this section. Therefore, I restrict my definition of agency loss to only include purposive actions taken by sponsored organizations.

Controlling Sponsored Organizations

Since agency loss is a possibility in all principal-agent relationships, there has been significant theoretical thought on how principals can control their agents in order to both ensure success and reduce shirking. The traditional literature on principal-agent relationships identifies three distinct methods of control: careful selection of potential agents to eliminate those with high shirking tendencies, the implementation of contractual obligations or restrictions that restrain the agent's behaviors, and the monitoring of agents (McCubbins and Schwartz 1984; Sappington 1991). Selection, the focus of the second chapter of my dissertation, occurs prior to the beginning of a principal-agent relationship, and may involve a large pool of prospective agents. As a result, the selection process is distinct from contractual obligations and monitoring, as the state actor will seek to control entry into the support relationship, rather than control the behaviors of organizations after the relationship has begun. Because of these differences, as well as the inherently post-selection nature of sponsorship outcomes, in this chapter I focus exclusively on contractual controls and monitoring.

Contracts in State Sponsorship

Contracts are an integral component of conventional principal-agent relationships, as they provide a direct and verifiable method of structuring the expectations surrounding the delegation of authority and resultant compensation (Binderkrantz and Christensen 2009; Hawkinset al. 2006). Formal contracts are typically agreed upon at the start of the relationship, codifying the interactions between a

principal and agent before the relationship truly begins. Contracts will offer principals the ability to structure the incentives of their agents, institutionalizing both the rewards for good service as well as the punishments for disobedience. Since not all contracts are identical to each other, different contractual arrangements will result in different risks and forms of agency loss, even in otherwise similar principal-agent relationships. Therefore, the specific contractual agreements between a state and a terrorist organization will influence the level of agency loss in a given relationship.

There exist strong incentives for state sponsors of terrorism to create an atmosphere of plausible deniability around their actions, resulting in comparatively few formalized contracts or publicly available agreements between states and organizations. Unlike corporations or bureaucracies, where the existence of a formal contract likely offers legal protections and guarantees to the principal, public acknowledgement of a state sponsoring a terrorist group will likely result in negative consequences, such as U.N. sanctions and criminal indictments against political leaders. Even states which are widely known to sponsor terrorist organizations, such as Iran, do not publicly disclose the specific arrangements of their support, if not for plausible deniability then to maintain a degree of secrecy regarding future operations.

As a result, it is unfeasible to utilize formal agreements between state principals and terrorist agents to compare the characteristics of these relationships. However, this does not mean that the details of these relationships are entirely opaque to outside observers. Previous research on externally sponsored insurgent groups suggests that the visible characteristics of a sponsorship relationship will alter the level of observed

agency loss (Salehyan et al. 2014). Although this information will be unable to capture all variation between different contracts, observably different sponsorship relationships will alter the value of the relationship, including the costs to the agent in the event of sponsorship termination. An arrangement which can be ended with little cost to the terrorist organization will result in the group having fewer reservations against acting against the sponsor's interests, increasing the likelihood of agency loss. Conversely, a sponsor that is indispensable to the survival of a group will create significant operational problems if it is angered and withdraws its support, disincentivizing a group to engage in shirking behavior. Therefore, by theoretically modeling how these observable characteristics will alter the incentives of terrorist organizations, the effect of different contractual agreements on the likelihood of agency loss can be assessed, despite the limitations in available information.

Sponsorship Exclusivity

One of the most basic characteristics of the association between a state sponsor and terrorist organization is the level of exclusivity in the relationship. Many state sponsors choose to support multiple terrorist organizations, spending additional resources in order to achieve goals such as increasing the likelihood of policy success or achieving greater control over the direction of a multi-actor insurgency (Byman and Kreps 2010). Terrorist groups also experience multiple principal-agent relationships simultaneously, with organizations frequently being sponsored by two or more states, such as the sponsorship of the Eritrean Liberation Front in the 1970s by Syria, Iraq, and

Russia (Saleyhan et al. 2014). Other groups, such as the Nicaraguan-sponsored Farabundo Marti National Liberation Front, are supported by a single state actor, resulting in an exclusive relationship between the state and the organization.

Sponsorship exclusivity puts significant pressure on a terrorist organization to act in accordance with the sponsor's interests, as without the state, the terrorist organization will lack a source of external support. Since sponsorship is often the source of otherwise unobtainable resources, a terrorist organization with only one sponsor may face serious operational difficulties or even dissolution if the state chooses to end the relationship (Carter 2012; Phillips 2014). Even in instances where an exclusively supported organization could locate a replacement sponsor, the period of uncertainty and financial difficulty between these relationships will motivate groups to avoid sponsorship loss. As a result, terrorist groups with solitary sponsorship relationships will have greater incentives to act in accordance with the preferences of their sponsor than terrorist groups with multiple sponsors, reducing the level of observed agency loss. Groups with multiple sponsors will have the potential to possess overlapping support systems, in which specific resources are provided by more than one state (Saleyhan 2010). This means that multiple-sponsor organizations will experience comparatively lower hardship if a state exits the relationship than single sponsor groups, as departing resources can be replaced by those from another principal. When tensions between China and Vietnam, co-sponsors of the Communist Party of Thailand, caused the Vietnamese government to withhold supplies from their mutual agent, records suggest that the organization was able to replace these resources with Chinese assistance

(Wedel 1981). This insurance will allow the sponsored terrorist organization to exert greater independence from specific principals and greater flexibility in operations, resulting in a higher level of observed agency loss and a lower level of observed agent success.

Not all multiple-sponsor relationships are identical, however, and variations in the number of sponsors groups have will likely influence the likelihood of observing agency loss. Groups such as the Justice and Equality Movement, which received external support from only two states during the civil war in the Sudanese Darfur region, should have considerably less operational independence than groups like the Sudan People's Liberation Army, which during the earlier Second Sudanese Civil War received support from a total of six states.³⁰ Each additional sponsor carries with it the possibility of redundant provision of resources, decreasing the reliance of the agent on each individual principal. Increasing the number of sponsor states will also diminish the probability that all sponsors have similar preferences, a situation which would mitigate the security advantages of multiple sponsorships. As the number of state sponsors increases, the percentage of preferences shared by all sponsors should diminish, as each additional sponsor will have a distinct, potentially non-overlapping set of interests and goals. Therefore, as the total number of state sponsors increases, the incentives for a terrorist organization to engage in agency loss will increase proportionally.

Hypothesis 1A: As the number of state sponsors increases, the level of agency loss will increase.

³⁰ The JEM received support from Eritrea and Chad, while the SPLA received various levels of material support from Egypt, Ethiopia, Israel, Saudi Arabia, the United States, and Zimbabwe.

Hypothesis 1B: As the number of state sponsors increases, the level of agent success will decrease.

Variations in Support

A second characteristic of the sponsor-organization relationship is the type of resources provided by the state actor. Within the context of the principal-agent model, support is functionally equivalent to the monetary compensation given by traditional employers, as the terrorist group will receive these resources in exchange for acts of terrorism that advance the state's policy goals and interests. It can be assumed that most, if not all, forms of sponsor support will be beneficial to the recipient, as otherwise the organization will have little motivation to serve as the sponsor's agent. However, some resources provided by states, such as military equipment and supplies, will be more highly valued by terrorist organizations, resulting a greater level of control over the behavior of sponsored groups.

Although some terrorist organizations increase their political influence through service provision or negotiations, terrorism as a strategy is principally based upon achieving goals through force, and most terrorist groups are fundamentally based around armed violence (Flanigan 2008; Kydd and Walter 2006). Unlike other resources, such as medical supplies or food, military support will directly impact the ability of sponsored organizations to engage in acts of violence, their principal coercive strategy. Military support to rebel groups, unlike economic resources, has also been shown to play a significant role in increasing the duration of civil wars (Collier et al. 2004; Regan

2002). These findings suggest that military resources will play an important role in increasing the longevity of violent non-state actors, as conflict termination in these cases will likely involve the destruction of the rebel organization.

As a result, sponsored terrorist organizations that receive military support should therefore be more successful than those which do not, utilizing these resources to conduct larger and more sophisticated terrorist campaigns, compete with other non-state actors, and withstand government counter-terrorism efforts. This should consequentially increase the dependence of the group on the sponsor state, as any reduction in military support will result in a similar reduction in the capabilities of the organization. Since agency loss, if detected, may be punished by the principal, militarily-supported organizations face greater costs associated with disobeying their sponsors than organizations that do not receive military support. In order to maintain resources that have become vital to their continued survival, these groups should be more likely to act in accordance with the wishes of their sponsors, resulting in lower levels of observed agency loss and higher levels of observed agent success.

Hypothesis 2A: If an organization receives military support from a state sponsor, then the level of agency loss will decrease.

Hypothesis 2B: If an organization receives military support from a state sponsor, then the level of agent success will increase.

Monitoring

Although the purpose of contracts is to structure the incentives of agents in ways that make shirking behavior unattractive, no system of institutional control is flawless, and agency loss has the potential to occur in all principal-agent relationships. As a result, most principals spend resources to monitor their agent's behavior, in hopes of discouraging agents to deviate from their interests as well as to detect and punish these behaviors before the damage dealt by them increases in severity. In legitimate corporations and bureaucracies, monitoring can take many forms, ranging from security cameras and internet monitoring software to large-scale institutionalized bureaucracies, such as the United States' General Accounting Office and Inspectors General (Light 1993; Wholey and Hatry 1992).

Since the structure of the sponsorship relationship differs greatly from typical principal-agent relationships, many of the monitoring techniques utilized in corporations or bureaucracies will be unavailable to state sponsors. In many instances, there will be little face-to-face interaction between state actors and a sponsored terrorist group, meaning that most sponsors will rely upon indirect monitoring to detect agency loss (Salehyan 2010).

The simplest, and therefore most likely, form of indirect monitoring is through the observation of the attack behaviors of sponsored organizations, followed by responding to instances where these actions conflict with the state's interests. Since terrorism is invariably a public act, this is a low cost form of monitoring, as media or intelligence reports on the characteristics of attacks will likely be sufficient to determine if the agent's actions correspond to the state's preferences. However, indirect

monitoring is inherently reactive, as the sponsor will be unable to observe an agent's intentions prior to an attack. If a state exclusively relies on this strategy, the resulting operational freedom may encourage dissatisfied terrorist organizations to engage in agency loss, as there will be little likelihood that a state will anticipate and react to shirking behavior before an organization benefits from its actions.

State sponsors can alternatively rely on active supervision and monitoring, which provides proactive control over terrorist agents but requires greater expenditures of resources, and incurs greater risks, for the principal. By mandating regular interactions between state actors and members of a sponsored organization, sponsors will be better able to control attack behaviors, as well as determine whether an agent is preparing to engage in agency loss. Since changes in organizational attack strategies and target selection are unlikely to occur instantaneously, regular observers will be able to detect these behavioral shifts over time, as well as whether they represent agency loss (Horowitz 2010; Kydd and Walter 2006). Because of this, the presence of monitors should put constraints on the group's behaviors, as the higher likelihood of detection will result in fewer viable options for unpunished shirking. However, the costs of direct monitoring will be high, as the state will be required to deploy numerous trained and reliable observers in situations with high probability of violence. Constant involvement by the state will also increase the likelihood that the sponsorship relationship is discovered, increasing the risk of international disapproval and reaction (Salehyan 2010). Because of these concerns, direct monitoring should be less commonly utilized

as a control technique, regardless of the potential benefits from reduction in agency loss experience by states willing to pay these costs.

The clandestine nature of sponsorship relationships will result in significant difficulties in assessing whether states utilize direct monitoring as an agent control strategy. Past instances where discovery of sponsorship has led to domestic or international ramifications, such as Iran-Contra scandal or the 1992 U.N. sanctions against Libya, should incentivize states to disguise their involvement with foreign terrorist organizations (Brody and Shapiro 1989; Collins 2004). Even in cases where state sponsors have incentives to publicly acknowledge their support of terrorist organizations, such as the continuing Pakistani support for Kashmiri separatists, operational security concerns should lead government officials to avoid direct mention of embedded military advisors or government personnel (Carter 2012; Bapat 2012). Fortunately, one form of direct monitoring, locating terrorist bases of operation within a state's territorial boundaries, is difficult to hide completely from outside observers, resulting in measurable sources of data on this behavior.

Although access to physical facilities will have significant benefits for a sponsored organization, bases of operation also enable sponsors to directly monitor and control their agents, influencing ideological stances as well as attack behaviors. Since training and refuge within a sponsor state will increase the capabilities and expertise of an organization while simultaneously providing otherwise unavailable medical and housing services, terrorist agents will have strong incentives to accept this support (Byman 2005). However, states will also be able to utilize this proximity to determine

whether or not an organization intends to engage in shirking behavior and punish agents if it occurs. Furthermore, physically sheltering a terrorist agent within the sponsor's territory will offer significant control over the organization's movement and activities, including sensitive information which can, in cases of extreme agency loss, be provided to the group's rivals and opponents (Carter 2012).

State actors will also be able to utilize domestic bases to indoctrinate organization members in the state's ideological positions, shifting the preferences of the organization closer to that of the state. An example of this can be seen in the strong ideological and policy similarities between the Lebanese Hezbollah organization and Iran (Byman 2005; Ehteshami and Hinnebusch 1997). In addition to their shared Shi'ite religious identity, the connections between the two actors have been strengthened by the regular training of Hezbollah members in Iran, including theological training in Shi'ite Hawza and military training with Iranian intelligence agencies and the paramilitary Iranian Republican Guard (el Hussein 2010; Norton 2007). This relationship has led to significant coordination between Hezbollah and Iran, with Hezbollah leaders frequently requesting advice and guidance from Iranian religious and political authorities.

The closer ideological connections developed from direct interactions, when combined with greater opportunities for sponsors to monitor their behaviors, should naturally incentivize sponsored terrorist organizations with a physical presence in the sponsor state to act in accordance with the interests of their principals. As a result, groups that have bases of operation within the territorial boundaries of their sponsor

should have significantly lower levels of observed agency loss, and greater levels of observed agent success, than organizations that do not possess this physical proximity.

Hypothesis 3A: If an organization has bases of operation within the territorial boundaries of the state sponsor, then the level of agency loss will decrease.

Hypothesis 3B: If an organization has bases of operation within the territorial boundaries of the state sponsor, then the level of agent success will increase.

Research Design

The central political relationship I examine in this paper is how the behaviors of state-sponsored terrorist organizations are influenced by the relationship between the organization and its sponsor. Since these behaviors can vary significantly over time, I test my hypotheses using an annual cross-sectional time series dataset of global sponsorship relationships between the years 1970 and 2013. This results in a dataset where each observation represents a state sponsor and a sponsored terrorist organization in an individual year.

In the context of this paper, I define state sponsorship as deliberate provision of resources and material support to a non-domestic terrorist organization by a government institution. This includes the provision of money, military equipment, nonmilitary material resources, training facilities, and safe havens. My definition excludes nonmaterial forms of support, such as diplomatic recognition, and instances of passive sponsorship, in which a government allows domestic non-state actors to provide material support to foreign terrorist organizations (Byman 2006).

I examine 238 instances of sponsorship in the dataset, which results in a total of 2,451 organization-state-year observations. As a number of terrorist organizations in this dataset are sponsored by multiple states, the dataset examines 138 distinct terrorist organizations and 61 state sponsors of terrorism.³¹ The data for this analysis was obtained from a recently introduced dataset on patterns of state sponsorship of terrorism, which offers a more dynamic, broader range of sponsorship observations than previous analyses (Berkowitz 2017).

Measuring Agency Loss

Because of sponsors' incentives to disguise their involvement, outside observers will experience a greater degree of uncertainty when assessing the political objectives of a state sponsor of terrorism than other types of principals. While some behaviors can be considered agency loss in any instance of sponsorship, others will require credible, and potentially unavailable, information regarding a sponsor's preferences. The behaviors that most clearly qualify as agency loss are those that involve the terrorist organization acting in an overtly non-political fashion or directly opposing the interests of the sponsor. State sponsors can be assumed to support terrorist organizations in order to achieve some political goal, meaning that a group that acts apolitically, such as conducting terrorism for purely economic goals or attacking random targets, will be acting in opposition to the state's interests. Similarly, it is unlikely that any state will desire a terrorist organization to attack its citizens or members of its own government

³¹To provide examples of these relationships, a randomized selection of cases is included in the Appendix.

and military. If these behaviors are observed, it is probable that tensions have developed between the two actors.

Other organizational behaviors can only be uncertainly categorized as agency loss, as there is at least a limited potential for them to serve the interests of a sponsor state. Actions such as shifting the targets of attacks, escalating low-level conflicts, or spoiling peace negotiations all have the potential to be in opposition to the interests of the sponsor state. Documentation suggests that Syria initially supported the Abu Nidal Organization with the expectation the group would principally attack Israeli soldiers, damaging Israel's military capabilities (Byman 2005). When the organization chose to exclusively target Israeli civilian populations, tensions rose between ANO and the Syrian government, eventually leading to sponsorship termination.

In other circumstances, supporting a terrorist organization that targets civilian populations may in fact be the intended goal of the sponsor state, and so this behavior would be within the range of acceptable behavior by a group. Similarly, it is possible for a sponsor to deliberately instruct a group to sabotage peace negotiations or escalate a pre-existing conflict, complicating whether these behaviors can be conclusively identified as agency loss. Without sufficient knowledge of a sponsor's preferences, any behavior that has at least a minimal potential to politically benefit a state cannot uniformly qualify as agency loss. While there are extensive case studies outlining the motivations of some state sponsors, particularly Syria and Iran, many other instances of sponsorship have not been the subjects of extensive research, resulting in incomplete

records of empirically verifiable state preferences (Hoffman 2006; Byman and Kreps 2012).

Because of this inherent uncertainty, there are a limited number of organizational behaviors that can be universally interpreted as shirking. Fortunately, a number of these characteristics, including conducting acts of terrorism against the sponsor's own territory and population, can be empirically obtained through existing event databases, such as the Global Terrorism Database (Enders et al. 2011; LaFree and Dugan 2007).

Care must be taken, however, to consider the target of terrorist attacks that occur within the sponsor state. It is reasonable to assume that terrorist attacks aimed at the sponsor's government, military, or civilian population will be viewed as agency loss, as the group would be directly harming its principal. However, attacking other targets within the sponsor's territory, such as foreign diplomats or anti-government insurgent organizations, are more likely to be accepted, and could be among the tasks delegated to the organization. An example of this can be seen in by the targeting patterns of the Iranian and Syrian-sponsored Hezbollah organization. Although Hezbollah has reportedly engaged in acts of terrorism within the territory borders of these states, the targets of these events suggest that these attacks were not in opposition to the sponsor's preferences, and may have been directed by the states themselves.³²

³² These include 1991 grenade attacks against the British, Italian, and Turkish embassies in Tehran, as well as numerous attacks against civilian supporters of anti-Syrian rebel groups since 2013 (Lafree and Dugan, 2007).

Other behaviors that can be assumed to consistently meet the definition of agency loss, such as acts of violence that in no way fulfill the group's political agenda, will be significantly more difficult to observe. An ideal method of measuring this behavior would be to assess the percentage of recorded attacks which do not fit within the context of a group's stated political agenda, resulting in a measurement of the distance between an organization's stated objectives and its behavior. The agenda of a sponsored organization should be a reasonable approximation of the policy goals of their sponsor, as sponsorship should only occur if a group is capable of acting on the state's behalf. Unfortunately, the current academic literature on terrorist behavior does not include a published, generalized measurement of the correspondence between demands and behaviors. Although such a measurement is theoretically possible, the research necessary to build such a detailed, comprehensive indicator is outside the scope of this project.

It is possible, however, to capture an element of this form of agency loss by examining the percentage of terrorist attacks perpetrated by a sponsored organization that occur outside of the territorial boundaries of the group's principal target. Most terrorist organizations will principally or exclusively target a specific nation or group of nations, and it is reasonable to assume that states will delegate to specific groups in order to influence of the policies of these states. As the percentage of a group's attacks that are not directed at the target increases, the organization's attack behaviors will no longer correspond to its, or the sponsors, political goals. Continuing the example of Syria and the Abu Nidal Organization, tensions with the ostensibly anti-Israeli group

increased as the group conducted attacks in countries such as Pakistan, Turkey, and Italy (Byman and Kreps 2010; Rabil 2006). Although this indicator does not capture divergences in specific policy preferences, it does evaluate the degree to which an organization has expanded beyond its intended targets, a behavior that should be of deep concern to policy-motivated state sponsors.

Dependent Variables

Since the control mechanisms states use to reduce agency loss in terrorist organizations should also create incentives for sponsored groups to work towards the sponsor's goals, I examine the factors that influence both agency loss and agent success. As such, I test my hypotheses using two distinct dependent variables. Both of these variables were developed from event data on terrorist attacks obtained from the Global Terrorism Database (GTD), which allowed me to determine the location and time of an attack, the identity of the perpetrator group, and the targets of the attack (Lafree and Dugan 2007).³³

The measurement of agency loss I utilize in this paper, the percentage of attacks by the sponsored organization occurring outside of the state target of the organization, was obtained by dividing the number of GTD events attributable to the group in a given year by the number of these events that occurred outside of the target state. In cases where the terrorist organization had multiple targets (such as Hezbollah, which is recorded as targeting Israel, Lebanon, and Western Democracies), all were considered

³³ Summary statistics for these and other variables can be found in the Appendix.

the target state. It is possible that some extra-target attacks, such as the assassination of the target state's ambassadors or visiting political leaders, will be detrimental to the target state. Since this type of attack would not be considered agency loss, I did not include attacks where the reported target was a representative of a foreign government in my percentage of extra-target attacks.

Although this variable captures one aspect of agency loss in state-sponsored terrorism, I was unable to conclusively examine several alternative indicators of agency loss using available statistical data. The first, transitioning from politically-motivated acts of terrorism to purely economic violence, was impossible to conclusively determine without detailed information on internal organizational decision making. Although the current iteration of the GTD does include information on whether a monetary ransom had been demanded in events where hostages were taken, this does not exclude an economic and political demand being issued simultaneously. This issue of simultaneity also complicates reports of terrorist organizations engaging in criminal activities such as human trafficking and narcotics production (Sanderson 2004). While these activities may indicate that a terrorist organization is becoming economically independent, without information on the true preferences of both terrorist agents and state principal, it is entirely possible these behaviors have a political goal that is approved by sponsors.

In contrast, GTD event data does provide sufficient information to record instances where state-sponsored terrorist organizations committed acts of terrorism in the territory of their sponsors. I utilized this data to construct a series of binary variables indicating whether or not a terrorist organization conducted attacks in a

sponsor state in a given year. Unfortunately, the low frequency of these events prevents accurate statistical inferences from being drawn from these variables (King and Zeng 2001). Prior to controlling for the type of target, only 56 of 2451 observation years, or 2.28 percent, contain instances where a sponsored group engages in terrorism in the sponsor state. This number declines significantly when limiting this variable to targets that the sponsor will consistently view as agency loss, such as the sponsor's military or infrastructure. As a result, I do not examine this form of agency loss in my main analysis, although I briefly discuss possible models and results in the robustness section of this paper.

In contrast to indicators of agency loss, broad measurements of whether sponsored groups are behaving in ways desired by the state, or agent success, are relatively straightforward to identify and operationalize. Although the specific policy objectives state sponsors will wish to accomplish will vary significantly from case to case, it can be reasonably assumed that all sponsors will approve of behaviors that weaken the capabilities and resolve of the target state. Therefore, the measurement of agent success I utilize in this paper is the number of terrorist attacks committed by the sponsored group in a given year. Although other characteristics, such as group longevity, have been utilized by previous scholars to measure organizational success, merely continuing to exist may not represent an adequate return on the investment made by the sponsor state (Blomberg et. al 2011; Phillips 2014; Young and Dugan 2014). Instead, state sponsors should expect successful agents to regularly engage in acts of terrorism, thereby justifying the resources expended to supply them with training and

equipment. As a result, groups that experience greater contractual obligations and monitoring by their sponsors should be motivated to conduct greater numbers of attacks per year when compared with groups without these behavioral controls.

Independent Variables

The variable used for the first hypothesis, the number of additional states sponsoring the terrorist organization in the observation year, was constructed from the cross-sectional dataset that forms the core of my analysis. Of the 138 terrorist organizations in the dataset, 93 were sponsored by a single state for at least one year, accounting for roughly 25% of the overall data.

As with previous research examining variations in the types of resources provided to violent non-state actors by states, I utilize a binary indicator to measure the provision of military support, my second hypothesis (Salehyan et al. 2014). Although contracts are typically explicit regarding the amount and schedule of payment, the illicit and secretive nature of terrorism sponsorship means that there is relatively little available information on the size, schedule, or specifics of the resources provided by state sponsors (Byman and Kreps 2010). This variable was developed from the same dataset on sponsorship patterns discussed earlier, which contains an indicator of the types of support provided by state sponsors, divided into unidentified support, political support, financial support, base of operations, and military support. These categories are not ordered, and with the exception of unidentified support, multiple forms of support could be provided to a single organization. For the purposes of this analysis, the

four other forms of support were collapsed into a single comparison category, non-military support.

This dataset was also utilized to construct the third independent variable, which measures the presence of a base of operation in the sponsor state. This variable includes all recorded instance of a group maintaining a physical presence in the state, including training camps and safe havens. In the main analysis, I excluded cases where the terrorist organization also possessed a base of operations in the target state. This is due to the fundamentally weaker monitoring capabilities of sponsor states in these circumstances, as groups will be able to train and strategize away from the controlling influence of the state. I discuss and examine several alternative constructions of this variable in the robustness section of this paper.

Control Variables

I include several control variables in my analysis.³⁴ The first is a binary variable indicating whether the sponsor state and target state in the observation share a geographic border. Geographic adjacency has the potential to reduce the costs monitoring and controlling sponsored groups, thereby increasing the likelihood that the agent will act in accordance with the state's objectives. However, adjacency may also increase the risks of coordinating with sponsored groups, as the target state will be better able to observe and retaliate against neighboring states.

³⁴ Model results with only control variables included can be found in the Appendix.

I also control for the number of years that the relationship between the sponsor state and terrorist organization has existed, as the length of the relationship may impact coordination and conflict between these two actors. The longest duration of sponsorship in my data is 43 years, while the average length of sponsorship is approximately 9.5 years.

I include an indicator for the estimated number of connections the sponsored organization has with other terrorist organizations, or the size of the terrorist group's network. A large inter-group network has the potential to reduce an organization's dependence on its sponsor, as the group can obtain resources and training from allied terrorist organizations (Asal and Rethemeyer 2008). This variable was obtained from the Big Armed Allied and Dangerous Version 2 (BAAD2) group profiles, which offer a time-varying measurement of network size for a large number of groups active between 1998 and 2012 (Asal and Rethemeyer 2015). Although the resulting variable cannot account for all terrorist organizations or years in my dataset, it does offer a comparatively broad, dynamic measurement of network size.

I also include a variable that controls for the breadth of terrorist goals, distinguishing between groups with narrow organizational objectives and those with broad, expansive goals. Utilizing an analysis of group-level characteristics by the RAND Corporation, I divided terrorist organizations into two distinct categories (Jones and Libicki 2008). The first category includes organizations with narrower goals, such as maintaining the status quo, enacting policy changes, or demanding territorial changes, whereas broad goals include regime change, the overthrow of multiple regimes, and

global societal revolution. Groups with narrow organizational goals may be viewed as easier to control than groups with expansive agendas, as broad goals could result in deviations from the sponsor's own policy agenda.³⁵

Since compatibility in beliefs and values has been suggested to play a major role in predicting occurrences of sponsorship, I include a binary variable that indicates whether the sponsor and terrorist organization possess similar ideologies (Byman and Kreps 2010). I constructed this variable by comparing the ideology of the terrorist organization, obtained from the TRAC group profiles, and the descriptions of governing party ideology in the *Political Handbook of the World*, an annual encyclopedia of states and non-governmental organizations (Banks et al. 1975-2008).³⁶

I also include a variable that controls for the number of other terrorist organizations the state sponsor has simultaneously provided resources to during as the observation year. As the number of terrorist organizations sponsored by a state increases, the resulting experience in managing these actors should result in an increased ability to monitor and control their behaviors. However, the state's monitoring capabilities may also be stretched thin across multiple groups, creating opportunities for shirking.

Finally, I include a variable indicating whether or not there is evidence that the state sponsor had a role in the creation of the terrorist organization. State-created

³⁵ Roughly 70% of the observation-years in my dataset contain groups with narrow goals, suggesting these groups are more commonly sponsored.

³⁶ The sponsor and terrorist organization were coded as ideological similar if they shared one or more ideological identities. For example, in 1992 the Iranian government was coded as Centrist and Islamic (Shi'ite), while Hezb-e Wahdat-e Islami-yi Aghanistan, an Afghani terrorist organization sponsored by Iran, was coded as Ethnic (Hazara) and Islamic (Shi'ite).

groups should naturally be more committed to the goals of the state, and are likely to have higher levels of built-in controls, resulting in significantly lower observed levels of agency loss. However, the credibility of reports of state creation vary widely, as there are political motivations for some sponsors to hide their involvement in the origination of terrorist organizations, as well as for the targets of terrorist campaigns to falsely accuse state sponsors of creating, rather than co-opting, groups. While some cases are well documented, such as the Iranian involvement in the creation of Hezbollah or the Libyan formation of the Islamic Legion, others, such as the alleged role of Iran in the creation of the Guardians of Islam or Israel in the formation of the Sons of the South, are not (Larémont 2013). As such, I view this data, gathered from the sources utilized to code the initial indicators of sponsorship, as less accurate than other indicators of the control states will have on their sponsored groups.

Analysis

Since my dependent variables measure different forms of terrorist behavior, I utilize two distinct cross-sectional time series regression models to evaluate my hypotheses. As my measurement of agency loss is a decimalized percentage, I estimated these models using a random effects linear model, the results of which can be seen in Table 8. My indicator for group success is a numerical count, and so I estimated these models using a random effects Poisson model, the results of which can be seen in Table 2. Because my data is naturally clustered, I employed robust standard errors to control for within-panel effects.

Table 8: Linear Regression Results for Agency Loss

Variable Name	Hypothesis 1A	Hypothesis 2A	Hypothesis 3A	Complete Model
Number of Additional Sponsors (H1A)	.010* (.006)			.011* (.006)
Military Support (H2A)		-.011 (.025)		-.008 (.026)
Base in Sponsor State (H3A)			.097* (.054)	.098* (.053)
Adjacency	-.034 (.021)	-.034* (.020)	-.035* (.021)	-.032 (.020)
Years Sponsored	-.002 (.001)	-.002 (.001)	-.002 (.001)	-.002 (.001)
Group Network Size	-.006 (.006)	-.007 (.006)	-.007 (.006)	-.006 (.006)
Broad Organizational Goals	-.045* (.024)	-.039* (.022)	-.038* (.022)	-.045* (.024)
Ideological Similarity	.042** (.019)	.041** (.020)	.037* (.020)	.037* (.020)
Number of Additional Sponsorships	.002 (.004)	.002 (.004)	.002 (.004)	.002 (.004)
State Created	.001 (.037)	-.011 (.038)	-.017 (.037)	-.008 (.038)
Constant	.086** (.028)	.111** (.038)	.101*** (.030)	.086** (.036)
Number of Observations	2,451	2,451	2,451	2,451
Wald Chi2	13.82	13.42	15.50	16.66

Dependent Variable is decimalized percentage of non-diplomatic attacks occurring outside of the target country or countries. *= significant at .10 level. **= significant at .05 level. ***= significant at .001 level.

The first hypothesis was consistently supported in the models I examined.

Greater numbers of state sponsors were found to significantly increase the percentage of non-diplomatic attacks conducted by the organization outside of the target state, while simultaneously decreasing the total number of observed attacks. These findings

support the argument that additional state sponsors will incrementally reduce the dependency of a terrorist organization on any one principal, resulting in organizations that are no longer constrained by the wishes of a single state. It should be noted that many organizations with large numbers of sponsors, such as the National Union for the Total Independence of Angola and the Sudan People’s Liberation Army, were participants in long-running, multifaceted intrastate conflicts. Although foreign support for rebel groups has frequently been noted as an important factor in influencing the outcomes of civil wars, this finding suggests that a preponderance of sponsors may exacerbate these conflicts, as non-state actors who receive support from multiple states will have significantly fewer restraints on their behavior (Regan 2010).

Table 9: Poisson Regression Results for Agent Success

Variable Name	Hypothesis 1B	Hypothesis 2B	Hypothesis 3B	Complete Model
Number of Additional Sponsors (H1B)	-.325*** (.097)			-.325*** (.096)
Military Support (H2B)		1.242*** (.357)		1.216*** (.300)
Base in Sponsor State (H3B)			-2.703*** (.318)	-1.872*** (.454)
Adjacency	1.089** (.530)	.191 (.262)	.223 (.197)	.999* (.454)
Years Sponsored	-.002 (.010)	.001 (.010)	.001 (.010)	-.002 (.010)
Group Network Size	.188* (.096)	.190* (.097)	.190* (.098)	.187* (.096)
Broad Organizational Goals	1.171** (.468)	.618** (.278)	.382 (.306)	1.250** (.415)
Ideological Similarity	.294 (.392)	.290 (.378)	.288 (.380)	.298 (.391)
Number of	.092* (.092)	.093* (.093)	.093* (.093)	.093* (.093)

Additional Sponsorships	(.052)	(.053)	(.053)	(.052)
State Created	-1.383** (.627)	-.876** (.445)	-.870 (.547)	-1.245** (.470)
Constant	2.121*** (.377)	1.120** (.422)	2.138*** (.347)	1.243*** (.388)
Number of Observations	2,451	2,451	2,451	2,451
Wald Chi2	291.73	580.27	455.03	387.18

Dependent Variable is total number of annual terrorist attacks. *= significant at .10 level. **= significant at .05 level. ***= significant at .001 level.

Unlike the first hypothesis, the second hypothesis was only partially supported by my empirical analysis. Although external military support increased the number of terrorist attacks conducted by a sponsored organization, it did not have a significant effect on the percentage of attacks that occurred outside of the target state. This finding suggests that the provision of military resources will increase the capabilities of a sponsored terrorist organization, but will do little to control the behaviors of sponsored groups. This should be particularly concerning for counter-terrorism policy makers seeking to combat state-sponsored groups, as there appears to be few disincentives for states to provide military equipment to terrorist organizations.

One caveat to this observation, and an avenue for future research, is the generalized nature of my indicator of military support. Military support to terrorist organizations varies widely between cases, ranging from small arms to ballistic missiles (Byman 2005; Gasiorowski 2007). The ability of terrorist organizations to find alternative sources of military equipment will naturally vary depending upon the availability, complexity, and cost of the equipment being provided. Consequentially, an organization's dependence on its sponsor will vary, with more difficult to replace

military equipment leading to greater dependence and lower levels of observed agency loss. Unfortunately, the available information on support type does not offer sufficient detail to differentiate between distinct forms of military support. This limitation could be addressed in future research, although given the opacity of many sponsorship relations, compiling the necessary information on support types may prove difficult.

Unfortunately, the theoretical predictions outlined in my third hypothesis were consistently contradicted by the results of my empirical analysis. Instead of enabling a sponsor state to monitor and control the behaviors of the sponsored organization, the provision of bases of operation exclusively located in the sponsor state resulted in increased levels of agency loss and decreased levels of organizational success. On the surface, these results suggest that bases of operation are not being utilized by state sponsors as a monitoring tool, or that this method of monitoring is ineffective at controlling terrorist behavior, both of which would be in contrast to previous literature on the impact and value of safe havens (Bapat 2007; Carter 2012).

It is also possible that agents located outside of the target state are utilized in different ways by their sponsors, resulting in a consistent shift in the patterns of observed behavior. The nature, cost, and complexity of terrorist attacks varies widely, and state sponsors may seek to utilize trained agents more selectively than other, less monitored, organizations. These groups may be employed to conduct small numbers of sensitive, higher profile attacks, such as assassinations, bombings, and hostage taking. Organizations based in the sponsor state may also be better equipped for transnational terrorism than other agents, incentivizing sponsors to utilize these organizations for

attacks that are outside of the target state, but still impact the target, such as the infamous “Munich Massacre” of Israeli athletes in 1972.³⁷ If this is the case, the expected behaviors of these organizations will be the opposite of groups not based in the sponsor state, with successful agents conducting smaller numbers of non-target attacks. Although this argument explains the otherwise surprising results of my empirical model, it also suggests that there may be other unexpected variations in desired group behaviors. This may complicate counter-terrorism policies designed to exploit tensions within sponsorship relations, as generalized measurements may indicate disagreement where none, in fact, exists.

The empirical results of several control variables strengthen my conclusions regarding the role of contractual obligations and monitoring on constraining terrorist organization behavior. Geographic proximity between the target and state sponsor, which should improve the sponsor’s monitoring capabilities, was shown to have the expected effect on group behavior, decreasing agency loss and increasing level of success in a number of empirical models. The size of a sponsored organizations network, a proxy for the resources available to a group outside of sponsorship, was similar in effect to the provision of military support, with larger networks increasing the level of organizational success while having a non-significant effect on agency loss. This further supports the conclusion that greater resources will improve organizational capabilities but will not influence a group’s proclivity towards shirking, although as with

³⁷ Due to the coding of target type in the GTD, it is difficult to accurately identify the nationality of non-US victims of terrorism.

military support, it is possible that this result is an artifact of the limited specificity of available measurements.

An unexpected finding was the consistently negative and significant influence of an organization being created by the state on the level of observed attacks. When considered alongside the third hypothesis, this offers further support to the argument that closely monitored and controlled groups may be utilized for small numbers of complex, selective acts of terrorism, rather than expansive campaigns.³⁸

Marginal Effects

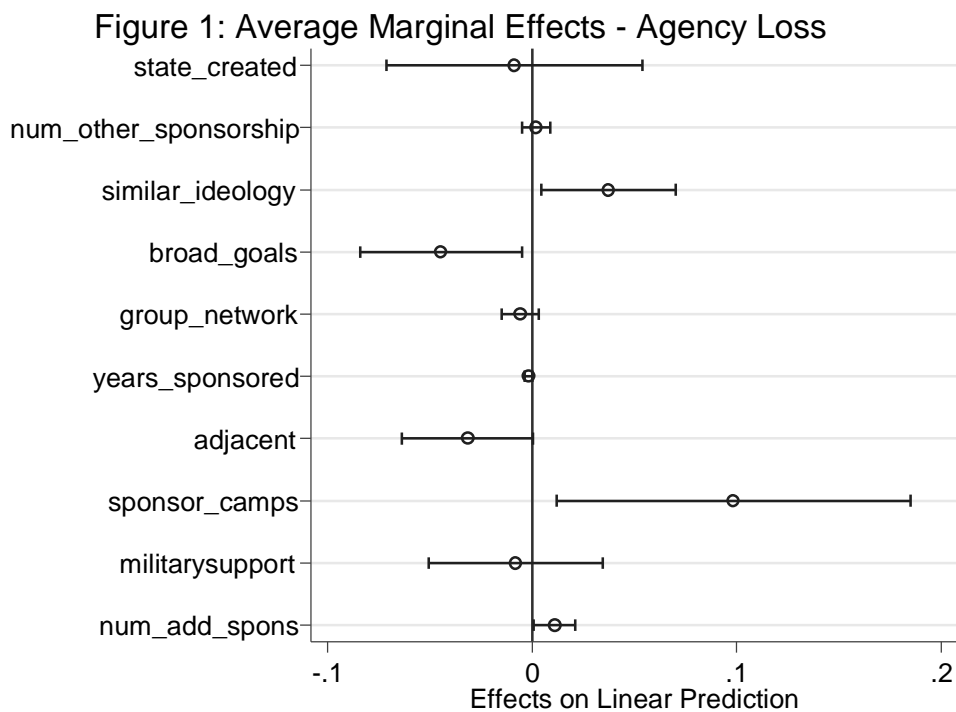
In order to assess the substantive effects of my empirical models on the predicted level of agency loss and agent success, I calculated mean marginal effects for my variables. Although the results of these calculations, seen in Figures 6 and 7 below, are largely congruous with the reported coefficients, a number of marginal effects offered additional insights into the behaviors of sponsored groups.

Both increasing number of additional sponsors and being based exclusively in the sponsor state increased the predicted level of agency loss and decreased the predicted level of agent success. However, in both models, the marginal effect of being based in the sponsor state was significantly greater than the effect of a single-state increase in the number of additional sponsors. Although the maximum cumulative effect of additional sponsors was similar to the effect of bases in the sponsor state, the average number of sponsors, 1.8, was significantly lower than the maximum of 8. This suggests

³⁸ The similar effect of these variables is strengthened when considering the higher than average correlation between the two (.202), as shown in the Appendix.

that the effect of multiple sponsors on agent behavior may be noticeable only in a small subset of cases. Unfortunately, recent trends in foreign support for terrorist organizations in countries such as Syria and Yemen suggest that cases of multiple sponsorship may become more common in the near future, likely contributing to greater unpredictability in the behaviors of sponsored groups.

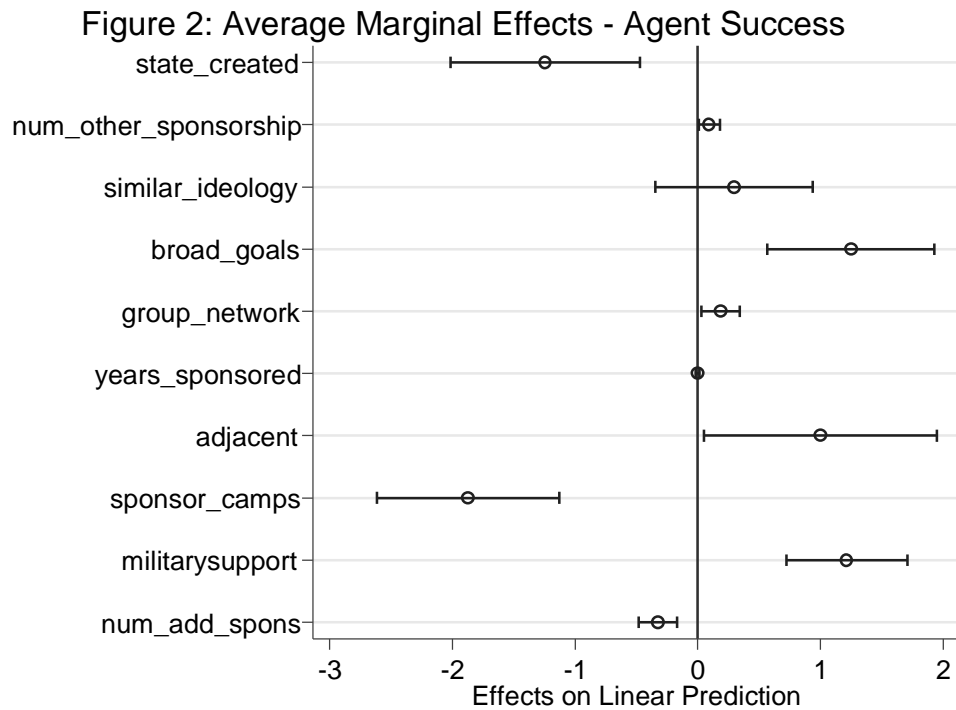
Figure 6: Average Marginal Effects – Agency Loss



It is also notable that the largest reduction in predicted levels of agency loss occurred in cases where sponsored organizations possessed broad goals and objectives, such as social revolutions or regime change. This effect, when paired with a similar increase in predicted level of organizational success, suggests that groups with broad goals will be more effective agents than those with narrower objectives, such as territorial or policy change. A possible explanation for this is that groups with narrow

objectives are more likely to achieve a compromise with their opponents than terrorist organizations with broader, zero-sum goals, therefore reducing their long-term dependence on foreign actors (Abrahms 2012; Kydd and Walter 2006). If this is the case, counter-terrorism policy makers may be able to employ political tools, such as peace negotiations, to deliberately weaken the relationship between a state sponsor and an organization with narrow goals.

Figure 7: Average Marginal Effects – Agent Success



Robustness

I conducted several tests of the robustness of my models, the results of which can be found in the Appendix. I first excluded single-year panels from my analysis, to control for the potential differences between short-lived terrorist organizations or sponsorship relationships and those of longer duration. After removing these 43 panels,

there was no significant change in the empirical results when compared to the main analysis.

I also examined several alternative measurements of my agency loss dependent variable. These included two alternative specifications of my existing variable, the percentage of non-diplomatic terrorist attacks committed by the sponsored organization that were conducted outside of the target state. Since state sponsors could also benefit from extra-target terrorist attacks if they are directed against states that are hostile to the sponsor, I tested a variable that excluded attacks against the sponsor's strategic rivals, rather than excluded attacks against diplomatic targets (Colaresi et al. 2007). This model, as well as another that excluded both rivals and diplomatic targets, offered no significant empirical advantage over the main analysis.

I also evaluated the efficacy of replacing my existing measurement of agency loss with a binary indicator signifying whether a sponsored terrorist organization conducted acts of terrorism within the territorial boundaries of its sponsor. As discussed earlier in this paper, observations of this behavior were extremely rare in my dataset, and so I utilized both a cross-sectional time series logistic regression model and a rare events logistic regression model (King and Zeng 2001). Unfortunately, the low number of positive observations resulted in both models omitting variables, reporting concavity issues, and producing high standard errors. With the exception of the control variables for geographic adjacency and the number of other terrorist organizations the state sponsor is supporting, none of the variables in these models were statistically distinguishable from zero.

I also examined several alternative measurements for my independent variables. These included a binary variable indicating whether or not a terrorist organization possessed more than one sponsor, replacing the more dynamic variable used to assess Hypothesis 1. This variable did not have a significant effect on group behaviors, suggesting that the influence of multiple sponsors varies significantly between different numbers of additional sponsors. I also examined two alternative measurements of my third hypothesis, a variable that examined cases where sponsored organizations had bases in both the sponsor and target states, and another examining all cases in which a sponsor provided the group with a base of operations. The results of these variables were either non-significant or weaker in effect than the variable used in the main analysis, which suggests there is an empirical value in examining instances where sponsors are the exclusive provider of bases of operation.

Finally, I examined several alternative specifications of control variables in my analysis. These included a measurement of the total number of years that a group had been active, which replaced the number of years a group had been sponsored, as the overall longevity of an organization might play a more significant role in encouraging agency loss than the length of the sponsorship relationship. I also included an independently generated alternative to the existing network size variable I utilized in the main analysis (Horowitz 2010). In both cases, the results were not significantly different from the control variables used in the main analysis.

Conclusion

The relationship a sponsored terrorist organization has with its sponsor has the potential to dramatically influence the group's behaviors. The results of my analysis suggest that state sponsors will seek to monitor and control sponsored groups in ways reminiscent of more conventional principal-agent relationships. As with all principal-agent relationships, state sponsorship balances the potential benefits of delegating goals to another actor with the inherent risks of agency loss and shirking. These concerns will be exacerbated by the potentially hazardous ramifications of sponsoring terrorism, along with the violent and extreme nature of terrorist organizations.

As my analysis is the first large-N, time-varying study of agency loss and agent success in the context of terrorism sponsorship, there are numerous avenues for future investigation on the relationships between states and sponsored groups. There is a fundamental difficulty in accurately and conclusively assessing sponsorship patterns and the behaviors of terrorist organizations. As a result, the data I utilized in this study, while a valuable resource for future research, is ultimately a stepping stone in a longer path of empirically assessing state sponsorship.

One difficult, but potentially valuable, avenue of empirical research would be the development of more nuanced indicators of the support provided to terrorist organizations. Although my data examines broad patterns of support, such as whether an organization received financial or military resources, it does not measure variations within specific support types, such as dollar amounts or types of military resources. Future research using such indicators would be necessary to address several lingering theoretical puzzles raised by my analysis, such as why military support did not decrease

the reported level of agency loss and the counter-intuitive impact of bases of operation in the sponsor state. Although constructing more precise indicators of support type would enable scholars to address these questions, the opacity of sponsorship relationships may create insurmountable barriers to acquiring the necessary information.

Researchers may also wish to utilize principal-agent models and large-N empirical methodologies to examine other aspects of state-sponsored terrorism, such as the termination of the sponsorship relationship and the nature of the post-sponsorship relationship. State sponsors who are dissatisfied with the performance of their agents may choose to abandon sponsorship, while terrorist organizations may elect to decline future support due to onerous demands or ideological shifts. The post-sponsorship relationship will be complex and potentially hostile, with a clear potential for violence between the two actors, such as 1991 conflict between India and the LTTE, a former sponsored group, which culminated in the assassination of Rajiv Gandhi (Byman and Kreps 2010).

Other aspects of the relationship between state sponsors and terrorist organizations would be more appropriately examined using alternative empirical techniques, such as in-depth case study analysis. These include several indicators of agency loss that I found were unable to be adequately assessed using large-N data, such as a group's involvement in criminal enterprises and cases where groups conducted terrorist attacks within the sponsor state. Although case study analyses of terrorist organizations targeting their sponsors have been conducted in the past, the data I

collected for this analysis uncovered a number of previously unexplored occurrences of this behavior, such as the Red Army Faction and the South Sudan Liberation Army.

The results of my analysis offer several valuable findings for policymakers seeking to weaken or eliminate state-sponsored terrorist organizations. The principal-agent model fundamentally assumes that no relationship between a state principal and terrorist agent will be perfectly harmonious, and as a result, sponsors will consistently seek to control their agent's behaviors. My findings are consistent with this argument, as variations in sponsorship exclusivity, support type, and monitoring capabilities have significant, and predictable, effects on agent behaviors. When combined with careful observation of sponsored groups, awareness of these patterns may be valuable for policymakers, allowing them to target the weak links binding terrorism sponsors and their agents.

Unfortunately, state sponsors are also able to weigh the costs and benefits of different control mechanisms, and terrorism sponsorship will likely continue to be a danger to international security. Despite international condemnation against prominent state sponsors like Syria, and well-known instances of tensions and conflict within sponsorship relationships, many nations continue to rely on terrorism sponsorship as a tool of foreign policy. Reducing state sponsorship of terrorism is an important part of the broader effort to solve the threat of terrorist violence, as terrorist organizations would lose an invaluable source of funding and equipment. Unfortunately, lowering sponsorship to manageable levels will require considerable international cooperation, and is likely to be an arduous and prolonged struggle.

Conclusion

State sponsorship is one of the most effective ways for terrorist organizations to gain the resources necessary to carry out deadly acts of political violence, and as such, it poses a significant threat to international security. Understanding why states choose to engage in this behavior is essential to placing sponsorship within the broader context of coercive foreign policy and to develop policy tools that will reduce its prevalence. Similarly, examining which terrorist organizations receive sponsorship, and how this funding influences their behaviors, are necessary to understanding, and eventually countering, groups that rely upon sponsorship. To develop and assess concrete answers to these and related questions, scholars and policymakers must be able to examine broad trends in sponsorship patterns and behaviors.

In this dissertation, I examined three distinct but interconnected questions on state sponsorship of terrorism, using principal-agent analysis as my underlying theoretical framework. I also developed a new dataset on state sponsorship behaviors that will enable scholars to examine dynamic patterns of sponsorship across a wider range of cases, and with greater detail, than pre-existing measurements. Although the principal-agent framework has been used by other scholars to examine external support of terrorist organizations, my dissertation both theoretically and empirically improves upon the state of this literature (Bapat 2012; Byman and Kreps 2010).

In my first paper, I examined the decision making process through which states choose or do not choose to engage in sponsorship.³⁹ My results suggest that states are strategically motivated to engage in sponsorship, delegating to terrorists in situations where the potential benefits are high, such as weakening a militarily stronger rival, and the potential reputational and political costs are low. My second paper builds upon the first by examining both the initial decision to engage the sponsorship and the subsequent process by which sponsors select terrorist agents. The results of this paper, which was regionally focused on sponsorship in the Middle East, suggest that the strategic motivations of state sponsors continue through the selection process, as states are more likely to sponsor groups with characteristics that signal greater probabilities of organizational success and lower risks of disobedience. The desire by sponsors to control the actions of sponsored groups is the principal focus of my third paper, which examined the behaviors of sponsored groups. The results of this analysis suggest that variations in the relationship between a state sponsor and terrorist group, such as sponsorship exclusivity and support type, significantly influence the observation of both agent success and agency loss.

When considered together, the three papers that constitute my dissertation point towards a number of intriguing conclusions about state sponsorship of terrorism. The strongest, and perhaps most important, theoretical conclusion that can be drawn from my research is that terrorism sponsorship appears to be a strategic decision that is carefully and deliberately made by states. Instead of impulsively providing

³⁹ This section of my dissertation has been recently published in *International Interactions*.

indiscriminate resources to multiple terrorist organizations targeting a wide variety of states, my findings consistently suggest that states are calculated in their sponsorship decisions. Sponsors appear to be as motivated by the potential risks of sponsorship, ranging from international disapproval to agency loss, as they are by the potential benefits, such as securing policy concessions.

As a result, sponsorship behaviors take on clear and observable patterns, which are valuable for both the scholastic study of sponsorship as a behavior and policies aimed at combating terrorism sponsorship. Much of the pre-existing literature on terrorism sponsorship has been focused on a small number of well-known cases, such as Libyan sponsorship under Qaddafi, Iranian and Syrian support for Hezbollah, and Pakistani support for Kashmiri separatist groups (Byman 2005; el-Hokayem 2007). However, my investigations of sponsorship highlight the fact that this behavior is widespread throughout the international system, with over 50 nations having pursued sponsorship since 1970. This suggests that there is considerable value in utilizing large-N methodologies to investigate sponsorship, as there are a sizable number of underexplored sponsorship observations. In achieve this goal, throughout my dissertation I have developed or fine-tuned general definitions for sponsorship phenomena, as well as theoretically consistent expectations about sponsorship. These theoretical instruments were used to constructing testable hypotheses about sponsorship patterns, which, when employed alongside the appropriate empirical tools, allowed connections to be made across a wide range of sponsorship cases.

In the empirical sections of my dissertation, I emphasized both the development of accurate and replicable data on sponsorship patterns and the utilization of appropriate empirical tools to assess my theoretical claims. The difficulties of conducting accurate statistical investigations of terrorist organizations have long been discussed in the academic discourse on the subject (Asal and Rethemeyer 2008; Enders et al. 2011; Lafree and Dugan 2007). Although the data that I gathered and analyzed during my dissertation has the same vulnerabilities as other terrorism data, I have taken steps to ensure the reliability and replicability of my dataset. These include the use of four independent data sources to construct my principal indicator of sponsorship and secondary variables, which allows me to examine the inter-source reliability of my data. I also plan to release a digital version of my data in the months following the completion of my dissertation, accompanied by a document that discusses my data sources and coding system. This resource will allow other scholars to freely assess the reliability of my analyses, as well as use my dataset for future research projects. When combined with the sophisticated empirical techniques I utilized in my dissertation, including predictive heuristics, two-stage models, and cross-sectional time series regressions, I believe that my analyses of sponsorship behaviors represent a considerable advancement in statistical examinations of terrorism sponsorship, as well as a benchmark for future studies to reach and hopefully surpass.

Future scholarship on state sponsorship of terrorism is a necessity in order to deepen our understanding of sponsorship, both as a foreign policy instrument for states and a source of funding for terrorist organizations. While this dissertation examines

several important questions regarding state sponsorship, there are a number of lingering questions that I was unable to address in the format of the dissertation, as well as new avenues for research that have been raised by my results. One of the most promising areas of research available to future scholars is the analysis of sponsorship termination. This topic is a natural extension of my dissertation, as the majority of sponsorship relationships in my analysis eventually ended. It is reasonable to assume that many of the phenomena I examined, from the goals of sponsorship to the behavior of sponsored groups, may play a role in the cessation of sponsorship. The dynamic, time-varying nature of the data I developed for this dissertation is also well suited to analyzing termination.

One of the most intriguing findings in my first paper was that being previously targeted by a state sponsor played a significant role in motivating states to respond via sponsorship. However, I was unable to conclusively determine whether reciprocal sponsors were motivated by domestic or international considerations. Perhaps more than any other form of sponsorship, reciprocal sponsorship feeds into a costly and dangerous cycle of conflict, hostilities, and reprisals between states in the international system. As a result, fully exploring the causal mechanisms behind this retaliatory behavior may prove to be an important step towards reducing the death and violence caused by sponsorship.

Another possible expansion would be an examination of the group selection process for state sponsors outside of the Middle East region. Due to time constraints and the empirical complexities of developing a two-stage data structure, I chose to limit

my analysis of selection incentives to the geographic region with the greater number of cases of sponsorship. However, this does not mean that sponsorship patterns within the Middle East perfectly resemble those outside it, or that studying selection incentive in other regions where sponsorship is common, such as Africa or East Asia, would be unprofitable. State sponsorship is a global phenomenon, and understanding how it functions across a range of environments and situations will be crucial to successfully reducing its prevalence.

This consideration also contributes to an empirically-driven recommendation for future research, namely the continued use of small-N case studies to analyze certain sponsorship phenomenon. Although large-N studies such as those in my dissertation are invaluable for examining broad trends in state sponsorship, there are a number of potential areas of research where this methodology would be unfeasible or inappropriate. Intra-governmental debates over the merits of engaging in sponsorship, for example, would offer considerable insight into the political and bureaucratic influences on sponsorship decisions, but would require access to confidential documents or individual-level interviews. In other cases, such as an examination of instances in which a sponsored organization conducts acts of terrorism within a sponsor state, the number of positive observations of this behavior is sufficiently low that individual analyses would offer significantly greater explanatory power than broad studies.

Finally, future scholars can extend the breadth of the analyses I conducted in this dissertation by examining trends in external support across all types of violent non-state

actors. Due to the importance of terrorism as both as a domestic and international security issue, as well as empirical constraints in data collection, I limited my analysis to violent actors who adopted terrorism as a coercive strategy. However, terrorist organizations are not the only type of non-state actor that receives material resources from foreign states, and previous studies have also utilized the principal-agent model and large-N empirical methodologies to examine state support of insurgent groups (Regan 2002; Salehyan 2010; Salehyan et al. 2014). A research project that examined state support across all violent non-state actors, while empirically daunting, would allow scholars to explore otherwise unanswerable questions regarding state delegation to non-state actors, such as whether states choose to exclusively support one type of actor and whether different types of violent agents behave in fundamentally different ways.

Although the principal focus of my dissertation is improving the academic understanding of state sponsorship of terrorism, my findings may also be useful for state actors seeking to counter sponsored organizations. Therefore, there are several broad observations regarding my investigations of sponsorship that I believe may be of interest to policy makers.

The first is to carefully consider the objectives and interests of the sponsor state. The results of my analyses suggest that sponsors not only have specific goals they wish to achieve through sponsorship, but these objectives will also influence the type of support they provide and the actions they intend the groups to perform. A state sponsor seeking to weaken the resolve of a civilian population will provide different

types of support, and expect different types of violence, than a sponsor that intends for the group to damage the target state's military apparatus.

A second observation is that counter-terrorism policy makers should be mindful that state sponsorship is a more common foreign policy strategy than is typically assumed, and a wide variety of terrorist organizations may receive state resources. Although efforts to combat state sponsorship, such as U.S. State Sponsors of Terrorism list, are typically targeted at "rogue states" such as Iran or North Korea, many nations, including the United States and other western democracies, have supported or continue to support groups that engage in terrorism. The beneficiaries of support will vary widely in ideology and group composition. Communist, Islamist, right-wing, and ethnic-nationalist organizations may all receive resources from states, and sponsored groups may be small, informal organizations that conduct a limited number of attacks or large hierarchical groups that are simultaneously engaged in civil conflict. Although certain strategic or organizational characteristics may be more common among sponsored groups, it is erroneous, and potentially dangerous, to assume that all state-sponsored terrorist organizations will be identical.

Fortunately, state-sponsored terrorist organizations do possess a common trait, the involvement of a state actor in group decision making, which has the potential to provide otherwise unavailable counter-terrorism options. Unlike terrorist organizations, all states possess institutions that are integrated into the global economic and political system. This enables policymakers to employ counter-terrorism options that target the

clear interests of a state, such as diplomatic pressure or economic sanctions, rather than the more nebulous and difficult to determine interests of a terrorist organization.

In cases where the relationship between a state and organization are weak, these disruptions may be sufficient to create tensions between the two actors, leading to agency loss or sponsorship termination. In instances where the sponsor dominates the group, external pressure may reduce the threat posed by the organization, as the sponsor would prefer to restrain the organization in order to avoid international costs.

State sponsorship of terrorist organizations represents a clear threat to international security, as the resources provided by states to these groups will likely result in larger numbers of more sophisticated and violent terrorist attacks. Unlike other forms of terrorist financing, sponsorship offers terrorist organizations access to the formidable resources states possess, but requires them to surrender part of their independence to the policy interests of another actor. In this dissertation, I have presented three papers that pose foundational questions on state sponsorship, developed consistent theoretical models that explain the behaviors of state sponsors and sponsored groups, and presented a new dataset that can be used to explore these and other topics related to sponsorship. It is my intention that these findings will serve both scholars who seek to understand sponsorship and other forms of terrorist financing, as well as policymakers who use academic research to create more effective counter-terrorism policies. Although state sponsorship is a formidable problem for international security, I believe that the danger it poses can be managed with sufficient

understanding and coordination, resulting in greater levels of peace and security for people throughout the world.

Appendix

Appendix Paper 1: Delegating Terror: Principal-Agent Based Decision Making in State Sponsorship of Terrorism

Appendix Table 1 Descriptive Statistics of Dependent and Independent Variables

Variable Name	Mean	Standard Deviation	Minimum	Maximum	Number of Observations
Unanimous Sponsorship Initiation	.000140 4	.0118468	0	1	1,132,742
Non-Unanimous Sponsorship Initiation	.000073 3	.0085597	0	1	1,132,742
Total Sponsorship Initiation	.000211 9	.0145544	0	1	1,132,742
Strategic Rivalry	.003128 7	.0558472	0	1	1,132,742
Difference in Capabilities	0	.0263491	-.198578	.198578	1,132,742
Unanimous Target of Sponsorship _{t-1}	.000894 6	.0298969	0	1	1,131,199
Non-unanimous Target of Sponsorship _{t-1}	.000561	.0236782	0	1	1,131,964
Total Target of Sponsorship _{t-1}	.001369 8	.0369855	0	1	1,130,823
Executive Constraints	4.19429 6	2.334311	1	7	924,377
Cold War	.463574 2	.4986716	0	1	1,132,742
N. America/ W. Europe	.107454 3	.3096901	0	1	1,132,742
Latin America	.182578 2	.3863205	0	1	1,132,742
Africa	.262275 1	.4398716	0	1	1,132,742
Middle East	.211989 1	.4087174	0	1	1,132,742

E. Europe/ Central Asia	.143353	.3504327	0	1	1,132,742
Current War Involvement	.0189116	.1362131	0	1	1,132,742
Unanimous Pre-existing Sponsorship	.1772487	.3818792	0	1	1,132,742
Non-Unanimous Pre-existing Sponsorship	.1386238	.3455537	0	1	1,132,742
Total Pre-existing Sponsorship	.2403972	.4273249	0	1	1,132,742
Unanimous Years Since Last Sponsorship	19.42578	11.1246	1	39	1,132,742
Non-Unanimous Years Since Last Sponsorship	19.40653	11.12027	1	39	1,132,742
Total Years Since Last Sponsorship	19.38152	11.12122	1	39	1,132,742

Appendix Table 2 Random Sample of Sponsored Terrorist Organizations

Group Name	Sponsor States	Target State	Starting Year	Identification
Abu Nidal Organization	Syria; Libya; Iraq	Israel	1976	Unanimous
Zimbabwe African Nationalist Union (ZANU)	USSR; Cuba; China	Rhodesia	1978	Unanimous
Supreme Council for Islamic Revolution in Iraq (SCIRI)	Iran	Iraq	1992	Unanimous
People's Liberation Army (India)	Bangladesh; Pakistan	India	1984	Non-Unanimous
Dev Sol	Syria; Greece	Turkey	1991	Unanimous
Shanti Bahini - Peace Force	India	Bangladesh	1986	Unanimous
Jundallah	United States	Iran	2006	Non-Unanimous
Turkish Islamic Jihad	Iran	Turkey	1991	Unanimous
Lord's Resistance Army (LRA)	Sudan	Uganda	1994	Unanimous
Dnestr Republic	Russia	Moldova	1992	Unanimous

Separatists					
Mozambique National Resistance Movement	Rhodesia; South Africa; Kenya	Mozambique	1979		Unanimous
Revolutionary Organization of Socialist Muslims	Syria; Libya; Iraq	United Kingdom	1984		Unanimous
Moro National Liberation Front (MNLF)	Libya; Malaysia; Iran	Philippines	1975		Unanimous
African National Congress (South Africa)	USSR	South Africa	1981		Unanimous
Free Aceh Movement (GAM)	Libya; Iran	Indonesia	1977		Non-Unanimous

Appendix Table 3 Predicted Probabilities for Hypothesis 1

	Rivalry = 1 Difference in Capabilities = .19	Rivalry = 1 Difference in Capabilities = -.19	Change	Upper Bounds/Lower Bounds
Likelihood of Sponsorship	.02	.0012	.0187	0.0015/ -0.0390

Appendix Table 4 Models without Independent Variables

Variable Name	Unanimous	Non-unanimous	Total
Cold War	-.70** (.29)	-.04 (.35)	-.69*** (.20)
N. America/ W. Europe	-.23 (.44)	-.78 (.49)	-.38** (.33)
Latin America	-.24 (.34)	-.91** (.43)	-.49* (.27)
Africa	.01 (.30)	-.60* (.33)	-.36 (.23)
Middle East	-.94*** (.27)	.31 (.31)	-.56** (.21)
E. Europe/ Central Asia	-.81* (.45)	-1.01* (.53)	-.85** (.34)
Current War Involvement	1.13*** (.23)	.21 (.48)	.79*** (.20)
Pre-existing Sponsorship	2.23*** (.23)	2.17*** (.31)	2.57*** (.21)

Years Since Last Sponsorship	-.12*** (.01)	-.07*** (.02)	-.13*** (.01)
Constant	-7.68*** (.37)	-8.61*** (.48)	-7.19*** (.26)
Number of Observations	1,132,742	1,132,742	1,132,742
Wald Chi-squared	398.97	175.47	565.77

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 5 Models with Politically Relevant Observations Only

Variable Name	Unanimous Cases	Non-Unanimous Cases	All Cases
Strategic Rivalry	2.15*** (.373)	2.65*** (.58)	2.20*** (.31)
Difference in Capabilities	-7.53** (2.38)	.60 (2.99)	-2.89 (1.91)
Rivalry*Difference	21.48*** (6.44)	12.92* (7.31)	16.62** (5.44)
Targeted _{t-1}	-.35 (.82)	1.62** (.82)	-.04 (.56)
Executive Constraints	.09 (.08)	.06 (.12)	.09 (.07)
Cold War	-.01 (.49)	.02 (.62)	-.01 (.31)
N. America/ W. Europe	-1.55** (.56)	-1.04 (.65)	-1.10** (.43)
Latin America	-.69 (.76)	Omitted	-1.51** (.69)
Africa	.27 (.60)	-.67 (.68)	-.04 (.43)
Middle East	1.53** (.58)	-.40 (.63)	.69 (.42)
E. Europe/ Central Asia	-.59 (.82)	-1.00 (.87)	-.68 (.57)
Current War Involvement	.30 (.44)	-.82 (1.03)	-.11 (.41)
Pre-existing Sponsorship	.59** (.27)	1.03** (.48)	1.38*** (.29)
Years Since Last Sponsorship	-.06** (.02)	-.06** (.03)	-.08*** (.01)
Constant	-7.12***	-7.17***	-6.66***

	(.92)	(1.05)	(.56)
Number of Observations	80,368	73,252	80,311
Wald Chi-squared	479.15	174.10	481.86

Dependent Variables indicate the initiation of terrorism sponsorship. Only dyads that are contiguous or contain a great power are included. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 6 Alternative Measurements for Hypothesis 1

Variable Name	Unanimous	Non-Unanimous	Total
Enduring Rivalry	3.58*** (.25)	3.73*** (.30)	3.30*** (.20)
Difference in Capabilities	-16.45*** (2.49)	1.25 (6.78)	-9.56*** (2.73)
Rivalry*Difference	19.61*** (2.98)	3.90 (7.00)	14.16*** (2.98)
Cold War	-.67** (.27)	.06 (.33)	-.60** (.19)
N. America/ W. Europe	-.60 (.44)	-.65 (.48)	-.41 (.32)
Latin America	.37 (.37)	-.75* (.44)	-.09 (.28)
Africa	.65** (.33)	-.40 (.35)	.14 (.24)
Middle East	1.47*** (.30)	.36 (.31)	.83*** (.22)
E. Europe/ Central Asia	-.91** (.40)	-.84 (.52)	-.83** (.33)
Current War Involvement	.98*** (.25)	.18 (.48)	.67** (.21)
Pre-existing Sponsorship	1.55*** (.23)	1.89*** (.30)	2.06*** (.21)
Years Since Last Sponsorship	-.10*** (.01)	-.06** (.02)	-.11*** (.01)
Constant	-8.29*** (.38)	-8.98*** (.47)	-7.67*** (.26)
Number of Observations	1,132,742	1,132,742	1,132,742
Wald Chi-squared	1253.85	551.28	1444.83

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 7 Alternative Measurements for Hypothesis 3 (Government Type)

Variable Name	Hypothesis 3 (Democracy Score)			Hypothesis 3 (Broad Govt. Type)		
	Unanimous	Non-unanimous	Total	Unanimous	Non-unanimous	Total
Institutionalized Democracy	-.07** (.03)	-.01 (.04)	-.04* (.03)			
Authoritarian				.43 (.28)	-.11 (.32)	.23 (.22)
Semi-Democratic				-.19 (.46)	.01 (.48)	-.12 (.34)
Cold War	-1.25*** (.34)	.45 (.41)	-1.06*** (.23)	1.26*** (.34)	.43 (.41)	1.06*** (.23)
N. America/ W. Europe	-.001 (.51)	-.91 (.56)	-.27 (.38)	-.26 (.51)	-.99* (.55)	-.45 (.37)
Latin America	-.37 (.34)	-.95** (.43)	-.59** (.27)	-.40 (.34)	-.95** (.43)	-.61** (.27)
Africa	-.63** (.31)	-.90** (.36)	-.87*** (.26)	-.62** (.231)	-.86** (.36)	-.85*** (.26)
Middle East	-.50* (.27)	-.13 (.29)	.27** (.20)	.50* (.27)	-.17 (.29)	.29 (.20)
E. Europe/ Central Asia	-2.40*** (.74)	-1.88** (.73)	-2.01*** (.52)	-2.45*** (.75)	-1.89** (.73)	-2.04*** (.52)
Current War Involvement	1.01*** (.25)	.35 (.47)	.70*** (.21)	1.01*** (.25)	.36 (.47)	.70*** (.22)
Pre-existing Sponsorship	2.07*** (.21)	2.03*** (.28)	2.33*** (.19)	2.08*** (.21)	2.04*** (.28)	2.33*** (.19)
Years Since Last Sponsorship	-.13*** (.02)	-.09*** (.02)	-.14*** (.01)	-.14*** (.02)	-.09*** (.02)	-.14*** (.01)
Constant	-6.41*** (.50)	-7.70*** (.61)	-6.21*** (.35)	-6.83*** (.56)	-7.67*** (.62)	-6.45*** (.38)
Number of Observations	924,377	924,377	924,377	924,377	924,377	924,377
Wald Chi-squared	345.82	142.56	498.38	344.44	151.95	501.54

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 8 Alternative Measurements for Hypothesis 3 (Alternative Executive Constraints)

Variable Name	Executive Constraints (Three-Point Scale)			Executive Constraints (POLCON)		
	Unanimous	Non-Unanimous	All	Unanimous	Non-Unanimous	All Cases
Executive Constraints (Three-Point Scale)	-.36** (.14)	-.16 (.18)	-.29** (.12)			
Executive Constraints (POLCON)				-1.85** (.63)	-.83 (.70)	-1.32** (.49)
Cold War	-1.24*** (.35)	.49 (.42)	-1.09*** (.23)	-1.15*** (.32)	-.49 (.39)	-1.08*** (.37)
N. America/ W. Europe	-.13 (.48)	-.78 (.54)	-.27 (.36)	.10 (.34)	-.65 (.56)	-.18 (.27)
Latin America	-.46 (.34)	-.96** (.43)	-.64** (.26)	-.31 (.34)	-.90** (.44)	-.59** (.27)
Africa	-.62** (.31)	-.95** (.36)	-.85*** (.25)	-.53* (.30)	-.92** (.36)	-.87*** (.26)
Middle East	.44 (.27)	.07 (.29)	.21 (.20)	.54** (.26)	.08 (.30)	.21 (.20)
E. Europe/ Central Asia	-2.42*** (.75)	-1.86** (.73)	-2.02*** (.52)	-2.05** (.66)	-1.33** (.62)	-1.64*** (.44)
Current War Involvement	1.04*** (.25)	.37 (.47)	.73*** (.21)	1.07*** (.23)	.18 (.47)	.72*** (.20)
Pre-existing Sponsorship	2.07*** (.21)	2.02*** (.28)	2.33*** (.19)	2.02*** (.21)	2.15*** (.28)	2.40*** (.20)
Years Since Last Sponsorship	-.13*** (.02)	-.09*** (.02)	-.14*** (.01)	-.12*** (.02)	-.08*** (.02)	-.14*** (.01)
Constant	-5.94*** (.44)	-7.39*** (.72)	-5.77*** (.41)	-6.61*** (.45)	-7.77*** (.58)	-6.26*** (.32)
Number of Observations	924,377	924,377	924,377	985,735	985,735	985,735
Wald Chi-squared	357.38	152.53	515.76	325.98	148.39	513.41

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 9 Alternative Geographic Controls

Variable Name	Same Geographic Region			Geographic Controls for Target		
	Unanimous	Non-unanimous	Total	Unanimous	Non-unanimous	Total
Strategic Rivalry	2.87*** (.29)	2.85*** (.34)	2.64*** (.23)	3.52*** (.32)	3.73*** (.36)	3.29*** (.25)
Difference in Capabilities	-9.50*** (2.7)	-1.75 (6.76)	-7.51** (2.90)	-9.41*** (2.63)	-1.78 (6.33)	-7.24** (2.77)
Rivalry* Difference Targeted _{t-1}	21.97*** (4.42)	17.17** (8.10)	20.70*** (4.49)	17.93*** (4.92)	14.98* (8.18)	17.76*** (4.67)
Executive Constraints	.41 (.58)	1.85** (.62)	.68* (.40)	.52 (.59)	1.73** (.63)	.83** (.41)
Cold War	-.19*** (.05)	-.07 (.06)	-.15*** (.04)	-.19*** (.05)	-.08 (.06)	-.15*** (.04)
Same Region	-.41 (.26)	-.01 (.30)	-.31* (.17)	-.43 (.26)	.01 (.30)	-.35* (.18)
N. America/ W. Europe				-.52 (.45)	-1.70** (.73)	-.80** (.36)
Latin America				-.32** (.31)	-1.08** (.44)	-.56** (.25)
Africa				-.29** (.27)	-.41 (.30)	-.31 (.20)
Middle East				-.38 (.29)	-.48 (.37)	.14 (.22)
E. Europe/ Central Asia				-1.38** (.54)	-1.14** (.49)	-1.13** (.36)
Current War Involvement	.83*** (.27)	.12 (.50)	.55** (.23)	.76** (.27)	.15 (.49)	.52** (.23)
Pre-existing Sponsorship	1.95*** (.22)	1.98*** (.27)	2.21*** (.18)	1.84*** (.23)	1.90*** (.28)	2.15*** (.19)
Years Since Last Sponsorship	-.09*** (.01)	-.06*** (.02)	-.10*** (.01)	-.09*** (.01)	-.06*** (.02)	-.10*** (.01)
Constant	-8.23*** (.38)	-9.56*** (.47)	8.07*** (.27)	-7.37*** (.41)	-8.35*** (.47)	-7.12*** (.28)
Number of Observations	923,039	923,736	922,722	923,039	923,736	922,722
Wald Chi-squared	1483.95	644.87	1740.91	1566.72	640.09	1715.59

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 10 Models with Civil War Dyads / Non-Civil War Dyads

Variable Name	Civil War Dyads	Non-Civil War Dyads	All Dyads
Strategic Rivalry	2.64*** (.28)	3.02*** (.57)	3.41*** (.22)
Difference in Capabilities	-10.74*** (3.21)	5.87 (5.97)	-6.33** (3.07)
Rivalry*Difference	43.78** (17.25)	-8.52 (6.14)	16.16*** (4.41)
Targeted _{t-1}	.89* (.49)	.61 (1.24)	.82* (.42)
Executive Constraints	-.10** (.05)	-.30** (.11)	-.13** (.04)
Cold War	-.18 (.21)	-.09 (.84)	-.55** (.21)
N. America/ W. Europe	-.28 (.39)	.88 (.98)	-.08 (.35)
Latin America	-.95** (.45)	.91 (.58)	-.45 (.30)
Africa	-.22 (.35)	-1.08 (.78)	-.51* (.26)
Middle East	.44 (.44)	.05 (.56)	.17 (.24)
E. Europe/ Central Asia	-1.23** (.56)	-1.08 (1.30)	-1.48** (.50)
Current War Involvement	.42 (.29)	1.09** (.45)	.54** (.24)
Pre-existing Sponsorship	1.55*** (.24)	1.99*** (.37)	1.89*** (.20)
Years Since Last Sponsorship	-.07*** (.01)	-.13*** (.03)	-.10*** (.01)
Constant	-5.94*** (.43)	-8.30*** (1.14)	-6.87*** (.37)
Number of Observations	138,737	783,985	922,722
Wald Chi-squared	1105.23	511.61	1710.14

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 11 Alternative Independent Variable (Military Support/Non-Military Support)

Variable Name	Military Sponsorship	Non-Military Sponsorship	All Sponsorship
Strategic Rivalry	3.75*** (.31)	2.85*** (.36)	3.41*** (.22)
Difference in Capabilities	-9.05** (4.06)	-2.27 (5.72)	-6.33** (3.07)
Rivalry*Difference	19.28*** (5.93)	9.52 (8.56)	16.16*** (4.41)
Targeted _{t-1}	1.08** (.47)	-.25 (1.11)	.82* (.42)
Executive Constraints	-.08 (.06)	-.16* (.08)	-.13** (.04)
Cold War	-.41 (.29)	-.97** (.34)	-.55** (.21)
N. America/ W. Europe	-.31 (.44)	.33 (.66)	-.08 (.35)
Latin America	-.93** (.45)	.04 (.46)	-.45 (.30)
Africa	-.16 (.33)	-1.58** (.62)	-.51* (.26)
Middle East	.23 (.33)	.30 (.40)	.17 (.24)
E. Europe/ Central Asia	-2.04** (.79)	-2.30* (1.18)	-1.48** (.50)
Current War Involvement	.18 (.36)	1.07** (.35)	.54** (.24)
Pre-existing Sponsorship	1.51*** (.26)	2.07*** (.35)	1.89*** (.20)
Years Since Last Sponsorship	-.08*** (.01)	-.15*** (.02)	-.10*** (.01)
Constant	-7.79*** (.50)	-7.24*** (.65)	-6.87*** (.37)
Number of Observations	922,722	922,722	922,722
Wald Chi-squared	1195.08	649.81	1710.14

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 12 Simultaneous Equation Models for All Hypotheses

Variable Name	Unanimous	Non-unanimous	Variable Name
First State			
Strategic Rivalry	1.395*** (.104)	1.031*** (.178)	1.348*** (.100)
Difference in Capabilities	-4.743*** (1.103)	-3.797** (1.619)	-4.698*** (1.024)
Rivalry*Difference	11.677** (3.746)	4.056 (4.065)	8.794** (3.025)
Targeted _{t-1}	-.038 (.405)	.270 (.395)	.354 (.234)
Executive Constraints	-.039 (.024)	-.065** (.032)	-.063** (.021)
Cold War	.290** (.097)	.162 (.109)	.255*** (.078)
N. America/ W. Europe	-.492** (.205)	-.182 (.275)	-.324* (.187)
Latin America	-.458*** (.136)	-.190 (.184)	-.363*** (.114)
Africa	-.399*** (.105)	-.237 (.179)	-.315*** (.098)
Middle East	-.050 (.152)	.166 (.227)	.032 (.146)
E. Europe/ Central Asia	-.802*** (.248)	-.152 (.252)	-.480** (.186)
Current War Involvement	.209 (.136)	.226 (.210)	.252** (.119)
Pre-existing Sponsorship	.310*** (.087)	.411*** (.125)	.414*** (.081)
Constant	-3.518*** (.139)	-3.738*** (.186)	-3.467*** (.126)
Second State			
Strategic Rivalry	1.226*** (.147)	1.035*** (.139)	1.283*** (.113)
Difference in Capabilities	1.580 (1.825)	4.163** (1.806)	2.138 (1.544)
Rivalry*Difference	.356 (2.534)	2.461 (2.014)	1.396 (1.886)
Targeted _{t-1}	.326 (.326)	.474 (.425)	.013 (.272)
Executive Constraints	-.100*** (.027)	.003 (.025)	-.056** (.020)
Cold War	.154* (.097)	.339*** (.109)	.273*** (.078)

	(.089)	(.025)	(.074)
N. America/ W. Europe	-.260**	-.622***	-.365***
	(.092)	(.137)	(.076)
Latin America	-.008	-.422	-.104
	(.222)	(.297)	(.172)
Africa	-.238**	-.364**	-.302**
	(.119)	(.165)	(.103)
Middle East	-.123	-.162	-.185**
	(.092)	(.123)	(.082)
E. Europe/ Central Asia	-.122	-3.876***	-.312
	(.196)	(.212)	(.196)
Current War Involvement	.258*	-.316	.146
	(.154)	(.268)	(.133)
Pre-existing Sponsorship	.321***	.307**	.381***
	(.088)	(.098)	(.071)
Constant	-3.474***	-3.782***	-3.501***
	(.125)	(.162)	(.115)
Number of Observations	376,310	376,979	376,028
Wald Chi-Squared	1184.70	1817.19	1345.37

Dependent Variables indicate the initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Paper 2 Appendix: The Best Terrorist for the Job: Selection Motivations in State Sponsorship of Terrorism

Appendix Table 1 Model without Independent Variables

Variable Name	Model without IVs
Number of Attacks _{t-1}	-.128** (.052)
Number of Attacks _t	.025*** (.007)
Cold War	.072 (.186)
Number of Groups	-.135*** (.024)
Breadth of Goals	.323 (.227)
Criminal Organization	.384* (.227)
Constant	.455 (.493)
Number of Observations	95,976

Number of Uncensored Observations	381
Wald Chi ²	46.62

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 2 Predicted Marginal Effects for Hypothesis 1

	Ethnic Group = 1 Similar Ideology = 0	Ethnic Group = 1 Similar Ideology = 1	Change
Likelihood of Selection	.161 (.057)	.287 (.074)	-.126

Results are Adjusted Predictions, with robust standard errors in parentheses. All other variables in model set at mean.

Appendix Table 3 Models with Unanimous Sponsorship

Variable Name	Unanimous Model	Complete Model
Ethnic Organization (H2)	.575** (.206)	.557** (.188)
Similar Ideology (H3)	.351* (.198)	.427** (.171)
Prior Sponsorship (H4a)	5.515*** (.243)	.144 (.366)
Duration of Sponsorship (H4b)	-10.207*** (.499)	-.218** (.104)
Number of Attacks _t	.015** (.005)	.017*** (.005)
Cold War	-.001 (.206)	.090 (.186)
Number of Groups	-.111*** (.026)	-.132*** (.026)
Breadth of Goals	.283 (.273)	.362 (.248)
Criminal Organization	-.379 (.343)	.043 (.246)
Constant	.032 (.613)	-.391 (.514)
Number of Observations	95,982	95,976
Number of Uncensored Observations	319	381
Wald Chi ²	1864.94	52.37

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 4 Alternative Measurements of Ideology and Pre-existing Sponsorship

Variable Name	Disaggregated Ideology	Prior S.ship (1 Year Lag)	Prior S.ship (2 Year Lag)	Prior S.ship (US Sanctions)
Ethnic Organization (H2)	.623*** (.191)	.559** (.385)	.559** (.385)	.586** (.187)
Similar Ideology (H3)		.385** (.176)	.385** (.176)	.425** (.174)
Perfectly Corresponding Ideology	.727** (.283)			
Partially Corresponding Ideology	.267 (.191)			
Prior Sponsorship (H4a)	.887* (.504)	1.056** (.471)	1.056** (.471)	.874 (.603)
Duration of Sponsorship (H4b)	-.336** (.116)	-.355** (.114)	-.355** (.114)	-.302** (.098)
Number of Attacks _{t-1}	-.214** (.088)	-.225** (.087)	-.225** (.087)	-.212** (.081)
Number of Attacks _t	.044*** (.013)	.045*** (.013)	.045*** (.013)	.042*** (.012)
Cold War	.082 (.193)	.052 (.196)	.052 (.196)	.081 (.193)
Number of Groups	-.122*** (.025)	-.125*** (.025)	-.125*** (.025)	-.127*** (.026)
Breadth of Goals	.317 (.277)	.331 (.272)	.331 (.272)	.319 (.281)
Criminal Organization	.148 (.251)	.148 (.254)	.148 (.254)	.124 (.252)
Constant	-473 (.516)	-426 (.526)	-426 (.526)	-421 (.529)
Number of Observations	95,976	95,976	95,976	95,976
Number of Uncensored Observations	381	381	381	381
Wald Chi ²	53.24	51.92	51.92	50.74

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Appendix Table 5 Additional Controls

Variable Name	Rebel Group	Group Size	Old Group	Single Organization
Ethnic Organization (H2)	.397** (.197)	.500** (.203)	.652*** (.190)	.604*** (.188)
Similar Ideology (H3)	.548** (.185)	.377** (.176)	.366** (.175)	.437*** (.176)
Prior Sponsorship (H4a)	.081 (.514)	.878** (.488)	.568 (.428)	.879* (.499)
Duration of Sponsorship (H4b)	-.314** (.109)	-.339** (.120)	-.255** (.106)	-.363*** (.102)
Number of Attacks _{t-1}	-.221** (.077)	-.226** (.088)	-.145** (.074)	-.202** (.085)
Number of Attacks _t	.032** (.011)	.044*** (.013)	.038*** (.012)	.042*** (.013)
Cold War	.508** (.231)	.038 (.195)	.046 (.195)	.002 (.197)
Number of Groups	-.086*** (.025)	-.118*** (.026)	-.124*** (.026)	-.099*** (.025)
Breadth of Goals	.081 (.265)	.280 (.284)	.394 (.268)	.289 (.288)
Criminal Organization	-.207 (.294)	.090 (.255)	.127 (.253)	-.034 (.287)
Rebel Group (NSA Data)	1.560*** (.232)			
Estimated Group Size		.106 (.099)		
Old Group (5+ Years)			-.647** (.275)	
One Active Group				1.386** (.496)
Constant	-1.572** (.583)	-.595 (.556)	-.409 (.530)	-.788 (.537)
Number of Observations	95,976	95,976	95,976	95,976
Number of Uncensored Observations	381	381	381	381
Wald Chi ²	104.42	53.81	63.67	63.13

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level ** = significant at .05 level *** = significant at .001 level

Appendix Table 6 Model excluding Non-Middle East States

Variable Name	Model with Middle Eastern States	Models with Contiguous States & Great Power Rivalries	Models with Contiguous States, M.E. Rivalries & G.P. Rivalries
Ethnic Organization (H2)	.635** (.230)	1.05** (.369)	.791** (.266)
Similar Ideology (H3)	.346* (.208)	.78** (.323)	.562** (.259)
Prior Sponsorship (H4a)	.007 (.422)	.90 (.743)	.266 (.500)
Duration of Sponsorship (H4b)	-.208** (.102)	-.31** (.128)	-.195* (.108)
Number of Attacks _{t-1}	-.153** (.078)	-.11 (.104)	-.093 (.075)
Number of Attacks _t	.028 (.012)	.04** (.017)	.028** (.013)
Cold War	.397 (.310)	.09 (.462)	.241 (.315)
Number of Groups	-.096*** (.025)	-.192** (.065)	-.135*** (.042)
Breadth of Goals	.194 (.313)	1.01** (.495)	.334 (.371)
Criminal Organization	.541 (.405)	.15 (.517)	.230 (.437)
Constant	-1.352** (.662)	-1.22 (1.26)	1.610* (.855)
Number of Observations	24,705	5,552	7,036
Number of Uncensored Observations	261	125	195
Wald Chi ²	41.43	31.49	32.96

Dependent Variables indicate the group-level initiation of terrorism sponsorship. Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level **= significant at .05 level ***= significant at .001 level

Paper 3 Appendix: Success or Shirking in Terror: Control Mechanisms in State Sponsorship of Terrorism

Appendix Table 1 Random Sample of Sponsored Terrorist Organizations

Group Name	Sponsor States	Other Sponsors	Target State	Starting Year	Ending Year
Abu Nidal Organization	Syria	Libya; Iraq	Israel	1976	1998
Zimbabwe African Nationalist Union (ZANU)	USSR	Cuba; China	Rhodesia	1978	1979
Supreme Council for Islamic Revolution in Iraq	Iran	None	Iraq	1992	1996
People's Liberation Army (India)	Bangladesh	Pakistan	India	1984	1988
Dev Sol	Syria	Greece	Turkey	1991	1992
Shanti Bahini - Peace Force	India	None	Bangladesh	1986	1987
Jundallah	United States	None	Iran	2006	2009
Turkish Islamic Jihad	Iran	None	Turkey	1991	1991
Lord's Resistance Army (LRA)	Sudan	None	Uganda	1994	2001
Dnestr Republic Separatists	Russia	None	Moldova	1992	1992
Mozambique National Resistance Movement	Rhodesia	South Africa; Kenya	Mozambique	1979	1979
Revolutionary Org of Socialist Muslims	Syria	Libya; Iraq	United Kingdom	1984	1985
Moro National Liberation Front (MNLF)	Iran	Libya; Malaysia	Philippines	1975	2012
African National Congress (South Africa)	USSR	None	South Africa	1981	1988
Free Aceh Movement (GAM)	Libya	Iran	Indonesia	1977	2005

Appendix Table 2 Summary Statistics

Variable Name	Mean	Standard Deviation	Minimum	Maximum
% of Non-State Attacks (Non-Diplomatic)	.076	.225	0	1
Total Number of Attacks	16.095	45.962	0	505
Number of Additional Sponsors	1.851	1.854	0	8
Military Support	.579	.494	0	1
Base in Sponsor State	.088	.284	0	1
Adjacency	.442	.497	0	1
Years Sponsored	9.522	8.762	0	43
Group Network Size	.228	.866	0	12
Broad Organizational Goals	.298	.457	0	1
Ideological Similarity	.459	.498	0	1
Number of Additional Sponsorships	3.636	3.357	0	12
State Created	.106	.307	0	1

Appendix Table 3 Model without Independent Variables

Variable Name	Model without Independent Variables
Adjacency	-.036* (.021)
Years Sponsored	-.002 (.001)
Group Network Size	-.007 (.006)
Broad Organizational Goals	-.039* (.022)
Ideological Similarity	.041** (.020)
Number of Additional Sponsorships	.002

	(.004)
State Created	-.009
	(.037)
Constant	.104***
	(.030)
<hr/>	
Number of Observations	2,451
Wald Chi2	13.39
<hr/>	

Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level
 = significant at .05 level *= significant at .001 level

Appendix Table 4 Correlations of Variables

Variable Name	Num Add'l Sponsors	Military Support	Base in Sponsor State	Adjacency	Years Sponsored	Network Size	Broad Goals	Ideological Similarity	Num of Add'l Sponsorships	State Created
Num Add'l Sponsors	1.000									
Military Support	.281	1.000								
Base in Sponsor State	-.147	-.297	1.000							
Adjacency	-.091	.199	.068	1.000						
Years Sponsored	-.081	-.109	.043	-.039	1.000					
Network Size	-.161	-.067	-.009	.050	.274	1.000				
Broad Goals	-.102	-.064	-.061	-.197	-.107	.013	1.000			
Ideological Similarity	-.147	-.226	.199	-.135	.201	.123	-.082	1.000		
Num Add'l Sponsorships	-.266	-.156	.168	-.137	.124	.006	-.097	.247	1.000	
State Created	-.176	-.156	.202	-.017	.074	-.012	.058	.131	.143	1.000

Appendix Table 5 Data Excluding Single Year Cases

Variable Name	Linear Regression for Agency Loss: Excluding Single Year Cases	Poisson Regression for Agent Success: Excluding Single Year Cases
Number of Additional Sponsors	.015*** (.004)	-.328*** (.096)
Military Support	-.032 (.019)	1.190*** (.322)
Base in Sponsor State	.118** (.050)	-2.016*** (.468)
Adjacency	-.009 (.016)	1.064* (.564)
Years Sponsored	-.001 (.001)	-.002 (.010)
Group	-.007 (.005)	.188** (.096)
Network Size		
Broad	-.061*** (.017)	1.317** (.420)
Organizational Goals		
Ideological	.041** (.017)	.296 (.053)
Similarity		
Number of Additional Sponsorships	.003 (.003)	.093* (.053)
State Created	-.037 (.025)	-1.183** (.533)
Constant	.061** (.030)	1.357** (.442)
Num of Observations	2,408	2,408
Wald Chi2	23.43	376.76

Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level
 ** = significant at .05 level *** = significant at .001 level

Appendix Table 6 Alternative Dependent Variables – External Attack Percentages

Variable Name	Alternative Dependent Variable: Excluding Rivals	Alternative Dependent Variable: Excluding Rivals and Diplomats
Number of Additional Sponsors (H1A)	.014 (.009)	.010 (.006)
Military Support (H2A)	-.036 (.032)	-.006 (.026)

Base in	.105	.078
Sponsor State (H3A)	(.066)	(.053)
Adjacency	-.052**	-.034*
	(.023)	(.020)
Years	-.003*	-.002
Sponsored	(.002)	(.001)
Group	.003	-.005
Network Size	(.010)	(.005)
Broad	-.040	-.040
Organizational Goals	(.030)	(.024)
Ideological	.047	.035*
Similarity	(.030)	(.020)
Number of	.0001	.003
Additional	(.005)	(.004)
Sponsorships		
State	-.007	-.004
Created	(.043)	(.038)
Constant	.132**	.082**
	(.049)	(.037)
Num of	2,451	2,451
Observations		
Wald Chi2	17.79	15.11

Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level
 ** = significant at .05 level *** = significant at .001 level

Appendix Table 7 Alternative Dependent Variables – Targeting Sponsor State

Variable Name	Targeting Sponsor State (Logit)	Targeting Sponsor Govt (Logit)	Targeting Sponsor State (Relogit)	Targeting Sponsor Govt (Relogit)
Number of	-.067	-.069	-.115	-.185
Add'l Sponsors (H1A)	(.142)	(.343)	(.103)	(.150)
Military	.638	.065	-.365	-.684
Support (H2A)	(.801)	(1.493)	(.341)	(.467)
Base in	1.428*	.604	.541	-.308
Sponsor (H3A)	(.841)	(1.772)	(.583)	(.903)
Adjacency	2.569**	3.371*	2.274***	2.054**
	(.843)	(1.731)	(.495)	(.751)
Years	.014	.005	.026	.015
Sponsored	(.026)	(.024)	(.020)	(.014)
Group	-.216	Omitted	-.287	Omitted
Network Size	(.567)		(.489)	
Broad	.407	-.017	.154	-.427

Goals	(.557)	(1.124)	(.364)	(.622)
Ideological	.623	-1.043	.773**	.397
Similarity	(.579)	(1.532)	(.283)	(.361)
Number of Add'l Sponsorships	-.192**	-.145	-.264***	-.319***
	(.094)	(.119)	(.056)	(.083)
State	.057	Omitted	-.883	Omitted
Created	(.881)		(.845)	
Constant	-7.607***	-9.916***	-4.762***	-4.470***
	(.950)	(1.577)	(.573)	(.860)
Num of Observations	2,451	2,451	2,451	2,451
Wald Chi2	32.64	26.43	---	---

Results are listed as coefficients, with robust standard errors in parentheses. * = significant at .10 level
 ** = significant at .05 level *** = significant at .001 level

Appendix Table 8 Alternative Independent Variables H1

Variable Name	Binary Additional Sponsors (Agency Loss)	Binary Additional Sponsors (Agent Success)
Additional Sponsors (H1)	-.004 (.033)	.878* (.447)
Military Support (H2)	.004 (.026)	.899** (.345)
Base in Sponsor State (H3)	.099* (.054)	1.984*** (.321)
Adjacency	-.036* (.020)	.116 (.235)
Years Sponsored	-.002 (.001)	.001 (.010)
Group	-.007 (.006)	.193** (.097)
Network Size	-.038* (.022)	.394 (.288)
Broad	.037* (.020)	.288 (.379)
Organizational Goals	.002 (.004)	.094* (.053)
Similarity	.002 (.004)	.094* (.053)
Number of Additional Sponsorships	.002 (.004)	.094* (.053)
State	-.017 (.039)	-.604 (.402)
Created	.101** (.044)	.929** (.422)
Constant	.101** (.044)	.929** (.422)
Num of	2,451	2,451

Observations				
Wald Chi2	16.36		544.17	

Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level
 = significant at .05 level *= significant at .001 level

Appendix Table 9 Alternative Independent Variables H3

Variable Name	Bases in Both States (AL)	Base in Both States (AS)	All Instances of Bases (AL)	All Instances of Bases (AS)
Number of Add'l Sponsors (H1)	.011* (.006)	-.328*** (.097)	.011* (.006)	-.328*** (.097)
Military Support (H2)	-.023 (.027)	.995** (.347)	-.016 (.027)	.879** (.403)
Bases in Both States	-.021 (.035)	-1.268** (.468)		
All Instances of Sponsor Bases Adjacency			.028 (.034)	-1.433*** (.333)
Years Sponsored	-.027 (.022)	1.166* (.693)	-.034 (.021)	1.167* (.693)
Group Network Size	-.002 (.001)	-.002 (.010)	-.002 (.001)	-.002 (.010)
Broad Goals	-.006 (.006)	.187* (.096)	-.006 (.006)	.187* (.096)
Ideological Similarity	-.045* (.024)	1.133** (.399)	-.046* (.024)	1.059** (.395)
Number of Add'l Sponsorships	.041** (.020)	.299 (.391)	.040** (.020)	.301 (.391)
State Created	.002 (.004)	.092* (.053)	.002 (.004)	.092* (.052)
Constant	-.002 (.038)	-1.161** (.499)	-.008 (.039)	-1.128** (.495)
	.098** (.035)	1.457*** (.458)	.093** (.036)	1.595*** (.437)
Num of Observations	2,451	2,451	2,451	2,451
Wald Chi2	14.53	382.33	14.07	409.30

Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level
 = significant at .05 level *= significant at .001 level

Appendix Table 10 Alternative Control Variables

Variable Name	Years Active (Agency Loss)	Years Active (Agent Success)	Alternative Network (AL)	Alternative Network (AS)
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Number of Add'l Sponsors (H1)	.011* (.006)	-.325*** (.097)	.012* (.007)	-.326*** (.095)
Military Support (H2)	-.006 (.026)	1.219*** (.301)	-.007 (.026)	1.189*** (.280)
Base in Target State (H3)	.099* (.053)	-1.872*** (.453)	.093 (.058)	-1.732*** (.354)
Adjacency	-.030 (.019)	.999* (.578)	-.031 (.020)	.990* (.579)
Years Active	-.002* (.001)	-.002 (.010)		
Years Sponsored			-.002* (.001)	-.002 (.010)
Group Network Size	-.006 (.006)	.187* (.096)		
Alternative Group Network Size			.003 (.011)	-.118** (.045)
Broad Goals	-.045* (.024)	1.250** (.414)	-.045* (.024)	1.202** (.397)
Ideological Similarity	.037* (.020)	-.298 (.391)	.035* (.019)	.357 (.423)
Number of Add'l Sponsorships	.002 (.004)	.093* (.052)	.002 (.004)	.079 (.049)
State Created	-.011 (.038)	-1.247** (.470)	-.008 (.038)	-1.230** (.456)
Constant	.087** (.036)	1.244*** (.390)	.082** (.036)	1.323*** (.382)
Num of Observations	2,451	2,451	2,451	2,451
Wald Chi2	16.75	387.61	16.45	413.89

Results are listed as coefficients, with robust standard errors in parentheses. *= significant at .10 level
 = significant at .05 level *= significant at .001 level

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