Moral Hazard or State Capacity? U.S. Military Assistance and Political Violence in Pakistan

Working Paper

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Abstract

An important objective of bilateral foreign aid is to strengthen staggering governments in the developing world. In particular, military aid is meant to bolster state militaries and their capacity to curb political violence when challenged by armed non state actors. Increases in military aid may allow stronger militaries to establish peace, but can also give rise to the moral hazard problem of seeking future aid based on increases in conflict (Bapat 2011). This moral hazard might manifest as higher violence initiated by state-funded paramilitaries and non-state actors, with state militaries reducing violence to advance a pacifist reputation. I use fine-grained political violence data for Pakistan to test whether U.S. Military Assistance increases state capacity or leads to moral hazard. How do increases in U.S. military assistance change political violence, and how is this change distributed across different actors? I utilize the discontinuity created by the sudden stoppage of US Military Assistance after announcement of Pakistan's nuclear program and then its resumption post 9/11 to question whether district-level violence responds differentially to changes in U.S. military assistance, based on each district's distance from the nearest military headquarters. I find that an increase in military aid decreases political violence in the aggregate and across all aggressors. These results are confirmed by a difference-in-differences analysis that draws on the historical operational structure of Pakistan's army; I find that this decrease in violence is differentially higher for districts that are located close ($\leq 80km$) to a military headquarter.

1 Introduction

The United States has historically used foreign military finance to reward political allies; since 1979 Egypt and Israel have been the top recipients of U.S. military aid in return for maintaining their cold peace with each other. In the aftermath of the September 11 attacks, the U.S. Congress approved the use of U.S. military funds to shore up the military capacity of Pakistan, a country they saw as a key ally in the War on Terror. Yet, domestic sentiment in Pakistan was largely opposed to these funds; much of them committed under the head of Foreign Military Finance (FMF) are intended as grants tied to the procurement of U.S. military equipment. For the Congress, heavily reliant for campaign financing from U.S. arms contractors, this is a win-win strategy: it panders to a financially crucial interest group while also strengthening influence within international allies by establishing a strong military. On the one hand, U.S. military aid purports to increase state capacity in recipient countries, but it may also destabilize them and run counter to the democracy enhancing objective of economic and development aid committed by the U.S. to the same recipients. In Colombia for example, qualitative (Hristov 2009) and quantitative (Dube and Naidu 2014) evidence links increases in military aid to the formation and strengthening of paramilitary organizations and the undermining of domestic political institutions.

Does U.S. military assistance change the level of domestic political violence in recipient countries? How do these changes in political violence differ by state and non-state actors? This paper answers these questions in the context of Pakistan, a country that has received large tranches of U.S. military aid – most of it as Foreign Military Finance – since 2001. Leveraging a relatively new dataset on political violence that records the identity of actors perpetrating violence, and the exogenous increase in U.S. military aid after September 11, I show that increases in U.S. military assistance decreases political violence in the country, both as measured by number of incidents and the number of people killed. However, this decrease in violence is a function of a district's distance from the nearest military headquarter with differentially higher decreases occurring in districts located closer to a military headquarter. The spatial configuration of political violence is such that most of the violence is conducted in the northwest of the country, a region that has historically been bereft of constitutional rights and was governed under the Federal Crimes Regulation (FCR) Act of 1901 until May 2018, when the government passed a bill to merge it with the Khyber Pakhtunkhwa province.

Existing literature on military aid indicates why it may create perverse incentives for recipient country governments that face a moral hazard (Bapat 2011, Jones and Libicki

2008) to prolong local conflict in order to receive future tranches of aid. Additionally, military assistance – as an external resource – can reduce accountability for autocratic leaders (Bueno de Mesquita and Smith 2007) and thereby decrease democratic development. The moral hazard explanation merits a closer look: while the recipient government has an incentive to prolong conflict, they may still regain some form of control by substituting conflict away from its strategic strongholds. In order to better understand recipient governments' response to military aid, Bapat (2011) offers a reconceptualization of effectiveness; aid may be effective not because it successfully disarms terrorist groups but because it keeps them out of power. In this paper, I offer a further refinement on this concept of effectiveness by suggesting that aid not only decreases overall political violence, it also moves this violence away from military headquarters. In addition, leveraging a comprehensive dataset that categorizes incidents of political violence by actor, I find that there is no substitution in violence between state and non-state actors. Instead, while violence by all actors declines, it declines less in areas that are farther from military headquarters. Following Bapat (2011) then, military aid may be most effective, not just in the overall decline of political violence, but in its geographic containment.

While moral hazard is one possible consequence of increases in military assistance, another is the bolstering of state capacity by making the military more powerful. By addressing the 'conditions that favor insurgency' (Fearon and Laitin 2003), military assistance reduces the likelihood of political violence. I use geographical variation in military strength, as proxied by the location of permanent military headquarters, to assess how district-level political violence in Pakistan responds to changes in U.S. military assistance. Using a difference-in-differences estimation strategy, I find that districts located within the average distance of 80 kilometers from a military headquarters have a differentially lower likelihood of political violence.

Using disbursements of U.S. military aid to Pakistan and assuming that aid disbursement is channeled via military bases, I construct a varying measure of military capacity by interacting aggregate changes in U.S. military aid to Pakistan with distance from the nearest military headquarters. I construct this measure in light of the operational structure of Pakistan Army, which is composed of strike corps responsible for combat activity. These strike corps are each headquartered within a military cantonment, with all financial and budgetary activity channeled through the headquarters. The fiscal impact of U.S. military aid is also captured by financial transfers from the General Headquarters of the Pakistan Army in Rawalpindi to the corps headquarters. Military capacity, therefore, increases as receipts of

U.S. military aid increase and as the distance from a military corps headquarters decreases. Given the BFRS[1] events based dataset on political violence in Pakistan, I then see whether the total incidents of political violence, as well as the forms of violence (as disaggregated by perpetrator and by target) respond to this increase in military capacity.

The following section speaks to the use of Foreign Military Financing and its potential impact on political violence in a country like Pakistan. Section 3 presents the research design, while Section 4 presents the main results of the paper. Finally, the paper concludes by discussing the implication of the results and the avenues for future research on military assistance.

2 Military Assistance and Political Violence in Pakistan: State Capacity or Moral Hazard?

Military assistance is a key counterinsurgency strategy opted by the U.S. to contain violence abroad; however, it can fail depending on the type of regime it is committed to (Boutton 2019) and can also spur an increase in violence due to the moral hazard of future aid linked to the degree of current violence (Bapat 2011). Additionally, governments can set this moral hazard in motion by siphoning funds to paramilitary organizations, thereby destabilizing states that the U.S. purports to support (Dube and Naidu 2014).

On the other hand, a direct effort to militarily strengthen a state using Foreign Military Finance - the crux of which ties governments to buy U.S. military equipment - can curb political violence by shifting bargaining power in favor of the state military. With the probability of winning decline (Fearon 1995), the chances of political violence decline as well. This bolstering of state capacity directly tackles the conditions for violence to happen (Fearon and Laitin 2003), thereby reducing its occurrence.

In the case of Pakistan, political violence is multifaceted but has always existed under a strong military state (Shah 2014). While political violence in Pakistan is not monochromatic, ranging from incidents grounded in ethnic and sectarian motives to those based on political affiliation, there has been a spatial logic to the violence. Across the larger provinces, Balochistan has had an intense history of militant attacks. This is due to the general negligence of the government towards the sparsely populated province with a rich natural resource base. Suffering from low literacy and employment opportunities, the Baluch people have been struggling for a higher provincial budget, as well as a substantial voice in the federal govern-

[1](Fair et al., 2013)

ment. However, the Baluch Liberation Army, a secessionist group based in the north-western mountains of Balochistan gained prominence after 2000. Since then, it has claimed responsibility for a series of attacks on government establishments as well private power plants and coal mines. Balochistan also shares its borders with Iran and partly with Afghanistan, and to its north-west with FATA, where most of the Taliban activity is concentrated. As Figure 1 shoes, a second spatial hub of political violence is Khyber Pakhtunkhwa (KPK) where the recent Taliban insurgency resulted in the region recording the second highest number of people killed during our data frame (1988-2010). This closely follows the intensity of violence in the recently integrated Federally Administered Tribal Region (FATA) where the military's war against the Taliban has been physically fought.[2]

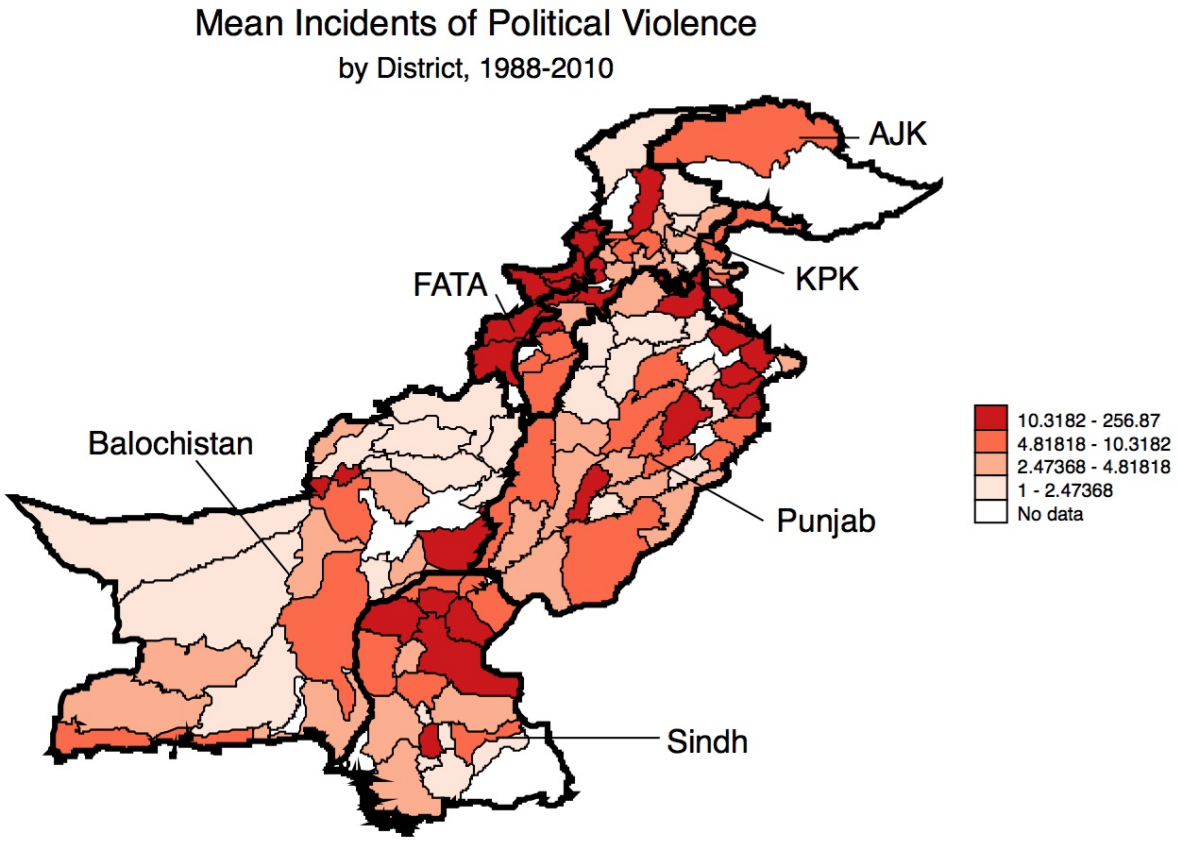

Figure 1: Mean Incidents of Political Violence

[2]BFRS dataset on Political Violence, 2013

I use the fine-grained data on political violence available through the relatively new BFRS dataset to find empirical support for either of the two theoretical channels, **state capacity** or **moral hazard**. I, therefore frame the following competing hypotheses that allow me to distinguish between these two channels:

H1: If military assistance bolsters **state capacity** but does not result in **moral hazard**, an increase in U.S. military assistance will lead to a decrease in the number of political violence incidents *by state actors* and *non-state actors*.

H2: If military assistance bolsters **state capacity** but also leads to **moral hazard**, an increase in U.S. military assistance will lead to an increase in the number of either *selective* political violence incidents *by state actors* or political violence incidents *by non-state actors*.

H3: If military assistance does not bolster **state capacity**, an increase in U.S. military assistance will have no effect on political violence, or might increase violence by *non-state actors* only.

3 Research Design

3.1 Data

I use the BFRS dataset on political violence in Pakistan, which is an events based dataset. Drawing on news reports from the largest circulating English daily in Pakistan, the DAWN newspaper, this dataset records all incidents of political violence between 1988-2010. The richness of the dataset lies in going beyond an enumeration of the number of people killed and injured in the violent event, to categorizing the type of violent event as well as the party responsible for the event. The dataset can be geo-coded by event, although I aggregate the events to the district-level and geo-code the district, for reasons described below.

In addition to the dataset on political violence, I use data on the location of Pakistan Army Corps Headquarters. The permanent station of these 22 headquarters lie within larger military cantonments, all of which were historically established under the Military Cantonment Act of 1924. Although the Pakistan Army responds to emergencies by developing temporary strike headquarters, those are excluded from the analysis. Since temporary strike headquarters arise in response to changes in political violence, they raise questions of reverse causality. In order to calculate the distance between the districts where violent events oc-

cur and the corps headquarters, their locations are geocoded using Google Maps; distance between the source point in the district and the nearest military headquarters is then calculated. The district is coded as a voronoi polygon around the source point; this makes the distance between any point on the district-polygon and the source point the smallest possible, hence ensuring the correct coding of the nearest military headquarters. The same method is utilized to calculate the distance of the district source point to the nearest point on the Pakistan-Afghanistan border; this distance helps control for the effect of any violence spillover from the U.S. invasion in Afghanistan.

The data on U.S. military aid to Pakistan is taken from the USAID Greenbook. I use the data on aid disbursements rather than aid commitments as they more accurately capture the actual amount of aid given in any year. Data on arms transfers from China and U.S. is also used and is drawn from the Stockholm International Peace Research Institute database.

3.2 Major Variables

The BFRS dataset categorizes incidents of violence by motive, by the type of violence employed and by the party responsible for the event. Motives (known as event type in the data set) explain whether the event was political, ethnic, tribal, sectarian and so on; type of violence refers to the intensity and selectivity of violence used in the event (e.g., whether the event was an assassination, a conventional attack on the state or a guerrilla attack) and the party responsible specifies whether Islamist militants, political parties, police, military or paramilitary organizations were involved in initiating the event.[3]

To test whether U.S. military aid has an effect on district-level political violence, I consider *total incidents*, an aggregate measure of violence covering riots, assassinations, violent political rallies, state abductions and terrorist attacks. The *number killed* variable aggregates the total number of people killed in such violent incidents in each district-year, reflecting the intensity of violence that could not be captured in a simple count. I also check whether an increase in political violence leads militants to substitute between *guerilla attacks* and *conventional attacks* on the state, and whether there is any differential effect on indiscriminately targeted *state-initiated attacks on civilians* or *state-initiated selective attacks* that do not incur mass casualties.

An important aspect of the original dataset is that it is based on a count of events. However, in order to conduct the analysis, I collapse these counts into a district-year panel. For each district-year, I record the total number of violent events and the total number

[3]See Table A2, Table A3 and Table A4 in the Appendix.

of events falling under each kind within the three broad categories (eleven kinds of event motives, ten kinds of type of violence and twenty kinds of party responsible for the attack). There are a total of 128 districts and 23 years in the data, with a total of 1895 observations. Table 2 below provides some important summary statistics of the main variables. On average, about 20 people are killed in each district every year owing to political violence, while about 24 people are injured. The average number of events occurring in any district are 14, with almost 1.5 of them having some form of military or paramilitary involvement and another 1.5 having police involvement. Each district is on average approximately 80 kilometers away from a military headquarter, with 22 of these district centers being synonymous with military headquarters.

Table 1: Summary statistics

Variable	**Mean**	**Std. Dev.**	**Min.**	**Max.**	**N**
Total Incidents	13.625	47.508	0	1447	1895
Number Killed	19.599	79.918	0	1510	1895
Number Injured	23.767	65.595	0	904	1895
Military/Paramilitary Involvement	1.507	9.114	0	195	1895
Police Involvement	1.515	6.214	0	179	1895
U.S. Military Aid ($ million)	618.26	760.20	0	2524.61	23
U.S. Economic Aid ($ million)	440.73	472.60	22.79	1867.13	23
Distance to Military Headquarter (km)	79.73	60.37	.30	246.99	128

3.3 Empirical Strategy

In 1991, the U.S. paused all forms of military assistance to Pakistan following the announcement of their nuclear program. This aid was then resumed in 2001 when Pakistan became a critical ally in the U.S. war on terror following the terrorist incidents of September 11. I use this regression discontinuity to test how incidents of political violence respond to changes in foreign aid around these cut-offs marking sudden, exogenous changes in foreign aid.

Figure 2 shows that a financing "shock" occurred in 2002, with U.S. military assistance to Pakistan being zero between 1991-2001.[4] The U.S. stopped any form of military assistance to Pakistan post 1991 due to Pakistan's announcement of its nuclear program. This financing was only restored in 2002 following the events of 9/11 and the U.S. invasion in Afghanistan. Another such discontinuity in aid exists around 1990, before which aid was positive. We

[4]I take care of this statistical anomaly by using the variable $log(Assistance_t + 1)$.

therefore treat the period between 1990 and 2002 as a "control" period, wherein U.S. military assistance was zero, and the years before 1990 and after 2001 as a "treatment" period. Figure 4 below shows how the probability of treatment changes around both the 1990 and the 2002 cut point.

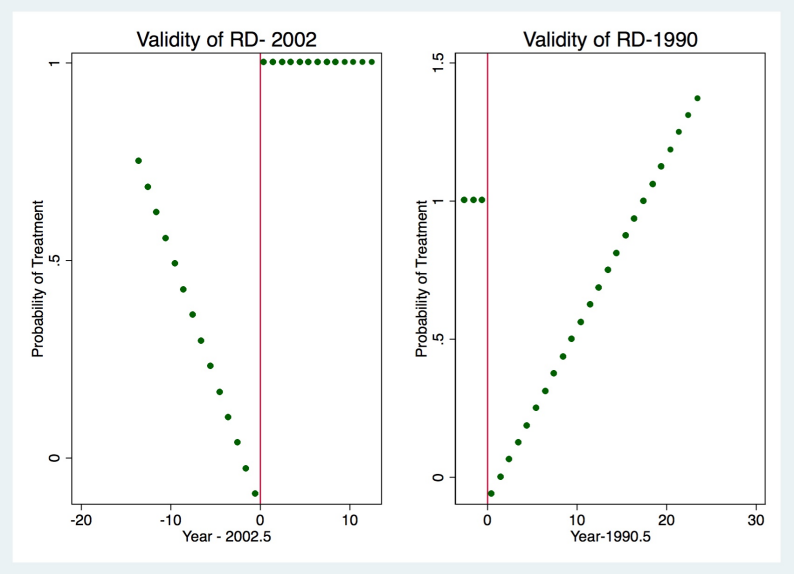

Figure 2: Validity of Regression Discontinuity Design

The figures below show the change in political violence around the 1990 cut point, the 2002 cut point and then the pooled cut point, where we pool the data in a way that all years before 1990 and after 2002 are categorized as "treated" and all years between 1990 and 2002 are categorized as "control". For example, the *pooled* running variable for both 1992 and 2001 is 1.5 (given that our cut points are 1990.5 and 2002.5). The figures below show the results for a 2-year bandwidth, which smooths the data the least; the figures for a 3 and 4 year bandwidth are shown in the appendix.

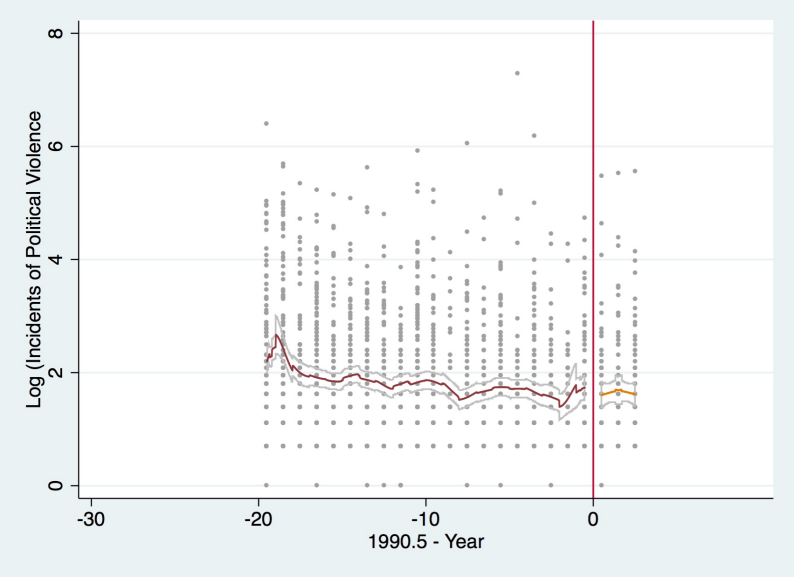

Figure 3: Political Violence (RD-1990) - 2 year bandwidth

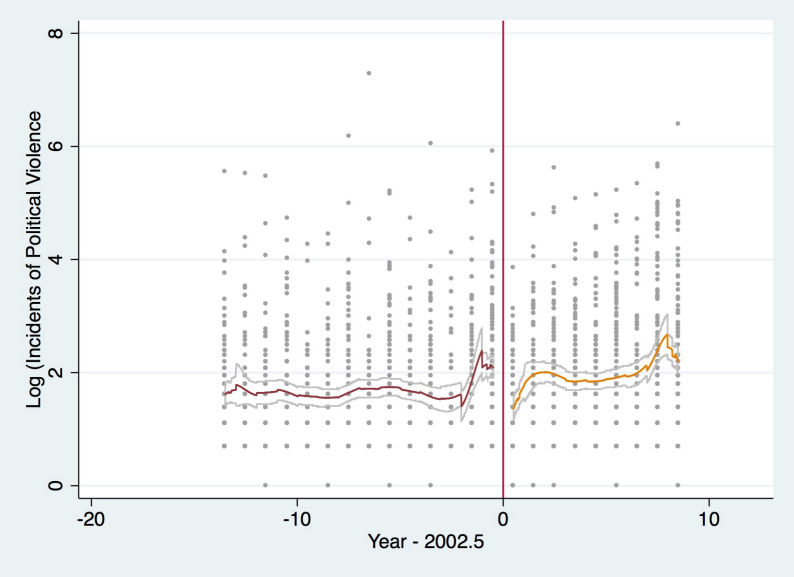

Figure 4: Political Violence (RD-Pooled Data) - 2 year bandwidth

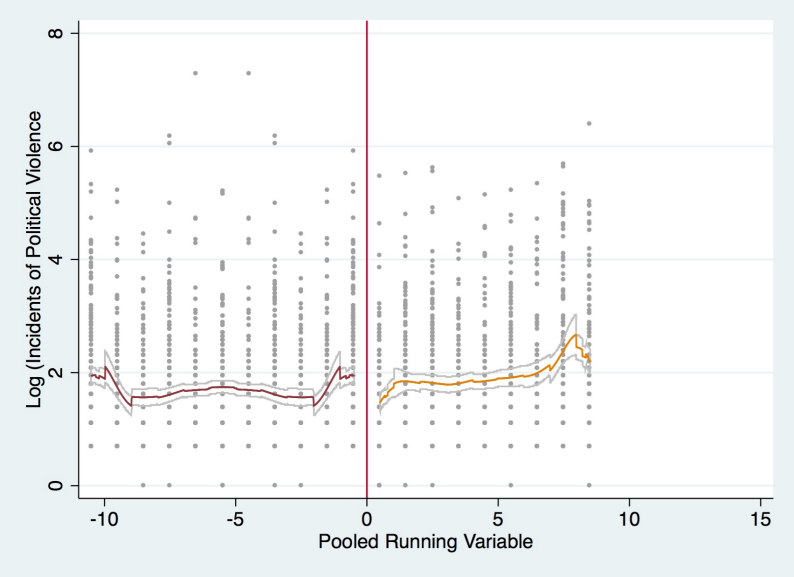

Figure 5: Political Violence (RD-Pooled Data) - 2 year bandwidth

In all the three figures above, there is a visible jump in the outcome variable, which is the number of incidents of political violence, around the cut-point. This is visual evidence that U.S. military assistance has an effect on political violence; however, it is possible that changes in U.S. military assistance were anticipated, or otherwise subsequent to increase in political violence. In 1990, U.S. military assistance to Pakistan was cut off in order to pressurize the government to stop uranium enrichment. However, the stoppage could not have been perfectly anticipated as the enrichment program had been under way for some time; it was the pull out of the Soviet forces in 1988 from Afghanistan that changed Pakistan's strategic importance to the U.S. They now felt less reluctant to pressurize Pakistan, and following a series of tense standoffs with India, assistance was finally curtailed in 1990. The 2002 resumption in military assistance was a consequence of the 9/11 attacks that were also unpredicted. U.S.'s decision to support Pakistan also followed diplomatic negotiations with the then Pakistani Chief Executive and Martial Law Administrator, Pervez Musharraf. In both cases, therefore, we can treat the sudden change in U.S. military assistance as a "shock". We estimate the RD results using the equation below, where β_1 is our estimand of interest, and α_i captures district level fixed effects. We estimate this equation for a bandwidth of 2, 3 and 4 years.

$$Y_{it} = \beta_1 Treatment + \beta_2 RunningVariable + \beta_3 Treatment \times RunningVariable + \alpha_i \epsilon_{i,t} \quad (1)$$

To verify whether distance from the nearest military headquarter has nay effect in the short run, I also estimate

$$Y_{it} = \beta_1 Treatment + \beta_2 RunningVariable + \beta_3 Treatment \times RunningVariable + \beta_4 Treatment \times Distance + \beta_5 distance + \alpha_i \epsilon_{i,t} \quad (2)$$

where β_1 and β_2 are the estimands of interest, and β_5 is subsumed by the district level fixed effects.

4 Results and Discussion

I find that exogenous changes in U.S. military assistance result in significantly fewer incidents of political violence in the two years immediately following the shock. Table 2 Column (1) below shows the results for the discontinuity around the year 1990, when U.S. military assistance was suddenly cut off in response to Pakistan's announcement of its nuclear enrichment program. Here, 'Treatment' refers to years when U.S. military assistance flows were positive; we find that increases in U.S. military assistance in this case are associated with almost 4 fewer incidents of political violence per district-year.

Table 2: Effects on Total Incidents (Regression Discontinuity)

	(1) Total Incidents	(2) Total Incidents	(3) Total Incidents
Treatment (1990)	-3.907**	0.450	5.001
	(0.61)	(2.11)	(4.75)
N	264	423	511
Treatment (2002)	-25.98***	-24.96***	-14.46*
	(1.87)	(0.85)	(5.04)
N	336	485	657
Treatment (Pooled)	-15.35	-13.01*	-6.190
	(8.38)	(5.80)	(5.60)
N	600	908	1168
Bandwidth	2 years	3 years	4 years

Standard errors in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The effect in the case of the discontinuity around the year 2002 in Column (2) (when sudden, large amounts of U.S. military assistance followed a decade long spell of zero assistance, to fight the global war on terror) is even higher; in the first two years after the increase, there were almost 26 fewer incidents of political violence, with there still being a decrease of almost 14 political violence four years after the initial increase. Pooled RD results in Column (3) show the combined effect of the two discontinuities in U.S. military assistance, that in 1990 and in 2002. All years between 1990 and 2002 when U.S. military assistance was close to or equal to zero are classified as control years, whereas all years before 1990 and after 2002, when U.S. military assistance was positive are classified as treatment years. We find that on average, there is a decrease of 13 incidents of political violence within the first three years of the initial, sudden increase in U.S. military assistance.

4.1 Violence decreases, but why?

While the RD results suggest support for Hypothesis 1 and 2, I advocate between them by using a difference-in-differences design. For this, I use a difference-in-differences approach and interact annual flows of military assistance to Pakistan (which are likely to be correlated withthe national level of political violence) with whether or not each district is within the average distance ($\leq 80km$) from the nearest military headquarters. The identification strategy here is premised on the exogenously determined location of the 22 permanent military headquarters in Pakistan that were set up soon after independence and that are not associated with current patterns of political violence in the country. I consider the difference in political violence within the same district across two different years with different levels of military aid (first difference) and then compare this to the difference in another district which is located at a different distance from the nearest military headquarters (second difference).

I estimate the following equation that regresses actor-disaggregated incidents of political violence in any district-year on U.S. military aid interacted with whether or not each district is within average distance of a military headquarter. This method allows us to difference out any *within time-across unit* variation from the *within unit-across time* variation, hence taking care of potential variables that might otherwise bias the coefficient of interest. Our main estimation equation is:

$$Y_{it} = \alpha_i + \gamma_t + \beta_1 Base_i \times Assistance_t + \beta_2 Assistance_t + \beta_3 Base_i + \phi \mathbf{X_{it}} + \epsilon_{i,t} \quad (3)$$

Here, $Y_{i,t}$ refers to political violence variables, including total incidents of political violence, the total number of people killed in political violence, militant-initiated guerrilla and conventional violence and state-initiated selective violence and violence against civilians. α_i and γ_t are the district and year level fixed effects respectively. $Base_i$ refers to whether or not a district is $\leq 80km$ from the nearest military headquarter, whereas $Assistance_t$ is the log of total U.S. military aid disbursements to Pakistan each year.[5] $\mathbf{X_{it}}$ is a vector of control variables that includes the log of total population, log of income, log of employment rate, log of literacy rate, log of infant mortality and log of distance from the Pakistan-Afghanistan border (recorded in decimal degrees) (although we drop these controls for our main results). Since only a cross section of controls is available, the variables are interacted with annual receipts of U.S. foreign aid to introduce panel variation. $\epsilon_{i,t}$ is the random error term and is assumed to be independent of the other explanatory variables. I also cluster standard errors at the district level to account for any within-district correlation amongst observations.[6]

Figure 2 below visually demonstrates the motivation behind using a difference-in-differences technique. In response to an increase in U.S. military aid post 2002, there is a consequential increase in the difference between incidents of political violence occurring in districts located farther than the average distance from military headquarters, versus districts located closer than the average distance. This difference also turns positive briefly between 2006-2008, indicating that there were more incidents of political violence in districts located farther away from military headquarters than in districts located closer.

[5] β_2 and β_3 are not identified in this equation, since they are subsumed by the year-level and the district-level fixed effects, respectively.

[6] Results with two-way clustering at the district and year levels, using the method outlined by Cameron, Gelbach and Miller (2006) yield similar results.

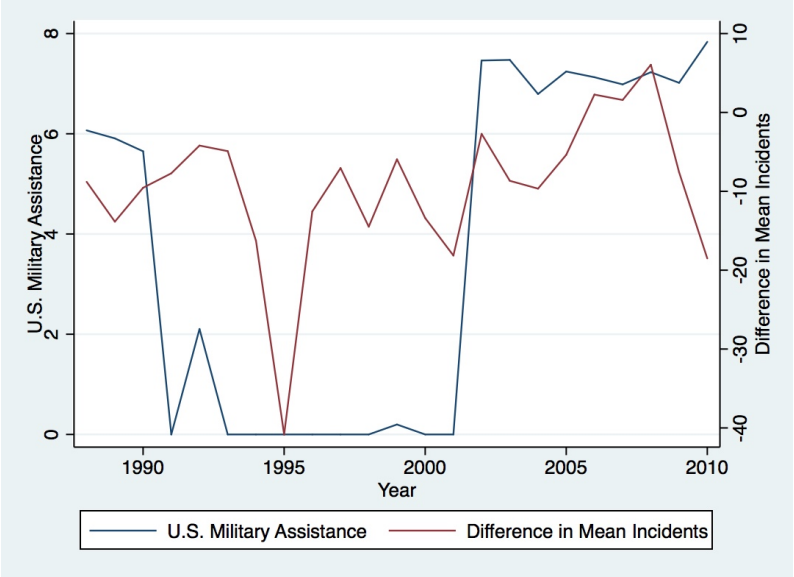

Figure 6: Differences in Mean Incidents and U.S. Military Assistance

Figure 3 shows a nonparametric relationship between military assistance, distance from the military headquarter and the incidents of political violence. Both panels (a) and (b) show that higher levels of military assistance are associated with higher levels of political violence, with violence density being highest in areas closer to military headquarters.

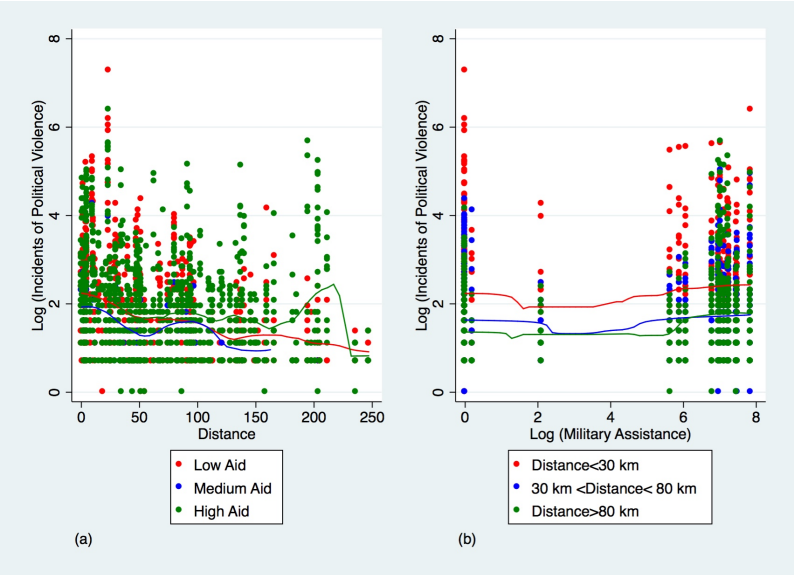

Figure 7: Differential Effect of Distance and Military Assistance on Political Violence

Panel (a) shows that there is a likely negative relationship between distance and political

violence, holding the level of assistance constant; panel (b) appears to show no relationship between political violence and military assistance, yet the results show that this is a positive once I control for year and district fixed effects. The data shows that most of the violence is concentrated in districts closer to military headquarters, but I find that the differential impact of an increase in military assistance is to increase violence more in areas farther away.

The difference-in-differences results are presented in Table 3 below. I find that increasing U.S. Military Assistance has no effect on state-initiated attacks on civilians, yet there is a decrease in political violence across all aggressors. These results suggest support for Hypothesis 1, i.e., that U.S. Military Assistance leads to increased state capacity, but does not cause any moral hazard.

Table 3: Effects on Violence by Category (Difference-in-Differences)

	(1) State's Attacks on Civilians	(2) State's Selective Violence	(3) Militant's Guerrilla Attacks	(4) Militant's Conventional Attacks
Military Assistance X	-0.135	-0.0420^{+}	-0.127^{+}	-0.102^{+}
Military HQ	(0.11)	(0.03)	(0.08)	(0.06)
N	1894	1894	1894	1894
adj. R^2	0.124	0.089	0.167	0.155

Standard errors in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The effect of U.S. military aid on political violence is mediated by the local-level disbursement through military headquarters. This would not be the case for either U.S. economic aid, which is likely to be routed through NGOs or provincial development bodies, or for Chinese arms transfers that are non-fungible. I, therefore, check whether economic aid from the U.S. or Chinese arms transfers to Pakistan over the same time, have any significant effect on political violence. I find that neither U.S. economic aid nor Chinese Arms transfers have any significant effect on political violence when interacted with distance from the nearest military headquarters; U.S. military aid, however, continues to have an effect even if we include U.S. economic aid in the regression.

Table 4: Effects of Economic Aid and Chinese Arms Transfers (Difference-in-Differences)

	(1) Total Incidents	(2) Total Incidents	(3) Total Incidents
Log (Economic Assistance) X Military HQ	-2.288		
	(1.60)		
Log (Chinese Aid) X Military HQ		2.146	
		(1.75)	
U.S. Military Assistance X Military HQ			-1.208^{+}
			(0.62)
_cons	13.41	-12.27	5.135
	(10.09)	(9.33)	(3.50)
N	1894	1812	1894
adj. R^2	0.363	0.352	0.363

Standard errors in parentheses
$^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

These results present strong evidence that an increase in U.S. military assistance leads to a decrease in the incidents of district-level political violence. Political violence decreases in response to military assistance and I find support for the **state capacity** channel, suggesting that U.S. military assistance strengthens the state, and does so differentially more in districts that are closer to military headquarters.

Conclusion

Appendix

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