

## **Abstract**

This research work scrutinized the relation between military expenditures and terrorism in Sub Saharan Africa, while allowing for cross sectional dependence. Recently developed sophisticated panel data techniques were employed such as cross sectional dependence tests, second generation unit root test and advanced panel co-integration techniques namely MG, CCEMG and AMG. Findings revealed long run relation between military expenditures and terrorism and existence of uni-directional causality running from terrorism to military expenditures. In the light of these findings, it is inferred that counter terrorism approach is a major factor explaining the rise in military expenditures.