Supplementary Material

Table 1. Descriptive statistics

	N	Mean	SD	Min	Max
Milsp (logged)	897	8.84	1.92	4.37	13.68
GDP (logged)	897	26.61	1.65	23.03	30.64
Pop (logged)	897	16.53	1.52	12.79	19.62
$Russp_{t-1}$ (logged)	652	10.61	0.43	9.59	11.21
dist	652	2575	1667	603	7822
Host-nation support (HNS)	118	0.02	0.03	0	0.10

Table 2. Static SAC models. Defense spending (logged) as the dependent variable

	Model 1 (1975-2021)	Spatial effect (short-run, SR)	Model 2 (1991-2021)	Spatial effect (SR)	Model 3 (1999-2021)	Spatial effect (SR)
Spatial lag (ρ)	–0.019***	–0.046	–0.025***	–0.059	–0.037***	–0.084
	(0.004)		(0.005)		(0.006)	
GDP (logged)	1.214***		1.026***		1.102***	
	(0.061)		(0.067)		(0.073)	
Pop (logged)	–0.341***		–0.496***		–0.740***	
	(0.127)		(0.143)		(0.160)	
Constant	–16.195***		–7.885***		–5.607*	
	(1.779)		(2.460)		(3.194)	
Observations	897		680		566	
Country FE	Yes		Yes		Yes	
Trends	Yes		Yes		Yes	
Log Likelihood	407.945		381.873		311.965	
σ^2	0.023		0.018		0.019	
AIC	–745.889		–693.747		–553.930	

Notes: Short-run spatial effects refer to the percentage change in defense spending of an average NATO member state if all the remaining allies experience a positive shock of 1 per cent in their military expenditures. Estimates of spatial correlation in the residuals are not reported. ***p<0.01, **p<0.05, *p<0.1.

Table 3. Dynamic SAC models. Defense spending (logged) as the dependent variable

	Model 1 (1975-2021)	Spatial effects (SR & LRSS)	Model 2 (1991-2021)	Spatial effects (SR & LRSS)	Model 3 (1999-2021)	Spatial effects (SR & LRSS)
Spatial lag (ρ)	−0.006***	−0.016 (SR)	−0.008***	−0.020 (SR)	−0.012***	−0.029 (SR)
	(0.002)	−0.505 (LRSS)	(0.003)	−0.420 (LRSS)	(0.003)	−0.477 (LRSS)
LDV	0.831***		0.789***		0.764***	
	(0.017)		(0.022)		(0.025)	
GDP (logged)	0.283***		0.298***		0.355***	
	(0.037)		(0.044)		(0.051)	
Pop (logged)	−0.244***		−0.288***		−0.333***	
	(0.065)		(0.084)		(0.098)	
Constant	−1.412		−0.595		−1.089	
	(0.977)		(1.486)		(1.996)	
Observations	897		680		566	
Country FE	Yes		Yes		Yes	
Trends	Yes		Yes		Yes	
Log Likelihood	997.885		741.328		583.937	
σ^2	0.006		0.007		0.007	
AIC	−1923.769		−1410.656		−1095.874	

Notes: Spatial effects refer to the percentage change in military expenditure of an average NATO member state if all the remaining allies experience a positive shock of 1 per cent in their military expenditure. In the case of the dynamic spatial effects, the shock is considered permanent. Estimates of spatial correlation in the residuals are not reported. ***$p<0.01$, **$p<0.05$, *$p<0.1$.

Table 4. Alternative dynamic SAC models. Defense spending (logged) as the dependent variable

	Model 1 (1975-2021)	Model 2 (1993-2021)	Model 3 (1993-2021)	Model 4 (1993-2021)	Model 5 (1995-2002)
Spatial lag (ρ)	−0.007***	−0.009***	−0.009***	−0.010***	−0.008***
	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)
LDV	0.824***	0.773***	0.773***	0.786***	0.542***
	(0.017)	(0.023)	(0.023)	(0.023)	(0.058)
GDP (logged)	0.289***	0.319***	0.320***	0.310***	0.201***
	(0.037)	(0.046)	(0.047)	(0.046)	(0.039)
Pop (logged)	−0.240***	−0.292***	−0.297***	−0.305***	−0.428***
	(0.066)	(0.087)	(0.091)	(0.089)	(0.051)
$Russp_{t-1}$ (logged)		−0.005	−0.009	0.002	−0.027
		(0.041)	(0.047)	(0.044)	(0.034)
$Russp_{t-1}$ (logged) x dist			0.000	−0.000	−0.000
			(0.000)	(0.000)	(0.000)
HNS					0.910***
					(0.344)
Constant	−2.055**	−1.574	−0.835	−0.934	7.017***
	(0.914)	(1.512)	(1.647)	(1.529)	(0.911)
Observations	850	623	623	652	118
Country FE	Yes	Yes	Yes	Yes	Yes
Trends	Yes	Yes	Yes	Yes	Yes
Log Likelihood	936.312	665.221	665.237	701.815	222.259
σ^2	0.006	0.007	0.007	0.007	0.001
AIC	−1802.623	−1258.442	−1256.474	−1327.631	−386.518

Notes: Models 1-3 drop the US from the sample. Models 2-3, additionally, include Russian spending and the interaction term between Russian spending and geographical proximity to Russia. Model 4 is based on a matrix that gives special importance to US spending (we assign to the US the same distance-based weight as the one attributed to the actual closest ally of a given NATO member state). Model 5 adjusts for host-nation support (HNS) as a proxy for US pressure (based on Blankenship, 2021). Estimates of spatial correlation in the residuals are not reported. ***p<0.01, **p<0.05, *p<0.1.