**Description of variables**

|  |  |
| --- | --- |
| name | varlab |
| Country | Country |
| ID | ID |
| Year | Year |
| Inv | Inv |
| GDP\_gro | GDP\_gro |
| Inf | Inf |
| Pub\_Debt | Pub\_Debt |
| Trade\_op | Trade\_op |
| Unemplo\_Rate | Unemplo\_Rate |
| Poli\_Stability | Poli\_Stability |
| log\_fdi | log\_fdi |
| log\_gdp | log\_gdp |
| log\_gdpdef | log\_gdpdef |
| log\_pd | log\_pd |
| log\_to | log\_to |
| log\_unemp | log\_unemp |
| log\_polstb | log\_polstb |
|  | |

**Descriptive Statistics**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Variables | Obs | Mean | Std. Dev. | Min | Max | p1 | p99 | Skew. | Kurt. |
| FDI | 675 | 13.03 | 56.561 | -444.70 | 452.221 | -41.65 | 307.087 | 3.214 | 37.24 |
| GDP gro | 675 | 2.465 | 3.836 | -16.04 | 24.616 | -8.868 | 12.632 | -.243 | 7.465 |
| Inf | 675 | 3.166 | 3.742 | -9.899 | 43.181 | -1.96 | 16.015 | 4.151 | 35.992 |
| Pub Debt | 675 | 1460000 | 5480000 | 315.6 | 59875234 | 640.1 | 29972179 | 6.833 | 56.1 |
| Trade op | 675 | 120.069 | 59.849 | 45.141 | 412.177 | 47.894 | 361.865 | 1.802 | 7.752 |
| Unemplo Rate | 675 | 8.235 | 4.238 | 1.805 | 27.686 | 2.472 | 24.441 | 1.53 | 5.835 |
| Poli Stability | 675 | .764 | .393 | -.475 | 1.759 | -.236 | 1.638 | -.124 | 3.101 |
|  | | | | | | | | | | |

**Descriptive Statistics (log conversion)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Variables | Obs | Mean | Std. Dev. | Min | Max | p1 | p99 | Skew. | Kurt. |
| log fdi | 675 | .679 | .633 | -2.819 | 2.655 | -.897 | 2.533 | -.095 | 6.945 |
| log gdp | 675 | .41 | .397 | -1.368 | 1.391 | -1.01 | 1.101 | -1.145 | 5.222 |
| log gdpdef | 675 | .701 | .093 | .398 | .891 | .448 | .874 | -.573 | 2.811 |
| log pd | 675 | 5.137 | 1.042 | 2.499 | 7.777 | 2.806 | 7.477 | -.124 | 2.404 |
| log to | 675 | 2.035 | .193 | 1.655 | 2.615 | 1.68 | 2.559 | .336 | 2.806 |
| log unemp | 675 | .866 | .206 | .256 | 1.442 | .393 | 1.388 | .142 | 3.008 |
| log polstb | 675 | -.179 | .304 | -2.44 | .245 | -1.44 | .214 | -2.546 | 14.185 |
|  | | | | | | | | | |

**Descriptive Statistics (after winsorization)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Variables | Obs | Mean | Std. Dev. | Min | Max | p1 | p99 | Skew. | Kurt. |
| log fdi | 675 | .685 | .513 | -.186 | 1.843 | -.186 | 1.843 | .521 | 2.828 |
| log gdp | 675 | .42 | .341 | -.359 | .914 | -.359 | .914 | -.631 | 2.694 |
| log gdpdef | 675 | .701 | .093 | .398 | .891 | .448 | .874 | -.573 | 2.811 |
| log pd | 675 | 5.137 | 1.042 | 2.499 | 7.777 | 2.806 | 7.477 | -.124 | 2.404 |
| log to | 675 | 2.035 | .193 | 1.655 | 2.615 | 1.68 | 2.559 | .336 | 2.806 |
| log unemp | 675 | .866 | .206 | .256 | 1.442 | .393 | 1.388 | .142 | 3.008 |
| log polstb | 675 | -.161 | .227 | -.7 | .153 | -.7 | .153 | -.755 | 2.841 |
|  | | | | | | | | | |

**Pairwise correlations**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Variables | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| (1) log\_fdi | 1.000 |  |  |  |  |  |  |
| (2) log\_gdp | 0.280\* | 1.000 |  |  |  |  |  |
| (3) log\_gdpdef | -0.280\* | -0.340\* | 1.000 |  |  |  |  |
| (4) log\_pd | -0.264\* | -0.323\* | 0.992\* | 1.000 |  |  |  |
| (5) log\_to | 0.602\* | 0.252\* | -0.391\* | -0.379\* | 1.000 |  |  |
| (6) log\_unemp | -0.225\* | -0.123\* | -0.079\* | -0.087\* | -0.378\* | 1.000 |  |
| (7) log\_polstb | 0.235\* | 0.063 | -0.088\* | -0.083\* | 0.403\* | -0.367\* | 1.000 |
| *\*\*\* p<0.01, \*\* p<0.05, \* p<0.1* | | | | | | | |

* **Pairwise correlations**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Variables | (1) | (2) | (3) | (4) | (5) | (6) |
| (1) log\_fdi | 1.000 |  |  |  |  |  |
| (2) log\_gdp | 0.280\* | 1.000 |  |  |  |  |
| (3) log\_pd | -0.264\* | -0.323\* | 1.000 |  |  |  |
| (4) log\_to | 0.602\* | 0.252\* | -0.379\* | 1.000 |  |  |
| (5) log\_unemp | -0.225\* | -0.123\* | -0.087\* | -0.378\* | 1.000 |  |
| (6) log\_polstb | 0.235\* | 0.063 | -0.083\* | 0.403\* | -0.367\* | 1.000 |
| *\*\*\* p<0.01, \*\* p<0.05, \* p<0.1* | | | | | | |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| log\_fdi | Coef. | | St.Err. | t-value | | p-value | [95% Conf | | Interval] | | Sig |
| log\_gdp | .206 | | .049 | 4.17 | | 0 | .109 | | .303 | | \*\*\* |
| log\_pd | -.002 | | .017 | -0.10 | | .919 | -.036 | | .033 | |  |
| log\_to | 1.514 | | .102 | 14.80 | | 0 | 1.313 | | 1.715 | | \*\*\* |
| log\_unemp | .015 | | .088 | 0.17 | | .864 | -.158 | | .188 | |  |
| log\_polstb | -.004 | | .078 | -0.05 | | .963 | -.157 | | .15 | |  |
| Constant | -2.487 | | .297 | -8.36 | | 0 | -3.071 | | -1.903 | | \*\*\* |
|  | | | | | | | | | | | |
| Mean dependent var | | 0.685 | | | SD dependent var | | | 0.513 | |
| R-squared | | 0.381 | | | Number of obs | | | 675 | |
| F-test | | 82.197 | | | Prob > F | | | 0.000 | |
| Akaike crit. (AIC) | | 702.432 | | | Bayesian crit. (BIC) | | | 729.521 | |
| *\*\*\* p<.01, \*\* p<.05, \* p<.1* | | | | | | | | | | | |
|  | | | | | | | | | | | |

**Variance inflation factor**

|  |  |  |
| --- | --- | --- |
|  | VIF | 1/VIF |
| log to | 1.6 | .625 |
| log pd | 1.36 | .735 |
| log unemp | 1.353 | .739 |
| log polstb | 1.28 | .781 |
| log gdp | 1.158 | .864 |
| Mean VIF | 1.35 | . |

**Hausman (1978) specification test**

|  |  |
| --- | --- |
|  | Coef. |
| Chi-square test value | 17.731 |
| P-value | .003 |

**Regression**

|  |  |  |  |
| --- | --- | --- | --- |
| Variable | (1) Pooled OLS | (2) Fixed-Effects | (3) Fixed-Effects (Robust SE) |
| log\_gdp | 0.206 \*\*\* | 0.160 \*\*\* | 0.160 \*\* |
|  | (-0.049) | (-0.041) | (-0.054) |
|  | [4.17] | [3.91] | [2.95] |
| log\_pd | -0.002 | -0.139 \*\* | -0.139\*\* |
|  | (-0.017) | (-0.07) | (-0.09) |
|  | [-0.10] | [-1.98] | [-1.97] |
| log\_to | 1.514 \*\*\* | 0.719 \*\*\* | 0.719 \*\* |
|  | (-0.102) | (-0.276) | (-0.327) |
|  | [14.80] | [2.60] | [2.20] |
| log\_unemp | 0.015 | 0.131 | 0.131 |
|  | (-0.088) | (-0.08) | (-0.131) |
|  | [0.17] | [1.65] | [1.01] |
| log\_polstb | -0.004 | 0.008 | 0.008 |
|  | (-0.078) | (-0.102) | (-0.14) |
|  | [-0.05] | [0.08] | [0.05] |
| \_cons | -2.487 \*\*\* | -0.244 | -0.244 |
|  | (-0.297) | (-0.42) | (-0.567) |
|  | [-8.36] | [-0.58] | [-0.43] |
| R-squared | 0.38 | 0.28 | 0.26 |
| F-statistic | 82.2 | 5.9 | 4.42 |
| Prob > F | 0 | 0 | 0.005 |
| N | 675 | 675 | 675 |

Coefficients are listed first, with standard errors in parentheses () and t-values in brackets []. \*\*\* p < 0.01, \*\* p < 0.05, \* p < 0.1