**2 Multiple OLS Regressions**

Text in the published paper:

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| Our second approach (Table 3) is a multivariate OLS analysis, observing the robustness of this effect subject to **different GDP measurements**. For this analysis, we implement an inverse hyperbolic sine (IHS) transformation on the FDI variable instead of a log+1 transformation. Due to the shape of the function, this serves both to include negative datapoints in the model and smooth out the marginal effect of changes at both extremes.  First, we run a series of models, testing the durability of the association between the independent variable (percentage increase in flights) and the key dependent variable (IHS-transformed real FDI) when isolating different versions of the GDP covariate. While the association was not significant, this is likely owing to the IHS transformation itself, which produces a wide gap between large negative and large positive datapoints, making OLS residuals much larger. Most optimistically, we see that the models are consistent with each other—each estimated approximately 7-13% FDI growth to be associated with each 100% increase in flights (doubling). For the below specifications, none of the coefficients were negative, indicating precision of this estimated effect.  **Table 4**  **OLS regressions of IHS-Transformed FDI on passengers flying into the country, HIS transformation** A screenshot of a spreadsheet  Description automatically generated  As a further robustness check, we run the same models with different relevant subsets of countries (European countries, Lower-Middle-Income Countries as specified by the World Bank, and Middle-Income Countries, also as specified by the World Bank). The estimates were also largely consistent with the IHS-transformed real FDI estimates, yet some insignificant negative coefficients appeared for Lower-Middle-Income countries (not middle income countries). See the results in Table 4 from an N=607 subset of the dataset **focusing on only European countries**. The estimated effect is consistent with other models at approximately 5-14% FDI growth associated with a 100% increase in flights, with the exception of using GDP growth instead as the covariate, which produces a negative coefficient.  **Table 5**  **OLS regressions of IHS-Transformed FDI on percentage change in passengers flying into the country, controlling for battle fatalities using IHS-transformed real FDI, subsetting the data to include European countries only**  A screenshot of a computer  Description automatically generated  Lastly, we ran the model with log-transformed FDI as the independent variable. This also produces a similar pattern of positive yet insignificant coefficients, with a 100% increase in passengers flying into the country associated with a 0.2-5% increase in FDI. This produces negative estimates only for log-transformed nominal FDI, but these also are insignificant, and points to that when looking at nominal GDP, *decreases* in passengers flying into the country may matter more than *increases*. These different outcomes reveal that the negative FDI datapoints excluded by the log method are consequential to the resulting estimators, and that the IHS transformation is useful.  Also note that studentized Breusch-Pagan tests were run for all models. Significant evidence for heteroskedascity was only found for model 4a of all subsets except Lower-Middle-Income, which instead exhibited heteroskedascity for model 6a. |

Replication notes:

* Multiplied percentage change variable by 100 to enhance interpretability of coefficients. (without this, they are ~0.001 and difficult to decipher).