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The Investment Casualties of War: Global Impacts of Armed Conflict on Foreign Direct Investment Inflows

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Abstract: Involvement in the outbreak of an armed conflict can present a variety of potential risks to an involved nation's economy. In this paper I examine if one of those risks, specifically that a new war could scare away foreign investment actually occurs and whether the intensity of the conflict increases or lessens the potential impact. Using ordinary least squares on panel data from 1966 to 2015, I examine the short and long term impacts of armed conflict on global foreign direct investment (FDI) inflows using two measures of conflict intensity: Large conflicts or 'wars', with 1000 or more battle-related deaths and small conflicts, between 25-999 battle related deaths in a given year. Throughout the sample, I find that large conflicts are associated with a strong and negative relationship with FDI inflows associated with a conflict's onset and end. First, I find a consistent and large negative impact on FDI inflows into an involved country associated with the outbreak of a new large conflict in the year after a conflict's start. Additionally, once a large conflict does end, it takes approximately 3 years before FDI inflow levels return to positive levels. In order to assess long term impacts on FDI inflows, I test a third model examining conflict frequency by country, using the total number of conflicts that occur in 1, 5, 10, and 25 year periods. Surprisingly, the total amount of conflicts that occur in a country over time regardless of intensity does not seem to hold a statistically significant impact on FDI inflows, reflecting what is likely a rather short term impact of armed conflict on the investment decisions of foreign firms and investors.

I. Introduction and Discussion of Key Literature

In the modern global economy, no country's domestic market exists without interactions and transactions with its closest neighbors and more frequently well beyond their immediate borders. Capital from across the world flows across borders from both firms and individuals seeking out investments with profitable returns. The global economy relies on these flows and in today's market, American investors can own major stakes in a company in Mongolia and vice versa. Foreign Direct Investment (FDI), primarily foreign investment for part ownership into a domestic company, is one of those key bridges that connects countries. Countries that have received FDI inflows have been shown to benefit dramatically from it, with positive externalities impacting domestic firms improving capital, technology, and creating jobs, (Javoricik (2004), and Haskel, Pereira, and Slaughter (2007)), improving the quality of a country's exports specifically for those in the developing world, (Harding and Javoricik (2012)), and even improving a country's overall economic growth, Li and Liu (2007). FDI has even been shown to have positive social impacts: reducing reliance on child labor, (Neumayer and De Soysa (2004) and Davies and Voy (2008)), when directed into specific sectors it can improve domestic human development, (Reiter and Steensma (2010), and even potentially lower overall regional poverty as a whole (Gohou and Soumare (2011)).

Yet, what happens if a conflict breaks out in the country where foreign investors previously saw an opportunity for profit. While the conclusion of hostilities creates the potential for a conflict's winner, namely that the government or perhaps an insurgent group can possibly reap economic benefits through state capture and the control of valuable commodities or markets, the outbreak of a new armed conflict creates immediate instability, at least in the short term for parties involved. Logic would assume that this should also be true for foreign investors looking from the outside in: in the economy of the primary party or parties involved in a new conflict, the outbreak of any new war, should scare off foreign investment. Even domestic firms and investors, should be fearful of getting involved in the area in their own country where a conflict takes place, for a fear of a catastrophic loss of their investment. Therefore, in theory, the outbreak of any hostilities should create the flight of investment flows. Additionally, it is the specific intensity of the conflict though that should also increase this impact even further, where the larger the scope and intensity of a conflict, the less investment would flow in. The simplest way to quantify such intensity is in the measure of battle-

related deaths. As deaths related to the conflict increase, so does its intensity and thus, if our logic is correct, further decrease the likelihood foreign capital will flow into the involved country. Given the size of the economy in question and the scope of the conflict, one conflict would seriously disrupt the global flow of capital in today's global economy.

This study seeks to test if this relationship actually exists empirically. Utilizing economic and conflict panel data from 1966 to 2015, I utilize an ordinary least squares (OLS), regression model for panel data, to examine armed conflict's impact on FDI across the time period using three different econometric models. The World Bank defines foreign direct investment as "investment equity flows into the reporting economy. It is the sum of equity capital, reinvestment of earnings, and other capital. Direct Investment is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is a resident in another economy." This type of investment flow is critical for examining the impact of armed conflict on the global economy because the flow of capital comes directly from outside the country, providing unique insight on a conflict's impact outside its borders and the decisions from investors and firms outside the country. Globalization has created a unique environment, where if this assumed relationship between armed conflict and foreign direct investment does exist, then the loss of capital and investment not to mention the additional externalities associated with FDI, could be lined up alongside the losses in life and infrastructure normally associated with war.

The notion that armed conflict negatively impacts society is not a new idea. Goodhand (2003) argues that armed conflict is a primary cause of chronic poverty, where the use of poverty on a population is sometimes used as a 'weapon of war'. However, Goodhand (2003) argues that this relationship is cyclical: poverty is also a key cause of armed conflict. Gates et al. (2012) found empirically that armed conflict had a severely negative impact on the U.N. millennium development goals increasing child mortality, overall societal malnourishment, access to water and an overall negative impact on the elimination of poverty. The economic consequences of war can be massive, Arunatilake et al. (2001) examines the economic losses Sri Lanka suffered during its civil war and found that the cost associated with the conflict amounted to at least twice the size of the country's GDP in 1996.

It is the predictors and causes of armed conflict though that is most heavily examined in the economics and political science literature in the last two decades. Collier and Hoeffler (1996) found that indicators of political and ethnic grievance performed poorly as predictors of civil war when

compared to economic variables. These variables, which the authors argue as indicators of 'greed' oriented conflict, where rebel groups seek state capture as a profitable outcome. Critical within this finding is that poverty lowers the opportunity cost of fighting making insurgency more likely. Fearon and Laitin (2003) echo this result, finding that when controlling for GDP per capita, ethnically and religiously diverse countries are no more likely to engage in civil war and that countries with weak economic growth have less capacity to quell potential armed rebellion, such that measuring economic indicators such as growth and inequality can help determine countries at risk for insurgency. Miguel et al (2004), used rainfall to instrument shocks on GDP in African countries and found that these shocks increased the probability of civil war. Further resounding this finding is Ray and Esteban (2011) argue that inequality allows for the cheaper mobility of the lower class, by again lowering the opportunity cost of fighting. They argue that if inequality is rampant, wealthy elites both in or outside a country can fund and maintain a conflict through the payment of fighters. The literature suggests a higher risk of overall conflict in the developing world, where local economies could benefit from FDI inflow the most.

Capturing the potential impact of armed conflict on FDI inflows requires segmenting conflict intensity formally, so for this study I compare the impacts of different conflict intensity, measured in the specific amount of battle related deaths per year. I segment conflict by small conflicts, (where battle deaths in a country in a given year are above 25, but less than 1000), and large conflicts, (where battle deaths in a country in a given year are 1000 or greater.) Conflict impact on FDI inflows is assessed utilizing three different models: conflict onset, or the start of a new conflict; conflict end, the formal end of an armed conflict; and total conflict, the sum instances of a conflict in a country in 1, 5, 10, and 25 year increments. As an additional robustness check I examine the same models using a variable that takes into account any conflict, which includes any onset, end, or total regardless of intensity. To test robustness further, I segment the sample globally by income using categories defined by the World Bank as well into regions by continent. This brings me to the first research question of this study addressing the basic relationship between armed conflict and FDI:

Does the outbreak of a new armed conflict impact foreign direct investment inflows?

While the logic behind this research is relatively straightforward and grounded in the previous literature, an additional component of my thesis seeks to examine if a conflict's conclusion,

again segmented by intensity also impacts FDI inflows. Assessing this impact allows me to do two things: one assess how long after a conflict given its intensity level, will it take for FDI to flow back into the involved country, (of course if it is negatively impacted at all). And secondly: will the FDI levels be positive or negative in the period a conflict concludes, or will the investors wait until they are sure the conflict is really over, and on average how long will that be? This brings up two additional important research questions on armed conflict and FDI:

Does the end of an armed conflict impact foreign direct investment inflows?

&

Are the impacts of armed conflict on foreign direct investment inflows short term or long term?

The ability to test either of these research questions empirically provides a unique challenge due to the relationship between FDI inflows, armed conflict, and the institutional quality and political stability of the country in question. The impacts of an armed conflict tend to directly impact critical determinants that attract FDI. Lucas (1990) provided a key evidence in recent literature, when he found what is now called the ‘Lucas Paradox’, utilizing data on FDI inflows into the U.S. and India showed that in spite of neo-classical theory on capital mobility that said capital should flow from rich to poor countries in fact the opposite was happening. Alfaro et al. (2008) sought to explain why this happens and found that the critical components were institutional quality, government capacity, and infrastructure. Alfaro argues that institutional quality, namely the quality of government institutions responsible for the protection of property rights, reducing corruption, government stability, and law and order are critical for drawing FDI into countries. Globerman and Shapiro (2002) also found that good governance and infrastructure are key determinants of FDI inflows and outflows, they found this to be especially significance for developing and transition economies again highlighting the importance of governance and stability in determining FDI inflows. Noorbakhsh et al. (2001) found that the growth of domestic markets, liberalization policies, development of human capital, and a stable macroeconomic environment were key determinants of FDI. Lastly, Blanton and Blanton (2007), using global data excluding OECD countries from 1980 to 2003, found that developing countries that respect human rights are more likely to attract foreign direct investment than those that do not.

Furthermore, much of what explains FDI inflows into the developing world, depends on the institutional quality and government capacity and infrastructure of target countries, Alfaro et al (2008). The outbreak of war has a very direct impact on the institutional quality of the nation involved from infrastructure to the rule of law. Since the end of the Cold War, overall conflict frequency has increased dramatically with an 81% increase in conflicts globally representing a serious risk to the Global economy. This is driven entirely by small conflicts which saw a 71% increase in frequency globally. Additionally, roughly 59% of the 517 small conflicts that occurred globally after the end of the Cold War were either in or below the low-middle income threshold defined by the World Bank. Likewise, 67% percent of the large conflicts that occurred could be grouped into the same income categories. Figure 1 shows the distribution of small armed conflicts globally while Figure 2 shows the same distribution but for large conflicts. What is very clear is that for lower income countries, the ability and opportunity to attract foreign capital has improved, but so has the risk of armed conflict that could potentially drive it away. It's thus no surprise that research has also found that political instability, and a country's direct involvement in armed conflict has a negative relationship with FDI inflows. Meon and Sekkat (2012) found that FDI inflows are negatively impacted by perceived political risk in a given country, but this can be offset if overall global FDI flows are large. Li (2008) using a data set of 29 OECD member countries and 29 non-OECD countries and tracked FDI inflows during peace and interstate conflict from 1980 to 2003. Li (2008) found that for the group of countries involved in conflicts during the study had 83% smaller difference in their FDI/GDP ratio than those that were not involved. Night and Schollhammer (1987) showed that FDI flows from Japan were negatively impacted when a country participated in an armed conflict.

Therefore, in order to properly estimate the armed conflict impact on a government's capacity, proper research must control for them. This study uses Democratic Polity as a key control for institutional quality, which captures the authoritarian or democratic characteristics of each state. The data which comes from the Polity IV project, captures shifts in political stability from year to year with -10 rating a country with the worst possible democratic polity and a 10 rating for countries with the best possible. Results using measures of democracy as FDI determinants have been mixed with Yang (2007), finding that better levels of democracy do not attract higher levels of FDI, Li (2006), found that countries with better rule of law which were primarily more democratic had better resulting policies in place to attract FDI, and Collier and Rohner (2008) found that democracy alone made it harder for governments to suppress potential insurrection or conflict, while higher

democracy combined with higher income was better at preventing a country from entering into a war, and Asiedu and Lien (2011) found that democracy induces FDI in countries where the share of natural resources is low, but is negative on FDI inflows in countries where exports are dominated by natural resources.

In order to take into account these previous findings I combine the controls for institutional quality with standard FDI inflow controls: market size, trade openness, inflation, exchange rate volatility, infrastructure, and human capital. All my economic data comes from the World Bank's World Development Indicator data set and controls are lagged by one period to account for potential endogeneity between all the controls and the current period's FDI inflows. I use the most common measure of FDI inflows standard throughout the literature by dividing FDI inflows measured in U.S. dollars into a country in the given year by that country's GDP. This ratio provides a dependent variable that allows me to assess the impacts of armed conflict on each country's annual FDI inflows as a percentage of their current GDP throughout the sample time period. To test for robustness, I construct alternate measures of this ratio utilizing different GDP data. In order to address the potential relationship between GDP and armed conflict I use the average GDP of each country across the period in all three models as an alternative to GDP in the current period. I also use GDP in the previous period as an additional measure to see if the FDI GDP ratio is impacted by armed conflicts impact on GDP in the same period. I also use the FDI inflow growth rate as a final robustness check, which is simply the log difference of FDI in the period forward from the current period, to examine the same impacts on FDI inflows without the inclusion of GDP in my dependent variable that would be influenced by a conflict.

My primary explanatory variable for conflict comes from the Armed Conflict Dataset from the Uppsala Conflict Data Program and the International Peace Research Institute, Oslo (UCDP/PRIO), where an armed conflict is defined as such: "a contested incompatibility that concerns government and/or territory where the use of armed force between two parties, of which at least one is the government of a state, results in at least 25 battle-related deaths." This dataset provides both the variables for conflict onset and conflict end, in both cases segmented by their intensity level: small and large conflicts. Together, the entire data set is an unbalanced panel that spans from 1966 to 2015 and includes 221 countries, however due to issues with missing data across the sample the final total number for the global regressions is roughly 150 for all three models. While I examine each model globally I also segment the estimation by income utilizing World Bank threshold levels of GDP Per Capita for high income, low-middle, and low income countries to

check for robustness of my primary findings. As an additional robustness check I also segment each group of countries by region, utilizing a continent dummy where I then assess impacts across groups of countries in Africa, Asia, Europe, North America, and South America.

My thesis provides a unique contribution to the research literature in that it incorporates the key components of the previous literature in the model's construction, but also seeks to provide a broad impact analysis of war directly on FDI inflows that has not been otherwise examined globally in thorough detail. The relationship is examined on country and regional levels, but not on global scale with different measures of conflict impact. By providing an analysis of conflict onset intensity as well as conflict end, and conflict totals overall, I can provide a powerful study that links together the literature on economics and politics that cover FDI inflows and armed conflict and provides policy makers with real evidence of investment losses as a result of conflict on a global scale.

I find a consistent and negative impact associated with a large conflict's onset and no impacts regarding small conflicts. In the global sample for a country on average the onset of a large conflict is associated with a 1.3% decrease in FDI as a proportion of a country's GDP in the year after the conflict begins which is significant at the 1% level (Table 5). This number does not sound large, however given the average FDI to GDP ratio for a country in the global sample is 3.4%, the impact is actually quite massive and ultimately reflects the loss of one third of a country's FDI inflows. This result is robust in the low-middle income and high income samples, but not in the low income sample of countries. Segmenting the sample regionally shows the result is only consistent within the sample of countries from North America, where the result is driven primarily by conflicts involving El Salvador and the United States (Table 7). Similar results are found in the year the conflict starts, but the signal is not nearly as strong, in the global sample I find a decrease of 1.1% significant at the 10% level, however among the high income group of countries the negative impact is 1.2% and highly significant at the 1% level (Table 2). Robustness checks using the average GDP per country and the GDP in the year before the conflict starts yield similar results utilizing the lagged specification, though slightly less significant. Robustness checks using FDI inflow growth are also consistently negative, with a 56.4% decrease in FDI inflow growth between year a large conflict begins and one year forward (Table 11). This result is consistent across the low income, and high income groups, but not in the low-middle income specification.

The conflict end model yields somewhat similar results with respect to post conflict growth and large conflict end. It should be noted that the model controls for no new conflicts breaking out in the country in the years after the conflict's end. In the year a large conflict ends, FDI inflows

show no strong signals in the global sample. In the high income group, inflows remain negative, with a 0.08% decrease in FDI as a percentage of GDP at the 5% level, (Table 14). Regional results show similar negative findings in European and North American countries. In the South American group, however, a small conflict end is associated with a 1% increase in FDI as a percentage of GDP significant at the 1% level, (Table 15). This is an interesting result although it should be noted that there is no large conflict end within the South American sample. Utilizing the FDI inflow growth model as a robustness check yields positive results that seem to run counter with the FDI GDP specification. FDI inflow growth in the global conflict end specification shows an over 100% increase at the 1% level. The results seem overly positive, but make sense given they reflect global flows on average not taking into account each country's GDP which would ultimately have been negatively impacted by the conflict in question. Finally, using a lagged model, I assess if the impact on the global sample changes in the years after the conflict ends. This model finds a slight signal in positive FDI inflows 3 years after a conflict ends with inflow growth at 0.9% of FDI as a percentage of GDP at the 10% level, 1.2% inflow growth 4 years after at the 10% level, and then 1.3% inflow growth 5 years after a conflict ends, (Table 16). Using average GDP by country during the sample as a robustness check in the FDI GDP ratio strengthens the findings. Utilizing this model, the significance and impacts of the findings increases with 1.3% increase in inflows after 3 years at the 5% significance level, a 1.7% increase in inflows after 4 years at the 1% significance level, and a 1.5% increase in inflows after 5 years at the 1% significance level.

The total conflict model yields the most surprising results. Despite the significant results found both at the start and end of large armed conflicts, the sum of total conflicts in the past 1,5, and 10 years by country seem to have literally no impact on FDI inflows. A slight signal exists using the sum total of the past 25 years, with a negative impact for small conflict totals that yields a 0.1% decrease in FDI inflows as a percentage of GDP, at the 5% level. The result is consistent using the GDP average robustness check, but not using the FDI inflow growth model.

II. Data and Methodology

As I've mentioned previously I use three models to examine the impacts of armed conflict on FDI inflows: conflict Onset: equation (3), conflict end: equation (4), and total conflict: equation (5). I will discuss the variables that are used in these equations their construction and motivation for

the inclusion in this section. Following the footsteps of the majority papers examining conflict I also utilize the Armed Conflict Dataset from the Uppsala Conflict Data Program and the International Peace Research Institute, Oslo (UCDP/PRIO). The dataset is the most used and respected in conflict oriented studies and classifies conflicts into two types both of which require that at least two parties are involved and one is the state: (1) small conflicts, where there are 25 or more battle related deaths in a given year and (2) large conflicts, which they classify as ‘war’, where there are 1000 or more battle deaths in a given year. For the initial results in this paper I measure conflict from the lower level 25 or more battle deaths upward, including both levels of armed conflict, for an ‘any’ conflicts measure. I only define the onset of a new conflict if the minimum threshold of 25 or more battle deaths is reached in a given period and it has not been reached in the last two periods prior. There are 1312 recorded conflicts from 1966-2015. Of those conflicts 405 are large conflicts or ‘wars’ that have 1000 or more battle deaths in a period and 907 are small conflicts that have between 25 and 999 battle deaths in a year. I construct new variable for conflict onset, using the method by Hsiang, Cane, and Meng (2010), where a new conflict onset occurs only when no conflict as occurred in the previous two years. As an additional robustness check I examine the same models using an any conflict onset that includes all conflicts regardless of size. There are 169 instances of a conflict onset occurring in the sample, of those 26 are large conflict onsets, and 143 are small conflict onsets. For conflict end, there are 135 instances of a conflict ending, where 113 are a small conflict end, and 22 are a large conflict end. Table 1 provides detailed statistics on the armed conflict variables.

Data on democratic polity come from the Polity IV data set, which describes the level of democratization of political institutions in a given country per year. The data set comes from the Polity IV Project, which is sponsored by the Political Instability Task Force from the years 1950-2008. The remainder of the data comes from the World Bank World Development Indicators database, which includes my data for FDI inflows, GDP per capita, human capital, infrastructure, trade openness, inflation, and exchange rates. The control variables utilized are of considerable importance. Each included variables functions to control for key determinants of FDI. Democratic Polity and GDP Per Capita have been discussed in detail, but I’ll list their components again before discussing construction of my other key controls. Democratic Polity consists of a ranking of each country by it’s democratic polity, where a country that is on the extreme level of authoritarianism holds a -10 and one that is incredibly democratic and transparent holds a positive 10. Similar to Globerman and Shapiro (2002) and Hsiang, Cane, and Meng (2010), inclusion of this variable serves

as an additional proxy for institutional quality. GDP per capita is simple the Gross Domestic Product of a country in the current year divided by its population size and functions as a proxy for market size. Egger and Winner (2006), Meon and Sekkat (2012) Chakrabarti (2001), and Alfaro et al (2008) have used GDP per Capita as a proxy for market size and found it strongly correlated with FDI inflows. Trade openness has been found to be strongly associated with FDI inflows, Edwards (1990), and in line with the literature I use the total amount in dollars of exports from a country plus the total amount in imports divided by the given country's GDP. Knack and Keefer (1995) utilize inflation as a critical control for a country's political social stability, so I include a variable for inflation, which is an annual average of inflation of the given country. I construct a half decade average for the inflation variable by country rather than at an annual period, due to the long scope of the sample. Human capital has also been found to be a determinant of FDI inflows, however results of the intensity of its impact have varied, (Noorbakhsh et al. (2001). Lucas (1990) argues that the lack of human capital is why capital doesn't flow to developing countries, and Zhang and Markusen (1999) find the availability of skilled labor to be a key determinant of FDI flows. My proxy for human capital is the enrollment ratio in secondary school for a given country, this is simply the number of secondary school students enrolled in a given year divided by that country's population. The control for infrastructure is a critical inclusion in the model, (Alfaro et al (2008) and Globerman and Shapiro (2002)), I use a ratio of fixed phone subscriptions in a country to the country's overall population. Lastly the stability of exchange rates is a critical determinant of FDI inflows, Froot and Stein (1991) and Blonigen (1997). I construct a variable to capture the volatility and shifts in exchange rates in the sample over the period. Utilizing data on exchange rate annual averages over the period, I take the standard deviation over a period of five years. This allows me to look at shifts up and down in the exchange rate over the scope of the sample for each country and account for the impact of volatility on FDI inflows. Summary statistics of my key economic variables of interest are in Table 2.

My primary analysis is in ordinary least squares regression (OLS) for panel data. I use two outcome variables to capture different measures of FDI inflows. The first outcome variable is common in FDI literature which is simple the ratio of FDI to a country's GDP in the current period. Once again this method allows me to assess FDI inflows as a percentage of that country's GDP. This is equation (1) below. Then in order to look at FDI inflow growth without the involvement of GDP which can ultimately also be impacted by a conflict, (Miguel et al (2004)), I use the growth rate of FDI inflows between FDI in the current period and one period forward. The

logic in using this variable construction is that if a conflict begins in time t, it won't have an affect on last year's FDI growth rate of time t and t-1, and instead impact growth rate the year forward, at time t and t+1. This is equation (2).

$$\mathbf{FDI}_{it} = \mathbf{FDI}_{it}/\mathbf{GDP}_{it} \quad (1)$$

$$\mathbf{lnFDIGrowth}_{it} = \mathbf{lnFDI}_{it+1} - \mathbf{lnFDI}_{it} \quad (2)$$

As an additional robustness check I construct the average GDP of each country for the scope of the sample 1966 to 2015, which I define as GDP average and I use this in the FDI GDP ratio as a robustness check across all three models. For the conflict onset model I also test the model using GDP from the period before the conflict starts, t-1, in the GDP ratio as an additional robustness check. The lagged version is only applicable in the conflict onset model, as in conflict end, and total conflict, GDP from the previous period could be impacted by a still ongoing conflict.

Equation 3 is the conflict onset model where the dependent variable is FDI inflows, in my main specification this is the FDI GDP ratio. The two primary explanatory variables are small conflict onset and large conflict onset, once again where a new conflict only occurs if no conflict has occurred in the two previous period. The term βX_{it} captures a linear time trend, (country by year), as well as a quadratic time trend (country by year squared) to capture any conflict or investment trends across time. I also include a control dummy for each year after the end of the cold war. Controls are included in this term as well and each are lagged by one period. While inflation and exchange rate fluctuations are both included in the model they are not lagged as their construction depends on five year periods rather than one to smooth overall variation across the 49-year sample. The model uses fixed effects and the standard errors are clustered at the country level. The general form of the conflict onset model is below in equation, where \mathbf{FDI}_{it} is the given country's FDI inflows as a percentage of their GDP in the main specification (3).

$$\mathbf{FDI}_{it} = \alpha + \beta_1 \mathbf{SmallOnset}_{it} + \beta_2 \mathbf{LargeOnset}_{it} + \beta_3 X_{it} + \varepsilon_{it} \quad (3)$$

The same form of the controls and fixed effects are used for the conflict end model, which can be found in equation (4). The primary explanatory variables are a small conflict end, where a conflict ends in year t, and no new conflicts occur in year t or t+1, and a large conflict end, where the

variables construction is the same as small conflict end method. \mathbf{FDI}_{it} is again the given country's FDI inflows as a percentage of their GDP.

$$\mathbf{FDI}_{it} = \alpha + \beta_1 \mathbf{SmallEnd}_{it} + \beta_2 \mathbf{LargeEnd}_{it} + \beta_3 \mathbf{X}_{it} + \varepsilon_{it} \quad (4)$$

I adjust both models utilizing lags of the conflict onset and conflict end variables to examine the impact of a conflict onset on FDI in the years following the conflict's start and similarly to examine a conflict end impact on FDI inflow growth and on FDI inflow levels in the years after the conflict's conclusion. The conflict end variables are lagged from one to five years following the conflict's conclusion.

Lastly, for both the conflict end and conflict onset models I can only examine short term impacts on FDI inflows both at a conflict's start and conclusion. I utilize a third and final model to look at the overall long term impacts on FDI inflows by taking the sum of conflicts in the past periods. I replicate the model used by Escaleras and Register (2011), who examined the long term impacts of natural disasters on FDI inflows and found the events to be strongly negative and statistically significant across their period of study. In order to examine the different impacts by conflict intensity, replicating the model used by Escaleras and Register (2011), I run separate regressions over incremental periods, all events in the past year, the past 5 years, all events in the past 10 years, and finally all events in the past 25 years. I utilize the same controls as the conflict onset and conflict end models and the equation for this model, and once again the FDI GDP ratio is used as the primary outcome variable. This model can be found in equation (5).

$$\mathbf{FDI}_{it} = \alpha + \beta_1 (\mathbf{Total Conflict Events} * \mathbf{Years}) + \beta_2 \mathbf{X}_{it} + \varepsilon_{it} \quad (5)$$

The main total conflict model uses the same segmented variables for conflict intensity: total large conflicts and total small conflicts as the primary explanatory variables. As an additional robustness check, I construct a model that takes the sum of all conflicts regardless of size. Fixed effects are used and I include linear and quadratic time trends as in the previous models, while standard errors are clustered at the country level. The model seeks to show whether firm and investor decisions to invest are influenced by the total overall occurrence of conflict in the short and long term, compared to the short term impacts of the conflict onset and conflict end models.

While my study examines the general relationship between armed conflict and foreign investment, in order to address my research questions I have to assess armed conflict in three separate capacities and thus requires three separate models. Nonetheless the hypothesis for each model was relatively straightforward: For the conflict onset model, I predicted that the onset of an armed conflict will have a negative effect on foreign direct investment across the sample in the current period. Furthermore, I imagined that the larger the conflict, the more significant the impact. Lastly with the long term conflict impact model, I assumed the number of conflicts to be associated with a negative impact on FDI. As I've discussed earlier this idea is straightforward, the larger and more violent a conflict, the less investment should flow into the affected country. The conflict end model posed a relatively more complicated question. While I predicted that following a conflict's conclusion that FDI inflows would also change, positively depending on the intensity of the conflict. Given a high intensity conflict on a large scale, a country's economy could potentially take several years to recover or never recover at all. However, I decided that while the effects could perhaps take years before they were significant, I predicted that a conflict's end would lead to a positive impact on FDI inflows. The assumption behind these arguments is rooted in logic and also in research, as mentioned in previous literature (Meon and Sekkat (2012), foreign direct investment can be negatively influenced by perceived political risk. The existence of an armed conflict is the definition of a risky scenario for investment, in fact I'd argue it is concrete evidence of a poor investment environment. My equations for my hypotheses are below in equation (4), the conflict onset model, and equation (5), the conflict end model where γ is the coefficient for my predicted value of armed conflict, and lastly the total conflict model, where γ is the coefficient for my predicted value of armed conflict in total over the years (7).

H0: γ is not statistically significant; H1: γ is negative and statistically significant. (5)

H0: γ is not statistically significant; H1: γ is positive and statistically significant. (6)

H0: γ is not statistically significant; H1: γ is negative and statistically significant. (7)

I predicted that in all three cases, that H1 would be statistically significant, however that the signs of the coefficients should be the same for conflict onset and total conflict, whereas for the conflict end model the sign of the coefficient should flip. As you've read in the introduction this is

very close to what I've found from the data for conflict onset and conflict end models, but not for the total conflict model.

III. Primary Empirical Results

A. The Conflict Onset Model

The main results of the global onset of armed conflict are found in Table 3 using both large and small conflict onsets. The main specification includes 150 countries across the entire scope of the sample. Once again, I use fixed effects, linear and quadratic time trends, standard errors are clustered at the country level, and all the controls are lagged by one period. In the current period, the onset of a large armed conflict is associated with small negative impacts across the global and low-middle income groups. The significance is at the 10% level, suggesting a weak relationship. The low income group has a positive coefficient yet it's very small 0.7% and the significance is again quite weak at the 10% level. The high income group of countries on the other hand is associated with a negative impact on FDI inflows of about 1.2% of FDI as a percentage of GDP. The average FDI to GDP ratio is 0.044 or 4%. The impact in FDI losses as a result of a large conflict onset in the current period would be roughly a quarter of the average FDI inflows. The results suggest that with large conflicts involving high income countries, investors are quicker to act. Table 4 shows results when the sample is segmented regionally by continent. Using this specification only in the European sample of countries is there a signal, but is strong and significant with 2.9% of FDI as a percentage of GDP. The average FDI GDP ratio for the European sample is 0.041 or 4.1%, thus a large conflict onset would ultimately decrease overall FDI inflows in Europe by nearly 75% in the current period.

In order to examine if the impact of a conflict's start is lagged, simply that investors and firms are slow to react in the current period I utilize a lagged model of a conflict starting from one to five years in the past. Table 5 and Table 6 show the results of the lagged specification of large conflict onset on the FDI GDP ratio. One year after the start of a large conflict onset I find an impact in the global sample, where a large conflict's start is associated with a 1.3% decrease in FDI inflows as a percentage of GDP. Given that average inflows in the sample are roughly 3.4%, the 1.3% decrease reflects on overall decrease of about one third on over all FDI inflows. I check the

robustness of this result among income groups in Table 6 and find it consistent in the low middle income group of countries as well as the high income group. The low middle income group is associated with a 5% decrease in FDI inflows significant at the 1% level. When this is compared to 2.7% average FDI as a proportion of GDP in the group, the overall decrease is massive and would drop FDI inflows to negative 2.3%, eliminating FDI inflows completely and likely reflecting capital flight. The high income group is associated with a 2.6% decrease in FDI inflows significant at the 5% level, while not as large an impact as the low middle income group, the 2.6% decrease would impact the high income FDI GDP ratio average of 4.4%, cutting FDI inflows even in high income countries in half.

As a further robustness check I segment the sample again by region and utilize the lagged large conflict onset specification, (Table 7). North America is associated with a 1.4% decrease in FDI as a percentage of GDP at the 1% significance level. Average FDI inflow to GDP for North American samples is about 5.1%, so within this sample the impact of conflict is not so large on overall FDI to GDP. I test the overall large conflict onset model as well as the lagged result using two alternative specifications of GDP in the FDI to GDP ratio. The first is GDP from the previous period prior to a conflict start, while the second is the average GDP by country for the scope of the sample. Table 8 shows the results for large conflict onset specification in the current period using both these forms of GDP. The results are very similar using the GDP at t-1 specification, however the significance of the low income sample increases from 10% to 5% and decreases in the high income sample from 1% to 5%. The coefficient for the low middle income group of countries also slightly increases from 2.4% to 3%. Significance all but drops off using the average GDP specification in the FDI to GDP ratio and the only group that remains significant is the low middle income group which remains significant at the 5% level and reflects a 6.6% decrease in the FDI to GDP ratio. This is still an almost 200% overall decrease, given the average of the FDI to average GDP specification for the low middle income group is on average 3.7%.

To test the robustness of the lagged specification result of large conflict onset I utilize both alternative specifications of GDP within the FDI GDP ratio. Table 9 shows the results from using GDP from the previous period t-1. The coefficient is similar in size and consistently negative, but the significance decreases from the main finding so that using GDP t-1, the onset of a large conflict is associated with a 1.6% decrease in FDI as a percentage of FDP at the 5% significance level. The average FDI to GDP ratio using GDP t-1 is roughly 6% so the impact in this specification is much less powerful. Table 10 shows the results for the same lagged specification, but this time using the

average GDP for each country across the time period within the FDI to GDP ratio. In this result significance drops even further to 10%, however the coefficient's size and sign remain consistent, so that a large conflict onset is associated with a 1.3% decrease in FDI as a percentage of GDP. The average FDI as a percentage of GDP using average GDP is about 4%, so the actual impact would be a decrease slightly larger than one fourth in FDI inflows.

Table 11 and Table 12 use FDI inflow growth as a robustness check, using the measure as an alternative outcome variable to the standard FDI to GDP ratio. In the current period, a large conflict onset is associated with negative impacts in the global, low income and high income samples. In the global sample a large conflict onset is associated with a 56% decrease at the 1% significance level in FDI inflow growth between the year the conflict starts and one year forward. On average FDI inflow growth is about 38%, so the impact of a large conflict onset would create an actual decrease in flows of over 100% making FDI inflow growth negative, at negative -18%. For the low income group, the coefficient is about the same with a decrease of 52% at the 1% significance level. The average FDI inflow growth for the low income sample is 12%, making the actual impact an over 400% decrease in growth. Lastly the decrease associated with the high income group of countries is about a 95% decrease in FDI inflow growth. Average FDI inflows as a percentage of GDP with the high income group is also roughly 12%, again I see a massive decrease from average number within the segmented sample. The segmented sample by region also is consistent with this finding. Table 12 shows across Africa, Europe and North America decreases all at the 1% significance level. Africa is associated with a 48% decrease in FDI inflow growth, however the mean in the sample is 98% which would only cut growth rates in half. Europe is associated with a 45% decrease in FDI inflow growth which compared to their sample average at roughly 13% is a huge impact. Lastly North America sees a 99% decrease in FDI inflow growth which at a base average at 10% also reflects a huge loss in the average growth rate.

As a final robustness check with the conflict onset model, I use a measure that takes into account any conflict regardless of intensity using both the FDI to GDP ratio and the FDI inflow growth variables as my dependent variables. In both cases across the global, low income, low middle income, and high income groups I find no significant impact. The lack of a signal is critical in that it shows that conflict intensity matters immensely when it comes to evaluating impacts on FDI inflows. The results from these specifications can be found in Table 13.

B. The Conflict End Model

The conflict end model utilizes the same controls, both in the lagged forms, as well as fixed effects, time trends (year country and year squared country) as well as standard errors that are clustered at the country level. Table 14 provides the results for conflict end's impact on the FDI to GDP ratio in the same period. The impacts as you can see are largely absent. Only in the high income group do we see a signal which is negative and consistent at the 5% level. The coefficient is weak as well with an 0.8% decrease of FDI as a percentage of GDP. This would be a minimal impact on the average FDI for the sample of high income countries which is around 4%. Table 15 shows the results from using the same model but at the regional level. With the exception of South America which does not have a large conflict end in the sample, the results across all the regions are either insignificant or negative. Interestingly in the current period, the South American sample of countries is associated with a 1% increase in FDI inflows as a percentage of GDP which is significant at the 1% level. This is a huge bump from the average within this segmented sample which is about 1.7 %, nearly doubling up at the end of a small conflict. This result however is inconsistent with the rest of the sample. Europe and North America show both negative results both at the 5% level, with North American countries associated with a 1.7% decrease in FDI to GDP in the year a large conflict ends and for countries in Europe a 0.8% decrease in FDI.

Similar to the conflict onset model, I try and assess if the impact of a conflict's end takes several more years to have an effect on investors and firms. In Table 16 using this lagged specification I begin to see a signal about three years after a large conflict ends that continues to strengthen through 4 and 5 years after the end of the conflict. Three years after a large conflict ends is associated with a 0.09% increase in FDI as a percentage of GDP in the global sample, which is significant at the 10% level. Four years after the end of a large conflict I see a 1.2% increase in FDI inflows at the 5% level, and likewise 5 years after there is a 1.3% increase in FDI as a percentage of GDP significant at the 5% level. These increases reflect a large increase on the average FDI as a percentage of GDP which is around 3.4%, but more importantly show slight increases in size as time passes after a conflict's conclusion. I test for robustness of this result utilizing the average GDP by country within the FDI GDP ratio across the sample in Table 18 and actually see the results strengthen. The coefficients stay nearly the same however, the significance of each goes up. In this specification, three years after a large conflict's end is associated with a 1.3% increase in FDI as a percentage of GDP significant at the 5% level. Four years after the conflict's end is associated with a

1.7% increase at the 1% significance level. Lastly 5 years after a large conflict's end is associated with a 1.5% increase in FDI as a percentage of GDP at the 1% level. For both results the lagged signal shows the impact a large conflict has on the average country in the global sample. At a minimum positive signals in FDI inflows don't begin to appear consistently for a minimum of 3 years. While in the gran scheme this is a short term impact, it still shows the lasting effect of a high intensity conflict can influence an economy for years after actual fighting ceases.

I use a number of robustness checks to examine this result. Table 17 shows the results using the average GDP specification in the same period of a conflict's end in the FDI to GDP ratio. Rather than seeing an impact in the high income group, utilizing this specification only shows an impact on the low middle income sample. This method shows that a large conflict's end is associated with a 3% increase in FDI as a percentage of GDP significant at the 1% level. While this relative change to the normal model, the results tell a similar story, that in the year of a large conflict's conclusion FDI remains to be negatively impacted. In Table 19 and Table 20, I replace the FDI to GDP ratio with the FDI growth rate and find different results from my main specification. In Table 19, across the global, low income, low middle income there are positive increases at the 1% significance level in FDI inflow growth from the period a large conflict ends to the next period forward. With the exception of the high income group all the increases are over 100% with the low income group at an over 200% increase and the high income increase at 50%. The results seem to run counter to the primary findings of this paper, however given what over all inflows might be in a country in a period of conflict they might make a bit more sense. During a period of conflict, the average FDI to GDP ratio in the sample is around 1%. A 100% increase would only double the growth rate which would only be a relatively small number. Incremental increases in the growth rate of FDI seem to occur at the end of a large conflict, but large impact changes in FDI flows scaled by a country's GDP don't occur until years later. Table 20 continues to show this increase in growth on the regional level, with growth rate in Africa more than doubling, in Europe is increases by 50%, and North America increases by over 150% all three at the 1% significance level. South America doesn't have any large conflict ends in the sample. Furthermore, there is an issue of collinearity within the Asian sample of countries between the enrollment ratio, (the secondary school enrollment of the country divided by it's total population), my proxy for human capital, and large conflict onset. When including the enrollment ratio large conflict end is omitted from the sample. I am forced to drop the enrollment ratio control to run the specification, so the consistency of the result should be taken with a grain of salt compared to the total model. The issue could most likely be routed within an

issue of loss of data which given the number of conflicts in the Asian sample (196 out of a total of 405) leads to gaps in general economic and social data. As a final robustness check I run a final check of conflict end taking into account any conflicts regardless of intensity. Table 21 shows the results of this model which are largely insignificant. However, a slight signal exists in the global sample when the outcome variable is FDI inflow growth from the current period and one period forward. This result is not surprising which I've discussed in earlier, however it should also be noted that the significance of this result is only at the 10% level.

C. The Total Conflict Model

The final total conflict model takes the sum of a country's total conflicts in yearly increments. I utilize rolling sums by country for the previous year, 5 years prior, 10 years, and 25 years prior. The same controls are used as the conflict onset and conflict end models including the time trends, fixed effects, and standard errors that are clustered at the country level. Table 22 shows the results from this specification in the global sample. There is largely little relationship associated between a country and the amount of large conflicts it has had in the past and FDI inflows. The only signal is associated with small conflicts and reflects a 0.01% decrease in FDI as a percentage of GDP at the 5% significance level. As a robustness check, when I substitute GDP for the average GDP of countries across the sample I find a similar result at the same significance level, where the FDI to GDP ratio is negatively impacted by 0.2%, (Table 23). I also substitute the FDI growth rate in as the dependent variable in Table 24 and find similar results showing with little to no signal. In this specification, the sum total of large conflicts that occur in the last 10 years is associated with a 0.04% increase of FDI inflow growth at the 10% level. Lastly I check to see if any conflict regardless of intensity shows any impact and again find no signal or relationship with either dependent variable: FDI to GDP and FDI inflow growth. The results suggest that the long term past of conflict frequency doesn't seem to have any impact on foreign investor and firm behavior. It seems that with that conflict frequency is a less powerful influence than the outbreak of a relatively new conflict, or a conflict's eventual end.

IV. Discussion and Policy Implications

The consistency of the Large Conflict Onset model in its impacts on FDI inflows show a severely overall negative relationship between foreign direct investment and Large Conflict Onset. This finding is consistent with the general logic that war itself would naturally drive away foreign firms and investors who would otherwise want to invest in the at risk country and would seem to measure logical investment behavior in regards to conflict. According to the UCDP/PRIO data set, a Large Conflict is classified as a war, any instance above 1000 battle deaths. I've shown in this historical sample that given a war as defined by a 1000 battle deaths minimum, that a conflict onset of this type on average can lead to huge decreases in FDI inflows as a percentage of the country's GDP that does not seem to improve for at least 3 years after the conflict's end. This result remains relatively consistent with robustness checks and the general signal remain the same using an FDI inflow growth rate model, however the measurement of the impacts in the alternative model are large and less consistent.

For policy makers and investors this empirical finding should not be terribly surprising, however quantifying the relationship provides hard statistical evidence that historically, this negative relationship exists and will continue to do so. For low-income and low-middle income countries, the results should be a warning to the negative aspects that conflict involvement entail. Policy makers and leaders in these countries should enact policies that attract FDI inflows and avoid armed conflict if they hope to continue to attract FDI in the future.

Small Conflicts on the other hand seem to consistently have little to no impact on FDI inflows. It seems as if investor and firm behavior does not seem to shift until an armed conflict actually reaches the large intensity threshold. The large increase in conflicts since the end of the Cold War is driven primarily by small conflicts, perhaps making the overall impacts of armed conflict on FDI smaller, due to the lack of overall frequency in Large Conflicts across time. Yet while the results should discourage country leaders and policy makers from involvement in large armed conflicts due to the obvious human, infrastructure, and from now shown in this study, investment losses associated with large conflicts, the same unfortunately cannot be shown for the small intensity conflicts despite their much higher frequency.

Armed conflict is unfortunately something inherent to society. Where there are people there will be war, so understanding the grand scope of war's consequences be it in blood or investment is vital both to domestic interests as well as the overarching global economy. This study adds to that critical knowledge by quantifying the critical relationship between war and foreign direct investment and utilizing real data to capture the actual investment cost of war.

Appendix A: Works Cited

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Appendix B: Data Sources

UCDP/PRIO Armed Conflict Data Set.

Uppsala Conflict Data Program (UCDP) and Centre for the Study of Civil Wars, International Peace Research Institute, Oslo (PRIO).

Accessed May 2015:

http://www.pcr.uu.se/research/ucdp/datasets/ucdp_prio_armed_conflict_dataset/

Political Regime Characteristics and Transitions, 1800-2013.

Polity IV Project.

Accessed May 2015:

<http://www.systemicpeace.org/>

World Development Indicators.

The World Bank Group.

Accessed May 2015:

<http://data.worldbank.org/data-catalog/world-development-indicators>

Appendix C: Supplementary Figures and Tables

FIGURE 1. Frequency of Small Armed Conflicts by Countries Involved (1966-2015)

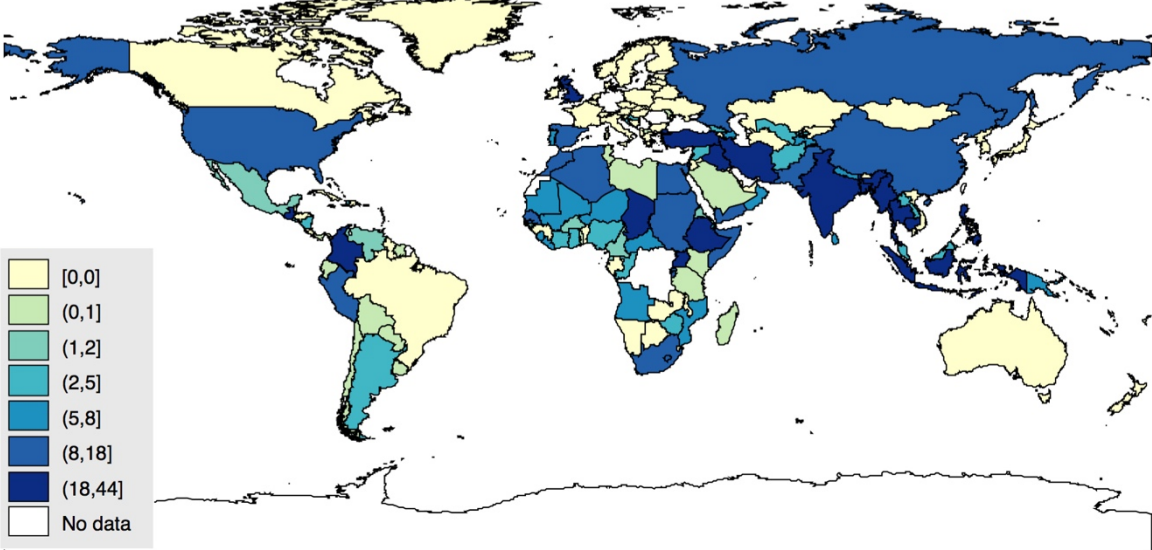


FIGURE 2. Frequency of Large Armed Conflicts by Countries Involved (1966-2015)

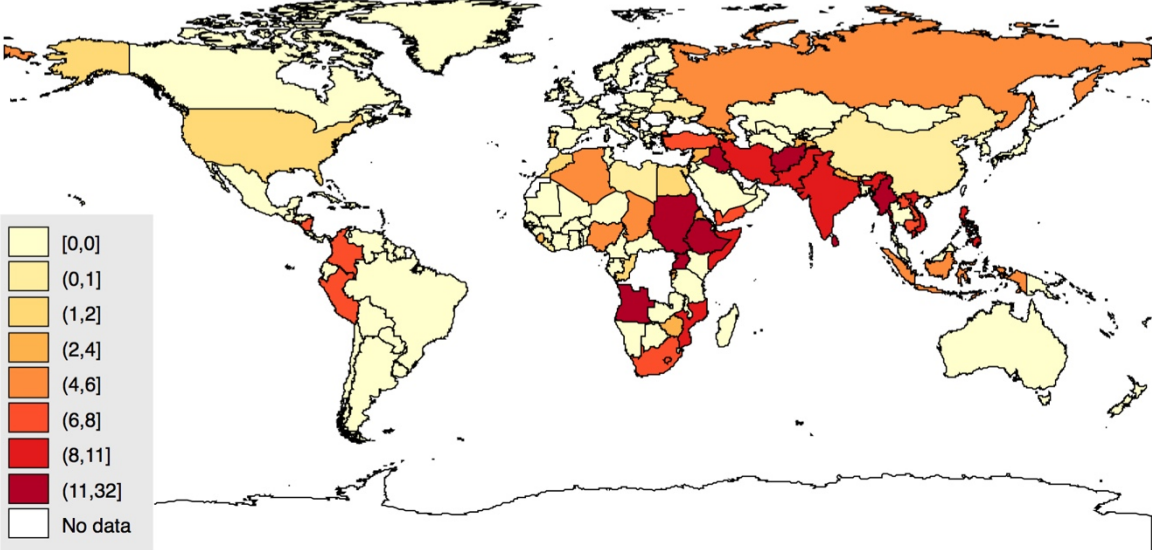


Table 1 Descriptive Statistics
Armed Conflict Variables

VARIABLES	(1) N	(2) mean	(3) sd	(4) min	(5) max	(6) sum
Year	10,700	1,990	14.43	1,966	2,015	-
Year Squared	10,593	3.962e+06	57,448	3.865e+06	4.060e+06	-
Any Conflict	10,593	0.124	0.329	0	1	1312
Small Conflict	10,593	0.0856	0.280	0	1	907
Large Conflict	10,593	0.0382	0.192	0	1	405
Any Armed Conflict Onset	10,593	0.0160	0.125	0	1	169
Small Armed Conflict Onset	10,593	0.0135	0.115	0	1	143
Large Armed Conflict Onset	10,593	0.00245	0.0495	0	1	26
Small Conflict End	10,593	0.0107	0.103	0	1	113
Large Conflict End	10,593	0.00208	0.0455	0	1	22
Post Cold War	10,593	0.520	0.500	0	1	-
Number of Countries	147	147	147	147	147	147

Table 2 Descriptive Statistics
Economic Variables

VARIABLES	(1) N	(2) mean	(3) sd	(4) min	(5) max
Year	10,700	1,990	14.43	1,966	2,015
Year Squared	10,593	3.962e+06	57,448	3.865e+06	4.060e+06
FDI Inflow to GDP Ratio	6,571	0.0347	0.0954	-0.829	4.666
FDI Inflow to GDP Ratio _{avg}	6,544	0.0390	0.130	-0.980	7.240
FDI Inflow to GDP Ratio _{t-1}	6,967	0.0619	0.332	-1.537	11.01
FDI Inflow Growth	5,863	0.381	13.39	-11.00	725.9
FDI Inflows in dollars	7,036	4.033e+09	2.172e+10	-3.582e+10	7.340e+11
Ln FDI Inflows	6,436	18.53	13.18	-711.2	27.32
GDP	8,135	1.594e+11	8.112e+11	8.825e+06	1.742e+13
GDP _{t-1}	8,135	1.594e+11	8.112e+11	8.825e+06	1.742e+13
Average GDP by Country	10,300	1.354e+11	5.719e+11	2.038e+07	7.054e+12
GDP Per Capita	8,132	7,635	14,757	37.52	193,648
Ln GDP Per Capita	8,132	7.636	1.671	3.625	12.17
Trade Openness	7,318	0.806	0.516	0.0498	5.317
Average Inflation 5 year	7,171	42.82	346.8	-23.82	8,603
Exchange Rate Fluctuations 5 year	8,005	46.44	281.0	0	6,707
Secondary School Enrollment Ratio	5,942	0.0716	0.0357	0	0.237
Fixed Telephone Subscription Ratio	7,799	3.771e+06	1.772e+07	0	3.678e+08
Democratic Polity	7,093	-2.196	17.40	-88	10
Total Population	10,299	2.503e+07	1.032e+08	4,936	1.364e+09
Number of Countries	147	147	147	147	147

Table 3: Global Conflict Intensity Onset Model
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio
SPECIFICATION	Global	Low Income	Low-Middle Income	High Income
VARIABLES				
Small Conflict Onset	0.005 (0.008)	0.006 (0.018)	0.013 (0.012)	-0.033 (0.037)
Large Conflict Onset	-0.011* (0.006)	0.007* (0.003)	-0.024* (0.012)	-0.012*** (0.004)
Democratic Polity	0.0001** (5.65e-05)	-7.27e-05 (0.0001)	0.0002** (0.0001)	-7.93e-05 (7.57e-05)
Ln GDP Per Capita	-0.011* (0.005)	-0.004 (0.023)	-0.0003 (0.009)	-0.019 (0.015)
Ln Trade Openness	0.026*** (0.007)	0.083** (0.031)	0.020*** (0.006)	0.0156*** (0.005)
Average Inflation	-3.80e-06 (2.99e-06)	4.15e-06** (1.92e-06)	-8.29e-06*** (2.23e-06)	6.96e-06 (1.49e-05)
Enrollment Ratio	0.003 (0.063)	-0.489 (0.370)	-0.089 (0.130)	0.150 (0.184)
Fixed Phone Ratio	0.069*** (0.024)	0.144 (1.327)	-0.049 (0.062)	0.115*** (0.033)
Exchange Rate	-7.27e-07 (1.77e-06)	0.0001* (5.98e-05)	4.13e-06 (3.25e-06)	-1.46e-05 (3.25e-05)
Post Cold War	0.0007 (0.002)	0.0009 (0.006)	-0.001 (0.008)	0.002 (0.003)
Constant	101.2** (47.41)	441.2** (168.9)	57.09 (116.6)	56.39 (64.49)
Observations	3,206	461	768	1,012
R-squared	0.082	0.216	0.101	0.076
Number of Countries	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 4: Conflict Onset Regional Model
 Dependent Variable: FDI Inflow Growth
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI GDP Ratio
SPECIFICATION	Africa	Asia	Europe	North America	South America
VARIABLES					
Small Conflict Onset	0.012 (0.016)	-0.003 (0.005)	0.022 (0.018)	-0.007 (0.005)	-0.010 (0.011)
Large Conflict Onset	-0.002 (0.009)	0.007 (0.006)	-0.029*** (0.0062)	-0.005 (0.004)	- -
Democratic Polity	0.0001 (9.82e-05)	-0.0001 (0.0001)	-0.0001* (6.15e-05)	9.10e-05 (9.83e-05)	0.0001** (5.18e-05)
Ln GDP Per Capita	-0.024 (0.016)	-0.005 (0.008)	0.006 (0.007)	-0.003 (0.005)	0.016* (0.007)
Ln Trade Openness	0.031 (0.018)	0.008 (0.005)	0.033** (0.016)	0.019* (0.009)	0.078 (0.047)
Average Inflation	3.69e-06* (1.96e-06)	-1.64e-05*** (1.28e-06)	-8.78e-06 (5.76e-06)	-5.45e-06*** (1.18e-06)	1.50e-06 (5.70e-06)
Enrollment Ratio	0.010 (0.151)	0.007 (0.091)	0.307* (0.153)	-0.117 (0.221)	-0.303 (0.170)
Fixed Phone Ratio	0.039 (0.090)	0.015 (0.024)	0.089** (0.038)	0.034 (0.026)	0.064 (0.079)
Exchange Rate	6.56e-05 (8.87e-05)	2.61e-07 (1.52e-06)	-2.24e-06 (2.84e-06)	-1.11e-05 (0.0002)	1.42e-05 (8.80e-06)
Post Cold War	0.0007 (0.007)	0.001 (0.005)	-0.008 (0.007)	0.011 (0.007)	0.0005 (0.006)
Constant	359.5** (144.7)	-25.38 (50.64)	-56.50 (119.2)	138.5 (114.0)	-27.94 (83.70)
Observations	937	851	694	335	272
R-squared	0.101	0.070	0.087	0.341	0.332
Number of Countries	47	40	35	12	11

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 5: Global Conflict Onset Lagged
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI GDP Ratio
SPECIFICATION	1 Year prior	2 Years prior	3 Years prior	4 Years prior	5 Years prior
VARIABLES					
Small Armed Conflict	0.0005 (0.007)	-0.0007 (0.005)	-0.001 (0.004)	0.001 (0.004)	0.003 (0.007)
Large Armed Conflict	-0.013*** (0.004)	-0.002 (0.005)	-0.0001 (0.004)	0.002 (0.004)	0.004 (0.003)
Democratic Polity	0.0001** (5.69e-05)	0.0001** (5.71e-05)	0.0001* (5.87e-05)	0.0001** (5.75e-05)	0.0001* (5.89e-05)
Ln GDP Per Capita	-0.011* (0.005)	-0.011* (0.005)	-0.011* (0.005)	-0.011* (0.005)	-0.010* (0.005)
Ln Trade Openness	0.026*** (0.007)	0.026*** (0.007)	0.026*** (0.007)	0.026*** (0.007)	0.026*** (0.007)
Average Inflation	-3.83e-06 (3.01e-06)	-3.79e-06 (3.01e-06)	-3.63e-06 (2.94e-06)	-3.78e-06 (3.00e-06)	-3.68e-06 (2.99e-06)
Enrollment Ratio	0.004 (0.063)	0.004 (0.063)	0.005 (0.063)	0.005 (0.063)	0.006 (0.063)
Fixed Phone Ratio	0.0688*** (0.025)	0.068*** (0.025)	0.068*** (0.025)	0.068*** (0.025)	0.068*** (0.025)
Exchange Rate	-7.39e-07 (1.84e-06)	-7.59e-07 (1.87e-06)	-7.81e-07 (1.84e-06)	-7.24e-07 (1.84e-06)	-7.98e-07 (1.88e-06)
Post Cold War	0.0008 (0.003)	0.0009 (0.003)	0.001 (0.003)	0.0009 (0.003)	0.001 (0.003)
Constant	100.5** (47.51)	101.1** (47.48)	101.6** (47.46)	100.6** (47.51)	101.2** (47.57)
Observations	3,206	3,205	3,205	3,204	3,204
R-squared	0.082	0.081	0.082	0.081	0.082
Number of Countries	150	150	150	150	150

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 6: Global Conflict Onset Lagged by Income
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio
SPECIFICATION	Global	Low Income	Low-Middle Income	High Income
Small Armed Conflict	0.0005 (0.007)	0.0009 (0.011)	-0.0006 (0.006)	0.049 (0.051)
Large Armed Conflict	-0.013*** (0.004)	-0.001 (0.007)	-0.050*** (0.017)	-0.026** (0.010)
Democratic Polity	0.0001** (5.69e-05)	-7.06e-05 (0.0001)	-3.75e-06 (0.0001)	-7.52e-05 (7.75e-05)
Ln GDP Per Capita	-0.011* (0.005)	-0.004 (0.023)	0.0002 (0.008)	-0.020 (0.015)
Ln Trade Openness	0.026*** (0.007)	0.083** (0.031)	0.021** (0.009)	0.012* (0.00740)
Average Inflation	-3.83e-06 (3.01e-06)	4.03e-06** (1.94e-06)	-7.76e-06*** (2.21e-06)	8.89e-06 (1.58e-05)
Enrollment Ratio	0.004 (0.063)	-0.487 (0.370)	- -	0.204 (0.159)
Fixed Phone Ratio	0.068*** (0.025)	0.117 (1.345)	-0.102 (0.083)	0.119*** (0.035)
Exchange Rate	-7.39e-07 (1.84e-06)	0.0001* (6.07e-05)	2.83e-06 (3.34e-06)	-1.55e-05 (3.34e-05)
Post Cold War	0.0008 (0.003)	0.001 (0.006)	0.0032 (0.006)	0.002 (0.003)
Observations	3,206	461	1,085	1,012
R-squared	0.082	0.216	0.106	0.081
Number of Countries	150	25	36	44

Robust standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 7: Lagged Conflict Onset Regional
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI GDP Ratio
SPECIFICATION	Africa	Asia	Europe	North America	South America
VARIABLES					
Small Conflict Onset	0.011 (0.012)	-0.014** (0.006)	0.0006 (0.005)	-0.005 (0.004)	-0.014 (0.013)
Large Conflict Onset	-0.001 (0.004)	-0.018 (0.012)	-0.012 (0.007)	-0.014*** (0.003)	- -
Democratic Polity	0.0001 (0.0001)	-0.0001 (0.0001)	-0.0001*** (5.79e-05)	8.22e-05 (9.99e-05)	0.0001** (5.49e-05)
Ln GDP Per Capita	-0.023 (0.016)	-0.005 (0.008)	0.006 (0.007)	-0.003 (0.005)	0.016* (0.007)
Ln Trade Openness	0.031 (0.019)	0.008 (0.006)	0.034** (0.015)	0.018* (0.009)	0.077 (0.047)
Average Inflation	3.90e-06** (1.85e-06)	-1.64e-05*** (1.32e-06)	-8.18e-06 (5.88e-06)	-5.49e-06*** (1.19e-06)	1.21e-06 (5.60e-06)
Enrollment Ratio	0.019 (0.156)	-0.0009 (0.093)	0.320** (0.153)	-0.114 (0.219)	-0.308* (0.167)
Fixed Phone Ratio	0.038 (0.093)	0.014 (0.024)	0.089** (0.038)	0.035 (0.026)	0.064 (0.079)
Exchange Rate	7.12e-05 (8.76e-05)	3.51e-07 (1.65e-06)	-2.05e-06 (2.82e-06)	-1.65e-05 (0.0002)	1.42e-05 (8.81e-06)
Post Cold War	0.001 (0.007)	0.001 (0.005)	-0.008 (0.007)	0.011 (0.007)	4.77e-05 (0.006)
Constant	360.7** (142.2)	-25.48 (49.12)	-59.91 (119.3)	136.6 (113.8)	-31.96 (84.13)
Observations	937	851	694	335	272
R-squared	0.100	0.074	0.084	0.342	0.335
Number of Countries	47	40	35	12	11

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 8: Robustness Check
Conflict Onset Intensity and FDI GDP Ratio using GDP_{t-1} and GDP_{avg}
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP _{T-1} Ratio	(2) FDI GDP _{T-1} Ratio	(3) FDI GDP _{T-1} Ratio	(4) FDI GDP _{T-1} Ratio	(5) FDI GDP _{avg} Ratio	(6) FDI GDP _{avg} Ratio	(7) FDI GDP _{avg} Ratio	(8) FDI GDP _{avg} Ratio
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income	Global	Low Income	Low-Mid Income	High Income
CONTROL VARIABLES								
Global Armed Conflict	0.004 (0.008)	0.005 (0.020)	0.010 (0.011)	-0.037 (0.0430)	0.015 (0.015)	0.024 (0.051)	0.008 (0.013)	-0.007 (0.016)
Large Armed Conflict	-0.014* (0.008)	0.007** (0.003)	-0.030** (0.014)	-0.0145** (0.005)	-0.018 (0.018)	0.021 (0.017)	-0.066** (0.029)	-0.007 (0.008)
Democratic Polity	0.0001** (6.16e-05)	-6.03e-05 (0.0001)	0.0002* (0.0001)	-5.51e-05 (9.09e-05)	8.56e-05 (9.95e-05)	-0.0004 (0.0003)	0.0002 (0.0001)	-0.0002 (0.0001)
1 GDP Per Capita	-0.015** (0.007)	-0.007 (0.026)	-0.004 (0.010)	-0.027 (0.021)	0.021*** (0.006)	0.040 (0.032)	0.033** (0.013)	0.029*** (0.008)
1 Trade Openness	0.033*** (0.008)	0.095*** (0.033)	0.025*** (0.008)	0.023*** (0.007)	0.045*** (0.014)	0.188** (0.085)	0.061*** (0.020)	0.019 (0.012)
Average Inflation	-4.14e-06 (3.44e-06)	4.76e-06** (2.12e-06)	-8.95e-06*** (2.95e-06)	8.21e-06 (1.83e-05)	3.92e-06 (3.57e-06)	1.22e-05** (4.59e-06)	-2.01e-06 (3.63e-06)	2.88e-05 (1.84e-05)
Enrollment Ratio	0.007 (0.071)	-0.509 (0.376)	-0.081 (0.150)	0.177 (0.224)	0.151 (0.171)	-1.180 (0.896)	-0.037 (0.302)	0.397 (0.274)
Fixed Phone Ratio	0.084*** (0.028)	0.114 (1.455)	-0.037 (0.066)	0.130*** (0.037)	0.012 (0.044)	-1.323 (3.024)	-0.220 (0.213)	0.085 (0.069)
Exchange Rate	-1.16e-06 (1.90e-06)	0.0001 (6.55e-05)	3.98e-06 (2.65e-06)	-3.26e-05 (5.36e-05)	-5.15e-06** (2.07e-06)	0.0001 (0.0001)	-2.67e-07 (3.00e-06)	-6.07e-05 (5.94e-05)
Post Cold War	-0.001 (0.003)	-0.001 (0.007)	-0.003 (0.008)	0.002 (0.004)	-0.005* (0.003)	-0.017* (0.009)	-0.004 (0.010)	-0.009** (0.003)
Constant	(1.33e-05) 114.1** (52.50)	(4.57e-05) 457.9** (180.8)	(3.13e-05) 71.27 (123.0)	(1.85e-05) 59.34 (74.16)	(2.36e-05) 497.1*** (93.52)	(9.69e-05) 977.4** (383.6)	(6.08e-05) 546.4** (239.5)	(3.31e-05) 314.2** (131.8)
Observations	3,209	461	769	1,012	3,209	461	769	1,012
R-squared	0.078	0.210	0.102	0.066	0.255	0.351	0.303	0.210
Number of Countries	150	25	36	44	150	25	36	44

Robust standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 9: Robustness Check
Global Conflict Onset Intensity Lagged FDI GDP Ratio using GDP_{t-1}
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP _{T-1} Ratio	(2) FDI GDP _{T-1} Ratio	(3) FDI GDP _{T-1} Ratio	(4) FDI GDP _{T-1} Ratio	(5) FDI GDP _{T-1} Ratio
SPECIFICATION	1 Year prior	2 Years prior	3 Years prior	4 Years prior	5 Years prior
VARIABLES					
Small Armed Conflict	0.001 (0.009)	-0.001 (0.005)	-0.0006 (0.004)	0.0005 (0.005)	0.002 (0.008)
Large Armed Conflict	-0.016** (0.006)	-0.002 (0.006)	0.001 (0.005)	0.003 (0.006)	0.005 (0.005)
Democratic Polity	0.0001** (6.19e-05)	0.0001** (6.20e-05)	0.0001** (6.29e-05)	0.0001** (6.24e-05)	0.0001** (6.29e-05)
Ln GDP Per Capita	-0.015** (0.007)	-0.015** (0.007)	-0.015** (0.007)	-0.015** (0.007)	-0.015** (0.007)
Ln Trade Openness	0.033*** (0.008)	0.032*** (0.008)	0.033*** (0.008)	0.032*** (0.008)	0.033*** (0.008)
Average Inflation	-4.14e-06 (3.46e-06)	-4.05e-06 (3.43e-06)	-3.93e-06 (3.39e-06)	-4.02e-06 (3.41e-06)	-3.96e-06 (3.43e-06)
Enrollment Ratio	0.010 (0.071)	0.010 (0.071)	0.010 (0.071)	0.011 (0.071)	0.011 (0.071)
Fixed Phone Ratio	0.083*** (0.029)	0.082*** (0.028)	0.082*** (0.028)	0.082*** (0.028)	0.082*** (0.028)
Exchange Rate	-1.16e-06 (1.96e-06)	-1.21e-06 (2.00e-06)	-1.18e-06 (1.94e-06)	-1.16e-06 (1.95e-06)	-1.22e-06 (1.99e-06)
Post Cold War	-0.001 (0.003)	-0.0008 (0.003)	-0.0008 (0.003)	-0.0009 (0.003)	-0.0008 (0.003)
Constant	113.0** (52.59)	114.1** (52.49)	114.2** (52.47)	113.4** (52.55)	113.7** (52.61)
Observations	3,209	3,208	3,208	3,207	3,207
R-squared	0.078	0.076	0.077	0.076	0.077
Number of Countries	150	150	150	150	150

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 10: Robustness Check
Global Conflict Onset Intensity Lagged FDI GDP Ratio using GDP_{avg}
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP _{avg} Ratio	(2) FDI GDP _{avg} Ratio	(3) FDI GDP _{avg} Ratio	(4) FDI GDP _{avg} Ratio	(5) FDI GDP _{avg} Ratio
SPECIFICATION	1 Year prior	2 Years prior	3 Years prior	4 Years prior	5 Years prior
Small Armed Conflict	0.002 (0.011)	0.013 (0.012)	0.013 (0.009)	0.006 (0.006)	0.005 (0.007)
Large Armed Conflict	-0.013* (0.007)	-0.003 (0.006)	-0.001 (0.005)	0.003 (0.007)	0.010* (0.005)
Democratic Polity	9.08e-05 (9.98e-05)	9.19e-05 (0.0001)	8.56e-05 (0.0001)	8.96e-05 (0.0001)	8.23e-05 (0.0001)
Ln GDP Per Capita	0.021*** (0.006)	0.021*** (0.006)	0.0219*** (0.006)	0.0220*** (0.006)	0.022*** (0.006)
Ln Trade Openness	0.045*** (0.014)	0.045*** (0.014)	0.045*** (0.014)	0.045*** (0.014)	0.045*** (0.014)
Average Inflation	3.83e-06 (3.61e-06)	4.17e-06 (3.64e-06)	3.83e-06 (3.68e-06)	3.83e-06 (3.62e-06)	3.90e-06 (3.66e-06)
Enrollment Ratio	0.153 (0.172)	0.157 (0.171)	0.158 (0.171)	0.155 (0.170)	0.154 (0.171)
Fixed Phone Ratio	0.011 (0.044)	0.011 (0.044)	0.010 (0.044)	0.0106 (0.0444)	0.010 (0.044)
Exchange Rate	-5.19e-06** (2.24e-06)	-4.84e-06** (2.18e-06)	-4.93e-06** (2.20e-06)	-5.09e-06** (2.24e-06)	-5.28e-06** (2.32e-06)
Post Cold War	-0.005 (0.003)	-0.005 (0.003)	-0.005 (0.003)	-0.005 (0.003)	-0.005 (0.003)
Constant	496.4*** (94.26)	497.8*** (94.16)	498.1*** (94.09)	496.7*** (94.30)	496.2*** (94.46)
Observations	3,209	3,208	3,208	3,207	3,207
R-squared	0.255	0.255	0.256	0.255	0.255
Number of Countries	150	150	150	150	150

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 11: Robustness Check
Global Conflict Onset Intensity FDI Growth
 Dependent Variable: FDI Inflows
 Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI Growth	(2) FDI Growth	(3) FDI Growth	(4) FDI Growth
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income
VARIABLES				
Small Armed Conflict	-0.135 (0.139)	-0.006 (0.326)	-0.165 (0.301)	0.212 (0.210)
Large Armed Conflict	-0.564*** (0.138)	-0.525*** (0.146)	-0.366 (0.217)	-0.956*** (0.053)
Democratic Polity	-0.003 (0.002)	-0.007*** (0.002)	-0.003 (0.007)	-0.003 (0.004)
Ln GDP Per Capita	-0.299*** (0.056)	-0.313 (0.224)	-0.259* (0.133)	-0.287*** (0.092)
Ln Trade Openness	-0.119 (0.095)	-0.112 (0.432)	-0.188 (0.258)	0.015 (0.131)
Average Inflation	0.0002* (0.0001)	-0.001 (0.001)	0.0002 (0.0001)	2.21e-05 (0.0003)
Enrollment Ratio	0.896 (1.029)	-5.984 (7.003)	-0.319 (3.131)	0.230 (2.048)
Fixed Phone Ratio	0.692** (0.326)	-3.242 (26.21)	0.0371 (1.101)	1.286* (0.641)
Exchange Rate	-5.68e-05 (3.59e-05)	0.002 (0.002)	-0.0001 (7.67e-05)	0.0005 (0.0009)
Post Cold War	-0.148** (0.071)	-0.393 (0.271)	-0.321* (0.178)	0.002 (0.078)
Constant	-993.7 (732.1)	35.64 (3,922)	-503.0 (1,399)	-36.77 (1,476)
Observations	2,779	354	669	911
R-squared	0.016	0.031	0.017	0.021
Number of Countries	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 12: Robustness Check
Regional Conflict Onset Intensity FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: Onset of Armed Conflict

VARIABLES	(1) FDI Growth	(2) FDI Growth	(3) FDI Growth	(4) FDI Growth	(5) FDI Growth
SPECIFICATION	Africa	Asia	Europe	North America	South America
VARIABLES					
Small Armed Conflict	0.011 (0.282)	-0.176* (0.102)	-0.329 (0.392)	0.011 (0.31)	-0.438 (0.267)
Large Armed Conflict	-0.484*** (0.058)	0.111 (0.209)	-0.450*** (0.058)	-0.994*** (0.097)	- -
Democratic Polity	-0.007 (0.004)	-0.0007 (0.005)	-0.001 (0.001)	-0.0005 (0.004)	-0.001 (0.001)
Ln GDP Per Capita	-0.394*** (0.093)	-0.203 (0.121)	-0.051 (0.103)	-0.455 (0.421)	-0.346* (0.155)
Ln Trade Openness	-0.284 (0.213)	0.048 (0.139)	-0.193 (0.216)	-0.561 (0.394)	0.0739 (0.227)
Average Inflation	-0.001** (0.0005)	-5.41e-05 (4.33e-05)	-4.39e-05 (5.85e-05)	0.0004*** (8.49e-05)	0.0005*** (0.0001)
Enrollment Ratio	-1.954 (2.489)	1.944 (2.103)	- -	-2.354 (3.664)	7.212 (4.862)
Fixed Phone Ratio	1.018 (0.782)	0.349 (0.536)	0.571 (0.587)	1.266 (0.855)	0.742 (1.209)
Exchange Rate	0.003* (0.001)	-3.18e-05 (3.02e-05)	-4.73e-05 (4.28e-05)	0.003 (0.002)	-0.0007*** (0.0001)
Post Cold War	-0.439*** (0.156)	-0.128 (0.132)	-0.024 (0.084)	-0.127 (0.217)	-0.037 (0.218)
Constant	34.28 (1,558)	-1,495 (1,381)	-1,777* (924.2)	-1,133 (1,450)	462.0 (2,773)
Observations	770	747	713	292	228
R-squared	0.028	0.011	0.022	0.075	0.054
Number of Countries	47	40	35	12	11

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 13: Robustness Check
Global Conflict Onset Any and FDI GDP Ratio with FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: Onset of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI Growth	(6) FDI Growth	(7) FDI Growth	(8) FDI Growth
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income	Global	Low Income	Low-Mid Income	High Income
VARIABLES								
Any Armed Conflict	0.004 (0.007)	0.006 (0.016)	0.009 (0.011)	-0.030 (0.032)	-0.169 (0.134)	-0.073 (0.287)	-0.182 (0.288)	0.053 (0.226)
Democratic Polity	0.0001** (5.62e-05)	-7.29e-05 (0.0001)	0.0002** (0.0001)	-7.67e-05 (7.68e-05)	-0.003 (0.002)	-0.007*** (0.002)	-0.003 (0.007)	-0.003 (0.004)
Ln GDP Per Capita	-0.011* (0.005)	-0.004 (0.023)	0.0002 (0.009)	-0.019 (0.015)	-0.297*** (0.056)	-0.323 (0.228)	-0.255* (0.130)	-0.286*** (0.092)
Ln Trade Openness	0.026*** (0.007)	0.083** (0.031)	0.020*** (0.006)	0.015*** (0.005)	-0.118 (0.094)	-0.107 (0.429)	-0.187 (0.257)	0.025 (0.125)
Average Inflation	-3.75e-06 (3.02e-06)	4.15e-06** (2.00e-06)	-8.25e-06*** (2.24e-06)	7.05e-06 (1.48e-05)	0.0002* (0.0001)	-0.001 (0.001)	0.0002 (0.0001)	1.81e-05 (0.0003)
Enrollment Ratio	0.005 (0.063)	-0.489 (0.369)	-0.0702 (0.126)	0.149 (0.184)	0.919 (1.032)	-6.059 (7.007)	-0.271 (3.130)	0.262 (2.045)
Fixed Phone Ratio	0.068*** (0.024)	0.143 (1.322)	-0.052 (0.063)	0.116*** (0.034)	0.676** (0.326)	-2.831 (26.21)	0.030 (1.098)	1.240* (0.638)
Exchange Rate	-7.13e-07 (1.79e-06)	0.0001* (6.01e-05)	4.28e-06 (3.18e-06)	-1.47e-05 (3.26e-05)	-5.70e-05 (3.57e-05)	0.002 (0.002)	-0.0001 (7.65e-05)	0.0005 (0.0009)
Post Cold War	0.0006 (0.002)	0.0009 (0.006)	-0.001 (0.008)	0.002 (0.003)	-0.151** (0.070)	-0.403 (0.270)	-0.325* (0.176)	0.005 (0.079)
Constant	99.70** (47.38)	441.2** (169.8)	43.24 (117.3)	56.79 (64.47)	-1,043 (723.1)	65.55 (3,927)	-586.9 (1,354)	-63.50 (1,477)
Observations	3,206	461	768	1,012	2,779	354	669	911
R-squared	0.082	0.216	0.098	0.076	0.016	0.030	0.017	0.020
Number of Countries	150	25	36	44	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Onset variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 14: Global Conflict Intensity End Intensity
 Dependent Variable: FDI Inflows
 Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income
VARIABLES				
Small Conflict End	0.008 (0.006)	0.003 (0.008)	-0.001 (0.004)	0.056 (0.053)
Large Conflict End	-0.001 (0.005)	-0.014 (0.011)	-0.011 (0.008)	-0.0087** (0.003)
Democratic Polity	0.0001** (5.71e-05)	-6.98e-05 (0.0001)	0.0002** (0.0001)	-5.80e-05 (8.54e-05)
Ln GDP Per Capita	-0.011* (0.005)	-0.004 (0.023)	0.0006 (0.009)	-0.019 (0.015)
Ln Trade Openness	0.026*** (0.00777)	0.083** (0.031)	0.020*** (0.006)	0.013* (0.007)
Average Inflation	-3.80e-06 (3.06e-06)	4.07e-06** (1.78e-06)	-8.47e-06*** (2.24e-06)	8.35e-06 (1.48e-05)
Enrollment Ratio	0.005 (0.063)	-0.504 (0.375)	-0.080 (0.129)	0.173 (0.171)
Fixed Phone Ratio	0.069*** (0.025)	0.141 (1.369)	-0.057 (0.062)	0.115*** (0.034)
Exchange Rate	-8.73e-07 (1.97e-06)	0.0001* (6.00e-05)	4.67e-06 (2.77e-06)	-1.96e-05 (3.67e-05)
Post Cold War	0.0007 (0.003)	0.001 (0.006)	-0.001 (0.008)	0.002 (0.003)
Constant	100.6** (47.45)	446.0** (173.9)	51.29 (111.6)	57.69 (64.17)
Observations	3,206	461	768	1,012
R-squared	0.082	0.216	0.096	0.082
Number of Countries	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 15: Regional Conflict End Intensity
 Dependent Variable: FDI Inflows
 Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI GDP Ratio
SPECIFICATION	Africa	Asia	Europe	North America	South America
VARIABLES					
Small Conflict End	0.014 (0.014)	0.003 (0.006)	0.0001 (0.002)	-0.012 (0.008)	0.010*** (0.002)
Large Conflict End	-0.002 (0.005)	0.007 (0.007)	-0.008** (0.004)	-0.0173** (0.006)	- -
Democratic Polity	0.0001 (0.0001)	-0.0001 (0.0001)	-0.0001*** (5.54e-05)	9.19e-05 (9.88e-05)	0.0001** (4.77e-05)
Ln GDP Per Capita	-0.023 (0.016)	-0.005 (0.008)	0.006 (0.007)	-0.003 (0.005)	0.015* (0.007)
Ln Trade Openness	0.031 (0.019)	0.008 (0.005)	0.034** (0.015)	0.020** (0.008)	0.079 (0.048)
Average Inflation	3.89e-06** (1.83e-06)	-1.64e-05*** (1.27e-06)	-8.24e-06 (5.86e-06)	-5.31e-06*** (1.24e-06)	2.38e-06 (5.98e-06)
Enrollment Ratio	0.010 (0.156)	0.007 (0.091)	0.318** (0.153)	-0.123 (0.219)	-0.304* (0.165)
Fixed Phone Ratio	0.039 (0.094)	0.016 (0.024)	0.089** (0.038)	0.032 (0.025)	0.066 (0.078)
Exchange Rate	6.39e-05 (9.02e-05)	2.20e-07 (1.52e-06)	-2.05e-06 (2.84e-06)	-1.23e-05 (0.0002)	1.41e-05 (8.96e-06)
Post Cold War	0.001 (0.007)	0.002 (0.005)	-0.008 (0.007)	0.011 (0.007)	0.0008 (0.006)
Constant	363.9** (145.1)	-22.40 (48.70)	-61.29 (119.6)	136.5 (113.3)	-25.78 (84.68)
Observations	937	851	694	335	272
R-squared	0.101	0.070	0.084	0.343	0.330
Number of Countries	47	40	35	12	11

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 16: Global Conflict End Intensity Lagged
 Dependent Variable: FDI Inflows
 Independent Variable: End of Armed Conflict

VARIABLES	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI GDP Ratio
SPECIFICATION	1 Year prior	2 Years prior	3 Years prior	4 Years prior	5 Years prior
VARIABLES					
Small Conflict End	-0.0004 (0.007)	-0.003 (0.006)	-0.002 (0.005)	0.001 (0.004)	-0.012 (0.011)
Large Conflict End	0.001 (0.007)	0.001 (0.005)	0.009* (0.005)	0.012** (0.005)	0.013** (0.005)
Democratic Polity	0.0001** (6.62e-05)	0.0001** (6.93e-05)	0.0001** (8.28e-05)	0.0001** (8.87e-05)	0.0001* (9.46e-05)
Ln GDP Per Capita	-0.010 (0.006)	-0.008 (0.006)	-0.008 (0.006)	-0.008 (0.006)	-0.008 (0.007)
Ln Trade Openness	0.025*** (0.007)	0.028*** (0.007)	0.029*** (0.008)	0.029*** (0.007)	0.028*** (0.007)
Average Inflation	-3.87e-06 (3.99e-06)	-3.99e-06 (4.15e-06)	-3.83e-06 (4.19e-06)	-4.18e-06 (4.24e-06)	-4.07e-06 (4.32e-06)
Enrollment Ratio	0.044 (0.071)	0.050 (0.071)	0.047 (0.074)	0.069 (0.074)	0.078 (0.076)
Fixed Phone Ratio	0.072** (0.029)	0.069** (0.028)	0.068** (0.028)	0.073** (0.029)	0.073** (0.029)
Exchange Rate	-1.20e-06 (2.93e-06)	-9.68e-07 (3.18e-06)	2.56e-07 (3.82e-06)	4.44e-06 (4.25e-06)	4.78e-06 (5.48e-06)
Post Cold War	0.0003 (0.003)	0.0003 (0.003)	0.0007 (0.004)	0.001 (0.004)	0.001 (0.004)
Constant	116.2** (51.78)	97.11** (48.52)	92.22* (48.26)	99.84** (49.69)	100.5* (51.41)
Observations	2,641	2,540	2,461	2,389	2,335
R-squared	0.082	0.083	0.082	0.081	0.080
Number of Countries	145	142	141	138	138

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 17: Robustness Check
Global Conflict End FDI GDP Ratio using GDP_{avg}
 Dependent Variable: FDI Inflows
 Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP _{avg} Ratio	(2) FDI GDP _{avg} Ratio	(3) FDI GDP _{avg} Ratio	(4) FDI GDP _{avg} Ratio
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income
VARIABLES				
Small Conflict End	0.010 (0.007)	-0.001 (0.014)	0.015 (0.013)	0.033 (0.026)
Large Conflict End	-0.003 (0.008)	-0.022 (0.025)	-0.030*** (0.008)	0.009 (0.009)
Democratic Polity	8.87e-05 (0.0001)	-0.0004 (0.0002)	0.0002 (0.0001)	-0.0002 (0.0001)
Ln GDP Per Capita	0.021*** (0.006)	0.040 (0.033)	0.035** (0.013)	0.029*** (0.008)
Ln Trade Openness	0.045*** (0.014)	0.189** (0.084)	0.063*** (0.020)	0.018 (0.012)
Average Inflation	3.82e-06 (3.66e-06)	1.18e-05** (4.24e-06)	-2.38e-06 (3.72e-06)	2.99e-05 (1.84e-05)
Enrollment Ratio	0.154 (0.171)	-1.204 (0.905)	0.009 (0.298)	0.407 (0.272)
Fixed Phone Ratio	0.011 (0.044)	-1.380 (3.135)	-0.228 (0.211)	0.086 (0.068)
Exchange Rate	-5.29e-06** (2.39e-06)	0.0001 (0.0001)	6.44e-07 (2.92e-06)	-6.32e-05 (5.99e-05)
Post Cold War	-0.005* (0.003)	-0.015* (0.008)	-0.005 (0.012)	-0.009** (0.003)
Constant	496.6*** (94.04)	989.7** (398.1)	519.3** (229.6)	314.7** (131.4)
Observations	3,209	461	769	1,012
R-squared	0.255	0.349	0.301	0.211
Number of Countries	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 18: Robustness Check
Global Conflict End Lagged FDI GDP Ratio using GDP_{avg}
 Dependent Variable: FDI Inflows
 Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP _{avg} Ratio	(2) FDI GDP _{avg} Ratio	(3) FDI GDP _{avg} Ratio	(4) FDI GDP _{avg} Ratio	(5) FDI GDP _{avg} Ratio
SPECIFICATION	1 Year prior	2 Years prior	3 Years prior	4 Years prior	5 Years prior
VARIABLES					
Small Conflict End	-0.003 (0.008)	-0.005 (0.006)	-0.003 (0.005)	0.002 (0.005)	-0.016 (0.015)
Large Conflict End	0.0007 (0.010)	0.004 (0.007)	0.013** (0.006)	0.017*** (0.006)	0.015*** (0.005)
Democratic Polity	0.0001** (7.57e-05)	0.0001** (8.05e-05)	0.0002** (9.52e-05)	0.0001* (0.0001)	0.0001* (0.0001)
Ln GDP Per Capita	-0.014* (0.008)	-0.012 (0.008)	-0.012 (0.008)	-0.013 (0.008)	-0.012 (0.009)
Ln Trade Openness	0.029*** (0.008)	0.034*** (0.008)	0.035*** (0.009)	0.035*** (0.009)	0.034*** (0.009)
Average Inflation	-4.23e-06 (4.52e-06)	-4.46e-06 (4.75e-06)	-4.30e-06 (4.82e-06)	-4.71e-06 (4.90e-06)	-4.90e-06 (5.08e-06)
Enrollment Ratio	0.047 (0.081)	0.056 (0.081)	0.051 (0.084)	0.079 (0.084)	0.088 (0.086)
Fixed Phone Ratio	0.088** (0.034)	0.083** (0.033)	0.082** (0.033)	0.089*** (0.033)	0.089*** (0.033)
Exchange Rate	-1.86e-06 (3.02e-06)	-1.61e-06 (3.26e-06)	-3.85e-07 (3.94e-06)	3.95e-06 (4.02e-06)	4.27e-06 (5.06e-06)
Post Cold War	-0.001 (0.004)	-0.001 (0.004)	-0.001 (0.004)	-0.0003 (0.004)	-6.07e-05 (0.004)
Constant	132.3** (58.63)	111.8** (55.05)	107.5* (54.92)	117.1** (56.70)	117.6** (58.88)
Observations	2,643	2,542	2,463	2,391	2,337
R-squared	0.075	0.076	0.075	0.074	0.074
Number of Countries	145	142	141	138	138

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 19: Robustness Check
Global Conflict End FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI Growth	(2) FDI Growth	(3) FDI Growth	(4) FDI Growth
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income
VARIABLES				
Small Conflict End	0.178 (0.141)	0.315 (0.262)	0.279 (0.284)	-0.168 (0.328)
Large Conflict End	1.443*** (0.467)	2.525*** (0.544)	1.188*** (0.129)	0.515*** (0.056)
Democratic Polity	-0.003 (0.002)	-0.009*** (0.002)	-0.004 (0.007)	-0.003 (0.004)
Ln GDP Per Capita	-0.300*** (0.057)	-0.334 (0.232)	-0.260* (0.134)	-0.286*** (0.092)
Ln Trade Openness	-0.119 (0.095)	-0.057 (0.415)	-0.182 (0.269)	0.029 (0.113)
Average Inflation	0.0002* (0.0001)	-0.0008 (0.001)	0.0002 (0.0001)	3.32e-05 (0.0003)
Enrollment Ratio	1.091 (1.025)	-0.640 (9.718)	0.138 (3.046)	0.195 (2.048)
Fixed Phone Ratio	0.686** (0.328)	-10.20 (29.38)	0.039 (1.140)	1.260* (0.639)
Exchange Rate	-5.67e-05 (3.52e-05)	0.002 (0.001)	-9.74e-05 (7.83e-05)	0.0005 (0.0009)
Post Cold War	-0.160** (0.071)	-0.417 (0.286)	-0.348* (0.178)	0.004 (0.079)
Constant	-1,112 (731.1)	-1,211 (4,223)	-721.1 (1,382)	-18.63 (1,477)
Observations	2,779	354	669	911
R-squared	0.018	0.040	0.019	0.020
Number of Countries	150	25	36	44

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 20: Robustness Check
Regional Conflict End and FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI Growth	(2) FDI Growth	(3) FDI Growth	(4) FDI Growth	(5) FDI Growth
SPECIFICATION	Africa	Asia	Europe	North America	South America
VARIABLES					
Small Conflict End	0.209 (0.200)	-0.031 (0.094)	-0.075 (0.063)	0.978 (1.002)	0.167 (0.245)
Large Conflict End	2.343*** (0.169)	0.037 (0.028)	0.459*** (0.061)	1.586*** (0.258)	- -
Democratic Polity	-0.007 (0.005)	0.001 (0.005)	-0.001 (0.001)	-0.0001 (0.004)	-0.002 (0.001)
Ln GDP Per Capita	-0.405*** (0.092)	-0.311*** (0.113)	-0.016 (0.118)	-0.471 (0.431)	-0.363** (0.149)
Ln Trade Openness	-0.255 (0.207)	0.087 (0.136)	-0.070 (0.259)	-0.670 (0.425)	0.052 (0.241)
Average Inflation	-0.001** (0.0005)	-9.69e-05* (4.87e-05)	-3.45e-05 (7.40e-05)	0.0004*** (6.50e-05)	0.0005*** (0.0001)
Enrollment Ratio	-0.652 (2.710)	- -	0.283 (2.782)	-1.146 (3.030)	7.185 (4.832)
Fixed Phone Ratio	0.899 (0.866)	0.935 (0.576)	0.609 (0.793)	1.048 (0.862)	0.773 (1.244)
Exchange Rate	0.003* (0.001)	-2.44e-05 (4.56e-05)	-0.0001** (5.99e-05)	0.004 (0.002)	-0.0007*** (0.0001)
Post Cold War	-0.445*** (0.160)	-0.150 (0.160)	-0.056 (0.125)	-0.153 (0.249)	-0.031 (0.220)
Constant	-243.6 (1,593)	-458.1 (1,749)	-2,130 (2,247)	-1,087 (1,429)	491.7 (2,809)
Observations	770	947	639	292	228
R-squared	0.032	0.011	0.024	0.096	0.049
Number of Countries	47	40	35	12	11

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 21: Robustness Check
Global Any Conflict End with FDI GDP Ratio and FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: End of Armed Conflict

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI Growth	(6) FDI Growth	(7) FDI Growth	(8) FDI Growth
SPECIFICATION	Global	Low Income	Low-Mid Income	High Income	Global	Low Income	Low-Mid Income	High Income
VARIABLES								
Any Conflict End	0.007 (0.006)	0.002 (0.008)	-0.002 (0.004)	0.047 (0.045)	0.255* (0.152)	0.435 (0.285)	0.333 (0.307)	-0.069 (0.290)
Democratic Polity	0.0001** (5.70e-05)	-7.20e-05 (0.0001)	0.0002** (0.0001)	-5.55e-05 (8.61e-05)	-0.003 (0.002)	-0.008*** (0.002)	-0.004 (0.007)	-0.003 (0.004)
Ln GDP Per Capita	-0.011* (0.005)	-0.004 (0.023)	0.0004 (0.009)	-0.019 (0.015)	-0.295*** (0.057)	-0.328 (0.226)	-0.251* (0.133)	-0.286*** (0.092)
Ln Trade Openness	0.026*** (0.007)	0.083** (0.031)	0.019*** (0.006)	0.012* (0.007)	-0.120 (0.0960)	-0.107 (0.442)	-0.172 (0.269)	0.030 (0.114)
Average Inflation	-3.76e-06 (3.04e-06)	4.04e-06** (1.78e-06)	-8.39e-06*** (2.27e-06)	9.31e-06 (1.41e-05)	0.0002* (0.0001)	-0.001 (0.001)	0.0002 (0.0001)	1.56e-05 (0.0003)
Enrollment Ratio	0.005 (0.063)	-0.485 (0.371)	-0.081 (0.129)	0.170 (0.172)	1.056 (1.030)	-4.685 (7.607)	0.153 (3.057)	0.226 (2.047)
Fixed Phone Ratio	0.069*** (0.025)	0.113 (1.357)	-0.056 (0.062)	0.117*** (0.035)	0.695** (0.326)	-3.348 (26.53)	0.036 (1.137)	1.240* (0.636)
Exchange Rate	-8.64e-07 (1.96e-06)	0.0001* (6.00e-05)	4.63e-06 (2.77e-06)	-1.94e-05 (3.65e-05)	-5.78e-05* (3.47e-05)	0.002 (0.002)	-9.51e-05 (7.92e-05)	0.0005 (0.0009)
Post Cold War	0.0007 (0.003)	0.001 (0.006)	-0.001 (0.008)	0.002 (0.003)	-0.160** (0.071)	-0.423 (0.285)	-0.348* (0.178)	0.006 (0.079)
Constant	100.4** (47.43)	442.2** (173.5)	51.28 (111.5)	61.92 (64.49)	-1,087 (728.0)	-368.9 (3,971)	-707.2 (1,383)	-71.97 (1,471)
Observations	3,206	461	768	1,012	2,779	354	669	911
R-squared	0.082	0.216	0.096	0.080	0.016	0.034	0.018	0.020
Number of Countries	150	25	36	44	150	25	36	44

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict End variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 22: Global Total Conflict Model
 Dependent Variable: FDI Inflows
 Independent Variable: Total Armed Conflicts

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio
SPECIFICATION	Previous year	Past 5 years	Past 10 years	Past 25 years
VARIABLES				
Total Small Conflicts	0.003 (0.002)	(0.051) 0.0001	-0.0001 (0.0005)	-0.001** (0.0007)
Total Large Conflicts	-0.003 (0.003)	(0.0009) -0.0008	-0.0007 (0.0008)	0.001 (0.0009)
Democratic Polity	0.0001** (6.27e-05)	(0.001) (6.26e-05)	0.0001** (6.25e-05)	0.0003** (0.0001)
Ln GDP Per Capita	-0.004 (0.007)	-0.004 (0.007)	-0.005 (0.007)	-0.013 (0.015)
Ln Trade Openness	0.018** (0.009)	0.018** (0.009)	0.0175* (0.009)	0.0004 (0.013)
Average Inflation	-3.72e-06 (2.27e-06)	-3.59e-06 (2.25e-06)	-3.49e-06 (2.22e-06)	-6.40e-06* (3.56e-06)
Enrollment Ratio	-0.228*** (0.085)	-0.228*** (0.085)	-0.233*** (0.085)	-0.331** (0.140)
Fixed Phone Ratio	0.034 (0.033)	0.034 (0.033)	0.037 (0.034)	0.059 (0.044)
Exchange Rate	4.23e-06** (1.84e-06)	4.15e-06** (1.91e-06)	4.02e-06** (1.91e-06)	5.14e-06** (2.47e-06)
Post Cold War	-0.0008 (0.003)	-0.0008 (0.003)	0.0003 (0.003)	
Constant	253.7*** (50.72)	254.0*** (50.87)	278.6*** (54.77)	502.1 (322.0)
Observations	2,621	2,621	2,611	1,710
R-squared	0.109	0.108	0.109	0.093
Number of Countries	148	148	148	148

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Total variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 23: Robustness Check
FDI GDP Ratio using GDP_{avg}
 Dependent Variable: FDI Inflows
 Independent Variable: Total Armed Conflicts

OUTCOME VARIABLE	(1) FDI GDP _{avg} Ratio	(2) FDI GDP _{avg} Ratio	(3) FDI GDP _{avg} Ratio	(4) FDI GDP _{avg} Ratio
SPECIFICATION	Previous year	Past 5 years	Past 10 years	Past 25 years
VARIABLE				
Total Small Conflicts	0.004 (0.003)	0.0004 (0.001)	-0.0003 (0.0008)	-0.002** (0.001)
Total Large Conflicts	-0.002 (0.005)	-0.001 (0.001)	-0.0004 (0.001)	0.002 (0.001)
Democratic Polity	0.0001 (8.52e-05)	0.0001 (8.59e-05)	0.0001 (8.52e-05)	0.0003* (0.0001)
Ln GDP Per Capita	0.029*** (0.005)	0.028*** (0.005)	0.028*** (0.005)	0.035*** (0.009)
Ln Trade Openness	0.025** (0.011)	0.025** (0.011)	0.024** (0.011)	0.022 (0.019)
Average Inflation	1.13e-06 (1.57e-06)	1.48e-06 (1.60e-06)	1.09e-06 (1.59e-06)	-4.21e-06*** (1.39e-06)
Enrollment Ratio	-0.260* (0.144)	-0.259* (0.143)	-0.266* (0.143)	-0.371* (0.205)
Fixed Phone Ratio	-0.069** (0.034)	-0.068** (0.034)	-0.067* (0.034)	-0.040 (0.048)
Exchange Rate	3.15e-06* (1.73e-06)	3.05e-06* (1.72e-06)	3.00e-06 (1.91e-06)	4.74e-06*** (1.81e-06)
Post Cold War	-0.007** (0.003)	-0.007** (0.003)	-0.006** (0.003)	
Constant	638.3*** (69.72)	637.8*** (70.08)	654.8*** (73.68)	1,429*** (314.6)
Observations	2,623	2,623	2,613	1,712
R-squared	0.336	0.336	0.335	0.323
Number of Countries	148	148	148	148

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Total variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 24: Robustness Check
Global Conflict Total with FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: Total Armed Conflicts

OUTCOME VARIABLE	(1) FDI Growth	(2) FDI Growth	(3) FDI Growth	(4) FDI Growth
SPECIFICATION	Previous year	Past 5 years	Past 10 years	Past 25 years
VARIABLES				
Total Small Conflicts	-0.047 (0.102)	-0.009 (0.022)	-0.009 (0.012)	0.012 (0.016)
Total Large Conflicts	0.083 (0.218)	0.076 (0.049)	0.044* (0.024)	0.0267 (0.025)
Democratic Polity	-0.004 (0.002)	-0.003 (0.002)	-0.004 (0.002)	-0.008 (0.005)
Ln GDP Per Capita	-0.358*** (0.070)	-0.351*** (0.071)	-0.356*** (0.072)	-0.382*** (0.089)
Ln Trade Openness	-0.137 (0.118)	-0.124 (0.117)	-0.147 (0.120)	-0.027 (0.152)
Average Inflation	0.0002* (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)	0.0001 (7.51e-05)
Enrollment Ratio	0.928 (1.309)	0.801 (1.318)	0.610 (1.333)	2.347 (2.049)
Fixed Phone Ratio	0.631* (0.362)	0.584 (0.364)	0.631* (0.377)	-0.687 (0.607)
Exchange Rate	1.35e-05 (9.27e-05)	1.75e-05 (9.45e-05)	3.09e-05 (9.56e-05)	-1.97e-05 (8.78e-05)
Post Cold War	-0.150** (0.073)	-0.148** (0.073)	-0.138* (0.076)	- -
Constant	-1,807** (857.8)	-1,750** (826.3)	-1,377 (945.4)	-7,195* (3,798)
Observations	2,320	2,320	2,312	1,573
R-squared	0.018	0.019	0.019	0.024
Number of Countries	148	148	148	146

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Total variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.

Table 25: Robustness Check
Global Total Any Conflict with FDI GDP Ratio and FDI Growth
Dependent Variable: FDI Inflows
Independent Variable: Total Armed Conflicts

OUTCOME VARIABLE	(1) FDI GDP Ratio	(2) FDI GDP Ratio	(3) FDI GDP Ratio	(4) FDI GDP Ratio	(5) FDI Growth	(6) FDI Growth	(7) FDI Growth	(8) FDI Growth
SPECIFICATION	Previous year	Past 5 years	Past 10 years	Past 25 years	Previous year	Past 5 years	Past 10 years	Past 25 years
VARIABLES								
Total Conflicts Any	0.002 (0.002)	-0.0001 (0.0006)	-0.0003 (0.0004)	-0.0007 (0.0005)	-0.049 (0.068)	0.0008 (0.015)	-0.003 (0.010)	-0.009 (0.021)
Democratic Polity	0.0001** (6.28e-05)	0.0001** (6.26e-05)	0.0001** (6.25e-05)	0.0003** (0.0001)	0.001 (0.002)	0.001 (0.002)	0.001 (0.002)	0.003 (0.004)
Ln GDP Per Capita	-0.004 (0.007)	-0.004 (0.007)	-0.005 (0.007)	-0.014 (0.015)	-0.181** (0.072)	-0.179** (0.072)	-0.190** (0.075)	-0.270** (0.112)
Ln Trade Openness	0.018** (0.009)	0.018** (0.009)	0.017* (0.009)	0.0004 (0.013)	-0.248** (0.122)	-0.246** (0.120)	-0.259** (0.122)	-0.405** (0.167)
Average Inflation	-3.98e-06* (2.36e-06)	-3.84e-06* (2.27e-06)	-3.78e-06* (2.21e-06)	-6.49e-06* (3.34e-06)	0.0003** (0.0001)	0.0003** (0.0001)	0.0003** (0.0001)	0.0001 (0.0001)
Enrollment Ratio	-0.228*** (0.086)	-0.229*** (0.085)	-0.235*** (0.085)	-0.317** (0.139)	1.460 (1.894)	1.486 (1.890)	1.426 (1.900)	4.843 (3.196)
Fixed Phone Ratio	0.033 (0.033)	0.033 (0.033)	0.037 (0.034)	0.064 (0.044)	0.233 (0.331)	0.222 (0.331)	0.264 (0.339)	0.049 (0.508)
Exchange Rate	4.25e-06** (1.82e-06)	4.16e-06** (1.87e-06)	4.16e-06** (1.92e-06)	6.03e-06*** (2.10e-06)	4.40e-05 (9.55e-05)	4.67e-05 (9.48e-05)	4.60e-05 (9.49e-05)	8.32e-05 (0.0001)
Post Cold War	-0.0007 (0.003)	-0.0007 (0.003)	0.0003 (0.003)	- (-)	0.016 (0.088)	0.016 (0.087)	0.027 (0.092)	- (-)
Constant	256.2*** (50.50)	255.1*** (50.72)	279.4*** (54.62)	507.8 (322.5)	749.4 (934.9)	756.9 (938.7)	985.2 (1,100)	6,538 (4,028)
Observations	2,621	2,621	2,611	1,710	2,299	2,299	2,292	1,565
R-squared	0.108	0.108	0.109	0.091	0.009	0.009	0.009	0.012
Number of Countries	148	148	148	148	148	148	148	147

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Note: Fixed Effects used, standard errors clustered at the country level, and all control variables lagged by one period except Conflict Total variables, Average Inflation which is a running 5-year average by country, and Exchange Rate Fluctuation, which is the standard deviation of Annual Average Exchange Rates for 5-year periods by country.