APPENDIX

Appendix 1 Panel Unit Root Test - Fisher-ADF Test of LNGDP with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:51
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 405
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	0.34776	1.0000
ADF - Choi Z-stat	19.6361	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:52
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 380
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	74.0436	0.1050
ADF - Choi Z-stat	-0.77156	0.2202

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 2 Panel Unit Root Test - Fisher-ADF Test of LNGDP with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:52
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 398
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	26.7543	0.9999
ADF - Choi Z-stat	7.76035	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:52
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 1
Total number of observations: 381
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	99.3211	0.0011
ADF - Choi Z-stat	-3.65415	0.0001

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 3 Panel Unit Root Test - Fisher-ADF Test of LNGDP with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:52
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 393
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	8.29026	1.0000
ADF - Choi Z-stat	12.9289	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:53
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 375
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	34.2474	0.9970
ADF - Choi Z-stat	2.29876	0.9892

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 4 Panel Unit Root Test - Fisher-PP Test of LNGDP with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:53
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	0.30879	1.0000
PP - Choi Z-stat	20.3568	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:54
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	77.1923	0.0668
PP - Choi Z-stat	-1.67142	0.0473

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 5 Panel Unit Root Test - Fisher-PP Test of LNGDP with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:53
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	5.64398	1.0000
PP - Choi Z-stat	11.0146	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:54
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	100.465	0.0008
PP - Choi Z-stat	-3.12207	0.0009

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 6 Panel Unit Root Test - Fisher-PP Test of LNGDP with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNGDP
Date: 11/18/11 Time: 21:54
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	0.00135	1.0000
PP - Choi Z-stat	23.3838	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNGDP)
Date: 11/18/11 Time: 21:54
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	43.9228	0.9408
PP - Choi Z-stat	0.67289	0.7495

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 7 Panel Unit Root Test - Fisher-ADF Test of LNFDI with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 21:57
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 405
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	16.3295	1.0000
ADF - Choi Z-stat	7.22507	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:01
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 378
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	187.569	0.0000
ADF - Choi Z-stat	-8.41014	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 8 Panel Unit Root Test - Fisher-ADF Test of LNFDI with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 22:00
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 403
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	55.8945	0.6264
ADF - Choi Z-stat	1.27842	0.8995

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:01
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 1
Total number of observations: 375
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	163.544	0.0000
ADF - Choi Z-stat	-7.49978	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 9 Panel Unit Root Test - Fisher-ADF Test of LNFDI with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 22:01
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 406
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	5.19077	1.0000
ADF - Choi Z-stat	9.77177	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:01
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 378
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	230.233	0.0000
ADF - Choi Z-stat	-10.1147	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 10 Panel Unit Root Test - Fisher-PP Test of LNFDI with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 22:01
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	13.3104	1.0000
PP - Choi Z-stat	7.83096	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:02
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	199.625	0.0000
PP - Choi Z-stat	-8.86812	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 11 Panel Unit Root Test - Fisher-PP Test of LNFDI with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 22:02
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	36.1610	0.9937
PP - Choi Z-stat	3.13574	0.9991

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:02
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	203.663	0.0000
PP - Choi Z-stat	-8.51079	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 12 Panel Unit Root Test - Fisher-PP Test of LNFDI with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDI
Date: 11/18/11 Time: 22:02
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	4.48479	1.0000
PP - Choi Z-stat	11.2736	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDI)
Date: 11/18/11 Time: 22:02
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	252.693	0.0000
PP - Choi Z-stat	-11.5521	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 13 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_1) with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 405
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	17.2353	1.0000
ADF - Choi Z-stat	7.95317	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 379
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	186.958	0.0000
ADF - Choi Z-stat	-8.03844	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 14 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_1) with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 390
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	77.0193	0.0685
ADF - Choi Z-stat	-1.42176	0.0775

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 1
Total number of observations: 378
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	150.203	0.0000
ADF - Choi Z-stat	-5.52785	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix15 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_1) with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 409
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	1.93999	1.0000
ADF - Choi Z-stat	15.0323	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:07
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 377
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	152.180	0.0000
ADF - Choi Z-stat	-6.43571	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 16 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_1) with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:08
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	9.73516	1.0000
PP - Choi Z-stat	10.0681	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:09
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	231.857	0.0000
PP - Choi Z-stat	-9.62472	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 17 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_1) with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:08
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	81.5777	0.0334
PP - Choi Z-stat	-1.34788	0.0888

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:09
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	201.560	0.0000
PP - Choi Z-stat	-7.32751	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 18 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_1) with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH1
Date: 11/18/11 Time: 22:08
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	0.88650	1.0000
PP - Choi Z-stat	16.6986	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH1)
Date: 11/18/11 Time: 22:09
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	185.683	0.0000
PP - Choi Z-stat	-8.45589	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 19 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_2) with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:12
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 404
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	21.0315	1.0000
ADF - Choi Z-stat	7.21799	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: Individual effects
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 1
Total number of observations: 383
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	187.507	0.0000
ADF - Choi Z-stat	-8.67774	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 20 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_2) with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:13
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 402
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	57.4404	0.5698
ADF - Choi Z-stat	0.93420	0.8249

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 1
Total number of observations: 378
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	172.497	0.0000
ADF - Choi Z-stat	-7.79403	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 21 Panel Unit Root Test - Fisher-ADF Test of LN(FDI*H_2) with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:13
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 409
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	4.09406	1.0000
ADF - Choi Z-stat	10.2776	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Total number of observations: 382
Cross-sections included: 30

Method	Statistic	Prob.**
ADF - Fisher Chi-square	241.909	0.0000
ADF - Choi Z-stat	-10.8311	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 22 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_2) with Individual Effects (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	19.3468	1.0000
PP - Choi Z-stat	7.84022	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:15
Sample: 1995 2009
Exogenous variables: Individual effects
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	222.805	0.0000
PP - Choi Z-stat	-9.51661	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 23 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_2) with Individual Effects and Individual Linear Trends (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	47.5905	0.8770
PP - Choi Z-stat	2.56413	0.9948

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:15
Sample: 1995 2009
Exogenous variables: Individual effects, individual linear trends
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	227.529	0.0000
PP - Choi Z-stat	-8.95269	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 24 Panel Unit Root Test - Fisher-PP Test of LN(FDI*H_2) with None (At Level and at 1st Difference)

Null Hypothesis: Unit root (individual unit root process)
Series: LNFDIH2
Date: 11/18/11 Time: 22:14
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 418
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	3.29734	1.0000
PP - Choi Z-stat	11.7484	1.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Null Hypothesis: Unit root (individual unit root process)
Series: D(LNFDIH2)
Date: 11/18/11 Time: 22:15
Sample: 1995 2009
Exogenous variables: None
Newey-West automatic bandwidth selection and Bartlett kernel
Total number of observations: 388
Cross-sections included: 30

Method	Statistic	Prob.**
PP - Fisher Chi-square	260.284	0.0000
PP - Choi Z-stat	-11.8019	0.0000

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

Appendix 25 Panel Cointegration Test – Pedroni Test (Engle-Granger Based) of LNGDP, LNFDI, LNFDI*H_1 and LNFDI*H_2 with No Deterministic Trend

Pedroni Residual Cointegration Test
Series: LNGDP LNFDI LNFDIH1 LNFDIH2
Date: 11/19/11 Time: 00:26
Sample: 1995 2009
Included observations: 450
Cross-sections included: 30
Null Hypothesis: No cointegration
Trend assumption: No deterministic trend
Automatic lag length selection based on SIC with lags from 1 to 2
Newey-West automatic bandwidth selection and Bartlett kernel

Alternative hypothesis: common AR coefs. (within-dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	3.097295	0.0010	3.081935	0.0010
Panel rho-Statistic	2.344922	0.9905	2.126056	0.9833
Panel PP-Statistic	-0.102484	0.4592	-0.495292	0.3102
Panel ADF-Statistic	-3.683036	0.0001	-4.003862	0.0000

Alternative hypothesis: individual AR coefs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	4.485474	1.0000
Group PP-Statistic	-1.744909	0.0405
Group ADF-Statistic	-4.429346	0.0000

Appendix 26 Panel Cointegration Test – Pedroni Test (Engle-Granger Based) of LNGDP, LNFDI, LNFDI*H_1 and LNFDI*H_2 with Deterministic Intercept and Trend

Pedroni Residual Cointegration Test
Series: LNGDP LNFDI LNFDIH1 LNFDIH2
Date: 11/19/11 Time: 00:27
Sample: 1995 2009
Included observations: 450
Cross-sections included: 30
Null Hypothesis: No cointegration
Trend assumption: Deterministic intercept and trend
Automatic lag length selection based on SIC with a max lag of 1
Newey-West automatic bandwidth selection and Bartlett kernel

Alternative hypothesis: common AR coefs. (within-dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	30.25549	0.0000	21.37078	0.0000
Panel rho-Statistic	4.416987	1.0000	4.606494	1.0000
Panel PP-Statistic	-1.039770	0.1492	-0.423341	0.3360
Panel ADF-Statistic	-2.749057	0.0030	-2.576350	0.0050

Alternative hypothesis: individual AR coefs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	5.623040	1.0000
Group PP-Statistic	-4.155176	0.0000
Group ADF-Statistic	-6.664158	0.0000

Appendix 27 Panel Cointegration Test – Pedroni Test (Engle-Granger Based) of LNGDP, LNFDI, LNFDI*H_1 and LNFDI*$H_2$with No Intercept or Trend

Pedroni Residual Cointegration Test
Series: LNGDP LNFDI LNFDIH1 LNFDIH2
Date: 11/19/11 Time: 00:27
Sample: 1995 2009
Included observations: 450
Cross-sections included: 30
Null Hypothesis: No cointegration
Trend assumption: No deterministic intercept or trend
Automatic lag length selection based on SIC with a max lag of 2
Newey-West automatic bandwidth selection and Bartlett kernel

Alternative hypothesis: common AR coefs. (within-dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	-3.924903	1.0000	-4.133351	1.0000
Panel rho-Statistic	1.200432	0.8850	1.173177	0.8796
Panel PP-Statistic	-1.919144	0.0275	-2.401902	0.0082
Panel ADF-Statistic	-5.064235	0.0000	-5.171219	0.0000

Alternative hypothesis: individual AR coefs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	3.776243	0.9999
Group PP-Statistic	-3.093374	0.0010
Group ADF-Statistic	-7.082548	0.0000

Appendix 28 Panel Cointegration Test – Kao Test (Engle-Granger Based) of LNGDP, LNFDI, LNFDI*H_1 and LNFDI*H_2 with Individual Intercept

Kao Residual Cointegration Test
Series: LNGDP LNFDI LNFDIH1 LNFDIH2
Date: 11/19/11 Time: 00:27
Sample: 1995 2009
Included observations: 450
Null Hypothesis: No cointegration
Trend assumption: No deterministic trend
Automatic lag length selection based on SIC with a max lag of 2
Newey-West automatic bandwidth selection and Bartlett kernel

	t-Statistic	Prob.
ADF	-4.738970	0.0000
Residual variance	0.011210	
HAC variance	0.016156	

Augmented Dickey-Fuller Test Equation
Dependent Variable: D(RESID)
Method: Least Squares
Date: 11/19/11 Time: 00:27
Sample (adjusted): 1998 2009
Included observations: 358 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
RESID(-1)	-0.476742	0.058935	-8.089337	0.0000
D(RESID(-1))	0.144924	0.059638	2.430079	0.0156
D(RESID(-2))	0.234179	0.053460	4.380481	0.0000

R-squared	0.160620	Mean dependent var	0.022618
Adjusted R-squared	0.155892	S.D. dependent var	0.161956
S.E. of regression	0.148798	Akaike info criterion	-0.964113
Sum squared resid	7.859975	Schwarz criterion	-0.931594
Log likelihood	175.5762	Hannan-Quinn criter.	-0.951180
Durbin-Watson stat	2.179394		

Appendix 29 Panel Dynamic OLS Estimation– Fixed/Random Effects Testing – Correlated Random Effects - Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.609276	6	0.0160

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
LNFDI	0.012501	0.039464	0.000094	0.0054
LNFDIH1	0.449655	0.435750	0.000028	0.0090
LNFDIH2	-0.183200	-0.179205	0.000028	0.4511
D(LNFDI(-1))	-0.079526	-0.090144	0.000022	0.0240
D(LNFDIH1(-1))	-0.286010	-0.270368	0.000052	0.0300
D(LNFDIH2(-1))	0.253190	0.239902	0.000042	0.0400

Appendix 30 Panel Dynamic OLS Estimation– Fixed Effects Estimation

Dependent Variable: LNGDP
Method: Panel Least Squares
Date: 11/19/11 Time: 15:00
Sample (adjusted): 1997 2009
Periods included: 13
Cross-sections included: 30
Total panel (unbalanced) observations: 388

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNFDI	0.012501	0.039869	0.313561	0.7540
LNFDIH1	0.449655	0.023699	18.97385	0.0000
LNFDIH2	-0.183200	0.032632	-5.614114	0.0000
D(LNFDI(-1))	-0.079526	0.043244	-1.838997	0.0668
D(LNFDIH1(-1))	-0.286010	0.054265	-5.270654	0.0000
D(LNFDIH2(-1))	0.253190	0.049636	5.100944	0.0000
C	15.30359	0.487289	31.40555	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.970683	Mean dependent var	19.84687
Adjusted R-squared	0.967768	S.D. dependent var	0.987951
S.E. of regression	0.177370	Akaike info criterion	-0.532969
Sum squared resid	11.07391	Schwarz criterion	-0.165454
Log likelihood	139.3961	Hannan-Quinn criter.	-0.387255
F-statistic	332.9912	Durbin-Watson stat	0.949671
Prob(F-statistic)	0.000000		

Appendix 31 Panel Unit Root Test – Summary Tests of Error Correction Term (ECT) with No Individual Effects or Trends (At Level)

Panel unit root test: Summary
Series: ECT
Date: 11/19/11 Time: 18:01
Sample: 1995 2009
Exogenous variables: None
Automatic selection of maximum lags
Automatic lag length selection based on SIC: 0 to 2
Newey-West automatic bandwidth selection and Bartlett kernel

Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-8.78522	0.0000	30	390
Null: Unit root (assumes individual unit root process)				
ADF - Fisher Chi-square	199.132	0.0000	30	390
PP - Fisher Chi-square	132.847	0.0000	30	418

** Probabilities for Fisher tests are computed using an asymptotic Chi -square distribution. All other tests assume asymptotic normality.

Appendix 32 Panel Granger Causality Tests Associated with Panel Vector Error Correction Model (VECM) for Eq. (4.2)

Dependent Variable: D(LNGDP)
Method: Panel Least Squares
Date: 11/19/11 Time: 17:41
Sample (adjusted): 1997 2009
Periods included: 13
Cross-sections included: 30
Total panel (unbalanced) observations: 388

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LNFDI)	0.028550	0.008552	3.338532	0.0009
D(LNFDIH1)	0.002074	0.011321	0.183244	0.8547
D(LNFDIH2)	0.000259	0.009954	0.025986	0.9793
D(LNGDP(-1))	0.499963	0.048361	10.33805	0.0000
D(LNFDI(-1))	0.017343	0.008572	2.023319	0.0438
D(LNFDIH1(-1))	-0.032118	0.010060	-3.192708	0.0015
D(LNFDIH2(-1))	0.025079	0.008812	2.845799	0.0047
ECT(-1)	-0.067400	0.012629	-5.336795	0.0000
C	0.056269	0.006414	8.772569	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.468163	Mean dependent var	0.116456
Adjusted R-squared	0.411940	S.D. dependent var	0.044965
S.E. of regression	0.034482	Akaike info criterion	-3.803973
Sum squared resid	0.416145	Schwarz criterion	-3.416040
Log likelihood	775.9708	Hannan-Quinn criter.	-3.650164
F-statistic	8.326932	Durbin-Watson stat	2.046627
Prob(F-statistic)	0.000000		

Appendix 32 Panel Granger Causality Tests Associated with Panel Vector Error Correction Model (VECM) for Eq. (4.3)

Dependent Variable: D(LNFDI)
Method: Panel Least Squares
Date: 11/19/11 Time: 17:44
Sample (adjusted): 1996 2009
Periods included: 14
Cross-sections included: 30
Total panel (unbalanced) observations: 418

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(LNGDP)	1.301982	0.263396	4.943065	0.0000
D(LNFDIH1)	0.405214	0.057485	7.049052	0.0000
D(LNFDIH2)	0.043548	0.053475	0.814363	0.4159
ECT(-1)	-0.127524	0.065572	-1.944781	0.0525
C	-0.143415	0.033212	-4.318127	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.519637	Mean dependent var	0.116020
Adjusted R-squared	0.478356	S.D. dependent var	0.303208
S.E. of regression	0.218992	Akaike info criterion	-0.121724
Sum squared resid	18.41566	Schwarz criterion	0.206521
Log likelihood	59.44023	Hannan-Quinn criter.	0.008039
F-statistic	12.58775	Durbin-Watson stat	2.468701
Prob(F-statistic)	0.000000		

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