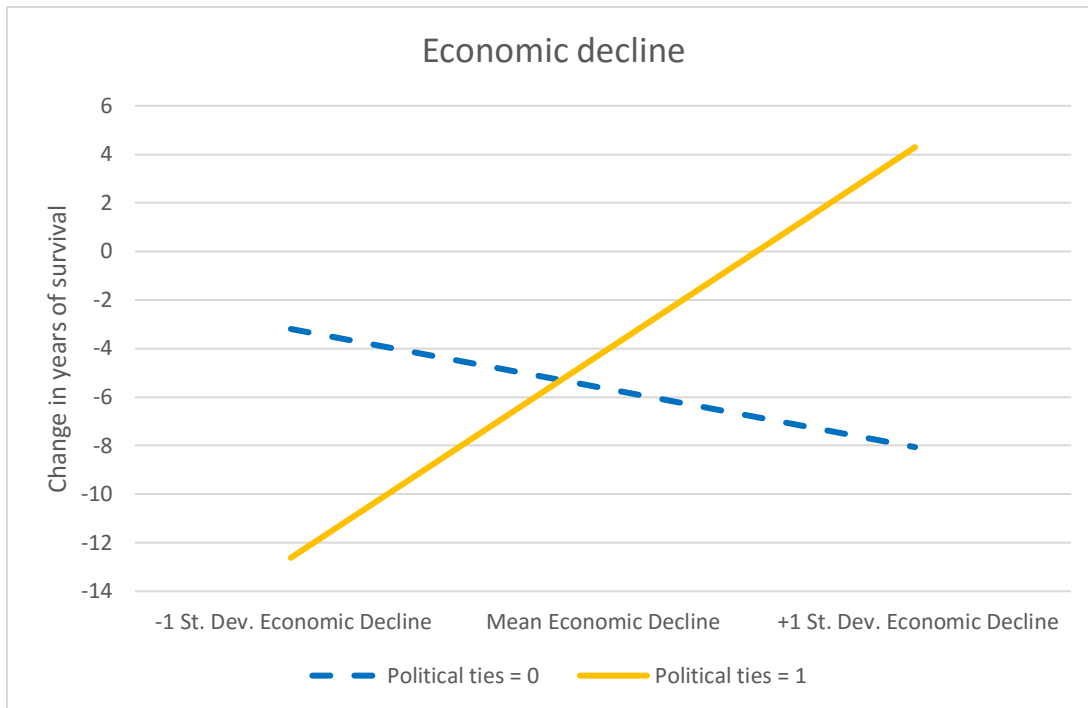
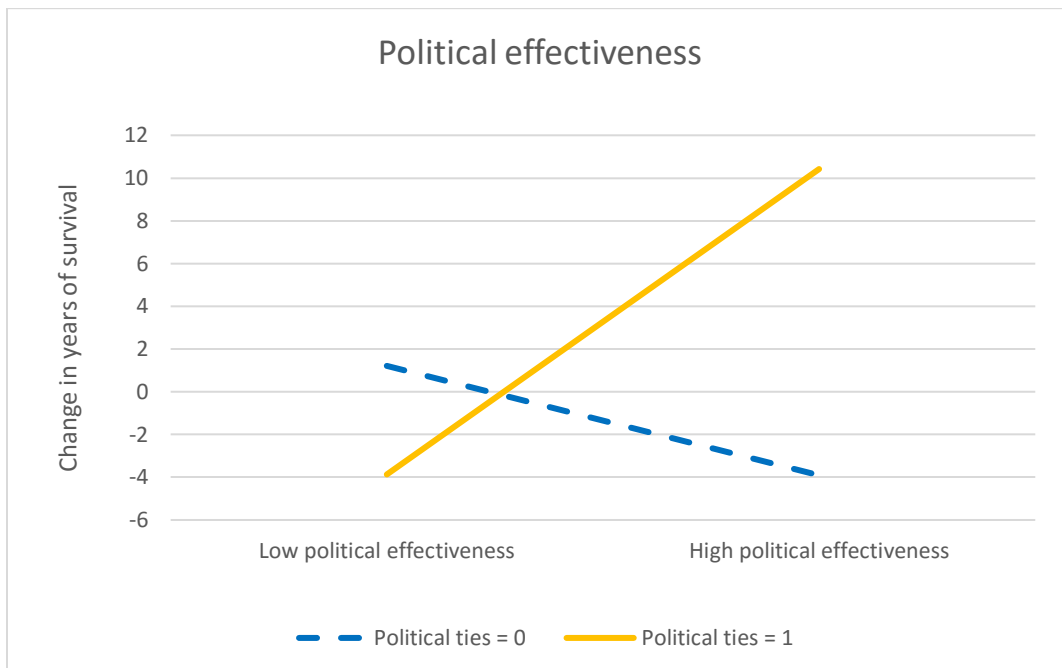


## APPENDIX

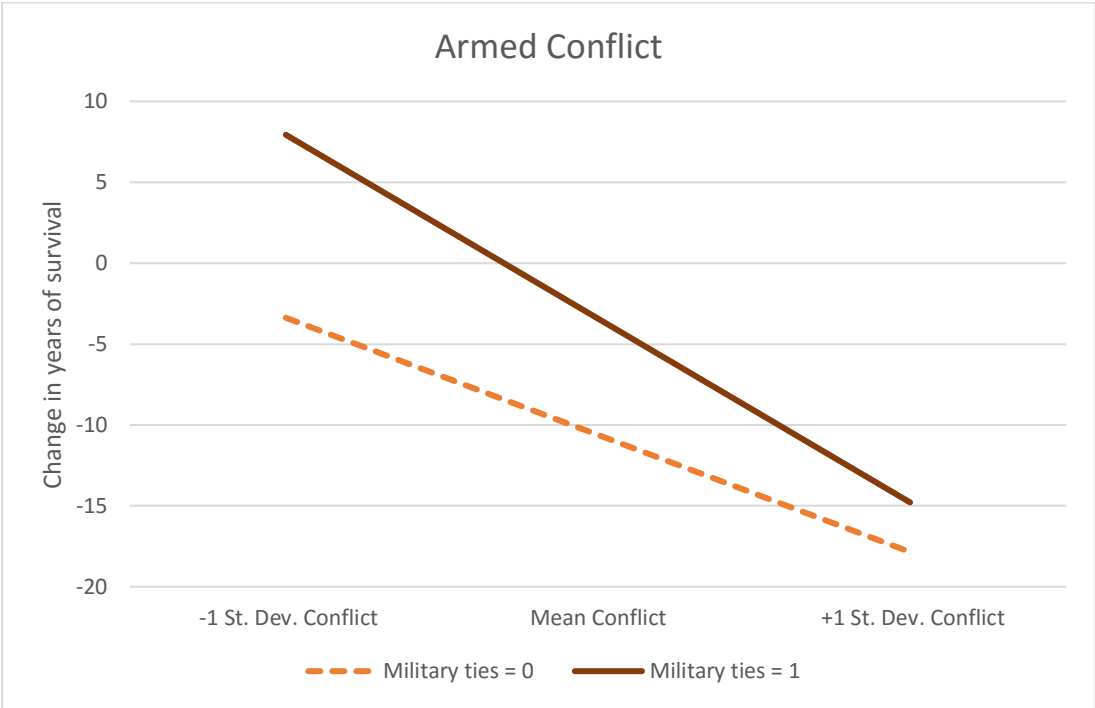
**Figure 1: Two-Way Interaction of Political Ties and Declining Economic Environment**



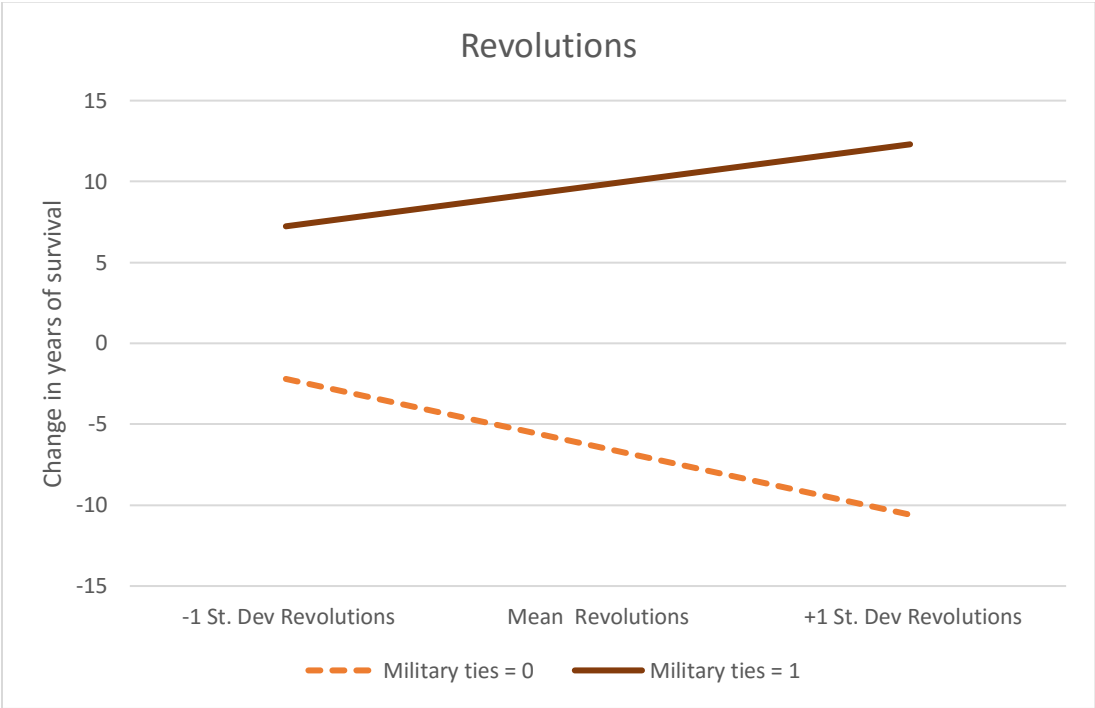
**Figure 2: Two-Way Interaction of Political Ties and Political Effectiveness**



**Figure 3: Two-Way Interaction of Military Ties and Armed Conflict**



**Figure 4: Two-Way Interaction of Military Ties and Revolutions**



**Table A1: First-stage Probit Model Predicting Military Ties at Venture Founding**

Variables	Failure Model 1
<i>Instrumental Variables</i>	
Military size	0.001*** (0.000)
Percentage of workers in industrial production	-0.001*** (0.000)
<i>Organizational variables</i>	
Political ties	-0.128*** (0.018)
Airline age	0.005*** (0.001)
Airline size	0.000*** (0.000)
Foreign ownership	-0.141*** (0.021)
Domestic airline	-0.024 (0.017)
State investment	0.441*** (0.018)
<i>Environmental variables</i>	
Airline-sector age	-0.000 (0.001)
Airline-sector density	0.004+ (0.002)
Armed conflict	-0.021*** (0.005)
Country fiscal budget balance / 10,000	-0.006 (0.009)
Country GDP in billions	-0.001*** (0.000)
Country population (logged)	-0.137*** (0.015)
Political institution stability	0.000 (0.000)
Government revolutions	-0.012 (0.021)
Political effectiveness	0.000 (0.009)
Political constraint	-0.072 (0.046)
Total trade per capita	55.687*** (6.481)
Trade balance / 1000	0.472*** (0.066)
Constant	2.519*** (0.247)
Standard errors in parentheses	
*** p<0.001, ** p<0.01, * p<0.05, + p<0.10	

**Table A2: Second-stage Probit of Impact of Military Ties on Venture Failure**

Variables	Model 1
<i>Organizational variables</i>	
Military ties	-1.756** (0.592)
Political ties	-0.407** (0.125)
Airline age	0.001 (0.007)
Airline size	-0.000+ (0.000)
Foreign ownership	-0.150 (0.162)
Domestic airline	-0.146 (0.099)
State investment	0.527+ (0.313)
<i>Environmental variables</i>	
Airline-sector age	-0.001 (0.004)
Airline-sector density	0.025* (0.011)
Armed conflict	-0.132*** (0.033)
Country fiscal budget balance / 10,000	-0.300** (0.107)
Country GDP in billions	-0.002* (0.001)
Country population (logged)	-0.117 (0.094)
Political institution stability	0.003* (0.001)
Government revolutions	0.009 (0.118)
Political effectiveness	-0.115+ (0.060)
Political constraint	0.009 (0.277)
Total trade per capita	38.662 (79.890)
Trade balance / 1000	0.041 (0.786)
Constant	1.317 (1.665)
<i>N</i>	3520
Wald chi squared	128.67***
Standard errors in parentheses	
*** p<0.001, ** p<0.01, * p<0.05, + p<0.10	

**Table A2: Event-History Model Predicting Failure of Ventures with Three-way Interactions**

<b>Variables</b>	<b>Model 8</b>	<b>Model 9</b>	<b>Model 10</b>	<b>Model 11</b>	<b>Model 12</b>
<i>Predictor Variables</i>					
Military ties	-1.475** (0.455)	-1.856*** (0.407)	-1.798*** (0.381)	-1.702*** (0.388)	-1.607*** (0.445)
Political ties	-0.834* (0.345)	-0.237 (0.332)	-0.712* (0.341)	-0.497 (0.312)	-0.881+ (0.455)
Military ties X Declining economic environment X Airline-sector density	0.862 (1.070)				0.820 (0.612)
Political ties X Declining economic environment X Airline-sector density	-0.353*** (0.090)				-0.667** (0.231)
Military ties X High political effectiveness X Airline-sector density		0.022 (0.047)			0.112 (0.081)
Political ties X High political effectiveness X Airline-sector density		-0.490* (0.241)			-0.380* (0.193)
Military ties X Armed conflict X Domestic airline			-11.665*** (0.782)		-10.965*** (0.894)
Political ties X Armed conflict X Domestic airline			0.464* (0.207)		0.100 (0.238)
Military ties X Government revolutions X Domestic airline				-15.743*** (0.464)	-14.462*** (0.515)
Political ties X Government revolutions X Domestic airline				-0.505 (1.101)	0.324 (1.122)
<i>Organizational variables</i>					
Airline age (logged)	0.334*** (0.052)	0.329*** (0.054)	0.336*** (0.053)	0.326*** (0.053)	0.335*** (0.054)
Airline size (logged)	-0.060*** (0.011)	-0.060*** (0.011)	-0.057*** (0.011)	-0.057*** (0.011)	-0.060*** (0.011)
Foreign investment	-0.236 (0.347)	-0.277 (0.355)	-0.278 (0.352)	-0.259 (0.354)	-0.255 (0.343)
Domestic airline	-0.334 (0.294)	-0.328 (0.286)	-0.348 (0.298)	-0.319 (0.293)	-0.365 (0.284)
State investment	0.086 (0.323)	0.124 (0.323)	0.113 (0.321)	0.109 (0.319)	0.127 (0.330)
<i>Environmental variables</i>					
Airline-sector age (square rooted)	-0.217*** (0.021)	-0.215*** (0.021)	-0.218*** (0.021)	-0.217*** (0.021)	-0.219*** (0.021)
Airline-sector density (square rooted)	0.170*** (0.027)	0.174*** (0.028)	0.174*** (0.027)	0.175*** (0.028)	0.172*** (0.027)
Armed conflict	-0.180* (0.083)	-0.186* (0.085)	-0.212* (0.086)	-0.174* (0.085)	-0.202* (0.082)
Country fiscal budget balance / 10,000	-0.779** (0.272)	-0.770** (0.264)	-0.790** (0.271)	-0.786** (0.270)	-0.763** (0.268)
Country GDP per capita	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000+ (0.000)
Country population (square rooted)	-0.022*** (0.004)	-0.022*** (0.005)	-0.022*** (0.005)	-0.022*** (0.005)	-0.022*** (0.004)

<b>Variables</b>	<b>Model 8</b>	<b>Model 9</b>	<b>Model 10</b>	<b>Model 11</b>	<b>Model 12</b>
Change in country population	-7.892+ (4.293)	-7.952+ (4.451)	-8.231* (4.183)	-7.839+ (4.356)	-8.142+ (4.165)
Declining economic environment	0.156 (0.826)	0.196 (0.857)	0.226 (0.866)	0.183 (0.855)	0.348 (0.803)
Government revolutions	0.302 (0.234)	0.302 (0.237)	0.303 (0.235)	0.415+ (0.247)	0.329 (0.239)
High political effectiveness	-0.495 (0.448)	-0.337 (0.428)	-0.495 (0.448)	-0.501 (0.449)	-0.369 (0.436)
Political constraint	2.542*** (0.753)	2.666*** (0.749)	2.613*** (0.766)	2.580*** (0.767)	2.508*** (0.706)
Polity index	-0.082*** (0.025)	-0.085*** (0.024)	-0.084*** (0.025)	-0.083*** (0.024)	-0.084*** (0.024)
Primary energy consumption (logged)	0.084 (0.101)	0.070 (0.099)	0.081 (0.100)	0.077 (0.099)	0.086 (0.103)
Ratio of defense to government expenditures	-0.010*** (0.002)	-0.010*** (0.002)	-0.010*** (0.002)	-0.010*** (0.002)	-0.010*** (0.002)
Constant	-8.600*** (0.896)	-8.560*** (0.856)	-8.580*** (0.865)	-8.634*** (0.864)	-8.566*** (0.883)
No. of observations	3451	3451	3451	3451	3451
No. of subjects	282	282	282	282	282
Wald chi squared	479.38***	529.96***	1781.95***	6733.03***	6313.78***
Robust standard errors in parentheses					
*** p<0.001, ** p<0.01, * p<0.05, + p<0.10					