Research Statement

My research has three main themes: (1) the political economy of international taxation, (2) China's emerging role in development finance, and (3) a commitment to state-of-the-art quantitative analysis techniques. In the subsequent sections, I delve into these three pillars of my work and provide an in-depth discussion of my future research directions in the domains of international tax policies and multilateral development banks.

Dissertation: The Political Economy of International Taxation

Why have governments worldwide struggled to effectively combat the issue of international tax avoidance for over a century? In the first part of my dissertation research, I focus on the continuous expansion of the bilateral tax treaty (BTT) network, distinguished by increasingly generous treaty provisions that, inadvertently, create new opportunities for tax treaty shopping and enables multinational corporations to avoid tax burden.

In "Treaty Shopping, Race to the Bottom, and Treaty Cascades," I argue that the risk of tax treaty shopping — wherein investors exploit cheaper indirect routes through conduit countries for international payments — is a crucial driver of the expansion of the tax treaty network. I propose that governments sign new tax treaties with more attractive terms in a bid to prevent tax revenue loss to conduit countries and discourage tax treaty shopping. However, this leads to a vicious cycle that generates tax treaty cascades and a race to the bottom in withholding tax rates.

To substantiate my argument, I have meticulously curated two original datasets representing the most comprehensive data collection efforts on the topic: (1) the universe of bilateral tax treaties, and (2) worldwide statutory withholding tax rates covering more than 170 countries from 1980 to 2020. The results of my analysis of these datasets robustly align with my hypotheses: countries facing the risk of tax treaty shopping are more likely to sign new tax treaties and concede lower treaty withholding tax rates. Over the long term, this precipitates the rise of new conduit countries and perpetuates tax treaty shopping opportunities.

Subsequent chapters in my dissertation examine the reasons for the persistence of international tax avoidance through the lenses of multilateral agreements (chapter 2) and domestic politics (chapter 3).

In chapter 2 — "Flexibility in International Institutional Design: The Case of the OECD MLI" — I examine the consequences of uncoordinated multilateral efforts to address treaty shopping. I focus on the most recent attempt: the OECD Multilateral Instrument (MLI). The paper shows that while the MLI has achieved broad participation in signing and ratification, its flexibility measures have resulted in narrow applicability and shallow modifications to existing tax treaties. The paper argues that the choice of reservations and treaty exclusions by governments, based on their self-interest calculations, can limit the actual coverage of the MLI and ultimately undermine its effectiveness in addressing treaty shopping.

In chapter 3 — "Domestic Institutions and Multinational Profit-Shifting" — I assert that conventional measures of tax burden may be biased because these measures overlook profit shifting. Profit shifting is a tactic that is increasingly used by multinational corporations to avoid corporate taxes by simply shifting their (reported) profits across borders. Conventional measures of tax burden, which focus on corporate tax rates, completely miss profits that are shifted across borders, and thus can grossly overstate the real tax burden on corporate profits. I argue that this bias favors democracies, which levy higher rates of taxation on multinational corporations but also permit higher rates of profit shifting. Analysis of aggregated and subsidiary level data suggests that democratic governments, politically constrained against publicly offering lower tax rates, indeed may tolerate a higher level of profit-shifting by multinational corporations, when compared to autocracies. The paper suggests that democracies implicitly use profit-shifting as an alternative to lowering taxes in order to attract foreign investment.

My dissertation delves into the pressing challenge of international tax avoidance, shedding light on the intricate balance between globalization and state sovereignty. By uncovering the constraints of the current international tax framework, I highlight the inadvertent ways in which governmental policies perpetuate global challenges such as international tax avoidance. This research provides a fresh political perspective on the issue, as well as broader implications for understanding policy autonomy, revenue mobilization, and inequality in the context of global governance.

China's Emerging Role in International Development Finance

How will China's rising presence in international affairs reshape global governance? As the United States established itself as a global leader at the close of World War II, it founded a number of international financial institutions that helped it to shape the global economy and foreign affairs. As China rises in power, we observe that it is following suit, engaging in the foundation of several new institutions. Focusing on the most successful institution so far — China's Asian Infrastructure Investment Bank (AIIB) — my collaborations with James Vreeland (Princeton University) and Jianzhi Zhao (University of Exeter) probe the implications of the AIIB on the multilateral development bank landscape.

In "The Impact of China's AIIB on the World Bank,"[1] we argue that the China-led Asian Infrastructure Investment Bank (AIIB) could undermine the leading status of the US-led World Bank. Using cutting-edge estimation methods, we show that developing AIIB founders enter into fewer World Bank infrastructure projects since the establishment of the AIIB in 2016. Additional empirical investigations using a wide range of datasets, as well as qualitative evidence through interviews with specialists at the AIIB and the World Bank further suggest that the results are likely driven by the fact that AIIB founders are moving away from the World Bank when it comes to infrastructure lending.

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[1] Qian, Jing, James Raymond Vreeland, and Jianzhi Zhao. 2023. The Impact of China's AIIB on the World Bank. *International Organization* 77 (1): 217-237.

Our follow-up project, titled "In-Group Punishment in International Relations," is currently under review as an invited contribution for a special issue at *The Review of International Political Economy*. In this research, we delve deeper into the U.S. reactions to the establishment of the AIIB. We examine the social-psychological hypothesis that punishment for defiance is more likely for in-group than out-group members. Using a unique dataset on the voting behavior of the US executive director at the World Bank on new project proposals, we find that the United States is only more likely to oppose new projects for AIIB founding members that are closer to the United States.

Transparent and Replicable Quantitative Research

My dedication to advancing methodological rigor is concretely manifested in my work aimed at fostering transparency and replicability in quantitative research. This thematic focus is currently encapsulated in two pivotal projects, each serving as a methodological lodestar for the broader academic community.

In "A replication of 'exploring and explaining contracting out: Patterns among the American states,'"[2] we replicate and extend the analysis of a seminal paper on contracting out government services. Our analysis reaffirms the generalizability of state agencies' tendencies to contract out but also introduces subtle, yet crucial, nuances concerning its efficiency and scope. This piece underscores the necessity for full transparency in the reporting of not only the empirical results, but also the research design and empirical decisions in data analysis.

In a working paper, "Enumerators as Treatment Versions: Enumerator-Induced Treatment Heterogeneity and its Consequences" (co-authored with Simon Hoellerbauer and Brandon de la Cuesta), we propose a new framework of understanding enumerator effects in experimental studies. While existing studies only consider the potential effects of enumerators in affecting the measurement of outcomes, we argue that enumerators have direct influence in the delivery of the treatment, given their prominent role in field experiments. Developed within the framework of Bayesian methodology, our work introduces a robust analytical toolkit tailored for researchers engaged in field experiments, a common methodological approach in political science research.

Future Research Directions

I intend to further explore and expand upon my existing research in international taxation and China's emerging role in international economic governance. My work will pivot around the following three thematic areas:

1. The Domestic Politics of International Tax Policy: How do domestic political factors, such as interest groups, political institutions, electoral incentives, and corporate influences, shape a

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[2]Qian, Jing, Jiahuan Lu, and Jianzhi Zhao. 2022. A replication of "exploring and explaining contracting out: Patterns among the American states." *Public Administration* 100 (4): 1161-1182.

country's international tax policy? I aim to decipher the micro-foundations of policy decisions, both in domestic regulations and international anti-tax-avoidance engagements. To achieve this, I will create a dataset that combines domestic policies with international tax treaties and multilateral efforts across the globe. This integrated database will provide a landscape view of how local political elements influence global tax decisions. I am also keen on conducting detailed case studies, especially of nations that have distinct strategies towards international taxation, to gain deeper insights.

2. Determinants of Anti-Treaty Shopping Responses: What guides a country's decision-making when choosing policy tools to counter tax treaty shopping? Whether they are forming new tax treaties, revising or terminating current ones, or embracing other legal approaches, why do countries choose one strategy over another? I will examine this question using a mixed-method approach. First, I aim to leverage the comprehensive dataset I compiled for my dissertation and supplement it with additional data focused on domestic influences on international tax decisions. Building upon this foundational data work, I will delve deeper into the unique strategies countries adopt against tax treaty shopping using a qualitative approach, studying countries based on their diverse strategies to tackle tax treaty shopping. My investigation will tap into parliamentary archives, legal reports, and official documents. I also plan to complement this with firsthand insights from interviews with tax policymakers and professionals.

Ultimately, my goal is to contribute insights to the wider debates on global tax policy. This includes discussions on setting a global minimum tax rate, addressing the tax challenges presented by the digital economy, and understanding the dynamics between global institutions like the OECD and the UN. I aim to use my ongoing and future research, through a multidimensional inquiry, to bridge gaps in academic understanding while offering actionable policy insights in a world grappling with increasing financial complexity.

3. China's Rise in International Economic Governance: Building on the research examining the impacts of the China-led AIIB, in collaboration with James Vreeland and Jianzhi Zhao, I aim to work on a book project that delves deeply into China's emerging role in international development finance. This book will go beyond the AIIB, exploring other initiatives like the New Development Bank (NDB). Our aim is to understand the driving forces and outcomes of projects championed by these China-led institutions and compare them with longstanding entities like the World Bank and the Asian Development Bank (ADB). Moreover, we are keen on broadening our scope to explore how and why countries collaborate with China on other economic matters, such as de-dollarization, RMB internationalization, and international taxation.

The findings from our research will play a crucial role in addressing the current knowledge gaps in international economic governance. Through a focused examination of China's strategies and impacts, our work will offer a refined understanding that augments the prevailing literature. Furthermore, we anticipate enhancing policy discussions by presenting a more defined view of China's tactics, its influence, and the resulting shifts in global economic relationships.