OSTROM WORKSHOP **COLLOQUIUM SERIES**

Sarah Bauerle Danzman

Department of International Studies, IU

"Explaining Deference: Why and When Do Policymakers Think FDI Needs Tax Incentives?"

Monday, DECEMBER 3, 2018

12:00–1:00 PM • Ostrom Workshop, 513 N. Park

Why do governments compete for investment through tax holidays when there is strong evidence that these incentives are rarely consequential to locational decisions? Previous scholarship has attributed pro-business policies such as investment incentives to: the structural power of business in an era of international capital mobility, fiscal competition generated through political decentralization, or electoral pandering by political leaders. However, there is currently little understanding about how government agents form beliefs over how to best attract investment. Building on insights from the bureaucratic politics and behavioral economics literatures, we anticipate investment promotion professionals are more likely to view investment incentives as effective attraction tools when they have limited private sector experience and when they work for investment promotion agencies that are more integrated into the national bureaucracy and that evaluate employee performance based on deals closed. We test these expectations with a conjoint survey experiment of investment promotion professionals designed to uncover respondents' beliefs over the relative importance of different components of the investment environment to firms' locational decisions.

Sarah Bauerle Danzman is an assistant professor in the Department of International Studies at Indiana University Bloomington. She researches how (1) domestic and multinational firms influence and adapt to regulation, (2) rules governing capital shape global networks of ownership and production, and (3) global network dynamics affect patterns of economic crisis and resiliency. Her book, *Managed Interests: Domestic Firms, Financial Constraints, and FDI Policy*, is forthcoming at Cambridge University Press. Dr. Bauerle Danzman earned her PhD in Political Science from the University of North Carolina, Chapel Hill.

Presentations are open to the public and are live streamed (see our website for URL and papers). You are welcome to bring your lunch. For questions, contact Allison Sturgeon (sturgeon@iu.edu; 812/855–3151).

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