Shell companies that cannot be traced back to their real owners are crucial for enabling crimes like grand corruption, sanctions-busting, tax evasion, and the illegal trade in drugs and weapons. In investigating this shadowy, illicit world, *Global Shell Games* adopts a unique, experimental methodology based on posing as twenty-one different international consultants and making over 7,000 solicitations for prohibited untraceable shell companies from firms in more than 180 countries. Combining rigorous quantitative analysis, qualitative investigation of responses, and lurid news reports, this book makes a major contribution to research on compliance with key global rules, while also offering a novel approach to political science research. *Global Shell Games* is an invaluable resource for scholars of international relations, and a fascinating, accessible read for anyone interested in learning about worldwide criminal finance.

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Preface

A critic of the scientific approach to international relations might wonder how much “knowledge” has accumulated in half a century. In the pages of *World Politics* in 1966, Morton Kaplan defended the scientific method as the best means of studying international relations. Taking issue with E. H. Carr’s assault on science in *The Twenty Years’ Crisis*, Kaplan noted that the “traditionalist asserts that those who aspire to a ‘science’ of politics insist upon precision, rigor, quantification, and general theory. The traditionalist further claims that the complexity of international politics is such that these goals cannot be attained nor the important questions of international politics be investigated by these means” (Kaplan 1966: 7). Our sense is that this basic debate still seethes today with little resolution. This book is an attempt to move the discussion forward.

Advocates of science as a means to understanding international politics face at least two significant challenges. First, transnational relations is, in effect, infinitely complex – many millions of individuals, firms, organizations, and agencies from different countries and international organizations interact daily. Second, progress in the science of international relations requires the identification of causal effects, and observational scientific methods can only suggest correlations. The target is thus much too big, the instrument much too limited. In this book we argue that the first problem contains the answer to the second: the sheer number of transnational actors can serve as subjects in field experiments capable of revealing causal effects in international relations. The vastness of transnational interactions thus offers the means for precisely testing important theories of international relations.

We hope the book will be pathbreaking in several respects. First, it offers the most systematic and detailed evidence to date on the availability of anonymous shell corporations globally. We draw a detailed map of cross-national transparency in company formation practices derived from more than 7,400 contacts made to roughly 3,800
corporate service providers (CSPs) in 181 countries. Because the data are based on realistic requests for assistance with incorporation, they provide information gleaned from the relevant units of analysis behaving in their normal day-to-day routines. The data in this book therefore provide the most accurate picture of the issue area available.

Further, as far as we can learn, this is the first field experiment conducted on a global scale, where subjects reside in almost every country, treatment conditions involve more than a score of national jurisdictions, and the salience of international law is explicitly tested in a way that can reveal causal effects. It is also the first of what we hope will be many studies that fit what we call the experimental science of transnational relations, or Experimental TR. This broader research program probes the effects of international factors on the behavior of individuals, firms, and organizations. As noted above, these units of analysis exist in relatively large numbers, they can be practically and ethically assigned randomly to conditions, and outcomes of interest for them can be effectively measured – all of which makes them ideal as research subjects in field experiments. Experimental TR thus holds out the promise of a science of international relations research based on precise estimates of causal effects.

It is also the first published political science study of which we are aware to register the experimental research design prior to collecting the data and performing the data analysis. Registration of the research design pre-commits authors to follow through on precisely the planned experiment without massaging of the data analysis after the data are collected. We registered the planned experiment before we began collecting data, and the details of the registration procedure we followed can be found in the Chapter 2 Appendix at the end of the book.

As with any book-length endeavor, many more people contributed to the project than just the authors. We wonder if this has ever been more the case than for this study. First, our colleague Shima Baradaran was involved in the discussions of the research design and gave helpful direction especially where the study intersected her specializations in international and criminal law. With Shima as lead author we prepared two law review articles based on the research for the legal audience (Baradaran et al. 2013, 2014). Many scholars saw various presentations of the experiment and results, asked probing questions, and offered helpful suggestions. We therefore express gratitude to the Yale, Columbia, Cornell, George Washington, Northwestern, Vanderbilt,
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William & Mary, Adelaide, Griffith, Miami, Wisconsin, and BYU law and political science faculties. We also thank the Experiments in Governance and Politics Network, the Asian Development Bank, and the Norwegian Institute of International Affairs for their feedback.

Individuals in private practice and at several governmental institutions, non-governmental organizations, and international organizations sat for interviews and otherwise offered guidance, including personnel at the US Department of Justice, the Internal Revenue Service, the Financial Action Task Force (FATF), the World Bank, the International Monetary Fund (IMF), the US Senate Permanent Subcommittee on Investigations, and the United Nations Office on Drugs and Crime for their assistance in this project. Their perspectives on the issue area proved especially helpful. In particular, we are grateful to individuals from the private sector including Richard Hay, Bruce Zagaris, Ross Delston, Steve Flynn, David Spencer, David Harvey, Nigel Bristow, Glenn Cherepovich, and the Society for Trust and Estate Practitioners. From Global Witness we thank Robert Palmer, Anthea Lawson, and Rosie Sharpe. And from the World Bank we are especially grateful to Emile van der Does de Willebois, Rick Messick, and Larissa Gray.

Many scholars read and commented on various iterations of the research design and its manuscript incarnations. We express heartfelt gratitude to Karen Alter, Anne Cameron, Scott Cooper, Paul Diehl, Peter Gourevitch, Josh Gubler, Don Green, Guy Grossman, Darren Hawkins, Macartan Humphreys, Susan Hyde, Wade Jacoby, Chris Karpowitz, Robert Keohane, Daniel Kono, Jim Kuklinski, Ashley Leeds, Helen Milner, Quin Monson, Bob Pahre, Kelly Patterson, Jeremy Pope, Jessica Preece, Ernesto Reuben, Stephanie Rickard, Toby Rider, Jay Seawright, Joel Selway, Mike Tierney, Dustin Tingley, Mike Tomz, Jeremy Weinstein, Nick Wheeler, and Scott Wolford for providing very helpful comments. Our unhelpful critics remain nameless, but they are almost certainly responsible for all of the flaws in the book. Lamentably, their identities are hidden by anonymous shell universities.

A virtual army of talented research assistants did much of the hard work involved in the book by compiling the subject pool, contacting corporate service providers, and coding responses. We therefore thank Allyson Adams, Jessica Allred, Lauren Barden, Peter Carroll, Drew Chapman, Zach Christensen, Stephanie Dowdle, Madeleine Gleave, Dano Gunderson, Matt Hadley, Ben Haymond, Dustin Homer, James
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