

Strategic Delegation in Asymmetric Tax Competition

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Abstract

This study examines asymmetric tax competition under representative democracy systems. The findings show that the degree of asymmetry between countries affects the result of elections in each country, where the citizens select a policymaker to set a tax rate for the country. In particular, under certain conditions, a decisive voter in the election can select a citizen whose share of the country's capital is higher than the decisive voter's own share.

Keywords: Tax competition; Strategic delegation; Terms of trade

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