

Globalization and attitude toward a neighboring country: Tax competition approach

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Abstract

This paper proposes a model to show the emergence of a policymaker (political leader) that has a heterogeneous stance toward neighboring countries. The results show that (i) when countries competing for mobile capital have a similar position on the import/export of capital, an altruistic citizen will be elected as the political leader and (ii) when their capital positions are different, a citizen that has malicious preferences could become a representative of the country.

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Keywords. tax competition, citizen candidate model, altruism, malice

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