

# **Globalization, Capital mobility and tax competition: Panel data evidence from South Asia**

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## **Abstract**

Does increased capital mobility lead to race to the bottom? This paper empirically examines this issue in South Asia for the period 1990 to 2006. Estimates from a fixed effects model suggest that increased capital mobility reduces tax revenue. This suggests a tendency to race to the bottom. The findings have important policy implication for developing countries.

**Key words:** Capital mobility, tax competition, race to the bottom, South Asia

## **JEL codes:**

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