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NEWS RELEASE

Globalization Thesis' Race to the Bottom Does Not Withstand Scrutiny

Montreal – The Institute for Research on Public Policy (IRPP.org) today released a study by Christian Lammert entitled, "Modern Welfare States under Pressure: Determinants of Tax Policy in a Globalizing World."

Lammert, from the Centre for North American Studies in Frankfurt, disputes the conventional globalization thesis of a race to the bottom. He reveals instead, a continued increase in tax rates and tax revenues.

Comparing statistics from the OECD, Canada, USA, Sweden and Germany, the author argues that "overall increases in government taxation since 1965 have mainly been produced by increases in direct and personal income taxes and social security contributions."

Lammert says that the globalization thesis also errs in predicting a convergence of national tax regimes. "In all tax categories, except corporate income tax, there are still major differences between national tax regimes and no signs of convergence as a result of enhanced international economic and fiscal integration," concludes the author.

"Modern Welfare States under Pressure: Determinants of Tax Policy in a Globalizing World" is the latest *Working Paper* to be released as part of the Economic Policy and Growth research agenda. It is now available on-line in Adobe (.pdf) format on the Institute's Web site (www.irpp.org).

For more information or to request an interview, please contact the IRPP.

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