

# The National Competitiveness Revolution and the Race to Below the Bottom

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Governments and societies have been subverted by the view that - as US President Bill Clinton once put it - a nation is "like a big corporation competing in the global marketplace." The political rhetoric of "competitiveness" has taken as unquestionable fact the notion that competition between nations is a valuable social and economic good, rendering policy-makers unable or unwilling to respond appropriately to domestic economic challenges such as setting up fair tax systems or implementing appropriate financial regulation. The logical outcome of this "competitiveness" drive will not be zero tax rates on capital but a spiraling race to below the bottom leading to negative tax rates, as countries bid against each other using direct and indirect subsidies to attract investment. Yet, the intellectual foundations of the whole "competitiveness" agenda rest on economic fallacies and confusions, which few people have thought to challenge.

