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## The Economy Bomb

**Legislative attacks upon the wealthiest 1% of Americans could soon wreck our economy.**



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- Fact:** The **top-earning 1%** of US taxpayers **pay one third (37.4%)** of all federal individual income taxes collected.
  - Fact:** The **top-earning 1%** of US taxpayers **earn only 20.8%** of all federally taxable individual income.
  - Fact:** The **top-earning 1%** of US taxpayers **pay one half more (48.9%)** of the total individual income tax load than they did ten years ago.
  - Fact:** The **top-earning 1%** of US taxpayers are facing frivolous lawsuits in phenomenal numbers, simply because they are wealthy.
  - Fact:** The **top-earning 1%** of US taxpayers are in more danger of government seizure (forfeiture) of their private property than ever before in our history.
  - Fact:** The **top-earning 1%** of US taxpayers are **Leaving the USA** at the **highest rate in history.**

The facts above are based upon the following statistics and calculations which are, in turn, derived from preliminary data released by the US Internal Revenue Service and compiled by Action America. A link to the raw data and an explanation of it can be found in the article, "[1986-2000 IRS Collections Data by Income Category](#)"<sup>1</sup>. The information presented in this article may sound implausible at first, but read on. The existing facts, some simple calculations

and very conservative projections strongly support the conclusions presented here. Examine the numbers, follow the links and **do the math for yourself**. The problem is real.

- There were roughly 128 million tax returns filed in 2000.
- The IRS collected \$980.5 billion in personal income tax in 2000.
- The **top-earning 1%** of taxpayers (1.28 million tax returns) earned 20.8% of the income.
- The **top-earning 1%** of taxpayers (1.28 million tax returns) accounted for \$366.9 billion in income tax paid
- The **top-earning 1%** of taxpayers (1.28 million tax returns) paid over one third (37.4%) of the \$980.5 billion total individual income tax collected that year. Do the math (\$366.9 billion / \$980.5 billion).
- The **top-earning 1%** of taxpayers (1.28 million tax returns) paid almost double their share of taxes (1.8 times) in relation to income. Do the math (37.4% of taxes / 20.8% of income).
- The **top-earning 1%** of taxpayers (income over \$313,469 in 2000) carry 49% more of the tax burden than they did in 1990, when it was 25.1%. Do the math (37.4% / 25.1%). Indications are that the share of the tax burden that the wealthy will have to pay will continue to rise, though somewhat slower, even with a Republican President.

Since the original publication of this article in 2000, more oppressive legislation, aimed squarely at the **top-earning 1%** has made matters even worse. This is presenting a serious problem for the **top-earning 1%**. It is their legitimate and justified response to that problem that is a ticking time bomb that presents an even more serious threat to the **remaining 99% of taxpayers** (if you make less than \$313,469, then that's you).

I know that many people who look at the above statistics will immediately say, "So, what's wrong with making the people with the most money, pay more tax?" Many people seem to think that the wealthy have, in some way committed some horrible sin, just by being wealthy and that, as a result, they should be forced to pay a larger proportional share of the tax burden as penance. Such absurd arguments are not only immaterial, but serve to show how completely ignorant of the real problem now facing the United States, many people are. The problem that I am talking about is a direct result of the position in which the wealthy now find themselves.

The wealthy are being systematically backed into a corner by our government. They are paying double their share of taxes. They are facing frivolous lawsuits by the greedy. Their businesses dealings are being saddled with onerous Patriot Act requirements that often take so much time that profitable deals end up costing money, if they happen at all. And, their property is being confiscated (forfeited) by the government at an ever increasing rate. Everything for which they have worked so hard is being threatened.

Should we then be surprised if the top-earning 1% of taxpayers, facing an untenable situation, take the only legal route left open to them, even if such a response threatens the very fabric of the US economy? I think not. Their response is really quite simple.

## The wealthy are leaving.

The wealthy are leaving the United States in record numbers. Is it any wonder then, that according to records of citizenship and permanent residency applications at many foreign consulates, the wealthiest Americans are leaving the USA for more **wealth friendly** climates at the **highest rate ever?** But, what's worse, is that this exodus is increasing at an alarming rate.

One of the most absurd statements that I have heard in response to the above facts is, "So what? Let 'em leave." The problem is that, as a result of one of the laws (discussed below) designed to punish the wealthy for leaving, the wealthy are now **taking ALL of their investment capital with them**, when they leave. And, therein lies the true problem.

What really surprises me is that even a few well-meaning conservatives, who realize that the real problem is **Native Capital Flight**, have fallen into the greed trap, right along with the liberals. In fact, the most inane argument that I have heard on this issue has come uniformly from both ends of the political spectrum and goes something like, "Well, we just need to pass more laws to keep the wealthy from taking their money out of the country." Duh?... As I will show below, it is precisely those laws that are some of the primary reasons why Native Capital Flight has become such a severe problem in the first place.

So, what does all of this mean for the other 99% of taxpayers (those who make less than \$313,469)? Why is the fact that a handful of wealthy people are leaving and taking their money with them, such a problem? After all, wouldn't it take a tremendous number of wealthy people leaving to have a noticeable effect upon our economy? Actually, no. Until you look at the actual numbers and do the math, it doesn't appear to be a serious issue, but it is. So let's look at the numbers again and this time, let's do the math.

The chart to the right shows the percentage of individual income tax revenue that the wealthiest 1% of taxpayers were responsible for in 2000 (in blue) and the percentage of tax revenue that the rest of us paid (in red). The full circle represents the amount of personal income tax revenue that must be collected to fund the government for a year. It demonstrates that if only the **top-earning 1%** of taxpayers were to leave the USA permanently, we would all be in a world of hurt. How would you like to face a **60% tax increase**. That's exactly what it would amount to. Without that **1%** of the wealthiest Americans, every remaining taxpayer would have to **pay 60% more in taxes** to equal what was lost. Can you afford that?



Those who argue that Americans with the most money should be taxed at a higher rate will find themselves being taxed at a much higher rate, instead. If you are paying \$5,000 in income tax today, then imagine paying an additional \$3000 in taxes. If you are paying \$25,000, then imagine paying an additional \$15,000. If you are paying \$100,000 - well if you are paying \$100,000, there's a good chance that you already have your bags packed and your second passport, so you don't need to imagine anything.

As the most wealthy leave, the additional tax burden shifts to the next level down, so let's think about the fact that the **top-earning 5%** of income earners pay **56.5%** of all taxes collected. While the wealthiest 1% are "escaping" ("escape" is the popular term used by expatriates), do you think that the top-earning 5% will just be sitting around waiting for a **60% tax increase?** Of course not. And, when they leave, your tax bite will more than **double!**

Then, of course, there is the top earning 10%. But, I wouldn't worry about them. By that time, the government will have either repealed all of the wealth punitive laws and abolished the Income Tax, to encourage the wealthy to return, which is really unlikely, or they will have done what so many other repressive governments have done when faced with **native capital flight** on a massive scale - they will have **closed the borders** to keep the remaining wealth in the country.

But then, as shown by every case where that has happened, ranging from Nazi Germany in the 30's to South Africa in the 70's and 80's to to the more recent case of Malaysia, even closing the borders to capital only increases native capital flight. So, maybe you should worry about losing the top-earning 10% after all, because if they can manage to get out with their wealth intact, your taxes would more than **triple!** Although it's interesting to think about, for other reasons that I will explain, I seriously doubt that it will ever get that far. The problem goes much deeper. But, staying with just the tax issue for now, let's look at the numbers.

Here is the math for the top-earning 1%:

100% - 37.4% of taxes lost = 62.6% of taxes left

$\frac{37.4\%}{62.6\%} = 59.7\%$  additional tax burden for those remaining

Here is the math for the top-earning 5%:

100% - 56.5% of taxes lost = 43.5% of taxes left

$\frac{56.5\%}{43.5\%} = 130\%$  additional tax burden for those remaining

**THAT'S MORE THAN DOUBLE!**

Here is the math for the top-earning 10%:

100% - 67.3% of taxes lost = 32.7% of taxes left

$\frac{67.3\%}{32.7\%} = 206\%$  additional tax burden for those remaining

Think about it. If only the **top-earning 1%** of taxpayers leave the United States, the remaining taxpayers will find that they will have to pay **60% more taxes**. **1%** is not that much. If you were to put 100 pennies on a table and then take away just one, you could not tell the difference.

In fact, I will demonstrate later, just how quickly we could lose that 1%. Then, consider that if 5% of taxpayers leave the United States, the tax burden will more than double. And yet, our government is making it almost impossible for the wealthy to remain in the United States. Legislative attacks upon people with any significant degree of wealth is a ticking time bomb for our economy.

The exodus really began in 1968, shortly after the riots at the Democrat National Convention in Chicago. This is not to say that it was a problem at that time. Let's just say that the trickle of expatriates that any country experiences became a noticeable flow at that time. Indications are that the flow increased slowly, but steadily until the 1980's. For a short time during the Reagan administration, there was an attempt to roll back some of the wealth punitive laws and tax rates that were contributing to this exodus and indications are that it did have a significant effect. But, such is the nature of the **INCOME TAX** and the lust for ever more power that elective office often infects officeholders with, that no sooner than President Reagan left office, the attacks resumed and have been increasing since.

Evidence from foreign consulates indicate that the number of US citizens requesting foreign citizenship or permanent residence in foreign countries jumped significantly in the months after the Democrats in Congress tricked George H. Bush into a huge tax increase and the numbers have continued to rise. Another jump occurred just after the Clinton tax increase. But, there is now reason to believe that the wealthy are leaving the United States in significantly larger numbers every year. Scant information from some tax haven countries indicate that the number of US citizens requesting foreign citizenship or permanent resident status was roughly doubling every two to three years during the Clinton years. Indications are that in the first year of the George W. Bush administration, the numbers actually stabilized, although at a much higher level. But, when the President signed the USA Patriot Act into law, the increase continued.

Although information of this sort is very hard to come by, since consular offices are very hesitant to give out too much information, some have been willing to verify, not the actual numbers, but only the percentages of increase. Using our own extensive research, derived from known numbers we placed the number of wealthy Americans permanently leaving the United States in 1999 at a very conservative 100,000. We had indications of much higher numbers, but we were unable to confirm them to our satisfaction. Then, on April 2, 2003, [Financial Times Article](#)<sup>2</sup> put that number currently at 250,000. I personally confirmed with the author of that article that the IRS is indeed comfortable with that number. Even so, let's just stick with the more conservative number of 100,000 for our calculations.

So again, let's do the math. Approximately 100,000 wealthy Americans chose expatriation in 1999. Slightly more, but roughly the same number left in 2000 and there was no significant change in 2001. But, early indications are, that those fleeing the Patriot Act, will drive that number up significantly in 2002. Even so, for our calculations, we will assume that the number of wealthy Americans that are leaving remains stable, which further assumes that Bush and Congress hold back any more legislation that the wealthy see as detrimental to themselves or their rights. Granted, that's a very rosy assumption, especially since we have yet to see how the wealthy will respond to the Homeland Security Act, which represent wholesale attacks on the Bill of Rights and business privacy.

It would probably be reasonable to assume a 10-20 percent growth in expatriation every year. But, my purpose is to be as conservative in my projections as possible. So let's just stick with that assumption, multiply it out and you will find that if that rate continues for six more years, the number of wealthy Americans that will have left the United States in that time (including 1999) will be **roughly 1 million**. (See table.)

Note: Numbers expressed in thousands

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Annual Expatriation	100	100	100	100	100	100	100	100	100	100
Total Since 1999	100	200	300	400	500	600	700	800	900	<b>1000</b>

What this means, is that if this rate of expatriation continues for **only six more years**, what appears to be a minor problem today, could turn out to be a catastrophe for the US economy tomorrow. Remember that in 2000, the top-earning 1% amounted to only 1.28 million taxpayers. You can see that it's quite possible that most of those people could be gone by the time Bush leaves office.

Although it took a lot of work to dig up the expatriation information, it is still not as strong as I would like. But other ancillary evidence supports the numbers. For example, it used to be very difficult to find the single small bar in most foreign countries where American expats would gather. Today, they more common than car dealerships. There are quite a few in every small country. Other data that supports this conclusion is the Forbes Magazine lists of 400 Wealthiest Americans and the Worlds Billionaires. An analysis of those lists in recent years shows that while the number of billionaires in the US has dropped by 13%, the number of worldwide billionaires has grown by over 80%. (See, "[Defending the American Dream](#)"<sup>3</sup> for more on this point.) Then there is the Financial Times article. There is no doubt about it. The wealthy are leaving in large and increasing numbers.

But, consider this. Even if the expatriation rate is increasing only half as fast as these numbers suggest, we still have a serious problem. Then consider that those numbers might be off in the other direction. The Financial Times could be right. **It might be much worse...**

Officials of the Internal Revenue and other federal agencies deny this, of course, but the government's actions belie their words. Consider this. If the government's claims are true, why did both Republicans and Democrats in Congress suddenly find it necessary to add an amendment to the [Health Insurance Portability & Accountability Act of 1996](#) ([26 USC 877\(a\)\(1\)](#))<sup>3</sup>, that claims the right to tax expatriate Americans for **10 years after they renounce** their US citizenship if the government claims that they **"have reason to believe"** that the expatriate may have renounced for tax purposes? Why then, did they follow-up that abominable law with the [Immigration and Nationality Act of 1996](#) [8 USC 1182\(a\)\(10\)\(E\)](#)<sup>4</sup>, which permanently denies expatriates entry into the United States if the government claims that they **"have reason to believe"** that the expatriate may have renounced for tax purposes?

Why did our lawmakers find it necessary to pass two such specific laws aimed at preventing wealthy citizens from leaving, if they did not, themselves, **"have reason to believe"** that expatriation of wealthy citizens was becoming a serious problem?

If hundreds of thousands of the wealthiest Americans are not now structuring their holdings in preparations for leaving the USA, why did the Senate even considering a bill like the **Civil Asset Forfeiture Reform Act of 1999**<sup>†</sup> ([S. 1701](#)) that demanded that not only foreign nationals, but US citizens alike, disclose any and all financial information about foreign holdings that the government seeks or **LOSE ALL FUTURE LEGAL RIGHT** to challenge **ANY** property forfeiture in **ANY** US court? Fortunately, that one was narrowly defeated. But, the point is that all of these laws are clearly aimed at discouraging wealthy Americans from moving their wealth out of the jurisdiction of the IRS and then moving offshore themselves. The words of the federal agencies on this issue are belied by their actions.

**If native capital flight was not a very real and serious threat, there would be no need for such draconian laws.**

In fact, evidence compiled by the [US Bureau of Consular Affairs](#) in 1998 (*the link to this data became stale in 2001 and was removed*) contradict the claims of the IRS and others who insist that expatriation is not a problem. It shows that an enormous number of American citizens already reside offshore. The following numbers represent only US citizens who **have NOT renounced** their citizenship and that the Bureau knows about.

• San Jose, Costa Rica	19,800
• Vienna, Austria	14,000
• Bridgetown, Barbados	12,000
• Rio de Janeiro, Brazil	14,460
• Sao Palo, Brazil	16,480
• Santo Domingo, Dominican Republic	82,000
• Guadalajara, Mexico	111,100
• Mexico City, Mexico	441,680
• Bern, Switzerland	12,113
• Edinburgh, Scotland	20,000
• Jerusalem, Israel	76,195
• Madrid, Spain	75,596
• Tokyo, Japan	45,000
• Panama City, Panama	19,700
• Dublin, Ireland	46,984
• Brussels, Belgium	35,328
• Buenos Aires, Argentina	27,600

That list alone numbers **over ONE MILLION** American expats and only the ones who have notified US authorities of their whereabouts, at that. Then consider that we have not even begun

to touch the outlying areas in those countries or the hundreds of small island nations favored by expats, like Caymans, Bermuda, Grenada and Trinidad and Tobago, that have several thousand each.

As you read the above numbers keep in mind that there is very good reason to believe that **less than one expat in 10** ever renounces or notifies US authorities of his whereabouts after leaving. According to a Wall Street Journal article (December 28, 1998), even among the millions of expats that the IRS knows about, in 1994, they received just 257,000 returns claiming any special tax breaks for citizens overseas. There is only one reason why millions of expats would not file. They don't plan on returning.

How many more expats are out there who never renounced and have just dropped off of the government's radar? It can't be denied.

## The wealthy are leaving.

So, now that we have established that wealthy Americans are being forced to leave the United States in alarming numbers, let's delve a little deeper into the problem. In 1996 two laws that show just how desperate the Federal Government has become were passed by Congress and signed into law by President Clinton. Rather than creating economic **incentives** for wealthy Americans to stay in the United States, they attempted to **punish** those who would leave. Any first year political science major can tell you that historically, disincentives almost never work. These two totalitarian pieces of legislation were the **Health Insurance Portability & Accountability Act of 1996** ([26 USC 877\(a\)\(1\)](#))<sup>3</sup> and **Immigration and Nationality Act of 1996** [8 USC 1182\(a\)\(10\)\(E\)](#)<sup>4</sup>.

I will just touch on the **Immigration and Nationality Act** first, since its only purpose was to discourage wealthy Americans **from** leaving and it's only effect was to scare more wealthy Americans **into** leaving. The **Immigration and Nationality Act of 1996** included a provision that would permanently bar wealthy American expatriates from ever returning to the United States for any reason, if the government "**has reason to believe**" that **one of the reasons** that the expatriate renounced his US citizenship was to avoid US taxes.

There can be only one reason for such a law. The feds are seriously afraid of the consequences that the continued increase in native capital flight will bring and they erroneously believed that those wealthy Americans who were considering leaving would ever want to come back to a country that treated them like **second class citizens**. In my business, I travel offshore a lot and often to tax haven countries, where I routinely have a chance to talk with American expats (the popular term for expatriates). I was not surprised to find that among the reasons high on the list of recent expats, for leaving the USA, was the **Immigration and Nationality Act of 1996**.

The **Health Insurance Portability & Accountability Act of 1996** has much more ominous overtones. To begin with, the United States government, through this act, has the audacity to claim the right to tax expatriates for **10 years after they renounce their US citizenship**, if the government "**has reason to believe**" that **one of the reasons** that the expatriate renounced his US citizenship was to **avoid** US taxes (Note: tax avoidance is legal - it's tax evasion that is not

legal). Do you see what this says? They are claiming the right to tax foreigners, who have absolutely no connection with the United States.

The United States long shared with Libya the infamous distinction of being one of only two countries in the world that claimed the right to tax the income of its citizens regardless of where in the world that income was earned or banked. But, even Libya was not so tyrannical as to claim the right to **tax ex-citizens** for ten years after they renounced their citizenship. In fact, even Libya was smart enough to realize that such autocratic laws were causing an unacceptable amount of native capital flight and has now dropped its claim to the offshore earnings of its citizens. If a self-absorbed despot like Gadaffi can understand that, what does that say about **our** government?

It should be noted that today, only two other countries in the entire world attempt to tax the offshore earnings of its citizens (source: Wall Street Journal, December 28, 1998). One is the Philippines. The other is Eritrea. But enough of the company that our government keeps.

The real problem is not the abhorrent nature of this new law. **It's the effect of it.**

When word of the **Health Insurance Portability & Accountability Act of 1996** reached the wealthy, they saw this law for exactly what it was - not just another brick in the economic Berlin Wall that our government has been erecting to keep wealthy Americans from leaving with their wealth intact, but in fact, a large section of that wall. Many wealthy Americans who had been hesitant to leave saw this provision in the law as the last straw and began making preparations to leave. The government's claim to the right to tax ex-citizens for 10 years gave the wealthy no pause at all. After all, they had a solution.

For many years, when wealthy Americans chose expatriation, they most often left as much of their wealth as practical in some sort of tax sheltered investments in the United States, so capital flight did not represent as serious a threat as it does today. The wealthy would leave, but at least a portion of their investment capital stayed here. And that portion, though somewhat sheltered, still generated a significant amount of taxes and funded many US jobs. But since 1996, wealthy Americans who have chosen to leave, have had no choice but to take **ALL of their wealth** with them when they leave or risk it being **confiscated** by the **IRS**.

Let me emphasize that word. **ALL!**

Expatriates can no longer afford to leave **ANYTHING** behind. They sell **ALL** of their real estate, US stocks and bonds,... **EVERYTHING!** Over a period of time, they move **ALL** of their wealth into offshore investments. Then, when they leave, there is **NOTHING** left for the **IRS** to **confiscate**.

The government, of course, pouts and claims that these expatriates are being very un-American, just because they had the audacity to protect what was rightfully theirs from **IRS confiscation**. The government fails to realize or at least refuses to accept that it was their own attempts to grab more power, that made it impossible for these wealthy Americans to leave any money in the United States. So, instead of preventing wealthy Americans from leaving, they not only

encouraged them to leave at an even higher rate, but they forced them to take **ALL** of their wealth with them when they leave. And, there is the **root of the real problem**.

When the wealthy take ALL of their money out of the United States, it has many undesirable effects. The most obvious, as pointed out above, is the loss of tax dollars. But, there are far more serious consequences that lay beneath the surface. Most of the wealth that we are talking about is what we refer to as investment income. Regardless of whether that money is in a passbook savings account, an IRA, mutual funds or stocks and bonds, it is almost certainly money that is funding business somewhere in the United States. That money effectively represents **JOBS in the United States**. When that investment capital moves offshore, several things happen. Most notably, **JOBS** that the capital funds move offshore.

Some of that investment capital will be replaced, it might be argued. In fact, SOME, not ALL of it, will be replaced. But, it is the source of that new capital that creates yet another problem. When US based capital is not available, businesses look offshore for investment capital. Since US expatriates can no longer safely invest in US businesses, foreigners move in to fill the gap, temporarily. As more and more wealthy Americans are forced to flee the United States, Americans will find that they are increasingly the labor force for wealthy foreigners who, by the way, generally pay tax only on what they earn in the US. But, once the tax rates are forced up, by the lack of wealthy citizens to tax, even that foreign investment capital will dry up.

Add to all of this, the appalling increase in **frivolous lawsuits** by the greedy, the recent rash of **government confiscations (forfeitures)** and the heavy burden of the **Patriot Act** and you discover that increasingly, the wealthy are finding that their only choice is to leave. It's like a snowball rolling down hill. Right now, it's just a little glob of snow. But if we don't create some major **incentives** to keep American capital in America, it will soon become an avalanche.

The problem is very complicated and there is no single solution. But, far and away, the most pressing problems surrounding the capital flight issue are those caused by the **Internal Revenue Service** and the **Income Tax**. I mentioned earlier that I have interviewed many American expats about their reasons for leaving. The number one reason for leaving, cited by **EVERY** expat that I have talked with, was the **IRS**. **Not** the Income Tax. **The I\*R\*S**. When I asked them to be more specific, they cited IRS abuses, lack of privacy in their financial dealings and, let us not forget, the **Health Insurance Portability & Accountability Act of 1996** and the **Immigration and Nationality Act of 1996**.

Every last expat that I have talked with told me that the "deciding factor" that pushed them over the edge had something to do with the **"not to be sufficiently damned IRS."** That phrase in quotes, by the way, seems to be common in the expat community.

So, if we eliminate the "deciding factor" that is causing these wealthy citizens to expatriate, it would go a long way toward keeping any more wealthy Americans from leaving. Every previous attempt to solve this problem has been aimed at strengthening the power of the IRS. It should now be obvious that any proposed solutions to this problem that leave the IRS intact should be summarily dismissed. The single most important thing that we must do to stop native capital flight is **ABOLISH THE IRS**.

That would mean replacing the **Income Tax** with some system of taxation that **does not require such an organization** looking into the personal finances of every individual. The Flat Tax would not work, since it retains the source of the problem, the **IRS**. There are, in fact, only three tax plans that would fit this requirement - excise taxes on imports, letting the states do all the tax collecting as their voters choose and then taxing the states according to their productivity and a **National Retail Sales Tax**.

Since broad use of excise taxes have generally been found to have a negative impact upon the economy, they are not a practical solution. Taxing the states, instead of individuals, would probably work and the competition between the states would serve to keep the system efficient, but no such bill has ever been proposed in Congress. That leaves the National Retail Sales Tax, that has been proposed in every Congress for years and gains supporters every year.

The findings of a CATO Institute Policy Analysis on "[THE ECONOMIC IMPACT OF REPLACING FEDERAL INCOME TAXES WITH A SALES TAX](#)"<sup>5</sup> predict that the shift in tax structures will raise the stock of **US capital by at least 29 percent** and potentially by as much as 49 percent. Another recent study found that if the United States were to implement a National Retail Sales Tax, 80% of the largest corporations in Europe and Japan said they would build their factories in the United States and 20% said they would move their international headquarters to the United States.

A National Retail Sales Tax would not only create the incentive for wealthy Americans to keep their assets right here at home, but it would actually have the effect of **reversing native capital flight** and bring a lot of expatriated capital back into the United States.

But, here is the important thing. A National Retail Sales Tax must be implemented soon, before the expatriation snowball picks up too much speed to be stopped. If we wait until the economy begins to react to this capital flight, it will be too late. You saw what happened when the markets reacted to tech stocks being overpriced. Imagine what will happen when the markets take notice of **native capital flight**. Once that slide begins, all that you will be able to do is pick up the pieces.

## **WE MUST ACT NOW!**

Contact your [Congressman](#)<sup>5</sup> **TODAY** and tell him/her that you want him/her to support the [Fair Tax Act of 2003 \(HR 25\)](#)<sup>6</sup> and the [Individual Tax Freedom Act of 2001 \(H.R.2717\)](#)<sup>7</sup>. Either of these bills will go a long way toward reversing capital flight, eliminating IRS confiscations and getting the IRS out of our personal lives. I urge you to tell your [Congressman](#) that it is imperative that one of these two bills **MUST** be passed this session.

It is no longer simply a matter of equity in taxation. It has now become a matter of the **SURVIVAL OF THE UNITED STATES OF AMERICA.**

**We urge you to Support the National Retail Sales Tax  
(or start packing your bags).**

† After this article was written, a significant lobbying campaign, helped to cause S.1701 to narrowly fail in favor of a somewhat less draconian bill. But, confiscation is still a severe problem. In fact, to make confiscation seem less severe, the government has taken to calling it forfeiture. The term, "confiscation" connotes taking something that belongs to a citizen. The term, "forfeiture" connotes giving up something that was not the citizen's property in the first place. Who says subliminal messages are dead?

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### See related articles and supporting documents:

(1) [\*\*1986-2000 IRS Collections Data by Income Category\*\*](http://ActionAmerica.org/taxecon/irsdata.html)

<http://ActionAmerica.org/taxecon/irsdata.html>

[\*\*The Privacy Factor\*\*](http://ActionAmerica.org/taxecon/taxpat1.html)

<http://ActionAmerica.org/taxecon/taxpat1.html>

[\*\*More Attacks on the Wealthy\*\*](http://ActionAmerica.org/taxecon/taxpat1.html)

<http://ActionAmerica.org/taxecon/taxpat1.html>

[\*\*US Taxpatriates List\*\*](http://ActionAmerica.org/taxecon/taxpats.html)

<http://ActionAmerica.org/taxecon/taxpats.html>

(2) [\*\*Expats in tax exile face crackdown\*\*](http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1048313411172)

<http://news.ft.com/servlet/ContentServer?pagename=FT.com/StoryFT/FullStory&c=StoryFT&cid=1048313411172>

[\*\*American Citizens Residing Abroad \(US Bureau of Consular Affairs\) \(Dead Link\)\*\*](#)

(3) [\*\*Health Insurance Portability & Accountability Act of 1996 \(26 USC 877\(a\)\(1\)\)\*\*](http://www4.law.cornell.edu/uscode/26/877.html)

<http://www4.law.cornell.edu/uscode/26/877.html>

(4) [\*\*Immigration and Nationality Act of 1996 \(8 USC 1182\(a\)\(10\)\(E\)\)\*\*](http://www4.law.cornell.edu/uscode/8/1182.html#1182.b_10_E)

[http://www4.law.cornell.edu/uscode/8/1182.html#1182.b\\_10\\_E](http://www4.law.cornell.edu/uscode/8/1182.html#1182.b_10_E)

(5) [\*\*The Economic Impact of Replacing Federal Income Taxes with a Sales Tax \(CATO\)\*\*](http://www.cato.org/pubs/pas/pa193.html)

<http://www.cato.org/pubs/pas/pa193.html>

(6) [\*\*Fair Tax Act of 2003 \(H.R. 25\)\*\*](http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.25)

[http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.25:](http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.25)

(7) [\*\*Individual Tax Freedom Act of 2001 \(H.R.2717\)\*\*](http://thomas.loc.gov/cgi-bin/query/z?c107:H.R.2717)

[http://thomas.loc.gov/cgi-bin/query/z?c107:H.R.2717:](http://thomas.loc.gov/cgi-bin/query/z?c107:H.R.2717)

[\*\*Americans for Fair Taxation\*\*](http://www.fairtax.org/)

<http://www.fairtax.org/>

[\*\*National Retail Sales Tax Alliance\*\*](http://www.salestax.org/)

<http://www.salestax.org/>

[\*\*How to Hide Your A\\$\\$et\\$ and Disappear\*\*](https://www17.safesecureweb.com/pankau/cfstore/index.cfm?catid=2)

<https://www17.safesecureweb.com/pankau/cfstore/index.cfm?catid=2>

[\*\*Escape From America\*\*](http://www.escapeartist.com/core/core2.shtml)

<http://www.escapeartist.com/core/core2.shtml>

**See Expatriate sites:**

**[The Sovereign Society](http://www.sovereignsociety.com/)**

<http://www.sovereignsociety.com/>

**[Escape Artist](http://www.escapeartist.com/)**

<http://www.escapeartist.com/>

**[Expatriate World](http://www.expatworld.net/)**

<http://www.expatworld.net/>

**[Second Passports](http://www.escapeartist.com/passports/passports.htm)**

<http://www.escapeartist.com/passports/passports.htm>

**[Contact your Congressman here](http://www.house.gov/writerrep/)**

<http://www.house.gov/writerrep/>

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**Email: [info@ActionAmerica.org](mailto:info@ActionAmerica.org)**