



The Weakest Defense of Eduardo Saverin

by [Noah Kristula-Green](#) May 16, 2012 4:20 PM EDT

Facebook co-founder Eduardo Saverin has [decided](#) he will no longer be a U.S. citizen. Coincidentally, this decision is coming before Facebook has its IPO, and more than a few analysts and commentators think that Saverin is renouncing his citizenship to avoid an incoming tax liability and flood of paperwork.

Farhad Manjoo finds Saverin's decision [abhorrent](#). After all, Saverin's wealth is a product of being an American citizen and he has benefited from American institutions that have received taxpayer money, such as Harvard.

A sensible counter-argument would be that Saverin's exodus is a sign of how complicated the US tax code is and that changes in how the IRS collects income (and less cumbersome paperwork requirements) could have kept Saverin a U.S. citizen. This is the position taken by *Reason*, by Dan Mitchell at [Cato](#), and at the [Heritage Foundation](#). That is not the [argument](#) made by Aaron Ross Powell at [Libertarianism.org](#), a "Project of the Cato Institute" that is "a resource on the theory and history of liberty, broadly construed."

Ross Powell doesn't think Saverin owes the state anything. The reasons given are abstract, and yet the post is one of the most popular on the website's blog:

In Saverin's case, the same rejoinders apply: Why should "paying taxes" be the only or even best way to discharge any debt Saverin might have to America? And what about America's debt to him?

Because it's not like Saverin did nothing to earn his billions. They didn't fall out of the sky onto his head, at which point he gathered them up, stuffed them in his pockets, and said, "Screw all of you."

No, Saverin got rich by creating immeasurable value for Americans (and billions others around the globe). He co-founded an enormously successful company, one that in turn led to the creation of many other enormously successful companies. All of those businesses employ thousands of Americans, who not only are more prosperous than they probably would've been without Facebook, but also pay taxes on all their earnings. So even without its cut of Saverin's IPO windfall, Uncle Sam comes out ahead, as do all those American workers.

The rest of us gain, too, because we get to have Facebook. Which is cool enough that most of us spend far more time on it than we'd like to admit. Facebook made America (and the world) better.

Which means that instead of raging at Saverin for not wanting to give the bloated federal government in Washington more-more-more of his wealth, maybe we should just call it even.

I don't think that Saverin's billions just "fell out of the sky onto his head", but you know what might as well have from his perspective? Our system of laws. In fact, I seem to recall that Saverin is able to claim ownership of Facebook stock that is about to go public because he *planned to use the U.S. legal system to [win back](#) his shares.*

(And I am not even going to touch the issue about whether or not Saverin rightly deserves his shares, or as Jesse Eisenberg pretending to be Mark Zuckerberg said in *The Social Network* about the Winklevoss twins: "If you guys were the inventors of Facebook, you'd have invented Facebook.")

If you think that Saverin should be convinced to maintain his U.S. citizenship, this is an incredibly important argument to get right. If on the other hand, you [express skepticism](#) with the idea of a state at all, I can see how that doesn't lead you to the conclusion that in a more perfect world, Eduardo Saverin would stay American.