



Eduardo Saverin doesn't owe us anything

If high taxation chases successful people out of the country, that's the country's fault

by David Harsanyi
05/16/2012

When Brazilian-born entrepreneur Eduardo Saverin, one of the founders of Facebook, renounced his U.S. citizenship, allegedly to [avoid paying](#) millions -- or is it billions -- in taxes ahead of the company's [Initial Public Offering](#), there was plenty of indignation. Saverin was blessed with an upscale Miami upbringing, a top-notch Harvard education, and has thrived in an entrepreneurial environment created by Americans, becoming insanely rich during the Internet boom.

So the question is: What does Saverin owe the United States?

Is it reprehensible for him to drop his citizenship before paying his "fair" share to the government that made all this possible? Edward Kleinbard, a professor at the USC Gould School of Law, was quoted as [saying](#): "For Eduardo Saverin to expatriate struck me as perfectly lawful and, at the same time, profoundly ungrateful." Mark Cuban, owner of the Dallas Mavericks [tweeted](#), "This pisses me off." Similar reactions can be found across the Web.

The entire episode irks me, too. Yes, because Saverin seems like a selfish ingrate, but also for entirely different reasons.

If high taxation chases successful people out of the country, that's the country's fault. Daniel Mitchell at the Cato Institute [likens](#) this to a "fiscal version of blaming the victim." Obviously, attaching the word "victim" to a billionaire in an age of class warfare is not going to do much to bolster Saverin's case, but human beings will act in their own self interest. Surely, with every person, there are a host of reasons for making these kinds of decisions – who knows, maybe Saverin hates eating American cuisine or the weather – but once the tax code pushes people away rather than entice them to come, something is

wrong.

Earlier this year a study by the Alliance for Savings & Investment, [found that](#) the United States has the world's fourth-highest integrated tax rate on dividends and capital gains -- once the effect of the corporate income and state taxes were taken into account the rate 50.8 percent. Only the rates in France and Denmark were higher. That doesn't sound a like a smart way to attract investment, or keep it.

But even more irksome is the implicit message by some of those complaining about Saverin's departure. Paying taxes is does not show how grateful you are. Government should have no claim to person's wealth. We're not letting him "keep" anything that isn't his to begin with even if we don't like what's done.

There is a myth --often perpetuated by Democrats , most (in)famously by Elizabeth Warren -- that private sector success is [predicated](#) on a robust government. The reverse is true. Apologizes to Joe Biden, but there is nothing [patriotic](#) about funding a government that runs a 1.7 trillion deficit yearly -- it might be my duty to do so in a democratic nation.

No doubt, Saverin (who has lived Singapore the past few years and according to his spokesperson, plans to reside in that nation for a while longer) has already paid in far more than his "fair" share of taxes. Saverin will reportedly pay as much as \$150 million to leave behind his citizenship. Jim Rogers, investor and libertarian, who is a U.S. citizen living Singapore (where there are no capital gains taxes), [says](#), "When you give up your American citizenship, it's not fair as far as I'm concerned, but the rules are that you have to pay everything, you have to pay taxes on everything you own and then you can leave."

Whether his success was dumb luck, Saverin, as far as I know, went to Harvard on his own merit, he (with money borrowed from his family) made the investment into Facebook without any guidance from politicians, and has paid back his debt to government. Saverin's role in creating wealth and job -- as inadvertent as it may be -- is a lot more useful than any taxes he's going to pay.

David Harsanyi is a senior reporter at Human Events. Follow [@davidharsanyi](#).