

Surge in U. S. Citizens Expatriation: Testing Structural Equation Modeling to Explain the Underlying Policy Rational

Authors : Marco Sewald

Abstract : Comparing present to past the numbers of Americans expatriating U. S. citizenship have risen. Even though these numbers are small compared to the immigrants, U. S. citizens expatriations have historically been much lower, making the uptick worrisome. In addition, the published lists and numbers from the U.S. government seems incomplete, with many not counted. Different branches of the U. S. government report different numbers and no one seems to know exactly how big the real number is, even though the IRS and the FBI both track and/or publish numbers of Americans who renounce. Since there is no single explanation, anecdotal evidence suggests this uptick is caused by global tax law and increased compliance burdens imposed by the U.S. lawmakers on U.S. citizens abroad. Within a research project the question arose about the reasons why a constant growing number of U.S. citizens are expatriating - the answers are believed helping to explain the underlying governmental policy rational, leading to such activities. While it is impossible to locate former U.S. citizens to conduct a survey on the reasons and the U.S. government is not commenting on the reasons given within the process of expatriation, the chosen methodology is Structural Equation Modeling (SEM), in the first step by re-using current surveys conducted by different researchers within the population of U. S. citizens residing abroad during the last years. Surveys questioning the personal situation in the context of tax, compliance, citizenship and likelihood to repatriate to the U. S. In general SEM allows: (1) Representing, estimating and validating a theoretical model with linear (unidirectional or not) relationships. (2) Modeling causal relationships between multiple predictors (exogenous) and multiple dependent variables (endogenous). (3) Including unobservable latent variables. (4) Modeling measurement error: the degree to which observable variables describe latent variables. Moreover SEM seems very appealing since the results can be represented either by matrix equations or graphically. Results: the observed variables (items) of the construct are caused by various latent variables. The given surveys delivered a high correlation and it is therefore impossible to identify the distinct effect of each indicator on the latent variable - which was one desired result. Since every SEM comprises two parts: (1) measurement model (outer model) and (2) structural model (inner model), it seems necessary to extend the given data by conducting additional research and surveys to validate the outer model to gain the desired results.

Keywords : expatriation of U. S. citizens, SEM, structural equation modeling, validating

Conference Title : ICLRPP 2017 : International Conference on Law, Regulations and Public Policy

Conference Location : Berlin, Germany

Conference Dates : May 21-22, 2017