

Funding the Future

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One of the classic claims of the wealthy, and their friends on both the political right and in the tax abuse industry, is that if the rich are taxed then they up and leave a place. Except now we know that is not true. A new study by Cristobal Young shows that. [The publicity for his new book says:](#)

In this age of globalization, many countries and U.S. states are worried about the tax flight of the rich. As income inequality grows and U.S. states consider raising taxes on their wealthiest residents, there is a palpable concern that these high rollers will board their private jets and fly away, taking their wealth with them. Many assume that the importance of location to a person's success is at an all-time low. Cristobal Young, however, makes the surprising argument that location is very important to the world's richest people. Frequently, he says, place has a great deal to do with how they make their millions.

*In The Myth of Millionaire Tax Flight, Young examines a trove of data on millionaires and billionaires—confidential tax returns, *Forbes* lists, and census records—and distills down surprising insights. While economic elites have the resources and capacity to flee high-tax places, their actual migration is surprisingly limited. For the rich, ongoing economic potential is tied to the place where they become successful—often where they are powerful insiders—and that success ultimately diminishes both the incentive and desire to migrate.*

This important book debunks a powerful idea that has driven fiscal policy for years, and in doing so it clears the way for a new era. Millionaire taxes, Young argues, could give states the funds to pay for infrastructure, education, and other social programs to attract a group of people who are much more mobile—the younger generation.

And [today he has written in the Guardian, saying:](#)

To better understand elite migration across state lines, I analysed tax return data from every million-dollar income-earner in the United States. The dataset includes 3.7 million top-earning individuals, who collectively filed more than 45 million tax returns over more than a dozen years — showing where millionaires live and where they move to.

And it turns out that place still matters for the rich — much more so than we might think.

Only about 2.4% of US-based millionaires change their state of residence in a given year. Interstate migration is actually more common among the US middle class, and almost twice as common among its poorest residents, who have an annual interstate migration rate of 4.5%.

This is, of course, what we could expect. It's easy to move when you have very little, or when you're young. It gets harder the older you get. And incidentally, as he finds, when people do move then it's to the sun, and not for low tax. Again, there's nothing new in that.

But what does that mean? *It means we can tax wealth because the rich stay put.*

And we can have progressive taxation.

The arguments over: the facts are what matters. Now let's get on with it.