

PT

PLATE
FORM
NO. 10

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Chapter 1

The Origins of PT

For thousands of years people in power have been able to con the vast majority into giving their money and even their lives to supposed higher values. Those who become aware of the con are labeled trouble makers and depending upon the time and circumstances will be ostracized, jailed, tortured or killed.

The wise man or woman always looks carefully when asked to give his time, money or even recognition and support to any cause, country, ruler, emperor, religious-charismatic guru, nation, kinship group, true faith, society, club or lodge, and especially to society.

The threat of people acting in their own enlightened and rational self-interest strikes bureaucrats, politicians, social workers and many members of official churches as ominous and dangerous. Usually with great success they try to con everyone into believing that personal sacrifice, unselfishness, service and subordination to the group are the only virtuous and respectable ways to live.

Individuality and the possibility that people will not always accept the pronouncements of authority are labeled anarchy and are strongly discouraged. Rejection of group values is cause for the most severe punishments.

This condition has meant that through the ages, every group or organized society has methodically suppressed and destroyed its most original and talented thinkers, just because they were different. The bullies, lunatics and fanatics who often reach positions of power and leadership find no shortage of underlings willing to wage wars, persecute those with unpopular views and generally make this world a dangerous and unfree place to live.

Where would you like to live? Who do you want to live with? Would you rather be among people who respect your individuality? People who do not try to change you? People who do not try to force you into an uncomfortable morality or lifestyle? People who do not expect conduct which you do not feel is in your best interests?

The vast majority of people in the world are followers, mere sheep with no particular desire for freedom, nor any wish to be allowed to think for themselves or provide for themselves. They want to have leaders, gurus and to be told exactly what to do and how to think. The majority want someone to take care of them, to make decisions for them and to have the security of belonging to a group, a country, a church, a club that will protect them. They have low levels of self-confidence and a great respect for authority. They have been conned.

If I have just described you, you have no PT potential. You believe that sacrificing yourself is the only way to live. You don't have much sense of personal identity, nor any confidence in your own ability to take charge of your own life and achieve anything of

importance. You don't want the freedom to make your own decisions, to come and go as you please. You probably feel hostile and threatened that anyone else could think differently than you do because, as part of your philosophy, you don't respect the right of other people to march to different drummers. You are sure that your religion is the only true belief. Deep down you know that only your skin is the right color. You are sure that your morality is where it's at and at only your country is worth fighting for. Additionally, you feel that everyone should pay his fair share of taxes, even if it hurts. After all, we are on Earth to help our fellow man and we have to do it as a group.

If the above sentiments fit your belief system, don't bother with the PT philosophy. This report is not for you! If, however, you doubt your ability to follow blindly... read on!

"Conned" is a colorful American expression. It comes from the phrase "confidence game or trick". A criminal who wants to do you out of some money will devise some ploy to gain your confidence. For instance, posing as an infallible investment adviser, he will convince you to invest a nominal sum in a commodities deal that will make a fortune. On paper you will turn a small punt (bet) into five times as much. Then the con man will show you how to do it again and you will be convinced he is really good. Finally comes the time for a serious investment, in the biggest and best sure thing of all time. That's when your money grows wings and you never see it again. Here's where you've been officially conned.

As a small child, I was conned into eating food I didn't like by being told it would help the starving children of Africa and China, because I wouldn't be wasting the food. It worked when I was three, but at five I had the nerve to ask Mommy what difference does it make if the dried up porridge went into my stomach and then the toilet, or directly into the toilet first. For such impertinence, I got a smack.

As a law student, in a class on ethics we were told that lawyers (at least at that time and place) did not advertise or solicit new clients away from other lawyers because we were about to become part of an honored profession. A fraternity. Not a commercial trade where cut-rate prices and promises of better, faster service could be touted. Because I was then working for a somewhat incompetent but established old line law firm with many good clients, I raised the question that the "non-advertising, non-soliciting" canon of ethics was economically bad for young lawyers not affiliated with major firms and would have the effect of leaving clients unaware of alternatives. Years later, I was to learn that as a result of those and similar observations, my file was noted "troublemaker, unethical, does not accept authority".

Such comments on confidential school and secret government/employer files make it difficult for me to find conventional employment. I am glad it worked out that way because I was forced to become an entrepreneur, a newspaper owner, a deal maker - always outside the established order. Those who were doing the conning, or those who were conned and would not question the then-conventional ideas and ways of doing things, felt that I was an enemy.

A high profile, unconventional personal lifestyle combined with political activities that successfully began to reduce the size of government eventually brought me the unpleasant experience of a government-inspired investigation and a series of contrived, phony lawsuits with very bad scenarios. Like many original thinkers whose ideas find their way into the mainstream, those in power perceived me to be a threat. Unlike Socrates or Jesus, I didn't stay around to be crucified. I had already prepared to become a PT. Once I realized that I would have to fight city hall, I left for Thailand where a little grass shack, a little brown girl and a word processor were ready and waiting. I shouldn't leave out the fact that to support this pleasant little establishment there was plenty of cash, placed far beyond the reach of any grasping government.

But let me start from the beginning. Without going into too much detail, here is my life story. I started several businesses. The first ones failed. That experience is probably familiar to all of you who've started businesses. Gradually I learned from my mistakes. I began to get fairly rich. I thought being rich would be wonderful just like in the movie Barry Lyndon where servants came out and presented the master and his elegant guests with food on silver platters. I fantasized that my chauffeur would drive me around in a white Rolls Royce. I thought it would be a wonderful thing to have lovely little white poodles and a beautiful wife and maybe two mistresses on the side. All I knew about how to act rich was what I had seen in the movies

So when I had my first million I bought a Rolls and a mansion with an ocean view. I married my third wife, whom the papers called a "socialite heiress". I ended up with a beautiful wife, a girlfriend, a gay butler, a Japanese house-girl and a house with three bathrooms. That's what you do if you're rich, isn't it? The whole works! Let me tell you, being rich isn't all the good life of endless parties and beautiful people, like in the movies. No sir! At my first gala dinner party, there were teardrops in my Beef Wellington because the butler was crying. I said, "Sam, what's wrong?" He explained: "Well, my lover just left me and I need somebody to talk to". So I had to leave dinner and listen to his problems. A few weeks later, my wonderful doll-like house-girl started having problems. She looked so good in her geisha outfit as she poured this green tea for my guests, until she opened her mouth. It turned out that she had bad teeth and gum problems. I ended up running my house-girl back and forth to the dentist for months. The Rolls Royce never worked properly. The poodles piddled on my carpets. My wife and girlfriend both cheated on me. My wife was spending my money like a drunken sailor, or maybe a drunken admiral.

The long and short of the story is that all these "rich folk activities", material possessions and all the employees that were supposed to make life easier became much more of a burden to me than I could ever have imagined. Oh... I left out the worst part. If you get a bit rich and a bit famous, you will be profiled in the newspaper. At first you're flattered by a nice feature article about the new, up-and-coming man-about-town. But I couldn't go to a men's room anymore without some insurance guy or somebody else wanting to sell me some hot stock or a terrific scheme for cocoa futures. I was a sucker who couldn't resist a good sales pitch. Now I didn't consider myself a sucker at the time, so I was being sold all

of these terrific investment schemes. I knew nothing about cocoa or frozen orange futures, but there I was speculating on everything that came along from Andorra to Zimbabwe. Soon, I was losing more money than I was making.

Then my two ex-wives from poorer days began to stir up trouble with contingent-fee lawyers wanting more alimony. Finally, the tax auditors came by and wanted to see what the local celebrity was doing. To cut a long story short, once I had become a millionaire life got progressively more and more miserable. I learned an important lesson which I'll pass on to you now. It's a lot easier to make money than it is to keep it! At this point, I began to look around for some way that I could hold on to what I had and eliminate the hassles. Getting rid of the rich guy image was a first step. Getting my finances under control was step number two. PT was to come much later.

Now, we all like people who can make good predictions as to what the future of the stock market is going to be. Very few people have been consistently successful at it. So I chose people who had been marvelous. Problem was that after five or ten years of being on top, they always had a crystal ball malfunction right after I signed on to follow their advice. In what I call passive investments, where you write a check and you don't have to do anything else, I usually lost money.

Do You Want to Make Lots of Money?

If you buy raw meat wholesale and divide it into sausages that you sell retail, you can control most of the variables. If you have sausages that don't sell, you can make a bigger sign on your stand. You can yell louder or you can sprinkle garlic on them, turn up the heat and hope the yummy smells bring you some customers. You have some control. In your own business you can run things your way. You can change things if they are not working correctly. But if you're investing in a Japanese stock, obviously there is very little you can do but cry when the Japanese stock market crashes. The variables in passive investments are things you can't control at all. So there I was, losing my shirt on my passive investments.

A Solution for the Unlucky Investor

What I eventually did was to find three very conservative Swiss bankers and I said, "You guys run my portfolio. I'm picking a total of three managers. The best performer over a three year period will get more of my money to manage, plus friends that I'll send over as new clients. The worst of you will be dropped and replaced". That's the policy I have followed for the last 20 years. It's worked out pretty well for me. As a result, I don't have to worry about my nest egg anymore. I never listen to any cold calling salesmen. I make a very reasonable return. Ten to fifteen per cent a year. I don't make a killing, but I don't worry too much about my investments either. If you can live on a ten per cent return, tax-free, after inflation, from your capital, then this solution is pretty good. It was a way to finally get the time and freedom to find out what gave me pleasure and pursue my real interests.

Secret number one. To avoid stress, aggravation and serious losses, let a solid, no-nonsense professional run your investments! Another mistake I made in those early days was to choose the best performing stock market fund of the prior year. Naturally, that fund invariably then had a disastrous year. I soon worked out that those funds which have had a good prior year or two will probably turn into one of the worst of the current year. So don't repeat my mistakes. Try to find a relatively conservative money manager who doesn't have the best performance in the world but who has been reasonably consistent at preserving capital. Expect to make your serious money only in a business that you control, i.e. your own. Use money managers for your passive investments. This will reduce the hassle factor.

Enter Sir Harry

While I was struggling to reorganize my life, a pamphlet by Harry Schultz came my way, discussing PT. In those days, Harry called it "The Three Flag Theory". This turned out to be my greatest discovery. With a net worth as small as perhaps US \$25,000, or in that range, you may well be able to quit working, enjoy life and live on your tax savings alone. You can keep your capital and most of your interest and dividends, tax-free.

But before we launch into a full description of the PT philosophy, who is Harry Schultz? Harry Schultz, ageless editor/publisher of the *International Harry Schultz Letter*, is a classic PT. What are the facts behind the Harry Schultz legend? Many of his newsletter readers would like to know more about the man behind the masthead. Harry gave us this exclusive interview.

"My days as a thinking humanoid began and the seeds of PT were planted during World War II when I was a soldier assigned to duty in Shanghai. Like anyone who has ever been in any army, I learned what it was to be under the thumb of a Big Brother Bureaucracy. I was a good soldier outwardly, but my mind was elsewhere. I used every off-duty hour to read voraciously and prepare myself for the newspaper I was determined to buy after discharge. The war was winding down, and I was already a PT - part-time soldier, Preparing for Tomorrow. I made some money trading shares in my off-duty hours on the Shanghai Stock Exchange. What a marvelous discovery it was for a boy from Milwaukee to see that it was possible to make money in a totally alien environment. It gave me a sense of confidence that most people never get. We all could earn a living almost anywhere, but there is this fear that if we leave the nest something terrible will happen. The truth is, something wonderful will happen. You will discover that there are many 'mobile occupations' that you can do anywhere in the world. I discovered trading. I bought and sold silk, bank shares, currency and made a small fortune (very small) in a high inflation economy. I also bought and sold gold coins and bars. By the time my discharge came through I had turned US \$500 of army pay into enough money to make a down payment on a weekly newspaper in Palm Springs, California. At the age of 22, I owned my first newspaper.

"I turned this paper into the first daily the town ever had. It was later taken over by the *Sun*. This experience led me to the discovery that more money could be made and getting into ruts could be avoided if one bought a small or distressed operation, made it bigger and more profitable and then sold it. I became a different kind of PT then, a Publisher Temporarily, as I bought and sold newspapers, sometimes starting them from scratch. I had three basic skills: writing, editing and publishing. I found these could be employed anywhere in the world. A basic PT tool is figuring out how your skills or talent can be adapted to fill local needs.

"My newspapers, 13 in all, were in the United States though my wartime travels in the Orient gave me the wanderlust. I started out, after selling my last newspaper, with the idea of taking a year-long trip around the world to see if there might be some place where I'd like to have a part-time residence. I never moved back to the US on a permanent basis. The world was just too exciting to commit myself full-time to any one place. I felt sorry for the 95 per cent of the world's population who never know anything but the immediate vicinity of their birthplace. Just because you were born someplace doesn't make it the best place on Earth, though most people are so provincial that they think their home town is the center of the universe. Excessive familiarity with surroundings kills your spirit and breeds laziness of mind. Worst of all, you don't grow up as much if you remain among school friends and family. They continue to treat you as they did when you were a child. They remind you of your limitations and 'proper place'. They pressure you and mold your life into conventional predictable patterns. The only thing you experience is growing older as all your friends grow older.

"Army life had convinced me that I needed to be my own person, not under anyone's thumb. The excitement of discovering new places, going into many interesting business ventures and always making a good living by buying and selling things was keeping me young, alert and intellectually vigorous. When I returned several times to the United States I was appalled by the violence and crime in the big cities. And I speak not only of armed robbery but also of the legal violence. Americans after World War II were suing each other as a way of life. Involved in a few small claim's suits as a defendant, I learned quickly that victory didn't go to the morally right person. By the 1960's there were new legal theories that would disburse the life savings of a productive hard worker like myself with deep pockets, to any impecunious person who cared to sue. As I said, I didn't want to be under anyone's thumb and the legal system in the United States had unquestionably tilted against anyone who had enough skill or luck to accumulate enough assets to be financially independent.

"As a result of my experiences, I decided to have a 'floating' home. Not a boat, but rather a state of mind that could allow me to be a sort of modern-day nomad. I tried Canada for a few months and loved it until winter set in. Then I took off for the fabled French Riviera and decided to live there very modestly while trading on various stock markets all over the world. In my spare time, I wrote a book. This turned out to be *Bear Markets* which Prentice Hall published.

"My trading and book were both successful. As a result I had many letters from readers asking for financial advice. This led to a newsletter for my consulting clients. While I didn't like the idea of being tied down to deadlines and a regular job, I thought that I could write the newsletter from anywhere in the world. And that is exactly what I did! As I moved around, the world's first portable international newsletter helped me achieve my goals. What were those goals? To be my own boss and to write useful information for my friends and clients exposing the truth where need be, without worrying about anyone getting bent out of shape, giving me a tax audit, going on strike or throwing a monkey wrench into my printing presses. The *HSL*, founded in 1964, was a one man show. I have had wonderful stagers and have met many interesting friends via my newsletter. Mainly by word of mouth, subscriptions came in from all over the world, including heads of state and leading thinkers. My information sources also multiplied and my creative powers expanded. I have written the *HSL* from Beverly Hills, Washington DC, London, Copenhagen, Paris, Monte Carlo and Sydney. After all these years, it is still going strong, coming out every five weeks. It has been printed in a dozen countries and like me, can move across the world on short notice. A portable communication has given me a healthier, free life. As a PT you are under no one's thumb. Only you call the tune.

"About 20 years ago, I put the concept of PT into a mini-book I called *How to Keep Your Money and Your Freedom*. 'Three Flags' was the way I described the need to have a second passport, a safe haven for your assets outside your own country and a legal address in a tax haven. Over the following years, I wrote many newsletter segments about what I eventually came to call PT. It was also at about this time that I first met Bill Hill and with him expanded the three flags to five. We included a place of business and playgrounds. A consistent purpose in life is also one of the goals of the true PT. With the help of Bill Hill and others, I think I've discovered one answer to the question of how to live life to the fullest. Best wishes."

Harry D (for Dynamic) Schultz

If it were not for Harry Schultz, I would never have discovered the PT concept. He is truly an inspiring person and I strongly suggest that you write for a sample copy of his newsletter, HSL at **Harry Schultz, PO Box 622, CH-1001 Lausanne, Switzerland**. Please enclose US \$25 cash for postage and handling. HSL contains a wealth of investment advice as well as regular PT updates, the section which Harry claims has become his most popular segment. Mention that you are a PT reader.

Chapter 2

What is it all About

Do you want to escape the control over your life and property now held by modern Big Brother government? The PT concept could have been called Individual Sovereignty, because PT's look after themselves. We do not want or need authorities to dominate every aspect of our existence from cradle to grave.

The PT concept is one way to break free. It is a coherent philosophy, a plan for a stress free, healthy, prosperous life not limited by government interference, the threat of nuclear war, the reality of food and water contamination, litigation, domestic conflicts, taxation, persecution or harassment. Whether your problem is an unacceptable child-custody decree or an unwarranted accusation by some Gestapo-style government agency, PT offers escape. It is a way out of any negative situation created and imposed upon you by any government. Many individuals choose to vent their frustrations with acts of violence. The PT merely avoids conflict by refusing to play where the rules are unfair to him.

What Does PT Stand For?

PT stands for many things, Perpetual Traveler or Permanent Tourist, for instance. However, a PT need not travel all of the time, nor any of the time for that matter. A PT merely arranges his or her paperwork in such a way that all governments consider him a tourist, a person who is just Passing Through. In the eyes of government officials, the PT is merely on a temporary sojourn or vacation. The advantage is that by being seen as a person who is only Parked Temporarily, the PT is not subjected to taxes, military service, lawsuits or persecution for partaking in innocent, but forbidden pleasures. Unlike most citizens or subjects, the PT will not be persecuted for his beliefs or lack of them.

PT is a concept, a way of life, a way of perceiving the universe and your place in it. One can be a full-time dedicated PT or a part-time PT. PT is elegant, simple and requires no accountants, attorneys, offshore corporations nor other complex arrangements. It's the Perfect Thing.

The Threat Called Government

Governments, under the guise of protecting us, have intruded into every area of life, taking the largest part of our earnings in taxes and then rewarding us with little aside from restrictions and harassment. All modern governments these days have virtually eliminated individual privacy and continue to increase limitations on freedom of choice in many areas of human activity. Each country has its own unique restrictions. Even western democracies are growing increasingly fond of keeping their citizenry on very short leashes, if not completely shackled.

The constitutions of most nations give lip-service to the absolute freedom to travel, but in practice every government severely limits travel with passport, visa and other requirements. By imposing restrictions on foreigners, most nations invite tit-for-tat measures. Personal finances, currency controls, domestic situations and job requirements make the freedom to go anywhere at anytime just a dream for most people. The properly equipped PT operates outside the usual rules, gaining perfect mobility and a full slate of human rights. PT is the logical and natural path to freedom from proletarian dictators, ambitious politicians, emperors, occupying armies, ruling classes and the tyranny of the majority. Indeed, freedom from the arbitrary whims of sometimes deranged politicians and the destructive powers of rampant bureaucracy is the essence of PT.

PT's, People of Talent, can, at a few strokes of the pen, be truly free of Big Brother. Since oppressors and exploiters in the modern world exercise control with paperwork and computers, one of your first and prime objectives is to get off all computer lists and registers of any kind. This is easy to accomplish. PT's disappear from the voter lists, then vanish from the roster of property owners or taxpayers. Your present government will no longer be interested in you if they think you have left the jurisdiction and have ceased to be a citizen or subject. It is the goal of the PT to achieve this invisibility by taking on a new nationality and acquiring an offshore address.

This arrangement opens up all sorts of previously unknown possibilities for the PT. For instance, US banks are not permitted to encourage US customers to keep accounts in foreign currencies. Foreign banks are not permitted to advertise such accounts in the US. Regulated financial institutions are forbidden to advertise the fact that when the dollar is devalued, all American bank accounts, stocks and real property decline in relative value. A dollar decline of 50 per cent against most other currencies occurred between 1985 and 1987. The vast number of US citizens were kept in the dark about the simple procedure for avoiding this predictable loss. They could have made a sure 100 per cent on their money in one year by switching into yen, Swiss francs or German marks.

Furthermore, PT freedom extends much further than monetary concerns. Neither the PT nor his family need be inconvenienced by government instigated wars or military service that they would rather avoid. The flexibility and mobility inherent in being a PT means that one will never be an unwilling draftee, victim, jailbird, concentration camp inmate, casualty, refugee or displaced person. PT's choose their own fights and surroundings. They are not swept along in torrents caused by forces beyond their control.

You can rest assured that with the PT theory, you will be able to remain comfortably beyond the reach of Big Brother's ever extending grasp. It is impossible for any government to attack or wipe out PT's because we are an amorphous group without consistent behavior patterns. From the point of view of any government official, we appear to be the most desirable kind of tourist, respectful of local laws and authority, low profile and prosperous. PT's cannot be identified, classified or isolated from the general run of tourists. Thus, unlike some publicity seeking individualists or tax rebels, a PT courts no danger and invites no confrontations.

Avoid Taxes Legally

A Canadian investor with a large income from his stocks and bonds would normally be obligated to sacrifice almost half of his earnings to the Canadian government. He could choose to reduce his tax burden in the most common, but ill-advised way, the fiddle. He would then become a criminal, at least in Canada. Many countries have only civil penalties for tax violations, but Canada, the UK and the United States have made tax evasion into a criminal offense, resulting in what are in effect debtors prisons for those who refuse to pay taxes. It would be far more sensible for this Canadian investor to break free and become a PT.

By merely moving abroad and establishing a legally recognized residence and domicile in a tax haven, this Canadian investor would be able to legally avoid handing over half of his income to the bureaucrats. He would then also be free to roam the world as desired, provided he did not remain anywhere outside of his new tax haven home long enough to be considered resident for tax purposes. Thus, the PT avoids all income taxes without resorting to fraud, because it is not necessary. A theoretically perfect PT need never file tax returns, government required disclosure forms or any other paperwork.

The major exception to this scenario is if you are a US passport holder, in which case you will also have to divest yourself of what is commonly known as the most expensive passport in the world. I will discuss the particular problems faced by Americans in greater detail later in this report.

If you don't enjoy forcible extraction from your bank account or restrictions on your basic human rights, then you can easily move and declare yourself to be a legal resident of anywhere you please. If you don't like paying taxes, they can legally be avoided. There is no government that has the legal right or the practical ability to tax a PT who neither lives within its borders permanently nor has any assets there.

The PT is free to enrich the world with his talent, skills, invention, industry or artistry and then enjoy 100 per cent of the fruits of his work or enterprise. Unlimited, untaxed wealth and the power to dispose of it as you please is one of the major benefits of becoming a PT. PT's can produce good things, be paid in full without withholdings or deductions and then spend their earnings on what gives them pleasure.

PT Possibilities

As PT's, only restrictions imposed by ourselves can keep us from experiencing the wonders of the world. The PT can and will drive, fly or sail across international frontiers when and where he wants, alone or with anyone he chooses. PT's move freely without exit permits or visas. As PT's we should be mentally, financially and physically prepared to leave anywhere we happen to be and go to the other end of the earth at the first whiff of

danger or just in search of greener pastures. The PT is able to move fast and decisively, to disappear and resurface anywhere, anytime.

As PT's we can read what we want to read, eat what we want to eat, see what we wish to see, imbibe or ingest as desired and invest anywhere in anything. We are completely free from restrictions placed upon us by governments. We can buy or sell what we please. We can associate with, employ or live with people whom we find agreeable and pleasing. If we want to change friends, employment or climate for any reason, we can do so almost instantaneously without the need to get any sort of permission from the state. Until you become a PT, the range of opportunities denied to you is inconceivable. We don't miss the things of which we are unaware. This report will raise your consciousness as to the nature of freedom. It is one way to rid yourself of limitations.

Upon becoming a PT, I discovered that I could drive at top speed on a public highway without ever getting a ticket. The secret was merely the German autobahn where there are no speed limits. Fast motoring may not be your cup of tea, but the point is whatever your particular pleasure or peculiarity may be, there are always going to be several places in the world where it is legal and available. In Germany, the land of BMW and Porsche, the vast majority of the locals feel that it is their inalienable human right to zip along as fast as their cars can go. A PT need never be tempted to break any laws. If he feels like doing something illegal, like playing a hand of high-stakes poker in a town where gambling is not permitted, he simply goes away and does it where it's legal. A PT seeks out places where he can do as he pleases, legally and openly.

Many men and women in Ireland were forced to become PT's because divorce is not allowed. The thought of being forced to stay married for life to a much disliked spouse was enough to send them across the seas. The Irish still consider many types of physical contact between two consenting adults to be a crime. This list includes adultery (even if one party was deserted by his or her spouse thirty years ago), fornication (sex before marriage) and even oral sex between married couples. All of these activities are punishable by long jail terms in Ireland and many other Christian countries.

With PT, gone is all the fear of fines, censure or jail for victimless crimes. Gone is the fear of eating turtle soup or roast pork or drinking wine, activities which are illegal in almost half the world. Gone is the fear of violating such laws as prohibition against peeing in a toilet reserved for members of a certain race. Goodbye to all such laws. Goodbye also to all censorship and managed news. Goodbye to government forms in quintuplets. Our personal finances, the medical treatment we need, our personal domestic life and relationships are strictly our private affair, not objects to be manipulated by government against our personal interests.

PT Means Real Freedom

As PT's we can study any philosophy, raise and educate our children in our beliefs and opinions without contradiction from our government-controlled school curriculum. We

can pass on our knowledge and point of view according to our inner lights. We need not follow the dictates of an obtuse school commissar who bans our favorite books and forbids mention of those truths we find most self-evident.

As PT's we finally become able to invent, improvise, abandon, reject or follow any religion, personal morality or way of life we choose. We can shop, have a drink or eat when we want, not just when the local laws allow restaurants and stores to be open. For those with unconventional thoughts, habits or beliefs, PT is the answer. Life can be lived spontaneously, free, without state imposed restrictions. Becoming a PT means never again having to ask permission or submit to any higher authority. Life is free of permits, licenses, exit permits, visas, currency restrictions, taxes, record keeping, bureaucrats, social workers, litigation, filing and reports.

PT's need not put up with rules, regulations or laws they find personally offensive, inconvenient or immoral. Thus if it suits him or her, without any government or church dispensation, the PT may have as many spouse-equivalents as can be managed. The range of possibilities for greater freedom is expanded to whatever can be conceived. A PT may be celibate and need not own a car or acquire any other status symbol unless so desired.

On the other hand, the PT can live in a highly controlled society if he so chooses, if for some reason this sort of community gives him a sense of security or perhaps even superiority. PT is all about options. The more options you have, the more free you are. A PT can live under whichever system suits him best.

This freedom, however, does not mean that a PT should be or can be irresponsible by causing problems, injury or pain to others. The message of PT is not to encourage greed, lust, irresponsibility, immorality or any of the other seven deadly sins. On the contrary! To avoid government's heavy hand is to avoid violating local laws and morality. We must go physically to those places where doing what we want to do is accepted as ordinary behavior. No point in spending time where our lifestyle, appearance or conduct will cause moral offense or get us into difficulties with local authorities. Thus, a PT who likes to drive fast can push his Ferrari along at 175 mph on the German autobahn where it is legal but not in California, where more reasonable speeds are called for. The PT concept involves discovering those places where your particular pleasures are legal and accepted. Fortunately, there are few possibilities in human behavior, no matter how bizarre, that are not considered "normal" somewhere on planet earth.

You need not worry any longer about what the neighbors might think because you can move to where your neighbors will think you are just terrific, or where they ignore you. You need not worry if your local laws or politics seem to be irrational. Is the mainstream morality incompatible with your own needs? Do you not like litigious lawyers? Nosy social workers? Alimony prone ex-wives? Misconceived programs for the "good of society"? Why put up with them?

As PT's we can now vote with our feet, but the trip doesn't have to be irrevocable or permanent. A PT can leave until things get better, then return. A PT gains the world, while giving up nothing except, of course, his rut, his treadmill.

PT and Politics

PT is merely an arbitrary set of initials we have chosen to identify a certain lifestyle, belief system or whatever you choose to call it. There are no dues to pay, no membership cards and until recently there were no meetings or conventions. However, quite a few PT's exist already, perhaps a million, perhaps as many as ten million. No one will ever know how many PT's there are, because we are all invisible. Many PT's have not heard the initials PT, nor would they use them to describe their lifestyle. Many will never read this report. They are nonetheless PT's, though they have stumbled into our path of enlightenment and freedom on their own.

In terms of politics, the PT may be a supporter of any party or political philosophy. Most likely he is not a registered voter anywhere and never marches in demonstrations. He probably believes in free trade and minimum government. Fascists, democrats, socialists and communists all end up producing centralized bureaucracies with severe restrictions on personal liberty. Most PT's tend to be individualists of libertarian stripe interested in maximizing their own personal freedom. PT's seek the full and free enjoyment of life without robbing, defrauding, exploiting or leaning on anyone else.

A PT may be religious, but unlike most governments who sponsor official religions he will hopefully not force his views or personal morality down anyone else's throat. A PT may, and certainly should, be moral according to his own lights, but he need not retire at night with gnawing fears that someone somewhere might be enjoying life more than he is.

PT is all about opening up options, avoiding coercion. It is not about cowardice. If you want to fight for some cause, preferably freedom, you can certainly do so, but as a willing volunteer, not a draftee to be sacrificed as cannon fodder. Harry Schultz became an honorary commander of a rebel military unit in 1987 at great personal risk to himself, long before the Afghan Freedom Fighters were a popular or winning cause. "Some things we must do, because they are right," says Harry.

All changes wrought by man have beneficiaries and perceived victims. Since PT's are tolerant people who do not impose their will on others, more harm than good will come out of our activities. Cutting loose from a strait jacket, escaping from a life of parochial limitations is a good thing for the individual. It will not harm society at large to have a few more rugged individualists and original thinkers doing their own thing. Not everyone can handle such complete freedom. PT is for an elite minority. One needs inner direction and the ability to operate within reasonable, self-imposed limits.

By exercising reasonable judgment, PT's unlock the best kept secret of the Big Brother era. Individual sovereignty is a path for all people who merely know and understand its

concepts to be truly free from bureaucratic shackles. There is no need to become a hermit or a recluse. You don't need to abandon civilization entirely to eliminate its negative aspects.

The PT Lifestyle

A PT can be any age, gender, color, size, shape or religion. PT's can be married, attached or single, with family or without. The PT need not work at a conventional job but can and will make infinitely more money than those who do. As already mentioned, without any income taxes or other government deductions, we keep 100 per cent of what we earn from providing others with valuable things. As a result, the PT standard of living and quality of life is stress-free, more healthy, materially richer and literally the best obtainable on earth.

The PT philosophy releases creative souls from the many burdens of coping with Big Brother. Hopefully, once governments realize that they cannot afford to lose their best and most productive citizens, they will become more responsive to the needs of their people. The only historical precedent for individuals going off on their own due to dissatisfaction with government was in Central America. The ancient Mayans of the artisan and productive classes, apparently without any leadership or destination, simply said no to high taxes and the sacrifice of their young virgins. As individuals, they just drifted off into the jungle. A ruling aristocracy was then left without a population to pay its bills. The Mayan Empire disintegrated. Cities with eight-lane boulevards, palaces and impressive monuments were abandoned.

Will history repeat itself if everyone becomes a PT?

The reality is that not enough people will become PT's for it to make any significant difference. Paris, Rome, London and New York with populations in the millions will not become ghost towns. Mass migrations have been going on for thousands of years. If everyone with a taste for travel, an independent income or a movable job became a PT there would probably be nothing more than temporary exchanges of talented and productive individuals. The best talent, the most productive people are always drawn to places offering peace, prosperity and a suitable climate for creativity. Major cities, economic opportunities and good weather will continue to attract many non-conformists and individualists. Becoming a PT expands the mind and increases the list of possible destinations.

How to Start

An immediate full-scale PT lifestyle is appropriate only for those who have developed either a sufficient asset base or a source of income that allows them to be mobile and independent from government licenses and a permanent, full-time job in a high tax country. However, there are many exceptions to this. Virtually any individual can become

a PT with a few months preparation. Reading this report is the perfect way to begin making preparations.

By adopting the unconventional but consistent and logical set of ideas set forth in this report, you can gain power and freedom. The enviable status of PT is available to all, but few individuals will snatch this prize. Why? Belief systems foisted upon us tend to ensure that unnecessary taxes, an aggressive military establishment, intolerance of minorities and redistribution of wealth by government, i.e., theft, will be among the many popular injustices perpetuated by most governments. Who among us has not accepted these falsehoods?

We are told that taxes are inevitable and inescapable and that a powerful and aggressive military establishment is needed for our protection. Never mind that with the end of the cold war even military leaders find it difficult to defend the lunatic policies and military budgets from previous decades gone by. Productive and creative people are needlessly forced to give away the major part of their earnings each year. What happens to this money? It is poured down the toilet, spent on huge bureaucracies that only seem to succeed in creating more and more dependents.

Fortunately, these concepts need not intrude on the PT's world. What is the PT's world? It is an individual person, supreme, unfettered, making his own decisions, leaning on no one and allowing no one to lean upon him. If you travel, it is customary to first visit your doctor for the necessary vaccinations. How many people similarly look for an inoculation pill to avoid being harassed, robbed and possibly incarcerated at the hands of Big Brother? Is there any magic dust or silver bullet that can eliminate all government interference from our lives?

PT will show you the way, but for starters, as the income of most PT's is immediately doubled and most frustrations of life with Big Brother are instantly eliminated, the logical question is, "Can you afford not to become a PT?"

Chapter 3

Your Five Flags

Today, millions of the wealthiest and most productive people on the planet take advantage of the best that each country has to offer. Governments are viewed as providers of facilities and services, like hotel keepers. If they offer good accommodation and make you feel comfortable and prosperous, you stay. If your government becomes too demanding or too nosy, or if a competitor offers a better deal, you can move on. Economic opportunities, financial privacy, taxes, extradition treaties, social values, military obligations, quality of passport, stability of government, medical standards, respect for property rights, personal safety and freedom of travel, thought and action are all taken into consideration when choosing legal residence and citizenship.

People of intelligence and wealth owe it to themselves and their descendants to have more than one flag. No one with common sense should give all their assets or allegiance to just one. Why? No country or government has ever survived more than a few generations without totally annihilating itself or its own middle and upper classes. Even in that last bastion of capitalism, the US, people of property have been thrice pushed out of the country. In 1780, the entire middle and ruling class was forced to move to Canada, these were the Tories who supported England in the American Revolution or War of Independence. In 1865, it happened again. All large land owners who supported the Confederacy in the Civil War migrated to Mexico, Europe or South America. In the post 1917 period, prohibition, compulsory military service, confiscator income taxes and suffocating government regulations once again caused many independent-minded Americans and their European counterparts to seek new flags. They made the amazing discovery that as expatriates or tax-exiles abroad, they need not belong to any particular country nor participate in its senseless policies.

The PT's relationship with government is a matter of choice, an option. The passport you hold and the country where you live should not be a burden that you were born to and will be saddled with forever. No government can be trusted to control your money. They will not take your best interests to heart. Politicians are interested in redistributing wealth. In the end, they will only succeed in redistributing taxpayers. The major portion of all liquid private wealth, the smart money, has already been anonymously registered offshore. It has been re-flagged.

Individuals can remove themselves from the control and jurisdiction of any government by acquiring dual-citizenship, investing internationally and becoming human multinationals. Departing physically and permanently is not required. A PT can live where he wants, when he wants. The secret is to effect a change of legal status. Many wondrous benefits can be achieved by merely wrapping yourself and your assets in a new flag.

Your Five Flags Unfurled

In order to accomplish this redistribution, you merely have to arrange your ass and assets according to the following simple outline. Your five flags:

Flag 1. PASSPORT AND CITIZENSHIP

These should be from a country unconcerned about its offshore citizens and what they do outside its borders. There must also be no tax or military requirement for non-residents. Passports must be available to foreigners.

Flag 2. BUSINESS BASE

These are the places where you make your money. They must be different from the place where you legally reside, meaning your personal fiscal domicile. They should also be places that give free land, grant interest-free loans or offer a tax holiday to your business without subjecting you to over-regulation. Good access to contacts, labor markets or materials is also important. London, Tokyo and New York are the big apples for finance and insurance. Zurich, Milan, Singapore and Frankfurt are among the good second-rank contenders.

Dual or multiple nationality is one of the cornerstones of the PT philosophy. The PT should strive to have several passports regardless of original nationality. A second passport always comes in handy and has often saved the skin of many an individual during times of war, persecution and political upheaval.

Flag 3. RESIDENCE AND DOMICILE

These should generally be in a tax haven with good communication systems. A place where wealthy, productive people can be creative, live, relax, prosper and enjoy themselves, preferably with bank secrecy and no threat of war or revolution. Monaco, the Channel Islands, Campione, Andorra, Bermuda and the Bahamas are all recommended.

Flag 4. ASSET MANAGEMENT

This should be a place from which assets, securities and business affairs can be managed by proxy. Requirements are the availability of highly competent financial managers, confidential banking and the lack of taxation of non-residents or non-citizens. One of the best places in which to plant your fourth flag is Liechtenstein. Other possibilities are Austria, Luxembourg, Switzerland, New York and London.

Flag 5. PLAYGROUNDS

These are the places where you actually physically spend your time. Quality of life is top priority. Normally, because of legal restrictions on how long one may stay without being considered resident for tax purposes, it is necessary to have from two to four playgrounds, although other arrangements can be made if you want to spend all of your time in one

playground. However, for the most part, the PT should try to avoid spending more than 90 days per year in any particular country.

My personal recommendations. For no nukes and good fishing: New Zealand. For the most interesting sex life imaginable: Thailand, Costa Rica or the Philippines. For a superb year round climate: California, USA or Queensland, Australia. For the gourmet in you: the French Riviera or Hong Kong. For stimulating parties and an active social life: Paris, London or San Francisco. For the best things at the cheapest prices: Singapore, Taiwan and Hong Kong (for consumer goods), Denmark (for cars), Ireland (a summer home), Buenos Aires (a winter home).

In Part III of this report, I will spell out the details of each of your five flags in greater detail. For now, consider the following possible scenarios:

Flag 1: A second passport from Canada, Brazil, Italy or Australia. *Flag 2:* A business or source of income in New York, London or Singapore. *Flag 3:* A legal or fiscal address in Monaco, a Channel Island or Andorra. *Flag 4:* Bank accounts or other assets registered anonymously in either Luxembourg or through Liechtenstein holding companies, trusts or foundations. *Flag 5:* Friends and fun in Paris, Bangkok, Manila, Buenos Aires, Sydney and San Francisco.

Every PT should know and understand that governments only have power, i.e., jurisdiction, over their citizens within their home territory or colonies. For this reason, the PT should generally stay out of the country on whose passport he travels. His major assets should be invisible and far away from the country in which he actually lives. His lifestyle should be as humble as possible.

By using the PT theory, you too can get the most out of life. Once you have at least your emergency passport and enough money to survive at your destination, you can feel secure and prepare for a plunge into previously uncharted areas that will enrich your life. Five flags are better than two. Two are better than one.

What to Consider

When formulating your own approach to freedom through individual sovereignty, remember to consider countries in the same manner that you consider competing companies offering you a service. When you come right down to it, that's all they are.

What country gives you personally the best deal? Your occupation and interests should be given special consideration.

Where, in an unfree world, will you receive the maximum freedom? In other words, where can you do the things that you like to do without breaking any laws or upsetting the locals?

What travel documents or other papers are most suited for living unmolested in those places where you would like to spend your time? You only want to live in a country that welcomes people from the country for which you hold a passport.

What passport and domicile combination will offer you maximum safety from high crime rates, wars, pollution, industrial accidents and terrorists while also offering freedom from taxation? Yes, you can have your cake and eat it too.

Where are the greatest business or professional opportunities available to you? You may discover that this is back home, where you are already established, or in some unforeseen area where a person with your experience and wealth is welcomed into a host of new opportunities.

Is safety in the event of a nuclear war or contamination a consideration? If so, you may want to at least consider a part-time residence in New Zealand, the most clean and green place on earth.

It will also be necessary to constantly evaluate your specific formula once it has been established. If at some future date, your government looks as if it will become too oppressive or your personal situation looks as if it may suddenly turn dangerous, consider voting with your feet. This time honored expression simply means that you can get out while the going is good. Consider the situations in South Africa, Hong Kong, Eastern Europe and much of the Middle East. Even in relatively stable Japan and California, economic or natural cataclysms, such as the recent earthquakes, could cause life to become extremely unpleasant for local inhabitants.

Preclude Tyranny

Keep enough money or assets abroad so that if unjustly accused of anything or if faced with a crippling law-court judgment, you can get a fresh start somewhere else. Protect your treasures by keeping them out of the grubby reach of potential enemies. Buy or rent a small place abroad. Do the paperwork so that you have the permission in advance, ie, a residence permit, to live in a safe haven on the other side of the world. Keep a spare passport outside of your country but where you can reach it without a passport or make an arrangement whereby your spare passport will be delivered to you in case of emergency. Try to obtain a second passport from a second country as well as a duplicate passport from your native country. Obtaining alternate nationalities is the best way to opt out of the unwanted burdens of an undesirable citizenship.

There was a time when a passport symbolized one's loyalty and patriotism. Today, losing or renouncing citizenship for the sake of possible future moves or tax avoidance should be practiced as a strictly logical business proposition. After too many wars to end all wars, PT's have come to see that patriotism is something invented and exploited by politicians to keep people's minds off local problems such as unemployment and confiscator taxes. "Let's have a little war so we can declare a national emergency and arrest and imprison for

treason anybody who opposes the present regime." That seems to be what the politicians call creative thinking.

Constant worrying and petty disputations over borders and religions went on for hundreds of years in Europe. Finally these countries grew up and accepted economic integration. The United States of Europe is becoming a reality. Today in the EU everybody has the same maroon passport, that of the "European Union". After millions of lives went down the drain for Le Gloire de France, Deutschland Uber Alles and British Imperialism, the EU is one community, with neither borders nor customs. It's about time! And the people love it. The Frenchman, German, Briton and Spaniard can all move and work and travel in a much expanded area. The EU passport is a better document than any of its constituents were. It allows for more visa-free travel and reduces government hassle. For a terrific passport, get one from the EU if you can. If you already are an EU citizen, it's a good idea to acquire one from any neutral country outside the EU, Canada, for instance.

Prepared Thoroughly

PT's must take the steps to gain at least two or three of the five flags referred to. Even ordinary working people, by making contacts over the next border or two, could have a warm, safe and cozy home waiting for them. Too often when leaving becomes an urgent priority their feet are bare. Those unprepared feet must cross barren wastelands. Can you picture yourself starving while snipers shoot and aircraft strafe? All this may be too dramatic for you to accept as your possible fate, but think about it.

One out of every ten people in the western world has been displaced in our generation. With a historical chance of ten per cent, or even five per cent, shouldn't you protect yourself against the eventuality of your country becoming involved in a war, revolution or unexpected political convulsion or health hazard? I am not saying that such a situation is inevitable or even likely. The chance of you being forced out of your comfortable rut is statistically small, perhaps the same as having a flat tire in a lonely and dangerous swamp. Do you carry a spare in your trunk?

The reality is that it is easier to prepare in advance than to get out of a swamp full of alligators or any other potentially dangerous situation. Don't wait until the alligators have you between their jaws. Too often we become vulnerable, exposed to rape, robbery, poverty, imprisonment, industrial poisoning, riots and all other kinds of degradation and exploitation, perhaps even military attacks or torture in concentration camps. The plight of a detained, innocent refugee today in Lebanon, Thailand, Pakistan, Central America or Ethiopia is worse than the regimen of a criminal in many prisons.

If you accept the possibility that some day you may have to navigate through a treacherous stretch of space and time, it is only sensible to equip yourself now with essential survival equipment rather than wait until the need arises. Even if you never make use of your precautions, being Prepared Thoroughly is a sensible course of action.

Indeed, PT works best if you have the foresight to prepare before your problem becomes critical.

Partially Transparent

PT's can be hermits or have legions of friends and an active international social life. We can be conventionally middle class or wildly eccentric. The key is to be what we are or would like to be, in a place where we blend in best. Nothing offers better protection than living a low profile existence calling only minimal attention to yourself. Darwin noted that the most effective life forms evolved to blend in with their environment. Animals camouflaged by nature became invisible to predators. They adapted, survived and multiplied.

Living low profile, or Partially Transparent, is essential. Conspicuous consumption and public display, such as ostentatious cars, expensive jewelry, spectacular homes, glamorous mistresses and journalist profiles should, for the most part, be avoided. I have found that this task proves to be more difficult for young people who often have some sort of a psychological need to flaunt their financial success to their contemporaries. Such high profile activity is a huge mistake in most parts of the world. Government tax officials, condemn, thieves and hungry lawyers will soon be sprouting from the woodwork.

The beauty of PT is that with care, countless varieties of lifestyle are possible. In a Rio *favela* (slum) it would be unwise to park your white Rolls Royce with a solid gold hood ornament and stroll about flashing like Diamond Jim Brady. Yet in Monte Carlo, no one would give Diamond Jim a second glance. Vienna and London tolerate original dress and immoral lifestyles that would be dangerous to one's health in rural Ireland. In Switzerland, the "people who matter" would shun a playboy who does not do what they feel is productive, solid work. In other places, like Cascais, Portugal or Palm Beach, Florida, someone who is simply a connoisseur of fine wines and race horses would receive red carpet treatment.

The key is to fit in with those around you. The only places to spend money like a drunken sailor, if you must, are resort areas or gambling establishments, not your habitual hangouts. Try not to make enemies or create jealousies. Insofar as possible, let no government or even any private business list your real name or home address on any of their computers. Live comfortably but not ostentatiously. Do not flaunt your lack of regard for local morality wherever you are. Fit in!

In short, do not give anyone cause to consider you vain or disrespectful. You can do your unconventional thing, but do it quietly and only in places where it is not considered scandalous, illegal or immoral. Those who violate this rule, as the brilliant homosexual playwright Oscar Wilde did a century ago, may shine brightly for a while, but will always be broken by society in the end. Oscar Wilde spent his final years in jail on moral charges.

People who are too far out front, those who seek confrontations with the establishment are almost always ruined. Never seek publicity. Don't be a hero. Don't engage in head on confrontations with anyone, particularly government agencies. Keep yourself in a position whereby you can retire gracefully from any dispute. Don't allow yourself to become a target. Low profile and genteel poverty are the most reliable protective measures available to the PT.

Possibility Thinker

Some intelligent readers may not want to break out at once or become a PT at all. They are just familiar with the lessons taught by history and want to be aware of their possibilities and prepared to modify their lifestyles in the event of a crisis. Knowledge will make you a PT, a Possibility Thinker who is ready for whatever crisis tomorrow may or may not bring. The Possibility Thinker is someone who also wants to explore, wants to know exactly what the options are that life has to offer.

Even if after making the necessary preparations and exploring all of your PT possibilities you decide that there really is no place like home and no routine quite as nice as your own, nothing will prevent you from continuing with life as you know it. Furthermore, due to your new knowledge and experiences, you will be able to garnish even more satisfaction from your lifestyle than those participating in similar activities around you. You have seen and explored the grass on the other side of hill and know that in fact it's greener right over here, on your side.

Private Transactions

You can and should get your mail and phone calls in a private way. If you do not already have a post-office box, get one in a common pen name for all sensitive or financial correspondence. Consider getting such services abroad if appropriate in your case. These days you can get an electronic office on the other side of the earth where mail and phone messages can be held for you until you call for them from a public phone. Self-protection can also be accomplished by simply using pen names for different activities. If you subscribe to a magazine or newspaper, have the mail sent to a private mail receiving office, i.e., a mail drop. Address it to an innocuous name like "Acme Rental Services". If you have a credit card, it should be from a distant foreign bank with bank secrecy. Bills should be paid directly by your bank. It is not a bad idea to also establish one credit card in a pen name like Joe Smith. Furthermore, presenting yourself as an employee of a small business is always preferable to being Director of European Operations or Executive Vice President. Why should you want a prestige title on your business or credit card? Who will be robbed, kidnapped or burgled first, Mr. Nobody or Mr. Tycoon? Whose credit card would be stolen first? Who will the corrupt cop hit for a bribe?

Your government and other potential enemies should never know or be able to find out the details of your offshore business or financial operations. This does not require cumbersome arrangements or any great expense. You can get by with just a cheap studio

apartment in Monte Carlo, if you are not French, or Miami, if you are not American. Your rent checks can be automatically deposited and transferred to a third country which is neither where you live or where you own property. The cost of making such arrangements is peanuts. Peanuts! But if you run into troubles, a war, a civil disturbance, a divorce battle or other litigation, you will be thankful beyond your wildest dreams. There are hundreds of reasons you should place a nest egg abroad and then visit it now and again. Only when you feel comfortable with the idea of using your option to move abroad will it be a viable proposition. If you could arrange to be a silent partner in some business abroad, this could help save visa problems and also support you if things were to go wrong at your primary home.

Chapter 4

Big Brother Tyranny

There is not an adult alive who has not had unpleasant, annoying encounters with government bureaucrats. These experiences should serve as warnings of the type of attitude you can expect from government employees in more important matters. Serious, life threatening troubles with government are like cancer. They strike unexpectedly. You could be lucky, but it is not always the guy next door who will be the victim, crushed by the grinding wheels of bureaucracy.

Government actions, not cancer, AIDS or heart attacks have been the greatest killers throughout history. They are the primary cause of human injuries and premature death. Governments, not natural disasters, rightfully bear most of the blame for the suffering in the world. Vast numbers of good patriotic citizens are murdered in needless wars, displaced by government engineered relocation or starved by famines caused by government intentions or stupidity.

We do not have to look far to find examples of good, innocent people whose lives have been needlessly destroyed by oppressive systems. The former Soviet Union used to drug dissidents and confine them to mental wards. They were not alone. Consider the case of the German-Jewish teenager whose biography I recently read. He was shipped to boarding school in England during the Hitler era. In England, he was not permitted to finish the schooling that had been prepaid for him, but instead was interned as an enemy alien for the duration of the war. No matter which way he turned, government, those seen by historians as both good and bad, sought only to take away his freedom or his life.

All extreme right and left wing governments are ruthless, inhuman and well-organized oppressors. They don't let civilized concepts of human rights stand in their way. Governments are, always have been and always will be dangerous, warlike and immoral institutions. No government is innocent of such proclivities, unless it is totally inept, powerless and inefficient. Belize, Portugal and Costa Rica come close to our ideal. After all, anarchy does permit the most individual freedom.

In war and in peace, in democracies or in dictatorships, under capitalists or under communists, strong centralized governments can make original thinking or succeeding ~ visibly in any endeavor dangerous to your health. Governments are like fires, they can be useful. A controlled fire can warm, if you can control it. A fire can also cook your goose. Sooner or later you will surely be involved in a confrontation with Big Brother. For those that have not read George Orwell's classic satire 1984, in which the expression Big Brother was coined for the first time, get a copy and do so at once. Thus prepared, you will gain a better understanding of what I perceive as a clear and present danger, rampant government and big bureaucracy. In most democratic countries, there is the illusion that citizens control government, but the reality is that Big Brother is here today and will not be gone tomorrow.

We Are All Criminals

Western man in our present day Big Brother world is nothing more than a dog on a long leash. And that leash is getting shorter. This is due to the ridiculous and self-destructive laws that have been passed. The laws in most countries are so pervasive that one cannot get out of bed and engage in any economic activity for even a single day without breaking enough laws to go to prison. Everyone who is or has been in an executive position or who has owned his own business knows exactly what I am talking about.

Record-keeping requirements alone are almost impossible to maintain. Individuals of every occupation and profession, even those on the dole, are required to file a multitude of documents and papers, all within restricted time limits. There is an infinite amount of worthless rules, laws, regulations and legal precedents that can get even the most honest person into hot water.

Furthermore, many activities previously considered to be purely civil matters have been reclassified as criminal offenses. The difference between civil penalties and criminal penalties is enormous. If you lose a civil case, you pay damages. If government is involved, civil damages usually take the form of back taxes or relatively reasonable fines. However, if criminal charges have been brought against you, jail may well be your next stop. No, you will not be allowed to pass go, but all of your assets will probably be confiscated. Also, as criminal cases are easier to win and offer more opportunities of career advancement for prosecutors, few civil cases remain purely civil these days. There are, unfortunately, few areas of human activity remaining that cannot in some way land you in jail when things go wrong.

Farewell to Privacy

Working in combination with this increase in senseless legislation is an alarming decline in personal privacy in most parts of the world. Nameless, faceless petty government officials can press a few buttons to find out what magazines you read, what videos you rent, where you travel, who you call or who calls you. In the modern electronic world, it is a simple matter for government investigators to uncover every financial transaction you have ever made, or at least those that appear in your proper name with your proper taxpayer identification number.

Armed with such information, a skilled team of investigators can, if they wish, apply pressure or build a legal case against you for many victimless crimes from adultery to tax evasion or for having failed to meet one of a myriad of technical requirements. Government or private investigators can and will quickly find out how much money you earn and where it is deposited or invested. They can also dig up quite a few damaging "facts" that are completely incorrect as a great deal of the information is culled from other people's files, intercepted mail and a mish-mash of unreliable sources and misinterpreted

material. Unfortunately, one can never know for certain what they have in their mound of manure.

In one of my own personal secret government files of some years ago, obtained with the help of the Freedom of Information Act, I chuckled at the illuminating information it contained. "The author's well equipped modern office is on the thirtieth floor of a four-story building." No wonder they concluded that I am in the outer-reaches of acceptable ideology.

Selective Enforcement

Although this proliferation of new and senseless laws and decline in personal freedom may look accidental, there is indeed a method to the madness. As almost no one is in full 100 per cent compliance with the various laws and regulations now in existence, we all become criminals by definition. Government prosecutors like a situation in which everyone is a potential criminal and thus a potential victim. The fact that we are not all prosecuted is due to luck and selective enforcement. The government cannot go after all law breakers. Big Brother can only shoot down those who provoke confrontations or otherwise stand out from the crowd.

The more a government can apply such selective prosecution, the more powerful it is. Government officials have the immense leverage of being able to grant favors, in the form of immunity, to their friends while doing in their enemies. In short, governments are in a position in which they can single out enemies of the establishment and put them away, for good. Just look at the examples.

High profile people who are wealthy and whose careers inspire envy are very often the victims of the worst injustices that government can dish out. Reverend Moon is an example in point. He had much stacked against him, as a Korean who was very rich and the prophet of a non-mainstream religion. He made an ideal target. His conviction for tax fraud was based upon a deposit to his personal account of some US \$2000 of church money. This man controlled solely with his signature nearly a billion dollars in church funds. He could have legally spent it all on the entire Rolls Royce factory output, but he did no more nor less than what every other clergyman has always done and is doing now. His problem was that he attracted the attention of an ambitious politician whose reputation was enhanced by putting Reverend Moon away.

Other diverse characters, such as the author Irwin Schiff, have also served jail time for opening their mouths and expressing themselves candidly. One journalist wrote an article about the many charges that could be leveled against the Pope if he lived in the US. Undoubtedly, the American's Faith could put him away if they were ever so inclined.

Often people are harassed or prosecuted by government officials because they have been turned in by an informer in search of a reward. Such rewards are regularly handed out by Big Brother. The late and well known octogenarian industrialist Armand Hammer as well

as Howard Hughes and almost every major corporation head have faced prosecutions related to their role in protecting their business interests through political contributions. It is truly a sad state of affairs that government prosecutors seek out criminal convictions against these individuals who should rather, in many cases, have been given medals. For more examples of those ruined at the hands of government, see the Hill Hall of Fame at the beginning to the sequel of this report, *The Personal Privacy Report*.

The Danger of Standing Out

Socrates, the most original mind in ancient Greece was condemned to drink a cup of poison. Those on McCarthy's Black List in 1950s America were hunted down and systematically destroyed. Perceptive, productive, outstanding people or groups are forever being harassed, persecuted, exiled and imprisoned. By their very nature, even the most efficient and honest of governments stifle or destroy their most original political thinkers, the dissidents. They usually put a damper on their best writers and artists as well. Those who excel in any field find themselves the target of lesser mortals who would like to put them in cold storage. In some countries those who so much as question authority are kidnapped, tortured and murdered.

If you publicly oppose any government policy, if you are different, if you are more prosperous than the average citizen or if you get pleasure out of something a little unusual, you are likely to suffer for it. If you enter politics in the US or are even exposed as a major campaign donor, the odds are very high that investigative reporters will sniff out every skeleton in your closet. The result? A criminal conviction. Crusading or pushing for change is a dangerous business anywhere in the world. You will make enemies in high places. Major publicized indictments are not against people who have been involved in organized crime, but against wealthy, high profile, respectable citizens who have been snared in Big Brother's trap due to some technical violation many of which were not even defined as a crime ten years ago.

If you don't believe me, start making a note of those individuals who are featured prominently within the pages of the *Wall Street Journal*, *Fortune* or other similar publications. Favorable publicity is the kiss of death. The American IRS, in particular, has a special task force created to do nothing other than scan news clippings to investigate high profile individuals. People of notoriety or fame receive such special treatment because, according to the IRS manual, well publicized cases create a large deterrent effect. In other words, by going after a celebrity, the IRS intimidates thousands of ordinary small business owners into submission.

Such show cases persist in spite of the fact that the constitution under the Equal Protection Clause specifically forbids treating any group of people differently from the rest. Of course, when one considers that tax revenue from the wealthy is used in part to pay the exorbitant salaries of judges, we come to a closer understanding of why they cannot identify those who are rich and famous as just such a group. After all, someone has to pay for their fancy cars.

Furthermore, prosecutors love to single out people who have recently received large amounts of publicity because of the resulting notoriety brought to their office. This flood of media attention often paves the way to public office. The stepping stones to governorships and the presidency are the bruised and battered bodies of the rich and famous. Unfortunately, these prosecutors hardly ever make for the best of political leaders. In modern times, Richard Nixon got his big break prosecuting movie stars as the lawyer for the infamous Senator Joe McCarthy.

Inclusion in any such government publicity campaign at your expense is always an expensive and hair-graying experience. Ronald Reagan formed his attitudes towards the IRS as a result of his own personal experiences with tax collectors in the late forties. It was about this time that he first started to use hair dye. Once president, his original idea of trimming down the vicious Gestapo-like IRS was dumped. Similarly, his campaign promise to reduce the powers of all government bureaucracies was all but forgotten. Like all politicians, once in the portals of power, he became one of them and toned down his reduce-the-size-of bureaucracy rhetoric. He continued, however, to use the hair dye.

Top Dog Today - Under Dog Tomorrow

If you are benefiting now or in some position of power within an established bureaucracy, you, most of all, should explore the PT option. The top dogs of today should, more than others, prepare for that inevitable time when their turn comes to assume the position at the bottom of the heap. Shifts of power and benefits are inevitable. More to the point, the next "in-group" will reserve its greatest resentment for those it displaces. Those who go along enthusiastically with the existing regimes of today often end up branded criminals tomorrow by new administrations.

Kurt Waldheim is the perfect example. He was the model young bureaucrat, an officer who only did his duty as did many others who never went on to become important enough to have their pasts exhumed. What went wrong? The duty in question was performed for the Third Reich. Nonetheless, it was only after Waldheim became president of Austria that he was declared a war criminal. I am not trying to defend ex-Nazis who were far too enthusiastic in deporting perceived racial enemies to death camps. I only point out that it is difficult to be safely in any government's army or to take sides. The oppressed seem to have a habit of violently rising up against their erstwhile oppressors. A PT doesn't want power over others. He just wants to live.

All Governments Can Get Vicious

If you are American, do not assume that your government is a cream-puff. Antagonize a powerful American politician and you will soon discover a side of America that wasn't painted by Norman Rockwell. Opponents of the existing order, those regarded as troublemakers, are often framed, imprisoned or assassinated. The record of the FBI under

J Edgar Hoover as it filters out shows how this agency often carried out smear and intimidation campaigns against the political enemies of incumbent administrations.

Yes, freedom of speech exists in the US, so long as no one listens. Once the crowd gathering around your soap-box starts to get too enthusiastic, watch out! When the little libertarian party of the US succeeded in getting candidates on ballots in the 1970s and formidably challenge such entrenched policies as bipartisan policies and income tax, all manners of pressure came into play. The libertarian leading lights were extinguished fast through the use of false accusations ranging from child abuse to income tax evasion. This promising new voice in American politics was quickly defamed, fractionalized, infiltrated, decimated and rendered ineffectual.

In yet another example, an idealistic high school math teacher of our acquaintance ran for a minor political office on a "throw the rascals out" program. This man is the epitome of the waspy, married, moral, non-smoking, non-drinking, vegetarian milquetoast if there ever was one. I do not describe him as such for the sake of poking fun at him, but to point out the incongruity with what eventually happened during his campaign. He was again the victim of a government inspired smear project.

His photo appeared on the front page of the local papers. He appeared to be drunk and pieeyed. The teacher staggering away from an auto accident in the embrace of a sexy black prostitute. A political innocent, framed and defamed. This is real American politics. The establishment in the US may seem like a pushover, but believe me, it has teeth.

US Legal System Out of Control

In addition to the threats posed by government, there are those presented by the machinations of a truly unique and senseless legal system. The current environment poses a very real threat to any individual who has acquired enough wealth to stand out. Thousands will line up to try and rob you blind, all with the help of a legal system that can be considered nothing other than corrupt.

The RICO laws of the US allow almost any private claimant to file quasi-criminal charges of fraud or racketeering. If you own a business or are even remotely successful within your field, you face severe personal risks. Defending a civil case against an ambulance chaser, contingent fee lawyer or government agency with an unlimited budget is akin to suicide. If you win, the costs of the case will almost break you. If you lose, the costs of the case will still break you, but you will probably end up in jail as well.

Insurance companies conducting business in California have had a taste of the lash. Under 6~^ influence of trouble making rabble rouser Ralph Nader, California passed a law obliging all insurers who do any business in the state to cut rates on medical malpractice liability insurance. As is always the case with price controls, the product was forced to disappear. Alice in Wonderland court orders against doctors have made this type of coverage unprofitable for insurers to write at all.

These new laws, which will be disputed and litigated over for years no doubt, may provide employment for lawyers, but will undoubtedly do great damage to the insurers, the insured and, most of all, the patients. Medical practitioners already refuse to perform many types of surgery in California for fear of lawsuits. Insurance coverage at any price is simply not available as many insurers have pulled out of the state. Patients who need urgent care have no alternative but to go to countries such as Switzerland, where US style malpractice suits do not exist, for their operations.

In Search of Justice

There was once a myth in the US that everyone would be innocent until proven guilty. Not so anymore. If you require proof of such a statement, consult the *Wall Street Journal*, Vol LXX, No 86, Feb 1989. "Americans accused of a crime can be jailed prior to trial, their assets can be seized, the government can insist that an accused be fired from his job, and the person accused can be forced to repatriate his foreign assets as a condition of being released from jail, all before any conviction."

If you become a government target for any reason, you will soon find out that justice to a prosecuting attorney in the US, is what military music is to music. To the prosecuting attorney, his job is to win, not to see that at the end of the day, justice is done. Armed with a formidable array of weapons and powers, he can basically win a conviction against anyone who cannot be portrayed by defense attorneys as a self sacrificing Mother Theresa. And even saintly Mother Theresa has been trashed by the press and harassed by her own government.

A government prosecutor, armed with the right to make deals, will often let criminals go in exchange for perjured testimony. He will manufacture evidence as and when it suits him. You don't believe it? Ask any lawyer who has worked on both sides of the table what really goes on behind the closed doors of federal cases. Do not expect events to unfold as they do in the movies. Good guys do not always win, in fact they hardly ever win. The truth and facts are not nearly as important as acting ability and theatrical direction. We read in the papers about the occasional acquittal, but the fact of the matter is the government wins nine out of ten cases.

This win rate is achieved through the exclusive selection of cases for which the defendant can effectively be portrayed as a bad, if not evil, person. The crime itself is not nearly as important as the ability of the prosecutor to paint a picture of the defendant as one who is completely unworthy of sympathy. The goal of the most effective prosecutors is to prejudice the jury against the defendant. Once stained and sullied, the defendant will lose the case regardless of the facts. Furthermore, most cases never even get to trial. The defendant is confronted with the fact that fighting the case will mean his financial ruin. Conviction under a not guilty plea will result in penalties far more severe than those that can be arranged through a compromise. As a result, even the innocent often cave in and cop a plea.

Corrupt judges, frame-ups and stacked juries are also not uncommon. Such corruption is not limited to third world countries. More to the point, guilty or not, liable or not, litigation will cost a tremendous amount of money. It will cause enormous amounts of stress and almost always involve discovery proceedings through which you will be forced to reveal confidential records and testify on matters completely unrelated to the case at hand. If you only have assets that can be tied up locally, your options are limited. You will basically be forced to hang around for decades, defending and appealing a case against a determined adversary.

Finally, if in the end you are actually successful in proving that your government was wrong, do not expect any recompense. Governments enjoy sovereign immunity from such claims. Even in cases where such sovereign immunity has been waived, do not expect to receive any relief from arbitrary or wrongful acts of tax collectors or any other bureaucrats unless you are willing to commit a sizable portion of your remaining existence to such a goal. It is far preferable to avoid any such confrontation in the first place. Life is too short for such nonsense!

Framed and Defamed

I once heard about a case in the US involving a paint store owner. He sent an employee to mix some paint in the back room. There was a chemical reaction. The employee inhaled some noxious fumes and died. The employer did not intend this to happen and had no idea such a chemical reaction was possible. It was an unfortunate accident. Yet, this owner still received a long jail term for involuntary manslaughter. After the criminal verdict was issued, the wife and children of the store owner were further sued and completely impoverished. All assets, including the store and a large insurance settlement, were handed over to the employee's widow. All without any suggestion of criminal intent.

Similarly, the late Roy Cohn who died of AIDS in New York City, spent over thirty years, full time, proving his innocence in three different government prosecutions. The defense of these cases cost him over one million dollars each. His time was so taken up that he was unable to do much of his own work effectively. Would you want to spend thirty years of your life being a professional defendant even if you could afford the financial punishment and spare the time? From my point of view, it is better to Take a Powder and graze in greener pastures abroad until things cool off at home.

In a divorce case or a dispute with a government agency, you can waste unbelievable amounts of your time and money in court or preparing for court hearings. Some cases take on a life of their own. Generations of lawyers, appraisers, court appointed administrators will continue to make a good living long after you die at the expense of your estate. Juries whose members have usually never managed more than lunch money will pass out awards for one million, five million or twenty million as if it were cotton candy.

In the process of litigation, it is not uncommon for a wealthy defendant who feels that he is being unfairly treated to make emotional outbursts in court. Fed up with unrelenting nitpicking and the sniffing into every skeleton in his closet, a defendant may become so exhausted and exasperated that he simply refuses to produce any more documents or papers. "These I regard purely as my private affair," he explodes.

The judge then always says, "Reveal all or I will throw you in an inhuman local jail with drunks, skunks and mental defectives until you do. The public must know all there is to know about your most intimate and personal financial affairs." The judge does not use these exact words, but wealthy defendants are generally cited for contempt several times in the course of a typical case, because they don't want the public to know their innermost secrets.

Until you actually get involved in a nasty case, the extent to which your most personal secrets can be put on public record is not fully realized. There is no constitutional right to remain silent in a civil case. You can and will be sent to jail for refusing to produce old bank records, love letters or perhaps medical records from thirty years earlier.

Jails are full of both plaintiffs and defendants who have been found in contempt of court for such things. It is not generally realized how many people in civil, not criminal, cases are thrown into jails to be assaulted, abused by guards and/or homosexually raped. The offense of contempt can be slapped on anyone for not showing up on time for a hearing, for not producing documents or, perhaps quite justifiably, for telling the person suing you in open court that he is a liar and a thief.

Divorce cases are the most trying of all. They go on and on and on, sometimes without end, until one of the parties finally cracks or dies. Even after the death of one or both of the parties, proceedings against the estate of a deceased spouse can go on until the case winds its way through all possible appeals. The lawyers will keep on fighting over a dead horse until not even parched bones remain. Any assets once owned by luckless plaintiffs or defendants in a divorce usually end up with the lawyers.

Take a Powder

Court process is the modern day club, spear or bow and arrow. Hungry lawyers are constantly on the lookout for prey. Prosecutors with political ambitions build their futures by winning cases against white, wealthy defendants. There is no prestige in putting away an ordinary minority group, rapist or bank robber, but getting a verdict against a famous or wealthy heir or heiress with its accompanying publicity practically guarantees an appointment as a judge. Convicting the guilty is easy, putting the innocent away takes work.

How elegant it is to simply opt out of litigation and disappear. Naturally, it would be foolish to give up a satisfying lifestyle and leave a place you love for some trivial matter, but these days even the most careful among us could be involved in an unintended

incident, such as involuntary manslaughter, which can lead to disastrous consequences. Do you think it will never happen to you? Think again! Read the best-selling novel by Tom Wolfe, *Bonfire of the Vanities*. It is about a man who had everything going for him. He was master of the universe, for a while. Nonetheless, due to unfortunate circumstances, namely a lawsuit in which he was wrongly accused, he lost his family, his fortune and his freedom. It could happen to you. Ask Michael Jackson what it's like to be sued.

Accordingly, avoiding confrontations is far more important than the little technicality of trying to follow the law. For safety, you must never allow yourself to become a stationary target. A whiff of danger should be enough to send you off in a flash. Maximum safety comes from laying low until the enemy is tired of hunting you. A foreign country is the best place to be, as an anonymous tourist, preferably with an alternate identity, until you get a green light.

The Ever Present Danger of Big Brother

Although low profile tactics will go far in fending off the threats posed by Big Brother, they are a long way from complete protection. Confiscations, restrictions and jail time do not only come to those who stick their necks out. The Big Brother establishment has a host of other tricks up its sleeve. Consult the long lists of incarcerated or missing people compiled by Amnesty International if you require any proof. They are full of the names of ordinary people who were unfortunate enough to be in the wrong place at the wrong time.

I remember once, about a decade ago, a prosperous young friend in Mexico City had a devil of a time. He kept out of trouble and tried to blend in. His only ambition was to achieve a moderate degree of upward mobility. In the Mexico City of that era, and still today, pedestrians including my friend never paid any attention to traffic signals. However, one day some politicians with nothing better to do decided that this situation should undergo a drastic change. They introduced severe punishments for jaywalking, one year in jail plus a large fine. Had the politicians been more sensible perhaps they would have considered a more reasonable approach and actually experienced something politicians hardly ever do, success. Perhaps Mexico City would have been transformed into a place more like California, where traffic tends to yield to pedestrians. Californian pedestrians in turn pay attention to traffic lights and safe crossing zones. For Mexico City, such an outcome was not meant to be.

Anyway, back to the story, my Mexican friend became one of the unlucky first test cases. He was arrested. His picture made the daily paper's front page. So did his show trial. Then he was sentenced to a year in jail for doing what he had always done, run across the busy street from his office for a quick lunch at his favorite bar. My Mexican friend only served a few days of jail time, but bribing his way out of the grind-wheels of Mexican justice was a frustrating, worrisome, time consuming and expensive proposition. Finding justice in any court system is like expecting to find a five star chef in a fast food restaurant.

I have personally received heart-rending letters from people caught up in bureaucratic nightmares due to trifling, victimless crimes. The vast majority are youngsters under twenty. Most of them were caught at borders with miniscule amounts of narcotics. One boy tried to smuggle a parrot into the US from Mexico. His sentence, five years. In another case, an American boy on an impulse stole a six inch bronze bear from a hotel lobby in what was then the Soviet Union. He received a seven year sentence, but was then either murdered or committed suicide *en route* to his Russian prison camp. Another visitor from the West enjoyed a Soviet prison for three years for smuggling in forbidden religious magazines.

In all of these cases, the individuals involved knew that what they were doing was illegal. They simply refused to believe that they would get caught. They did get caught and furthermore were subjected to consequences the likes of which they had never even imagined. The saddest stories come out of Malaysia and other Moslem countries in which possession of liquor, narcotics or even banned books has resulted in severe penalties, even death. However, before those in the West start to rest too securely consider the UK, an otherwise reasonable country. Blow the whistle on government misconduct and you may find yourself facing charges under the Official Secrets Act.

Becoming an Outlaw

The lesson for all is that Big Brother can at the stroke of a pen tear down any business or ruin any individual. Life is much too short for confrontations with powers of the state, confrontations that could result in the loss of freedom or even life itself. If you doubt even slightly the legality of any move you are contemplating, seek out expert advice. Always read up on such matters so that when you do decide on your course of action you are fully informed of all possible eventualities. Diversify your business interests and practice international mobility. If you cannot get what you need in one place, be ready to go somewhere else.

By attempting to tax and regulate every aspect of human conduct, governments have only succeeded in forcing many of their best and most productive citizens to either leave or go underground. However, this arbitrary selective enforcement practiced by modern governments does have a good side. Once we are labelled an outlaw subject to the whims of government officials, old restraints slip away. It becomes easy to cross borders illegally, to deal in black market goods, to see an illicit movie or to not be perfectly accurate on the various forms that we fill in for Big Brother. Guilt and moral restraints vanish when too many normal activities are made sinful or illegal.

In Search of Freedom

Until freedom is gone entirely, most people will fail to notice the symptoms. Laws to protect us against ourselves will continue to be passed while everyone but a few right wing die hard lunatics just let it happen. Leaving the world might have been the only option had we not discovered PT. We have to stand up to Big Brother and fight for

freedom or little by little it will evaporate. PT is the last refuge of the individual who does not want to be so overprotected by his government that freedom of choice is nothing but a distant memory.

People all over the world are engaged in a game of musical chairs. The most productive individuals worldwide are those with courage and the spirit of adventure. They seek out greener pastures than their stay-at-home friends. Ernest Hemingway, one of my heroes, was an early PT. Unfortunately, he never renounced his US citizenship. This turned out to be a fatal mistake. As he grew older, a fear of government prosecution for his relationship with a young teenager drove him to suicide.

Magnates such as Aldo Gucci, Aristotle Onassis and film genius Charlie Chaplin found that the freedom they were seeking in the United States of America only managed to get them out of a European frying pan into an American fire. These larger than life individuals were, or would have been, criminally charged for things not considered crimes in their respective home countries. They all became either convicts or fugitives from the US. Gucci actually went to jail for tax fraud when he was ninety years old.

Someone has to stand up to Big Brother and fight for freedom, but such action no longer requires a death wish or masochistic personality. Total freedom is like perfection. Unattainable. Nonetheless, until you become a PT, you can make it your project to become as free as possible. This will help you Prepare Thoroughly. Even if you stay put and never move, the actions I suggest will help you reach a higher plateau of freedom as well as expand the options available to you. Don't accept your dog leash! Chew it off!

Chapter 5

The Modern Day Gestapo

Individuals who use violent means to enforce their views or vent their frustrations upon others, deserve special condemnation. As I write this paragraph, I am still shaken by my only personal encounter with terrorists. Some hours ago, I stood in line with a companion. She wanted to see a new movie that she had heard was interesting, *The Last Temptation of Christ*. We were in Paris. Some religious fundamentalists, followers of Jean-Marie Le a xenophobic politician, had stirred up quite a fuss about the film in the media.

These fundamentalists were apparently offended by the concept of the film, specifically that Christ in the body of a man might have had some biological or human urges in conflict with his divine mission. It is of course the function of an artist to explore ideas outside mainstream thinking. According to reviewers, the film was neither anti-Christian nor anti-religious, but merely sought to explore the inner conflicts that Christ might have had during his lifetime. It was said to be a sympathetic and understanding portrayal, not pornographic by any stretch of the imagination. It was also said that this movie was unlikely to get any viewer to change religious affiliation, after all, that was not its intention. Luckily, I didn't see the movie myself that night.

Religious fanatics were picketing at some locations, but not at the *Theater Saint-Michel* where we were. Publicity generated by the controversy, as usual, had caused people to line up for tickets in long lines. To avoid waiting outside in the drizzle, I suggested we step into the latest *Rambo* film across the street, but my companion's better taste prevailed. There we were, patiently waiting in this long line to see this latest "art film". By the time we got to the box office, all seats had been sold. We were turned away.

While proceeding across the street to have a drink at the nearest cafe in the shadow of Notre Dame cathedral, it was a shock to hear screams and see the cinema engulfed in smoke and flames. A firebomb had exploded right in the lobby of the crowded Saint-Michel movie theater. Dozens of people were injured. In catholic France the vast majority of these people who were burned or dismembered were run-of-the-mill Catholics, who were mildly curious to see for themselves what all the fuss was about. Yet other Catholics had seen fit to cause horrific injuries from which some innocent people will never recover. It is one thing to read or see the aftermath of such an event on television. We feel detached and mildly grateful we were not there. The bodies coming out on stretchers are like players in a theater. There is detachment. "This didn't really happen, it doesn't affect me," we think.

To feel the heat yourself; to be an eye witness is different. It stays with you forever. I had personally felt government-generated intolerance and injury before, censorship and force directed against my ideas. Having experienced the heat and blast of a terrorist bomb from self-appointed non-government censors, I find them both to be equally foul.

Government Sponsored Terrorism

Although acts of terrorism such as that described above are traditionally seen as the work of independent fanatics, such is not always the case. Do not governments instigate more violence and terrorist related acts than misguided individuals? We are conned by governments into thinking that such acts are necessary to preserve internal order, keep the peace or protect people from random violence. Do governments provide such protection or do they in reality cause it?

France, the site of many bombings and shootings by various fanatics, was responsible for sending full-time career military officers to pacifist New Zealand on a clandestine operation to blow up a Greenpeace boat docked there. The ship and its crew, part of a public relations campaign opposed to French testing of nuclear bombs near inhabited Pacific islands, was berthed in the port of a friendly nation. The French assassins, equipped with forged Swiss passports, planted their bombs and blew up the boat, killing a journalist in the process.

Do responsible governments protect people against terrorists or do they sponsor them? The French press was not shocked. It even supported boycotts against New Zealand products because NZ police had arrested the French terrorists. Everyone in France seemed to accept that all governments train people to blow up things and kill people standing in the way of perceived national objectives. Politicians only give lip-service to the concept of creating laws to protect the individual. The reality is that individuals cannot rely upon any constitution, law or abstract concept of justice. We must protect ourselves from government theft, fraud and violence.

Will your government protect you from random violence? Let's continue to look at how the French do it. France trains and sends out terrorists. They give political asylum to killers of innocent people. Also, in the last decade, the French imposed visa requirements on tourists from all over the world, ostensibly to protect domestic order and prevent known terrorists from entering France. Naturally, the lengthy form asked a lot of personal questions, unrelated to the claimed purpose. The government of France was responding with a meaningless political gesture to a series of bombings and shootings carried out by Arabs in Paris. Thousands of bureaucrats were hired to inconvenience millions of tourists from countries such as Brazil, Japan, the US and Sweden. No citizens of these countries had ever been remotely involved in any terrorist incidents in France.

A few years into this program, the head of the Arab organization responsible for all the bombings and shootings, was, by a fluke, captured by police in France. Apparently, he was legally in France! After a short interview with a judge, this murderer of hundreds of French people was released and allowed to leave the country. Nonetheless, French visa requirements and the thousands of French bureaucrats remained for several years after this incident which so clearly pointed out the inadequacy of the program, at least as far as its stated purpose is concerned. Yet another example of how governments constantly misdirect our energy and our money.

A few years ago, this visa requirement was finally lifted for EU citizens due to pressure brought by the EU and other countries. Undoubtedly, had not such a fuss been made, France would still be running many innocent people through its bureaucratic maze and, of course, relieving them of the necessary processing fees.

Government Seizures

If the idea of government sponsored terrorist acts in distant lands does not sound threatening, then consider various acts of terrorism used by governments against their own citizens. Little concern is given to the manner in which citizens are treated, so long as in the end the desired result is accomplished.

Consider the following scenario. The Mexican or French government confiscates certain American owned assets. The American government retaliates by seizing all private assets of French or Mexican nationals in the US. Such government tyranny happens regularly. It does not matter even slightly whether or not the citizen who owns the seized property or bank accounts supports the opposing government regime. The US, in particular, regularly seizes or freezes foreign as well as domestically owned assets for a host of arbitrary reasons.

During the early phases of the Khomeni regime, the US seized and nationalized all private assets owned by Iranians. This move came as a surprise to some, as most holders of such assets were supporters of the Shah and thus also anti-Khomeni. Again, during the Gulf War, Kuwaiti private assets were seized by both the US and England. These were the very people that these governments had pledged to help. In the Philippines, after Cory Aquino was placed in power with the help of American maneuvering, many Filipinos with US investments had their property seized by the American Treasury. Reason? Alleged connections with the Marcos regime. As Marcos was for a while the darling and staunch ally of Washington, what Filipino could have predicted that profiting from government contracts would become a crime in the US.

Going back a bit further to the start of World War II, the American Justice Department threw American born, English speaking, 100 per cent loyal American citizens of Japanese descent into concentration camps. It then essentially confiscated their property through forced sales. All of this was carried out in spite of the fact that the government could not demonstrate even a single case of sabotage or disloyalty in connection with the war. One need not think long and hard to see that these individuals were incarcerated and financially ruined due to the jealousy and greed of local politicians. In short, this minority had been performing a bit too well economically on the West Coast. As a minority race, it is always dangerous to be hard working and prosperous, in spite of what the promotional material enticing one to new lands may say.

During the same time period, the Nazis in Germany did well politically and financially by having a scapegoat. Politicians always need someone or some class of people to blame for

problems they themselves have caused. Usually those who are the targets of government probes and prosecutions are prosperous and lack a wide base of popular support. Every government needs scapegoats. In wartime, incarceration without trial, frequent deaths by execution and the use of concentration camps can be justified. In peacetime, if you are wealthy or your ethnic group is perceived as too powerful or influential, you could become a target.

Many US political leaders have assured foreign creditors that their claims are secured by all assets in the United States, even those owned by individual citizens. Other countries like Mexico have simply ordered their citizens to turn over all foreign held assets to the government in return for non-negotiable peso notes. Failure to do so was declared a felony. As governments regularly regard domestic and foreign assets that are privately owned as security for their debts, some people reasonably fear that the outlook for US property owners and stockholders is very dim indeed. Seizures and confiscation in the US each year run into billions of dollars! Almost any pretext will do to activate this new and growing arm of the expanding bureaucracy, an element which exists only to grab "enemy" assets.

The Dangers of Investing in the US

Although such incidents are occasionally reported in the press, the extent of US contempt for the sanctity of private property is not generally known nor understood. I find it surprising that anyone, under the present circumstances, ever invests a penny in the US. During every conflict or diplomatic crisis, one of the first things the US does is order the seizure of private assets. These generally involve privately owned American assets held in the names of citizens of the countries involved in disputes with the US.

To enforce new laws on insider trading, drug dealing and money laundering, many substantial investor accounts are seized every day. The only requirement seems to be that there be "unusual activities". These unusual activities are of course, classified as crimes. As a result, every foreign owned account is at risk. Stockbrokers and bankers are required to report (upon pain of criminal penalties for themselves) any unusual activity to the US Treasury. Upon receipt of such reports, accounts are often frozen.

What is "unusual"? No one knows. Depositing cash, even if only the price of a good lunch, is one factor often classified as unusual. It seems that almost anything could be considered unusual. Like beauty, it exists in the eyes of the beholder! As a result, seizures in the US tend to be quite arbitrary. Unless a celebrity is involved, the vast majority of individual cases are not reported in the press, but hundreds of asset seizures occur every day.

Technically, your seized assets may eventually be recovered after the conflicts are resolved, but making a recovery often involves years of litigation, personal exposure, personal appearances in court, vast expenses and often bureaucratic denials that the seizure ever took place or that the assets ever existed. In other words, once your assets have been seized by the greedy hands of Big Brother, do not expect to see them again for

a very long time, if at all. Assets seized in 1941 were still being held by the Alien Property Office thirty years after the end of World War II. Some of the privately owned assets seized from Cuban based capitalists in retaliation for similar seizures conducted by Castro have never been returned. Individual Americans have routinely lost their property or had it tied up for years because of disputes they have had with government agencies.

Another danger, totally unrecognized by most people, is contained in the Unclaimed Property and Escheat Laws. Under these rules, mere inactivity for a period, sometimes as short as two years, results in the state stepping in and taking over your property. Don't expect to receive any interest for a good long time. Administrative hearings, proofs submitted by a lawyer and formal hearings are needed to reclaim the funds. Fees of a third to half of the amounts involved are common. Many individuals, both nationals and foreigners, deposit their nest egg in an American bank only to have it taken and used in the end to fund some obscure "do-good" project.

Beating Big Brother at his own Game

Suppose you ill-advisedly held an account at an American stock brokerage firm in your own name. Unwittingly, you deposit more than US \$500 in cash to such an account at a foreign branch office. Result? Your entire account is seized by US authorities for money laundering. You can no longer do any trading for many years while your account is frozen and your case winds its way through administrative and judicial proceedings. You are kept in the positions you happened to be in at the time of the freeze. Or, if your assets are sold, your account is converted into a non-interest bearing cash dollar deposit with the US Treasurer. You have no recourse for your attorney fees, lost interest or investment losses, assuming of course that you manage to recover the funds in the first place.

You do not believe it? Such seizures happen regularly to foreign based investors with US accounts who unwittingly violate any one of a myriad of highly technical rules. Even with an American lawyer on retainer, it is possible to get into serious trouble. In fact, a great deal of trouble is caused to begin with due to bad advice from lawyers! In many cases, unless your US assets are in the multimillion dollar range, the inflation adjusted value of frozen assets will not even begin to cover the attorney's fees expended to recover them.

Use a bank or trust company to hold your assets in street name. The term "street name" means that your assets are registered to an anonymous account along with 95 per cent of all securities in the world. For the PT, any bank deposit or brokerage transaction, such as a stock or bond holding, if made at all should be made via banks in neutral countries. This can be easily accomplished through and in the name of most European or Asian banks. An offshore financial center bank or nominee is the fiduciary of choice for these transactions. The services of such an intermediate are not free, but this one-quarter of one per cent per year is money more than well spent. By investing under the umbrella of a powerful organization with leverage, you protect your privacy and reduce the risks of personal involvement in a fight that could have disastrous consequences. In other words, we say

that no US property, stocks or bank accounts should ever be held in your own private name. Not under any circumstances!

Those who are particularly creative, or just paranoid, may want to search out opportunities through which it is possible to hold American shares or property in the name of nominee banks that the US would not want to offend. An example, purchase American investments through and have them held by a Hungarian bank which owes the US far more money than the value of its holdings. These Hungarian held assets would undoubtedly be the last to be seized.

The Bogus War Against Drugs

The much talked about war against drugs is probably the best example available to show that the days of Big Brother have clearly arrived. Consider the national politics of the world's only remaining superpower, the United States of America. Here, the federal government and individual states are spending literally billions of dollars every year to wage this war. Such activities are widely accepted by the vast majority of the country's inhabitants as the right thing to do.

Now, sit back for a second and consider exactly what has been accomplished with these billions of dollars and immense popular support. First, by enforcing this strict ban on drugs, an urban war zone has been created in which teenagers do not think twice about gunning down each other (not to mention innocent bystanders) in the street with UZI submachine guns to protect their exclusive territories. Second, as a result of this war, people's minds have been crippled to a pitiful degree. In polls quoted by Playboy magazine, close to 70 per cent of the American population expresses a willingness to give up its rights if that is what is "needed" to fight drugs.

Given how hard the present set of "civil rights" enjoyed by every American has been fought for, does it make sense to compromise the rights of everyone. Cornerstones of American justice, such as the right to a fair trial, the right to privacy, the right not to have one's home invaded by gun-wielding law enforcement officers without search warrants on the flimsiest of suspicions, have been alarmingly called into question. All of this merely to prevent a tiny minority from using dope.

Consider also that the very reasons cited for the war on drugs, the gangland shootings, the gunfights in the streets, the muggings and robberies galore, arise from two unchangeable factors. One, there is a lot of money to be made from drugs as long as they are illegal. Two, it is precisely the prohibition of drugs which creates junkies who are unable to finance their addictions without turning to violent crime.

In the last US presidential election, the alleged people's candidate Ross Perot told the American public that if he were in charge he would ask Congress to make an official declaration of war on drug dealers and users alike. Adding, in an off-hand manner, that it would not be pretty. No, it certainly would not, even as it is, it isn't! When a presidential

candidate proposes to "cordon off poor neighborhoods and send in SWAT teams to conduct house-to-house searches", some very ominous parallels with Nazi Germany cannot help but be drawn.

Why is the American public not up in arms at the proposals and policies of this so-called drug war? Can they not see that it is merely a ruse through which individual liberties will be stripped from each and every one of them? Apparently not. There is undoubtedly no better example of the use of Big Brother doublethink. American politicians have succeeded in creating such a frenzy about drugs that all attention is focused away from what they are actually doing and saying. While the populace foams at the mouth about this "plague that is ruining our society", Big Brother sets his traps. If you are American, you must understand that this is the kind of society and the kind of politicians that claim you as state property to be forced into service as a tax-payer. It is your money, if not your freedom, that will finance many of the monstrous stupidities initiated by governments.

If you are not American, do not rejoice too loudly. Other countries have a habit of following America's example sooner or later. Already, authorities and bank officers worldwide will sit up straight in their chairs if someone implies that you are, or even just may be, involved in illicit drug deals or money laundering. Those same conscientious people who would otherwise show anyone the door who asked snooping questions about your affairs, may sell you out in a second if they can be made to believe that you are under investigation for drug crimes.

In several cases the US federal government sought to obtain information from foreign sources citing income tax investigations. When stonewalled by banks and local officials citing strict bank secrecy laws, US prosecutors then went on to formally charge people with bogus drug offenses and were thereby able to obtain either tax information or extradition. You may rest very assured that this is absolutely not, as Dr. Ferris put it, the time for noble gestures. Governments in general and the US government in particular are at war all right, but with their own citizens.

The US - Now World's Top Jailer

The US has rapidly taken the lead in institutionalized, legalized crimes against humanity. In fact, the United States puts more people in jail for longer periods for more things not considered crimes elsewhere than any other nation on planet earth. The US is now the world's foremost jailer on a per capita basis, surpassing even Chinese and former Soviet Union statistics. American jails overflow with individuals who under civilized international norms would not be considered criminals.

Who exactly is in jail? Compared to the despotism in much of the world, the US has relatively few political prisoners, but nonetheless the ever growing prison population in the US is not what most Americans think it is. There are several distinct categories.

First, the category most feared by the PT is the growing number of those incarcerated for victimless crimes against the state. Thousands now languish in American jails for attempting to avoid suffocating and confiscatory government regulations. Many American states still criminalize unmarried sex or certain common sexual acts. There are also, of course, those caught up in bureaucratic red tape who were not smart enough to take the proper PT precautions. In almost all cases, such activities are still not seen as criminal behavior in the vast majority of countries on the planet. Insider trading, conspiracy, money laundering, carrying large amounts of cash and a thousand other such activities are only hazardous to your health in the eyes of certain Big Brother infested bureaucracies.

The second category involves convictions for violent crimes most of which are either crimes of passion or spur of the moment desperate acts committed under conditions of stress. I am the opposite of a bleeding heart liberal who thinks that one should consider the problems of poverty and broken homes and then forgive wholeheartedly. Crimes of violence and sadism are unnatural acts with real victims. Perpetrators should be punished. However, long terms of incarceration serve no purpose, except to put an unnecessary burden on taxpayers. Why not change the major emphasis to recompense for victims, without cost to society, through programs such as payment to victims, community service or house arrest? If a felon refuses to go along with the program, give him some very hard time in solitary as they do in France. A month in a French jail for vicious criminals accomplishes more than ten years in an American jail.

The third category of those in jail in America is definitely the largest. It involves mostly the victims of the drug war. Around 85 per cent of the American prison population consists of nearly a million uneducated unemployable blacks convicted of victimless crimes, usually smuggling, selling or possession of illegal drugs. Strangely enough, these kids who are designated by the drug war as our most viscous offenders are the role models and opinion leaders within their own communities. As dope dealing is one of the few ways to rise in an otherwise restricted ghetto environment, the brightest and best, the richest and most innovative of these kids are the very same class of people on the receiving end of government's big stick. If drugs were legal, these kids might become the heads of giant respectable enterprises, such as the Coca-Cola company, originally producers of a cocaine based beverage, or the giant tobacco companies, peddlers of a product more addictive than heroin.

Of course, prosecuting and jailing both the victims of the drug war and the victims of increased bureaucracy comes with no small price tag. American tax payers foot the bill to keep people in jail for activities which were not even considered crimes a generation ago. Another consideration is that if you do not like seeing your money flushed down the toilet to keep these so-called enemies of the state in prison, then move to another country that does not give the drug war and other such matters such priority.

Why Not Legalize Drugs?

Prior to 1930, drug dealing was not a crime, but like selling booze today, was a respectable business. The biggest world-wide seller of cocaine was that paragon of virtue, perhaps the most respected multinational corporation in the world, Coca-Cola. Then the goody-goody people, reformers who are still around today, came along and seized political power. In America these people are called Democrats. In the UK they are Liberal and Labor. As a result of their activities, politicians can now gain a lot of mirage by appearing to be against sin and exploitation.

The dominant western political parties have sold the majority of voters the bogus idea that everyone needs government protection from their own bad habits. Religious fundamentalists often have their cycles of power during which they, alternating with fascists and communists, force their moral and economic ideas upon everyone else. There are severe penalties for those who do not go along with the inquisition and new order of things.

Let's have another look at that "great social problem", illicit drugs. For thousands of years people have used stimulating and hallucinogenic drugs. Certainly, over-use is unhealthy, but the vast majority of the populace will not become addicts simply because such things are made legal. There are cycles during which booze, coffee, tobacco, sex or whatever are wrongly blamed for most of the evils of society. Things as well as people and economic behavior are all political targets for periods of time. History repeats this process endlessly. The public is sold and accepts a bill of goods. The only lesson seems to be that if you want to pursue your pleasures it is best to be mobile, so you are able to escape to places where what you enjoy is legal.

Many drugs, including alcohol, were first made illegal during the prohibition era of the 1930s. During this decade, a type of hysteria was created about popular black musicians and entertainers. It was thought that they would corrupt and seduce innocent white girls with the evil weed, marijuana. There were also a few too many people getting their kicks from champagne and cocaine, at least as far as conservative elements were concerned. This report does not have space for the complete history of the formation of the multibillion dollar, utterly corrupt and ineffective political boondoggle known today as the Drug Enforcement Administration, but a few interesting footnotes of that story are appropriate.

During the prohibition era, the Coca-Cola company, which had been dispensing its very popular cocaine-laced soft drink since 1903, came under pressure to change its formula. Scientific research of the day proved that cocaine was a powerful sexual stimulant, claiming that it could turn ordinary Baptists into raving sex maniacs. Not to be daunted, the resourceful Coca-Cola company looked around for a less sexy but equally addictive drug for its healthy and refreshing drink. They came up with the stimulant caffeine. Its effects on the nervous system are about the same as cocaine, but it is somewhat less of an aphrodisiac. Nonetheless, for thirty years cocaine was an integral part of the secret formula for one of the world's most popular drinks. Apparently, according to an

unchallenged article in *Varsity Fair* cocaine is still used as a key ingredient in Coke. The article claimed Coke have a special permit to import the drug legally.

I am not condemning Coca-Cola. On the contrary, I am just pointing out why these anti-drug laws are among the many costly, stupid and counter-productive things foisted upon the unwashed masses by government. Cocaine, heroin as well as most narcotics and hallucinogens are no better nor worse for one's health than cigarettes, liquor, coffee or obesity. If everything were to be legalized, such a wide choice of poisons would probably cause less premature death and disease than tobacco or booze alone. The US has learnt nothing from the 1930s prohibition debacle.

Moreover, the real point is that adult human beings should simply be allowed to choose what they eat, ingest or read. No occupation or medical treatment should be forbidden. As PT's we can have this freedom. The purpose of life as we see it is to be free to experience what we wish to experience, not what a bunch of enthusiasts in some temporary craze think is proper.

The Freedom to Choose

About the only fact that editorial writers on drug issues seem to agree about is that alcohol related diseases were, in fact, considerably reduced during the period of incredible violence, crime and corruption known as the prohibition era. This data leads most individuals to the idea that if narcotics were legalized, there would be more health problems than there are now. This is not the point! The prime reason for my existence may or may not be the avoidance of sickness or accidents. It is strictly my business whether I want to eat or drink to excess or partake in other unhealthy activities that will only cause harm to myself.

In the late eighties, an agency of the United States government abolished cigarette smoking on domestic airplane flights. Most other governments playing monkey see monkey do, followed close behind with similar legislation. As I am personally a passionate antismoker, I do not mind a smoke-free environment on airplanes. Why should anyone who wants only clean air be forced to breath unhealthy, partially combusted vegetable matter? Yet I was shocked when I learned that agencies of the US also prohibited the flights of a proposed all-smoker commuter airline.

Protecting the rights of people who want to be healthy against those who would pollute the environment is one thing. I can go along with that, but restricting the pleasures of those who hurt no one but themselves is quite another. If nicotine addicted investors, crews, stewards and travelers all decide to voluntarily associate and puff their coffin nails and smelly cigars in a restricted space together, certainly no government should protect them from a carcinogenic haze of their own choosing. We feel that it is a proper thing to prohibit people from forcing others to suffer, but it is quite another thing to make individuals give up pleasures or rights when they are enjoying themselves and hurting no one else.

In some regimes compulsory physical exercise may be required for two or three hours per day. Such activity is probably healthy. There may even be some individuals who feel that every waking moment should be regulated and planned by government leaders so that social goals, such as a perfectly healthy clean-living society, can be promoted. Do you want to have such ideals shoved down your throat? Not me!

The only role any government should be allowed is to permit individuals the freedom to do as they wish so long as they do not defraud, steal from or inflict direct physical harm on others. Hence, if an individual would like to snort or smoke himself stupid, drink Drano, gamble or engage in any of the multitude of self-destructive behavior invented by mankind to date, it is entirely his business. If, at the ultimate extreme, people want to form a club to drink poison, why should society try to prevent anyone who is mentally competent from indulging in the ultimate freedom of self-destruction? Why should the rest of the population make huge tax contributions to keep these individuals, who hurt no one but themselves, in jail.

Furthermore, as many thefts, murders and other common law crimes are drug related, legalizing drugs would eliminate an enormous number of societal problems with one single stroke of common sense. Legalized drugs could then be taxed with sin taxes, as are alcohol and tobacco. This money could be spent on appropriate education programs warning people of the effects and dangers of such substances. Unfortunately, such thinking is undoubtedly far too sensible to ever be taken seriously by any politician who has managed to achieve a position of even moderate power.

The Long Term Effect

The drug war has been a losing battle for nearly fifty years. Still, much effort is misguidedly devoted to drugs and white collar offenses, leaving little manpower to deal with burglars, stick-up-men and run-of-the-mill crooks. If you are not grabbed by the cops, the robbers will get you. Crime rates continue to go through the roof in all major American cities. Your chances of being assaulted on the streets of New York are better than ever. Apparently robbers and killers have become too hard to catch. Meanwhile, law enforcement officers have other priorities, such as arresting people who fail to file environmental impact reports or who are caught smoking a joint of marijuana or taking crack. Drain a mosquito infested swamp on your own property and under the new Wetland's bill in the USA, you are worse than any murderer.

Common sense tells us that certain "evils" have been around forever and probably will always be around. Nonetheless, even if the majority of people agree that a certain type of behavior is anti-social and should be discouraged, it is only rational to see if prohibitions work. If a war on drugs goes on endlessly for fifty years, then it is time to try something else. The something else that I propose is simply to make all things legal unless they directly victimize someone else, to force no one into any behavior, such as prayer, unless the failure to participate in such activity, in this example to pray, actually injures someone.

Personally, I would prefer a world full of happy, well cared for children that has no abortion. However, making abortion illegal does not bring about that result. In the days of illegal abortion, millions of young women died because back alley amateur abortionists botched the job and left young women to bleed to death with coat-hangers stuck inside their guts. A clean, therapeutic abortion in a sterile clinic is certainly a better alternative. Before abortion was liberalized as it is today in many countries, children were abandoned by the millions. Other babies grew up unwanted, abused and starved. Ultimately most of them turned into anti-social beings who inflicted great harm on their spouses and their own children.

The point is that each person should have the right to decide for himself whether or not to pray, eat, drink, sleep, smoke, have children, live or die. Prohibitions against what we can read, drink, smoke or do in bed succeed primarily in creating whole illegal industries and diverting resources into negative enterprise. Nonetheless, there are and always will be groups that spring up and try to influence the rest of us. Ultimately, all belief systems and new ideas will peter out. They must change and adapt to different times, climates and new knowledge.

It is far better to simply be pragmatic or, in other words, to operate with common sense. Leave it to others to create their version of a better world by force, theft or violence. If you lived in Nazi Germany it was not a wise idea to play confrontational games with the Gestapo. Likewise in the US with the Internal Revenue Service, it's just too easy to walk away. As PT's we do not want to encourage the heavy hand of authority by becoming too moral ourselves or by worrying too much about what other people are doing to enjoy themselves. So long as coercion of others is not involved, people should be free to do as they please.

Chapter 6

What's Wrong with the Government

Due to their very nature, governments continuously force one group or class of individuals to subsidize other groups. Democracy as an institution busies itself primarily with the redistribution of wealth. Robbing Peter to pay Paul. Congress, Parliament or the El Supremo Generalissimo dictator will always confiscate from one group to give some people more than other people think they deserve. In short, industrious squirrels are often forced by humanitarians to give up their savings to profligate grasshoppers.

Should savers be forcibly divested of their wealth because some groups manage to garner more political clout than others? People who consider themselves to be needy or who like to be generous with other people's money are the only individuals who consistently believe that governments have some sort of a moral duty to provide generously for those supposedly in need of help.

In Denmark, an unwed mother, her unemployed boyfriend and their children until recently lived better on government paychecks than the working person who produced the wherewithal to keep them on easy street. Of course, such generous social welfare policies have also led to a situation in which there are more people on the dole than there are working for a living. Such an outcome is inevitable. When working and being an honest taxpayer leads to less reward than being taken care of by government, the system will collapse.

Whenever a government stifles economic initiative by taking the sweat and savings of some to give out free lunches to others, poverty will not be reduced, problems will not be solved. Dependency on public assistance always grows to meet the available supply. It is a mystery that so many governments concentrate on expanding the amount and types of handouts that they supply rather than on creating better economic opportunities for all.

Government Subsidies

In Europe, farmers receive huge subsidies each year at the expense of the general public. As a result, these countries produce lakes of unused wine, mountains of butter and many other surplus products that are sold at give-away prices outside of regular marketing channels. In America, products like Uncle Ben's rice are some of the few successful exports. Why? Government subsidies.

American rice costs about US \$250 per ton to grow. The US government subsidizes rice growers, mainly in California, at the expense of the general taxpayer. The government then sells this US \$250 per ton rice at US \$19 per ton, less than one-tenth of the cost of production. Due to such senseless policies, American farmers manage to compete with better quality Thai rice which costs only US \$20 to produce. Many other American agricultural products are typically sold at costs well below that of production or given

away as grants in aid. Similarly, many exports are financed with US government "loans" that need never be repaid.

Competition between the subsidized farmer and the independent, free market local grower tends to encourage the unsubsidized farmer to quit and go on the dole. After all, why should the unsubsidized farmer go on year after year when he will only, in the end, be undercut by foreign products? The two are not playing with the same deck of cards. Commodity producers all over the world are being put out of business by foreign governments over whom they have no control. In fact, under the Clinton administration, government subsidies look like they will become more a thing of the future than that of the past.

What an incredible waste of human resources. Any private company which conducted its affairs based on this government model would soon be out of business. A nation that engages in such practices is similarly heading down a losing path. In our ideal world, no government would distort economic activity for such shortsighted goals, but then an ideal world has never existed and never will. People tend to act according to their own selfish interests. Results vary from place to place and time to time, but about the only constant, to come back to the point, is that intelligent people become PT's.

Excessive Government Spending

Government subsidies are unfortunately just the tip of the iceberg of senseless government spending. Each and every year, more and more useless programs are enacted by governments that seem to be completely incapable of doing anything other than spend more taxpayer money. Furthermore, once a government program is in place, employees and beneficiaries are created who will have a vested interest in the continuation and expansion of that program.

These beneficiaries lobby and use public relations to show what a good job they are doing. They scream about how the needs that their program must meet are far greater than that which can currently be handled by their existing funds and personnel. Just as in business, expansion and growth is life. If appropriations and staff are cut, those in charge of such a program are reduced to a position of lesser power and influence, not to mention the fact that they will not be allowed to enjoy the sort of perks that they once did. The continuation and expansion of any program and its appropriations are exceedingly important to those with a financial interest in it. For legislators, each program, each agency means only a few pennies a year to each taxpayer, but the pennies somehow manage to add up to millions of wasted dollars.

About the only government program that I can envision which would be worthwhile is one specifically appointed to terminate programs that have outlived their usefulness. As far as I know, such a program does not exist in any government bureaucracy that I know of. There is also a great lack of motivation amongst the higher echelons of government or politics when it comes to eliminating unnecessary government employees.

When border controls were to be eliminated in Europe, the border guards went on strike. They sought to justify their continuance by reviewing all the arrests made, the contraband seized, the fines and taxes collected and all the other "good work" they had done. Naturally, they failed to realize that they had also cost the economy of Europe untold billions due to delays and local inspections. These bureaucrats had a lot at stake, their jobs and livelihoods. Fortunately, powerful economic interests were brought together to lobby against them for the greater freedom of movement for people, services and goods. As a result, a traveler in the European Union now enjoys hassle-free movement throughout almost all of the continent.

Unfortunately, this example is the exception rather than the rule. Usually there is no highly motivated group close to power who can move to eliminate wasteful government expenditure. Most agencies manage to survive due to the fact that they handle some obscure task that goes on and on. (Low profile sometimes also means survival for bureaucrats.) If their agency is attacked, they rally together to support and expand it. All too often, no conflicting voice is heard, as the general public is not and has never been even mildly interested in the work performed by this agency.

Finally, as governments are at least sometimes obliged to look for ways to cut expenditures, the worst situations exist within international agencies, such as the UN. In these agencies it is common to find groups of highly paid civil servants employed for life in no work jobs. These civil servants are generally ex-politicians, rewarded with an easy street career for faithful service in their home country. I know dozens of individuals drawing down six figure, tax-free salaries who do little more than liaise with colleagues from other agencies or occasionally commission expensive reports from "expert" friends that no one ever reads. Who will ever seek to eliminate this waste? Probably no one. Bureaucrats for the EU and most international agencies will feed at the public breast forever. They will be paid and supplied with perks for long after their usefulness has ceased. A relative of mine a while back was given leave by the British Government to be a delegate to an international conference on uniformity of flagpoles. Uncle Charlie was provided with a plush office in Paris, a living allowance, a car, and a raise in his civil service pay grade. Uncle Charlie was not dumb and in his final report recommended further study and a permanent liaison office with other flagpole experts in Paris. That was in 1955. He has been serving as a quasi-diplomat in Paris, with princely pay and allowances every year. What does he do? Each year he writes a ten page report on progress in the adoption of uniform flagpole standards, which is circulated among his forty or so colleagues with similar titles, pay and duties. He is due to retire after some 40 years of enjoying his view, reading the newspapers, and writing short reports that no one (aside from his two secretaries) has ever read.

There are millions of employees in politics, public service and international agencies who could be eliminated without causing even a minor hiccup in the day to day running of government. Sure, there would be short term discomfort, in the form of unemployment, for these employees themselves, but most would find their way into productive enterprises

sooner or later. If not, it would still be cheaper to eliminate the job and pension them off. Perhaps up to 98 per cent of all public agencies could be dissolved or eliminated without any ill effects. Post offices and telephone companies have been privatized with great results. Politically appointed and questionably motivated judges could largely be replaced by far cheaper and more efficient private arbitrators. The list of possible ways in which out of control national budgets could go on crash diets is limitless.

The Incredible Hulk

To make matters even worse, the excessive policies discussed above are undertaken by governments that can barely afford to remain afloat in the first place. As a result, these policies saddle taxpayers with huge debts that will some day have to be paid off. The current US national debt, including unfounded debt for social security, medicare, etc. has been estimated to be close to three-quarters of a million dollars for every man, woman and child in the US. At current interest rates, this means that every man, woman and child should be paying around US \$125,000 per year in taxes just to service the interest on this debt. This figure does not include the other US \$35,000 per year it costs per capita to run the country at projected levels.

How is this US \$160,000 per person per year debt-growth currently being serviced? You guessed it. Taxes and voluntary contributions cover only a fraction of the total amount needed. The rest is carried over as new debt through refinancing or, as they say in the trade, by being rolled over with more debt. New government debt-paper is sold every month to pay the interest on old debts. All of this is undertaken in an environment in which already more than twelve per cent of the annual federal budget goes towards debt maintenance, at least if one believes the statistics admitted to by the federal government. Nonetheless, the US only continues to crawl further and further into the red. In other countries, notably Italy and Brazil, the per capita debt is even higher.

Will there be a crisis of some sort? Yes, meaning that the Alice in Wonderland economic policies of many countries are as good a reason as any to really distance yourself. Countries which have fallen into hopeless debt, such as Brazil, Italy, Argentina, Poland and Costa Rica, have invariably found it necessary to impose austerity upon their citizens. The package of economic reforms usually include wage reductions, price controls, rationing, exchange controls, investment restrictions, travel restrictions, laws which forbid citizens from owning foreign assets and the like. This is the writing on the wall.

The Problem with Socialism

Do-gooders in government never seem to recognize the fact that general productivity and creativity are present only when there is a risk of failure. Poverty must be the natural fate for all those who fail to exert themselves. A mule moves when there is a carrot in front of it and a stick beating it from behind. If you give out economic rewards for standing still, you will only succeed in stagnating the economy.

Just look at the example offered by the United Kingdom. Shortly after World War II, English socialist do-gooders managed to gain control. They believed in meeting social goods and human needs, no matter what the cost. They introduced excessive welfare programs, such as socialized medicine and industry, which succeeded primarily in introducing massive inflation and reduced productivity. Over regulated businesses still have an enormously difficult time getting off the ground. A once mighty England has now floundered economically and today enjoys the position of a second-rate power at best.

Politicians with a socialist mentality are always pursuing conflicting goals. They want to help the underprivileged, but yet encourage productivity. Nonetheless, to help the poor, they soak the rich, productive elements of society. This often sends them packing. Attempts to redistribute wealth, only result in redistributing the wealthy. The net result is economic stagnation. Lifting up the poor is a noble gesture, but it is not necessary to take away most of the pie from the best citizens to do so. The secret is to make a bigger pie. Instead, taxes are routinely imposed on the rich and productive to primarily pay for the wrong projects and advance the wrong social goals.

Governments Always go too far!

Years ago in a certain US city there was a tragedy. Several children burned to death in the home of a baby-sitter who, although she should have been watching the children, neglected her charges. The newspapers and media in general clamored for a law. Laws were passed. Under these new regulations, a license was required to offer child care services. Special training and examinations were needed to get this license. A sprinkler system was required. Additionally, as and when anything else went wrong at other preschools, new laws were passed. A kid fell down some stairs. Thereafter baby-sitters could only offer their services on ground floors or in homes that did not have stairways. Soon, the amount and type of food, toys and activities one could offer were all regulated down to the most minute detail, even the amount one could charge was regulated and limited. Fines were imposed for even the slightest deviation.

What happened? Eventually the situation evolved to the point where no child care facilities were available in the city. They had been regulated out of existence. As the lack of daycare centers did not eliminate the need for them, facilities which cost a great deal more than their privately owned and operated counterparts were established as tax-supported facilities. Mothers who took their children there had many complaints, but no alternatives. Pre-schools became a government monopoly. Taxpayers grumbled a little, but were told that they were overreacting as the facilities only added half of a percentage point to their property tax. Who could be against children? In the end, everyone accepted the status quo.

What's the point? Government, as usual, went too far. Trying to solve a problem, the city in question made it impossible for a mother to entrust her children to an individual of her own choosing. The city, responding to thousands of similar pressures, expanded its budget from an amount under US \$1 million to over US \$600 million in twenty years. It went

from being a minor tax collector to the point where ten per cent is now added on to the price of every hotel and motel room in the city. Twenty-five per cent is tacked on to every parking bill, not to mention several hundred other new taxes that have been levied against almost everything save breathing. The city has even introduced its own income tax on wage earners within the city so that it can provide such "needed" services. Pre-school costs are 30 times per child what they were under private enterprise. Was child mortality reduced? Well, yes. For a time. Until a frustrated tax payer threw a bomb at the building.

Somehow, these taxes just sneak up on the unsuspecting public. Naturally, they are all touted to be for good, if not absolutely necessary, purposes. The same thing is true at the federal level. Urgent needs will always expand to soak up available funds.

The Cradle to Grave Mentality

In modern Scandinavian countries, people are taken care of by the state from cradle to grave. Incredible confiscator tax rates are required to finance this system. Similarly dismal socialist systems were in place in New Zealand and Costa Rica. The cost is high. Individual initiative is smothered by the socialist ethic of cooperation and dedication to the common good.

Similarly, millions and millions of dollars are appropriated to provide assistance to refugees as they arrive in new countries. Who could refuse to vote them a paltry few million? But, when the ancestors of the Americans arrived at Plymouth rock to face a cold and hostile environment, was there a social worker there to greet them? When Columbus landed, did the Arawaks appropriate ten tons of wampum and put him on welfare until he could get "adjusted"? When the millions of poor Germans, Jews, Irish and Polish arrived in America between 1895 and 1910, there was no welfare. There were also no social services. None were expected, but people got along. They worked. They showed some pioneer spirit. They prospered.

This situation doesn't happen so much any more, nor will it as long as new immigrants are given government handouts rather than work permits. In my reports, I spend a great deal of time discussing freedom and how it is the only truly valuable commodity in existence on this planet. Nonetheless, during my travels I have discovered that generally people worldwide do not want freedom, they want protection. They want and will vote every time in favor of a Big Brother government to look after them from birth to death, even if such a system causes more harm than good, as it always does.

Are people made happier through such coddling by Big Brother? Judging from the fact that Scandinavia, New Zealand and other socialist paradises have the world's highest suicide rates, I would say no. Citizens of such regimes also suffer from widespread addiction to drugs such as alcohol, cigarettes and heroin. High taxes, financial security and "free" universal health care do not necessarily make for a happy society, but still, do-gooders allow the myth to persist.

Psychologists know that people released after a long stint in prison often fear leaving. The majority soon drift back to their familiar incarcerated environment, a cocoon of friends and an institutional routine. For the average man, freedom is not a priority. No matter how easy it is made for them, most people who are facing certain death, starvation and torture, will not make any move to escape their home country. They will instead accept an utterly repressive regime.

It's Always Better to have Options

Scandinavian style socialism may be suitable for some people at certain times in their lives. Idealists under thirty may like the idea of sacrificing themselves for their less fortunate brothers and sisters, but with age and wisdom, intelligent people realize that "less fortunate" is a relative term. The primary responsibility of the individual is to realize his full potential. Like the Israeli kibbutz, Scandinavian style political systems may provide an outlet for the energy of some do-gooders, but helping the unfortunate is often about as helpful as giving bum a handout. If such action only results in the bum running to the nearest liquor store for yet another bottle of booze, shouldn't we reconsider our actions?

The widest possible variety of socialist, utopian and religious communities should be encouraged, as long as individuals can decide whether or not they wish to belong. As long as one can come and go without restraint, such systems do not pose a problem. In fact, Scandinavia and the Israeli kibbutz are both wonderful places to visit. Some people do not mind being worker ants in the service of great ideals. Hurrah for them, but let's try to make sure that no one is deprived of the option to move one when he or she feels a place is no longer suitable.

Is communism worse than Scandinavian or American style socialism? Maybe not, suicide rates are rumored to be lower in China and Cuba, but maybe this is due to the continuous struggle required to just survive. Take away all conflicts and economic trouble, take away the opportunity to fail or to succeed and you effectively have taken away the challenges that make life worthwhile. For most people, overcoming obstacles in the way of a desired goal is the primary reason for living. While the quest for personal economic success is obviously not the only road possible, everyone needs at least minimal motivation, motivation that many will not be able to find through music, art, religion, sex, altruism or other possible goals. The struggle to earn a living or raise a family is definitely the most common form of motivation. Without this basic sense of purpose, billions of people would be at a complete and utter loss.

Everything Comes in Cycles

No organized group can control much of anything for long, if at all. There are just too many people and ideas constantly pushing and shoving for their place in the sunshine. Some groups or philosophies will gain acceptance, for a while. Individual political leaders may be able to hold on for a lifetime. They may even be able to pass power on to either their families or a chosen successor.

Nonetheless, all things will pass. Conspiracies or political movements are no exception. For example, in the late seventies, OPEC came on the scene unexpectedly and managed to triple oil prices. This cartel seemed to be invincible, but with time internal problems and competition from outsiders gradually caused the once mighty organization to collapse.

Economic cartels, national organizations and religious groups are never permanent. The catholic church has been able to survive for generations, but not without changes. Even with such changes, the power that this unique organization enjoys has been steadily declining over the last five hundred years.

History shows us that all things come in cycles. Ideas and institutions follow the biological model. They appear, grow, decline and then finally disappear. The burning issues of the time are continually relegated to history books as time passes and new problems materialize. Hence, democratic governments are almost always just temporary coalitions of politicians that therefore cannot be expected to have consistent policies. You should never expect a government to keep its word or stand by its solemn contracts.

Dictators cannot make a deal that will be unquestionably upheld by their successors. There are biological limitations, meaning if nothing else, everybody has to die some day. You must also consider the possibility of revolution. Those with arranged investments or contracts through the graces of Marcos, Pinochet or the Shah of Iran know about these possibilities all too well. PT's should proceed with the assumption that nothing is permanent. All planning must be made subject to sudden shifts in political winds. One international banker told me that in the fifties, long-term planning involved looking ten years ahead, whereas today, it means dealing with next week.

Laws are not Divinely Inspired

Laws no longer come down on pre-written tablets direct from God, if they ever did. They are promulgated by individuals and groups jostling for power and influence. Those on top are sometimes intelligent, sometimes stupid, but more often than not, politicians are just average clods trying to keep their jobs and hold on to as much power and money as they can. Forget divine inspiration and concepts such as the majesty of the law.

Nonetheless, capitalist oriented laissez-faire governments, meaning constitutional democracies, have historically worked better than all other possible types of government in providing a high standard of living and amount of personal freedom. It is only during the recent past that the US, starting with the F D Roosevelt administration, has put the screws to the upper middle class. Creative, wealthy and productive people have been leaned on too hard for too long. Lobbying pressures result in laws that reward certain classes of people or types of behavior while burdening others. Governments are constantly trying to balance interests, but inevitably some people will be given the short end of the stick.

While there are moderate middle of the road elements in modern politics, most young political aspirants are of a change the world mentality. They are often more radical and motivated. As a result, they frequently are successful in coming to power. Voters tend to elect do-gooders, lunatics and extremists. All of whom are primarily interested in compelling us to do things their way.

The eternal paradox is that even under the political regimes of conservatives like Thatcher and Reagan, government budgets and staffing levels continued to grow. Under their less committed successors, they will grow even more. Bureaucrats who benefit from the status quo do not like to give up their positions of power, prestige, pensions and pay. An institution can do a rotten job and be corrupt from top to bottom, yet still succeed in conning both politicians and the people into believing that they are performing a meaningful and needed service to society. Just look at the activities of the American Drug Enforcement Administration if you seek an example.

For those organizations that cannot escape the reality of their failure, the reasons they provide for such lackluster results are always underfunding and understaffing. In the end, the government agency or bureau will get even more money, become even more corrupt and be an even bigger failure. The only solution governments ever even contemplate is to throw more money at a problem. They never think rationally about other approaches.

Why Not Try Something Different?

Although much of this report rants and raves about how bad politicians and bureaucrats are, the truth of the matter is that as individuals, these chaps are people very much like us. Most are not left wing idiots or even fundamentalist religious fanatics. We would probably even agree on most moral issues as well as many other ideas.

Sure, I'm a libertarian. Some of us express rather extreme positions, but most of these are just to get noticed. We want to raise the consciousness of people through the likes of media such as this PT series of reports. Our main point is that there are other ways of doing things and they should at least be given a try. If they work, good. If not, back to the drawing board.

The entire worldwide privatization movement of the last decade was an idea that came out of the libertarian think tank. Libertarians pointed out that while state-owned utilities and major industries appeared to be a winner of an idea at the turn of the century, one hundred years of experience has proven that independently owned, loosely regulated businesses normally do a better job at a lower cost to the consumer. The idea was to give consumers a choice, not just the single option of a state owned monopoly which does not deliver the goods.

Diversity, private ownership and choice are the general tenets of a market-driven system. From it flows, among many ideas, the concept that perhaps education would be improved

if you gave vouchers to parents and let them spend them on the type of institutions, private or not, that provide the kind of education they want for their kids.

We are not saying that we want old people or young mothers to starve on the streets, nor that dope addicts should be allowed to shoot heroin in hallways and then burglarize our homes to support their habits. Everybody likes well designed cities with open spaces, no pollution and a few attractive public buildings and parks. Even libertarians are willing to pay some taxes to support a limited police force and volunteer military establishment to suppress violence and fraud. No one seems to want what we have now, namely an ever-growing government which continuously draws more and more people to the public tit. So why is it so hard to make a change, to get away from a bloated bureaucracy and an over-regulated world?

The Libertarian Deal

If you were elected to public office without any particular training in the libertarian way of solving problems by leaving them alone, you might very well have the belief that almost all problems can best be solved by government intervention, government regulation and the government takeover of industries that are not performing as well as they should be. If, after government intervention things got worse instead of better, you probably would believe in good faith that the solution lay in more regulation, more tax money or more diversion of control from the private to the public sector.

Such excessive government intervention is not the answer. Thinking people already agree that most governments only cause many new problems for each one they try to solve.

Everybody else may want a government solution for everything, sometimes even before there is a problem. They simply have not examined the situation intelligently. The biggest problem is government itself.

Minimal taxes to pay for a national infrastructure and the suppression of violence and frauds may be a necessary evil. Taxes that simply redistribute wealth or that are meant to achieve certain social goals invariably only succeed in distorting human activity. Why substitute the ideas of misguided politicians for the invisible hand that does a much better job of allocating resources. The utter failure of centralized economic planning exhibited by the former Soviet Union is positive proof that the free interplay of supply and demand simply works best.

There are many things that could be done to improve government. The best start would be to add "none of the above" to the election ballots. If this category wins, abolish the office until the next scheduled election. Another freedom helper could be the requirement that before any new government official is sworn in or any new political office is created, ten or twenty bureaucrats must be abolished. There are simply too many people feeding at the public trough.

Another obvious and mostly ignored solution would be to institutionalize the automatic termination of laws, programs and agencies. They call this a sunset clause. These are as rare in government as clean pigs in mud. The ideal sunset clause would require that anything involving public expenditure must be voted on again at a certain future date stipulated by the clause. The next vote would need approval by more than a simple majority in order for the expenditures to be continued. Finally, every civil service position and perhaps most political jobs should be automatically vacated and left vacant for a substantial period every few years. If the world continues to turn, the job should be eliminated.

In spite of these suggestions, this report is not meant to be a guide on how to reduce the power of government. Others, like Milton Freedman in *Freedom To Choose*, have already done an excellent job of that. The PT concept is about how to avoid government. How to cut loose.

If a law or tax works to your benefit, good. On the other hand, if a law or tax is not to your liking and you cannot figure out any other way to deal with it, you can avoid its effect by physically moving out of the country. Prohibition in the US sent some drinking Americans to Paris. If something bothers you about your home country, you can leave and find a more suitable environment elsewhere. Such a decision need not be permanent. The adventure, the search, the education will be fulfilling in and of itself. The PT is free to leave home for a while and enjoy life and prosperity elsewhere. If opportunities are not as they should be, if we as individuals are not getting our fair share where we are, we can always leave to seek or spend our fortune somewhere else.

Chapter 7

The Search for Freedom

The vast majority of people in the world do not understand the difference between freedom and slavery. The only way to learn this difference is to travel and to see how other people live. Keep your eyes open and quietly observe how other governments and their functionaries operate. As a result, you will not only grow to understand and appreciate these differences, but will also slowly come to a better understanding of your own lifestyle and the many things that you take for granted. You will learn that things need not necessarily be done the way they always have been done. This transformation cannot be accomplished with the help of only a book or television program any more than you can learn to swim or ski by just reading about it.

At this point, you may well be thinking that you want some concrete examples. Up to this chapter, this report has been more or less abstract when describing the benefits of travel or of the PT lifestyle. You may not have traveled much to date. What will you see? Why are things so different than they are back home? Where should you go first? Why should you even go anywhere in the first place?

This chapter is intended to show you in concrete terms exactly what you can gain by moving abroad or just going there to have a look around. It draws exclusively from my own personal experiences. By being constantly challenged in new and interesting ways, I was able to grow as an individual and come to a better understanding of how the world works. With this understanding, I now enjoy a more privileged position and am far better equipped to cope with whatever life may have to offer in the future. The benefits gained by not staying at home in my familiar rut are simply unimaginable to those not in the know. I can honestly say that I have found freedom in an unfree world.

Life Behind the Iron Curtain

Up until recently, the world was divided by the so-called iron curtain. Communism versus capitalism was the question foisted upon the masses for generations. As I have already explained, my own personal viewpoint is that a free market capitalist oriented system works far better than any other economic organization envisioned by mankind. Nonetheless, as it is unhealthy to become too comfortable in one's own ideologies, I decided several years ago that a trip to what was then the communist world may prove to be insightful. Of course, the world has continued to turn since my visit and perhaps no place has undergone changes quite as radical as those of eastern Europe. Nonetheless, the insights that these experiences provided are still meaningful, perhaps all the more so today, as the place that inspired them is for all intents and purposes no longer in existence.

What did I find behind the now fallen iron curtain? Well, more or less what one might have expected. During my brief stay, I was challenged many times each day to show my passport, visa, currency forms and so on. I was obliged to change a certain amount of

money at the border police station for each day I planned to be in the country. I found this requirement a little strange, but I got really angry when, inside the country, I learned that the official exchange rate was only a fifth of the free market, or black market rate. In case you wonder how I got this exchange rate information, on any public street in Prague, despite the risk of a long stay in the pokey, locals whispered "change money?" to me on the average of once every thirty seconds.

How did they know I was a foreigner? Maybe because I wore fifty dollar Reebok running shoes, which go on the black market for about ten times that price. Local clothing and shoes were of such inferior quality that no one wanted to wear them. Anything western was eagerly sought after. Local products and services were all designed or invented before 1940 because part of the local government ideology was that nothing good has come out of the degenerate West. Before locals were allowed to travel outside of the country, they were told in all seriousness that the stores in the free world were only full of merchandise because people could not afford to buy. Conversely, they were told that the reason Czech stores were so empty was that people could afford to buy the merchandise in them.

Of course it was illegal to buy or sell anything except through state stores. Private real estate or investments did not exist. The local equivalent of savings accounts were regularly confiscated just because the government needed money. Currency in circulation was regularly declared worthless. Obviously, there was little private saving and little opportunity for making investments except in the illegal black markets where the American dollar functioned as the medium of exchange.

I observed that whereas everything you might want to do in the West is either immoral, fattening or illegal, in this heavily controlled state, everything was just illegal. A popular saying in the communist world was that everything is forbidden unless specifically authorized, but getting authorization for anything is forbidden. In Czechoslovakia, even buying a hamburger involved subterfuge. The major Soviet attraction was a semi-secret restaurant known as the Arbat. This establishment was forbidden from advertising or making itself known to tourists. With its chrome and Formica annex, it was obviously a poor imitation of a McDonald's hamburger joint. Now, McDonald's isn't exactly heaven, but the communist Arbat burger was so bad that in New York, Russia's finest would have been empty. Same with Russian-made cars.

Little all-powerful czars managed to do little else than make a mess of the economy. No product or service met satisfactorily with any sort of acceptable standard. Finding nothing to buy with the amount of money I was forced to change every day, I ended up selecting a good-looking old fashioned cast iron pot and cover set as my one souvenir of a very educational visit. Later, when I got home and tried it, it turned out that the cover was made in such a way that when the contents boiled, everything inside the pot spurted out. In a free market system, a pot with a cover rim that curves down outside the pot would simply never be manufactured. Even if it were, customers would return the product and demand a refund. The designer would promptly be fired.

In Czechoslovakia, as was the case in all the eastern bloc countries of that era, everything was manufactured and sold by state-owned companies. When the state owns the means of production, there are no refunds or exchanges. The designer and manufacturer may be given a medal, but does anyone want a leaky pot? In Czechoslovakia, it would have been illegal for me to try to sell this defective pot. The fact of the matter is that even when communist workers tried hard, such as with products intended for foreigners and tourists, the standards on consumer goods were not just second-rate, but fifth-rate. Only in the private sector or black market could you get any decent goods or services.

Some Radical Ideas

This excursion as I have described it so far, probably sounds more like a nightmare than the sort of experience any sane person would desire. However, my reason for including this story is not to berate communist systems which have fallen apart since my visit, but rather to point out the many similarities that I observed between this highly regulated state and the supposedly free western democracies. Thanks to my visit, I was forced to examine the manner in which business is conducted back home.

In Czechoslovakia, I deeply resented having to pay at the official exchange rate a dollar a cup for the best drink they had available, grossly inferior Cuban coffee. As far as I was concerned, the 20 cent free market price was already excessive for that dirty brown swill. Nonetheless, a quiet morning over a mug of swill caused me to reflect that all price controls and regulations are government robbery. The mislabeled black market was the real, free, honest market. Whenever we hear the words black market we should think free market, for that's what it is.

Furthermore, under the table protection payments which had become a part of life in this communist society involved much the same rigmarole that a prostitute, gambler or dope dealer must engage in to ply their trade in the West. The thought came to me that maybe prostitution and other illegal businesses in the West should be legal. Such activities will go on, legal or not. If legal, the standards would undoubtedly be higher. Inevitably trade groups would form. Rating books would be published to review the services offered. Honest products and services would be popular. Marginal operators would be eliminated in the competition.

Customers will always be better served if governments keep out of the ownership and regulation business. There is nothing wrong with laws that require full disclosure, health standards and honest labeling, but the degree of regulation in most businesses and the activities that are made illegal in the West are simply way out of kilter with any concept of economic freedom. Maybe legalizing everything except fraud and violence should be tried for just a while. At least there would be fewer corrupt cops on the public payrolls. As I have said before, government protection from imaginary evils is the problem, not the solution.

The Problem with Government Ownership

In Czechoslovakia I gave a lot of thought to government power over people as I saw hundreds of little Caesar's running their own little empires of state-owned enterprises without the slightest concern for pleasing their customers. To get a needed visa-extension I was obliged to stand in line for an hour to get the proper form. It could have been left out on a table, but that isn't the bureaucratic way. They make you wait in line and then beg for something. After, I had filled out the form I had to stand in the same line another hour to present it. When my turn arrived, I was informed of some minor errors necessitating a new form and a new wait. Such run-around tactics were all too common.

Accomplishing anything at all, even buying toothpaste in this former Marxist state, was an all-day task. You waited in line to select the product and get a ticket specifically created for this purpose for some unknown reason. You then waited in line to pay and then receive stamp on said ticket. Then you had to go back to the original line where you waited to present the now stamped ticket and pick up the product. Then you waited in another line to get it wrapped. Total time to buy a tube of toothpaste, two hours and forty- seven minutes. And that was not on a busy day.

I thought back to Paris where a socialist-leaning administration was then in power. I recalled that the only place in Paris where one got bad service was in the post and telephone office. I could not help but think that the performance of such services would be drastically improved if governments did not own and operate them. Nonetheless, in most of Europe the phone, public transport and postal systems are owned by the state. They may get the job done begrudgingly at the end of the day, but still are far more costly and less dependable than the private systems of the UK or US. Likewise, government owned airlines, despite charging far more for tickets than their private counterparts, offer poorer service and always end up requiring subsidies from the taxpayers at large.

During my travels through the former communist world, I was reminded of the time I spent in army basic training. There was always someone in authority standing over you ordering you to do something senseless like dig a hole or fill up the hole you just dug. With a government in charge, you spend your whole life doing senseless things, for the good of society. Bureaucrats have never learned that if people have to look after themselves, an invisible hand guides them into doing the most economically productive and satisfying things. If people who have had no contact with economic reality are put in charge, governments create organizations as cumbersome and ineffective as the United States army or the Italian post of rice. People who have had dealings with either institution will know what I am talking about.

Get Mad at the System

One final insight came to me as the result of a wasted day in an attempt to extend my visa. I had originally only taken out a three day visa for Czechoslovakia as I did not want to have to change too much money at the rip-off official rate. I was told that it would be a

snap to extend my visa once I had arrived in Prague. As I explained earlier, it was not a snap.

In the line for renewal I heard the most horrific screaming and moaning as officials ordered people out of the country right and left, separating mothers from their children or making Turkish truck drivers passing through on a delivery to Germany go back to Turkey for some minor error in their papers. One German student was not allowed to finish her doctorate studies in music with only a few weeks to go because she did not have the correct change to pay for her visa extension. She had refused to let the visa officer keep the balance of a large bill. Finally, someone else in the line made her a gift of the needed US \$40 in hard currency. The government refused to accept its own money for anything.

In the visa office, there were tears and many pleas for compassion and understanding. Nonetheless, more often than not, the mean, hard faced official refused to apply his precious rubber stamp. "That's your problem not mine," he said by way of acknowledgment that his refusal would force the person in front of him out of the country in a few hours. He did not care if family and property would have to be left behind. However, in spite of his terse manner, anybody should be able to see that the problem was caused by the system, not the individual bureaucrat. Understandably although mistakenly, the people in line blamed the bureaucrat rather than the system.

Similarly, taxpayers in the US usually do not get mad at the whole IRS, but instead direct their wrath against one individual. Many government offices in the US protect their bureaucrats with smash-proof, bullet proof glass. In offices that do not employ such a means of protection, invariably an armed guard stands by, ready to mow down any supplicant who attempts to get physical. Government buildings are frequently defaced. Some people will even urinate in the hallways to vent their frustrations. In the United States, an individual Internal Revenue agent who has seized someone's home or car is murdered from time to time by an irate taxpayer.

Such counter-productive methods are not the most effective way to attack the problem. It is the system that should be blamed and abolished. If a government requires heavy confiscatory taxes, they will not be paid voluntarily. Heavy-handed coercion and the threat of jail is an automatic concomitant. Getting mad at the agency is futile. Even the individual bureaucrat, despicable and power-mad as his behavior may be, would evaporate if there was no more government. Will this ever happen? Don't hold your breath!

Don't Fight City Hall

On my way out of the dreadful immigration and visa office described earlier, I drove my car back towards my hotel. Following arrows in the direction shown by some temporary signs for a construction detour, I was directed with other traffic to go the wrong way into a one-way street. There was no other way to go unless I wanted to run into a bulldozer.

Although I was able to explain this to the cop who gave me a ticket, he still insisted on being paid a US \$100 fine, in cash, at once.

My Prague tourist guide book explained under "traffic violations" that it was better to pay on the spot what might be considered unreasonable and arbitrary traffic fines rather than go to jail and appear in a court of appeal ten days later, which was the alternative. At that time, Czech cops were investigator, judge, jury and cash register all rolled into one, just like American IRS agents were then and still are today. So there is nothing to do but roll over. Leave all thoughts of justice or fairness behind.

There were perhaps two dozen similar experiences in my short stay in Prague, all of which reminded me of the saying that power corrupts and absolute power corrupts absolutely. The experience made me reflect that dozens of French, American and even a few British clients had said things like, "I always give in to any revenue agent's demands and settle fast. Any fight or appeal process would end up costing me a lot more." How different is the West of today from the communist world of yesterday? Are we free or have we been brainwashed into believing certain words and slogans when the reality is something else?

Finally when leaving the country, the border cops asked to see my wallet. I should have been smarter and hidden all my currency in secret pockets, but believing that you should always have a bit to give a thief, I had a few hundred dollars in Czech currency plus some western cash in my wallet. You guessed it. Confiscated. "You didn't file form 333-987-45299XYZ declaring all this money when you came into the country, so we must confiscate it. Here is your receipt."

"What is the receipt good for?" I asked.

"You might consider wiping your ass with it," replied the border guard. He was the first Czech official I met with a sense of humor, though under the circumstances I didn't think he was too funny. With that bit of light-hearted repartee, I ended a visit which a brochure from the tourism ministry of the time correctly described as an "opportunity to experience the joys of forty years of socialism in action".

Farewell to Communism

I went to eastern Europe to explore an idea promoted by a fairly intelligent newsletter writer. His article said something along the lines of why stay home when you could be living like a prince in Poland on US \$5000 a year? The pitch was that you could exchange this amount in any hard currency on the Polish black market for US \$100,000 in purchasing power. For US \$20,000, you supposedly could buy and legally own a magnificent lake-front chateau with a hundred acres of land, official price US \$400,000.

The article went on to say that if a westerner was to move his business or open a branch in Poland or Hungary, he could supposedly start a business with very little capital by taking advantage of assorted government programs designed to help end local economic

stagnation. As you may well have guessed, my verdict after this preliminary investigation was quite simply to forget it. Nonetheless, as you are also undoubtedly aware, the situation in eastern Europe has undergone some truly miraculous changes since my departure.

For the adventurous PT, eastern Europe is the equivalent of the wild West of a century ago. Hungary and the Czech Republic are probably the most pleasant of the former communist countries. International hotels have arrived and set up shop, but one can still enjoy a reasonably priced dinner or lunch while being serenaded by talented gypsies, violinists, zithers and cymbalums. Not to mention what a little wandering further into the depths of eastern Europe may turn up. Even if after a trip into the former communist world, you come away with nothing but a head full of experiences, you will end up far ahead of the game.

Furthermore, as Eastern Europe is anything but static, all things will change. The lesson that a certain location may offer at one point in time can be completely the opposite of what it has to offer at a later date. In other words, unless you take advantage of the opportunities on offer, they may very well not still be on offer tomorrow. Eastern Europe is currently an area full of opportunities that were simply not there during my visit. Nonetheless, the insights that I took from my visit will be with me forever.

The World is Constantly Changing

I have spoken to many American Conservatives (with a capital C) who tell me they are in favor of more government intervention. They seek to regulate many areas of human conduct from abortion to school prayers to pledging allegiance to the flag and other detailed moral matters. They do not seem to realize that curtailing individual freedom for the sake of enforcing their favorite religion or views of morality is exactly the sort of thing the communists used to do. Many people who call themselves conservatives have standard beliefs that are about as democratic as the garbage one could have read in the official communist news releases.

The amount of misconceptions that existed on both sides of the iron curtain is simply astounding. For instance, one ardent Reagan supporter told me that he really thought that all the people in Russia were in captivity and yearning to be free to read bibles, practice Christianity and come to the US. A Jewish chap also felt that all the Soviet Jews still wanted to leave for Israel. The truth is that in Russia and in the rest of the ex-communist world, the vast majority do not want to leave. They thought then and think now that they have religious as well as all of the other necessary types of freedom.

Similarly, the picture of the West painted behind the iron curtain existed only in the minds of some clever politicians. The average man on the Czechoslovakian street had no idea how rich the average western worker was. He believed that most people in America live in slums plagued by poverty and rampant crime. He thought that in the US, aside from a small elite ruling class of capitalists, everyone was exploited by big corporations.

What does your government want you to think? Could your beliefs be equally out of line with reality?

East Moves West, West Moves East

Traditionally, the degree of oppression has always been much greater in what was once the communist world. Part of the Marxist religion called for everyone to believe that they were in paradise. Anyone who did not agree was sent off to a mental institution, concentration camp or cemetery. In the West, punishments have been far less drastic for merely being a thorn in the side of government, but things are changing. With the fall of the Berlin wall, it seems that western democracies are all too ready to step in and take over the role previously fulfilled by their communist counterparts.

As explained in the previous chapter, there are regular cycles to every human experience whether it be economic or political. Personal freedom also seems to run in cycles. As it grows in the East, it appears to be undergoing a complementary decline in the West. After nearly fifty years of economic failure, most communist countries have finally decided to embrace the idea of greater economic freedom. The former Soviet Union and its satellite states have finally perceived that too much state control and too much suppression of individual enterprise has negative economic consequences. They have loosened up. Citizens of all eastern European countries are now able to obtain passports and travel abroad if they so desire. It is only financial constraints that hold them back.

Some former communist countries are even encouraging their citizens and foreigners alike to open local secret bank accounts in any convertible currency. These accounts, at the Moscow Narodny Bank and the Hungarian National Bank for instance, are identified only by numbers or codes. They are exempt from all taxes and supposedly free from scrutiny by any government agency including that of any foreign government. They can be in any hard currency and are not subject to withholding or any other tax. The interest paid out is even more than one would expect from most western banks.

These accounts have been designed to encourage locals to start using banks again. Something they have not done in quite some time due to periodic confiscation and devaluation of currency. Soviet bloc currencies have generally been worthless abroad. As a result, in spite of the fact that until recently one could have received the death penalty for mere possession of black market hard currency, it was and still is a major factor in the economic life of these countries. Changing the rules was as big a step as legalizing heroin would be in the West. Yet that is what has happened.

It will probably take another twenty years for the dust to settle and the remnants of orthodox Marxism to be completely cast aside. These countries undoubtedly have a long way to go before they will find their own economic footing, but nonetheless there have been some major changes made for the better. What can be expected of the West over that same twenty year period? The writing is already on the wall.

Australia is the perfect example. It has long been known as a country which enjoyed an unbroken tradition of untaxed, confidential bank accounts. Not so anymore. Every depositor must supply a tax identification number when opening an account. All must be reported to the government on machine readable forms. The same can be said of just about every country in Europe. As for the Big Brother of them all, the US implemented such a system years ago and definitely leads the game in trying to digitally store information on all incoming and outgoing foreign transfers, cash transactions and dividend and interest payments.

Compared to a hundred years ago, when there was little government regulation, significant military establishment, draft laws, passport controls or sales and income taxes, the western democracies are certainly not all that free. US and European bureaucrats are not the all powerful bastards that used to be found in the former eastern bloc, but they are moving in that direction. At the French Fisc, the British Inland Revenue, the American IRS and certainly at most customs or immigration and naturalization offices, the typical bureaucrat certainly scores 97 per cent on the bad-guy scale.

The Loss of Freedom in the West

The days of individual liberty in the US have long been relegated to the history books. Today, the United States continues to tighten up its economic and moral regulations by passing law after law regulating every detail of human existence. In the 1930 prohibition era, besides imposing severe penalties for alcohol consumption, it backed up the income tax laws with heavy criminal penalties. Drastic enforcement powers were originally granted to the tax authorities to put gangsters like Al Capone behind bars because they could not be caught committing any actual crimes. After prohibition was repealed, criminal laws on tax evasion remained, though the reason they were imposed in the first place had vanished.

As criminals learned how to cope with the income tax laws, the tax collecting bureaucracy was turned loose to intimidate the populace at large. In the former Soviet Union, dissidents were sent to mental institutions. In the modern US, people in conflict with the government often find themselves indicted for tax evasion. Just as people who wanted to drink during prohibition had to leave the country, wealthy people and celebrities in the United States today with potential tax problems often defect to Europe.

As the United States and the UK edge towards increased restrictions, the list of individuals to be targeted by the state grows increasingly longer. Today, those attacked by the state are habitually denied their right to travel, stripped of their assets or incarcerated. They are labeled hooligans and drug traffickers. Tax collectors in North America, Europe and Australia have become alarmingly adept at the game of stealing and confiscating the assets of individual citizens. Any tax consultant, accountant or lawyer in the West has undoubtedly had experiences with bureaucrats that are as bad, if not worse, than the sort of experiences suffered by those in the former communist world. If history is any guide,

the acceptance of such restrictions on travel will only lead to greater restrictions. In the long run the pendulum will swing back again, but in the long run we are all dead.

My Personal Utopia

If all of this news of dread makes you think that perhaps a move to eastern Europe is not such a bad idea after all, you will be happy to hear of another little spot on the planet that I unearthed during my travels. In fact, out of the more than two hundred governments in operation on this little world, I have only found one that I can get enthusiastic about. Where is it? It is on the tiny obscure island of Sark. Had I never traveled, I would never have found Sark and be able to use it today as my standard of comparison. How does your country compare with Sark?

Sark is a small island off the coast of France. A few years ago I met a Sarkee in Spain. We started talking and naturally the conversation gravitated to my favorite subject, PT. "There is no place so libertarian and anarchic in the world as Sark. I live in the utopian paradise of your fondest imaginings," he told me. He invited me to visit. I did. As it turned out, I discovered that Sark has a standard of freedom that no other country or community can come near.

The Parliament of Sark, composed of a hereditary aristocracy of property owners, has not done much of anything in the last thousand years. The bulk of their activity is to meet, drink some tea and then adjourn. During the past five decades, its major act was to authorize a voluntary collection to build two public toilets. These are the only government buildings on Sark outside of a 200 year old one-room dungeon. This single-cell jail is occupied only by the occasional visiting foreign tax collector who has asked one question too many on the island. Any inquiry about anyone's personal finances is one question too many on Sark. The right of privacy is most definitely alive and kicking here.

Sark has no income taxes. It has few laws, no crime and a very robust economy. In fact, the average Sarkee has a net worth of well over ten million dollars. This prosperity is primarily due to the total lack of government economic controls. To become a member of Parliament and thus part of the Sark government, you are only required to buy a freehold property. However, you are expected not to make any speeches or motions for the first three generations of your membership. Your great-grandchildren on Sark might introduce some proposal that will no doubt be soundly defeated. Sarkees are not encumbered with too many laws. Most definitely, individual freedom is in a very sorry state of affairs in all of the West when compared to Sark.

My mind began to expand with a new awareness of the concept of freedom. I got a taste of the range of possibilities in Sark and, strangely enough, in Czechoslovakia. Every PT must constantly confront himself and challenge his established expectations. Freedom in comparison to what? Without the knowledge and experience of what goes on elsewhere, even the intelligent are reduced to the role of mere sheep. Unaware of alternatives, they

will accept the status quo. The vast majority of people can and will be conned to put up with almost anything from a bad government when they do not know any better.

Freedom Need Not be Subjective

Just as most Americans, Frenchmen, Swedes and such think they are free, so too did those trapped behind the fallen iron curtain. Some years ago when asking questions of various Russians, Poles, Romanians and others that I encountered in the communist world I discovered that they all thought they were free. Most had been brainwashed to believe that whatever travel, currency, economic, political or other restrictions had been imposed upon them were necessary for the good of society. What was perceived as inconveniences would help them create a better society in the long run. As history has shown, such thinking was as misdirected as the big lies of Hitler.

A politician can tell the people almost anything, no matter how far fetched. The people will more often than not believe whatever lies he can conjure up, hook, line and sinker. "Currency controls are necessary to prevent drug abuse. It is necessary to prevent drugs to guard the health of everyone." How many people have bought this hogwash of double-talk? In fact, there is no connection between currency controls, drugs and the health of anyone. The fact of the matter is that without currency restrictions, without drug controls, without a vast bureaucracy of corrupt people to "protect us", we would all be more free to do as we please. Freedom is the only value worth a bean.

Yet only a tiny percentage of people consider leaving their home country to find greater freedom by becoming a PT. Most people feel their country is the best place on earth. The French sing the praises of France because it manufactures superior wine and cheese, the English because of the distant days of the fallen empire, the Germans because of their strong business communities, the Japanese because of their ability to dominate world markets, the Americans because of their domineering international stance, the Australians because they perceive their country as up and coming.

Even third world countries get into the game. The Thai will tell you that Thailand is the best place on the planet because of its gentle and accepting population. The Jamaicans will tout their country because it is of "one blood", whatever that means. I even met one Indian chap who told me in all honesty that he thought India was the best country on the planet because it had managed to launch its first satellite. He went on to tell me in all seriousness that other countries did not promote this precedent because they were afraid that India would steal lucrative contracts to launch satellites into space. This conversation transpired as hundreds of beggars stuck their hands through the windows of our train looking for a small donation so that they could eat. It is truly amazing the sort of blind nationalism that people are all too ready to accept and that politicians are all too ready to dish out.

The fact of the matter is that no one country is the best place on earth. They all have their benefits and their drawbacks. Therefore life of the PT, whereby one can savor the benefits of a certain place and then move on when its negative aspects become too much of a

burden, is quite simply the perfect solution. Only by traveling, asking questions of the locals and knowing other languages, can you start to learn how other people live and really feel. You may find out why the various governments involved do their best to keep certain myths alive.

Needless to say, governments seldom encourage the sort of individual travel, dual citizenship or PT lifestyle that will allow people to travel freely, learn the real facts and form opinions that might differ from official viewpoints. PT's are a danger to oppressive governments because they can keep them from fooling all of the people, all of the time. We might even be successful in spreading the idea that individual freedom is important. PT's just might make people realize that Big Brothers is far from the best way to run things.

Passport and Citizenship Acquiring Dual Nationality

The second PT flag, that of passport and citizenship, is probably the single most important factor of the PT theory. Dual or multiple nationality makes the life of the PT a great deal easier. It allows him the freedom to travel when and where he desires without the worries of having to follow the dictates of a single government. By having various nationalities, the PT is able to dip into his reserve and select the perfect document for each travel itinerary, no visas or other travel restrictions need apply. An individual who has a drawer full of passports can choose the most suitable country for each particular time and circumstance. Furthermore, in many cases, dual nationality is also one of the primary factors that leads the PT to a life free of taxes. Dual nationality for the PT means that he is no longer at the mercy of one government, a victim to be abused when needed while otherwise ignored.

Hence, PTs have a somewhat atypical manner of looking at passports. For the PT, his passports are merely travel documents, not some sort of a statement of patriotic affiliations with a distant government. As a rule, the PT does not even live in the country on whose passport he travels. He merely uses its documents to cross international borders as and when it is convenient. Similarly, the PT is certain to use an alternative document when he actually visits a country of whom he is a national. For the PT, a passport is good for travel to every country in the world save the one stamped on its front cover. If the PT never visits his country or countries of nationality as a known citizen, it is rather difficult for the governments concerned to tax him, force him to join their military or otherwise make his life miserable.

In this manner, the PT only has to deal directly with the government of his nationality when it is time to renew his passport. This can generally be done while outside of the country at an embassy or consulate. Furthermore, in most cases, passports are valid for a full ten years, meaning that the hassle of renewal only has to be dealt with once a decade. It is thus very easy for the PT to live a life free from almost all hassle regularly associated with government. Even the PT can handle the task of having to fill out a small form and wait in some horrendous line if he is only required to do so once every ten years.

Start Planning Sooner, Not Later

The possible tax savings alone may have long ago convinced you of the need for a second or perhaps even a third nationality. You may now be wondering exactly how one can acquire this coveted status of dual nationality. Perhaps it all sounds rather difficult, but the fact of the matter is that it is not, providing that you either have a great deal of time or large amount of money to play with.

Any papers with gold embossed printing, ribbons and seals (with a package of cigarettes) may get a bedraggled refugee past a wartime border post manned by an illiterate ten-year-

old armed with a Kalishnikov machine gun. However, documents such as the World Service Authority passport or a bogus Knights of Malta passport used at the gateway to a civilized country are more likely to result in a period of detention followed by deportation. I deplore the widespread peddling of forged, altered, stolen and phony documents to desperate people, but recognize that in this very imperfect and unfree world, anything that works to keep someone alive or out of a refugee camp has some value.

One of the basic aims of this report is to convince you that preparations must be made far in advance. You should seek to obtain good alternate travel documents long before acute danger materializes. Besides travel documents, it is necessary to set aside assets abroad for self-support and possible petty bribes. Most important, you must have a plan of escape and options available well in advance. When time and money are available, it is possible to realize any objective in a perfectly legal way. Last minute, improvised departures for points unknown have a way of turning into personal disasters.

Someone who wants to be a PT, free to move where the grass is greenest must have money, documents and some knowledge of international law and history. This chapter provides enough information to understand the rules of the game in order to distinguish what is legal and conversely what is likely to get you into trouble. Most importantly, it will give you an awareness of some special variations and exceptions that can be used to enhance your personal freedom and mobility.

Your New Nationality

As would be expected there are many criteria that should be taken into consideration when acquiring a new nationality. Great care must be taken in selecting the nation of your second citizenship. This PT flag should be one that complements each of your other flags as well as your existing lifestyle.

First and perhaps most important, your new country should not care about the activities of its non-residents, leaving them basically to get on with things as they see fit. Also, as you are choosing this country exclusively for the travel document that it has to offer, considerations related to its passport are of great importance. The passport should be good for visa-free travel to most countries. It should not require any type of an exit stamp and should be valid for a full ten years. Upon expiration, you should be able to renew it fairly easily at a consulate or embassy outside of the country.

You should also fit the profile of the citizens of your chosen country, meaning that you look like them and speak the native language. Many simple border crossings have turned into nightmares when an astute border guard (there *are* a few of them) has somehow discovered that the person in front of him does not even speak one word of the national language of his country. However, this need not be a barrier as any language can be easily learned, especially after a few months in your target country.

Finally, you do not want to live in one country while carrying the passport of another country with which it is not on good terms. Similarly, your new country should not be hostile towards your home country. Ideally, select a country far away that is neither too friendly nor likely to ever get into a serious dispute with your home country or the countries in which you will be spending your time. Small innocuous countries that are internationally known tend to offer the best possibilities.

Yes, all of this is much easier said than done, but with the appropriate research, you can discover your perfect passport haven. There are a number of programs in existence and a multitude of contenders. All you need to start the ball rolling is the appropriate information. In this chapter, I will spell out the basics of how passports can be acquired as well as the possible ramifications of doing so on your existing nationality. There is simply not enough room in this report to go into the details of the various passport programs currently in existence.

Instead, that is the domain of another one of my reports, *The Passport Report*. This report, now in its tenth edition, details the specifics of how you can acquire the passport of almost one hundred different countries. It deals with all types of passport programs, from those which cost nothing to those that cost millions, from those that offer instant nationality to those that require ten year residence periods. It is undoubtedly the most extensive work currently available on the subject and is indispensable if you are serious in your quest for an alternate nationality. See the back pages of this report for more information.

Who Are Passports Issued to?

At the Hague Conference of 1930, an international convention of nations, it was agreed that each nation can and will determine under its own internal laws who are nationals. It was also agreed that no state would be allowed to force its nationality upon a foreigner who does not want it. As might be expected, this international agreement is often violated. For instance, the United States, even during times of peace, has drafted foreigners who happened to be in the US into the US army. These foreigners were given the choice of taking an oath of allegiance and becoming citizens or going to concentration camps. Such choices really do not offer much alternative, but if we are to formulate a personal plan, we must understand basic rules. Thus, for the moment, we will not focus on the exceptions.

Today, the internal rules of most nations automatically make certain categories of people, citizens or nationals. Although these practices vary somewhat from country to country, generally there are certain categories of individuals who are granted citizenship and nationality which would lead to a passport. These include those born to citizens of the country, those married to a citizen, those adopted by a citizen or citizens, those naturalized by decree and, in some cases, those born on the soil of the country. Again, these policies vary a great deal from country to country, so check into the details of the specific country you are interested in before placing any reliance on these general guidelines.

Find Your Personal Loophole

Nonetheless, even within these somewhat limited basic guidelines, there is a great deal of flexibility of interest to the PT. Some countries grant special concessions to medical doctors or other specialists in short supply. Others, such as France, try to keep out foreign doctors. Thus, occupation is one factor that varies significantly from country to country. A client denied admission to the US as a fine cabinet maker was admitted as a woodcutter. Another, denied as an entertainer was admitted as a puppeteer. In immigration matters, form seems to rule over substance.

Marriage and the citizenship of your spouse and your parents or those of your spouse are always relevant. If any of your children or step-children were born in a certain country, this may give you a special entree. Age is sometimes important. New Zealand will not generally accept immigrants over the age 45, although investors of maturity are welcome. On the other hand, Canada and Australia welcome untrained flexible young healthy people of college age, regardless of whether or not they have money. Nonetheless, the amount of money you have makes a difference to most countries. Prior experience in running a successful business is usually desirable. Race or religious discrimination is often officially prohibited, but openly practiced. "It ain't fair!" you say. That's right!

Some countries, such as Ireland and Italy, grant nationality on the basis of ancestry. Others, such as Australia and Canada, have set up resident investor programs that lead to nationality for those willing to open a business in the country with a substantial investment and hang around to run it for several years. Still others, such as Cape Verde and St Kitts and Nevis, simply sell passports more or less straight out. The situations and possibilities vary a great deal depending on your individual circumstances and the countries in which you are interested.

For a little bit of fun, pretend that you are the following rather unusual, purely fictional person:

Assume that you have US \$25,000 and were born in the US of a Turkish speaking Jewish mother who herself was born in Canada of a Paraguayan father and a Danish mother. Assume further that your father was born in Northern Ireland of a Brazilian mother and Mexican father who lived in New Zealand for two years. Finally assume that you marry the only daughter of an Andorra father and a mother with Liechtenstein nationality whose mother fled Germany where she resided during the Hitler era. If all of this were true, lucky you would have a good chance of legally obtaining and holding all of the following passports: Andorra, Australia, Austria, Brazil, Canada, the Cook Islands, the Dominican Republic, the KU, Finland, Israel, Liechtenstein, Mexico, New Zealand, Norway, Paraguay, St. Kitts, Sweden, Tonga, Turkey, the US, plus a few dozen others! The possibilities are endless.

Automatic passport entitlement can depend upon religion (Israel), cultural affinity (Turkey), place of birth (the US), parentage (Nordic countries and the UK), grand parentage (Ireland and Italy) or distant ancestry (Spain). It could also depend upon race (Liberia), reciprocal arrangements (Australia and New Zealand) or whether you want to spend some of your cash to buy some government authorized investment carrying the right to citizenship (Australia, Canada, the UK and the US). All of these countries more or less sell passports, although they would vehemently deny such a statement. Other countries have investment deals that carry the right to instant citizenship.

What Are Special Arrangements?

In South and Central America, Africa, Asia and the Middle East, the time-honored custom of mordida is often involved in the quest for a passport. This is a euphemism for a bribe. Often citizenship can be easily obtained by having the normal requirements waived by various officials whether they be police chiefs, judges, ambassadors or almost anyone who knows someone who knows someone. In the US or in the UK, campaign contributions to an influential politician can be helpful in gaining a friendly ear. Special public relation firms in Washington DC often help worthy individuals get private laws passed.

In most third world countries, it is common for police to be in charge of passports. Poorly paid officials will usually offer to backdate or create documents to allow an applicant to gain immediately the passport one might normally have to wait three to ten years for. I emphatically do not recommend this procedure because, if nothing else, it will often lead to blackmail. One of the wealthiest Chinese merchants in the Philippines got his passport there when he was only 18 by paying an official in the international currency of hanky panky. He was issued a false birth certificate which provided incontrovertible "proof" that he was born in Manila and was therefore a Philippine citizen by birth. On this basis he received his passport. Twenty years later, when he was a respectable, visible and high-profile merchant, his co-conspirator, now a retired police officer, asked for additional payments. The Chinese merchant refused and as a result had to pay other corrupt officials considerably larger sums to avoid deportation.

In first world countries, things work somewhat differently but the difference is not as dramatic as many think. Primarily, it results in only people in the millionaire class being able to get exactly what they want. Whatever the requirements of citizenship or passports may be, in every country normal procedures can be bypassed. Politicians often have the power to make exceptions, providing of course that they are properly motivated. Merely knowing or being introduced to a government minister could get you citizenship. In many countries such people have the discretionary right to issue citizenship to anyone they please.

The United States, the UK and just about every other country in the world have been known to make special arrangements that grant immediate citizenship and waive residency requirements for many categories of people. The trick is always to impress one or more powerful and influential politicians that can sponsor your particular cause. Sometimes they

will do so only for the good publicity. Sometimes, undoubtedly, they are after cold hard cash. Political favors are delivered for as many reasons as can be imagined.

In the US and in other countries private laws have been passed by legislatures. An executive decree can also grant citizenship because it is part of the foreign policy of a state. I can cite many instances of decisions to grant instant passports to athletes, spies, defectors, wealthy individuals, scientists, Nobel prize winners and defecting diplomats. Such special arrangements are announced in tiny squibs in official government newspapers. What negotiations, trades or payments were involved are never revealed.

Switzerland used to grant nearly automatic citizenship to deposed monarchs, heads of state, industrialists and religious leaders who had been kicked out of their respective countries by communist regimes. Informants in criminal cases who might otherwise have been deported from the US have been granted immunity from prosecution and supplied with new identities, including passports. These deals come through the US Witness Protection Program administered by the US Marshal's Service, part of the judicial branch.

The bottom line is that any person who can make himself useful to any country or to one or more of its leaders can circumvent all normal channels involving citizenship applications, oaths of allegiance and the usual requirement of several years residence. Citizenship and passports can be granted immediately and confidentially in any country without notice to anyone.

Will I Lose my Original Nationality?

To begin with, you must understand that citizenship is a different issue than denial of a passport, issuance of which may be delayed for a number of reasons. Eventually, with only a few rare exceptions, most governments on the planet must issue a passport to every citizen who applies for one. Courts and the United Nations Convention on Human Rights have mandated that the rights to travel and to leave any country are fundamental. Of course, such mandates do not necessarily mean that governments follow them, and, in addition to flagrant violations of such policies, there are a few more common exceptions.

If taxes or certain private debts are owed, such as child support, an applicant may be required to make a deposit or post a bond to satisfy such financial obligations. If the subject has been convicted of a crime, he may have to serve out the sentence imposed, such as community service or probation, before being granted a passport. If the passport applicant is a party to pending litigation, the trial may have to conclude or he may need permission of the presiding judge to leave the country before a passport is issued. Finally, and most unusual, if the issuance of a passport would gravely affect the security or foreign policy of the government, a potential traitor with many military secrets may be denied a passport. This is, however, unlikely as a spy-type would not bother asking for permission to leave. He'd just leave.

Citizenship, which carries with it the right to live in a country, to vote and to get public assistance etc. must be taken away from an individual by affirmative legal action. As all first world countries guarantee at least some minimal form of due process, at the very least you can expect some form of notice before citizenship is revoked. Of course, to nip any potential problems in the bud, a citizen should not give any government official cause to start a revocation of citizenship if he wants to keep it. Obviously, a bureaucrat does not start a proceeding to revoke someone's citizenship unless that citizen commits an act of disloyalty outside of his home country. For the most part, countries do not consider the acquisition of a second nationality to be such an act of disloyalty.

Most countries on this planet operate according to the principle of once a citizen always a citizen. In other words, this means that you cannot involuntarily lose your original nationality in most cases by the process of simply acquiring a second nationality. A Canadian, for instance, has the theoretic right to get the passport of his home country regardless of how many oaths of allegiance he may take abroad. This is even true if he is required to surrender his Canadian passport, after taking one of these oaths, to a new country. There may be complications in individual cases, but loyalty is generally presumed unless you specifically state otherwise.

This rule applies to holders of almost all British passports, including those from most former British Colonies. Canada, Ireland, Israel, New Zealand, Portugal, Spain, Switzerland and Turkey also have similar policies. Even that Big Brother of them all, the US, changed its policies in 1990 to allow for dual nationality. Indeed, most countries in most places on the planet will not revoke nationality merely because you have acquired a second nationality. However, in spite of this general rule, there are some exceptions.

Australia, Japan, Germany, Malaysia, the Philippines, South Africa as well as a few other countries do not recognize dual nationality. They feel as a matter of policy that any citizen who takes an oath to another country in doing so is also serving notice of an intent to renounce citizenship.

What if You are From the Unreasonable Minority?

As with all silly government regulations, there are ways around this restriction against dual nationality for those unfortunate enough to be from one of these countries of the unreasonable minority. For example, many countries do not require a pledge of allegiance when granting passports, making them ideal targets for travel documents. There are also programs in existence that grant only provisional passports. These documents are good for travel, but do not indicate that the bearer is a national of the country concerned. Provisional passports are issued by Paraguay, Uruguay and off and on again by Costa Rica. They never require an oath of allegiance and are not in conflict with holding any other citizenship. An honorary diplomatic appointment and the passport that goes with it similarly do not conflict with an existing nationality.

Alternatively, many of these countries that do not recognize dual nationality in general, do recognize the right of some citizens to hold dual nationality through treaties or special agreements. For instance, the Philippines has a dual nationality pact with Spain. I also understand that South Africa has a similar arrangement for its citizens of German or Portuguese descent. Finally, in many cases, dual nationality is allowed if it is the result of a birthright rather than naturalization process.

Merely signing a paper or saying the words in an oath of allegiance to a foreign power does not necessarily signify that you really mean it or understand the legal implications. It can be argued later that you did not in fact mean it. A good immigration lawyer can argue in court that such an oath was forced upon you by economic or social circumstances amounting to duress. In many countries, only a citizen can own land or marry a local person. If an individual bought or inherited a large holding and does not want to give it up, he may be obliged to become a citizen. This happens often in Mexico, Ireland, Switzerland and the Philippines.

Under such circumstances, an individual may be forced to take an oath renouncing his original nationality. In such cases, it has been later successfully argued that the oath of allegiance to the new country was only given because of love or a desire not to lose valuable real estate. Under these circumstances, an understanding judge may find that such a person is a legal dual national. Other criteria such as the continued use of an old passport, continued voting in elections of the old country and, yes, the filing of tax returns in the old country will help to create strong evidence of an intention to remain a citizen.

In general, your activities immediately before and after obtaining a foreign passport will be helpful in determining your intent to renounce or relinquish citizenship. Unfortunately, in all legal matters, there are no guarantees, but it may be a good idea for those who want to preserve their original citizenship from a country that does not recognize dual nationality to consider doing some or all of the following:

1. Just before getting foreign citizenship, send a registered letter to your home government with a sworn, notarized pledge of allegiance to it. The day after, send another. Keep copies with your registered mail receipt and also obtain proof of delivery.
2. Continue to use your original passport for travel and accumulate a few border crossing stamps dated after your acquisition of foreign citizenship.
3. If you live abroad, consider registering with a local embassy from your home country.
4. Join some sort of a political club back home and keep all correspondence and receipts for the payment of dues.
5. Vote in home elections.
6. Continue to file income tax returns.

Of course, it is important to remember that the situation varies tremendously from country to country. You should always seek out good reliable legal advice before placing any reliance on any course of action. Some or all of the above suggestions may be entirely inappropriate for you. Nonetheless, my experience has been that the best approach to such a limited situation is generally to not actively renounce citizenship and to obtain a duplicate passport shortly before acquiring your new nationality. As most passports are good for ten years, the question of whether or not you will remain a citizen of your home country can then be put in limbo for that period. It is then your option to go either way at some indefinite time in the future. Who knows? You may discover after a decade of living the life of a PT that whether or not you remain a citizen of your home country really is a matter of little importance.

Will Your Home Country Be Notified?

To put the whole situation into perspective, it should also be understood at the outset that one cannot lose citizenship automatically. Even if you serve in a foreign army, commit a treasonable act or obtain citizenship through naturalization in another country, you will not automatically lose your existing nationality. Before citizenship can be lost, your home government must somehow be motivated or pushed into doing the paperwork to declare that you are no longer a citizen. This sort of confrontation normally can be avoided. Hence, as usual, the PT should refrain from rocking the boat, waving red flags or doing anything that can cause any government to take notice of him.

Furthermore, before any such action can be taken, your home country must be notified about your activities. If you don't tell your home country that you have acquired a second nationality, who will?

Unfortunately, in some cases, your new government will. Countries with reciprocity arrangements may notify your old country of a change in citizenship. For US citizens these include Austria, Canada, Germany, the Philippines and the UK and the US. This reporting requirement, like that restricting dual nationality in the first place, also only applies generally in cases of naturalization. This implies a formal application, period of official residence and oath of allegiance. Few countries will notify any other country when citizenship is acquired by special legislation or as a matter of right, such as through marriage or as the result of a birth right. Inter-country notification and cooperation in connection with births, marriages, deaths, criminal convictions and acquisition of citizenship exists on a haphazard basis and may be interrupted depending upon the state of diplomatic relations between the countries involved. Countries that are not friendly do not generally cooperate.

If notification or the lack of it is important to you personally, you can always ask at a consulate and usually get a reliable answer. As every good private detective knows, one can pose as a journalist doing a story, a student doing a thesis for a university, a law professor, an interested relative or even a private detective trying to find a certain record. Information is always obtainable to those who ask the right questions of the right people

in the right way. If you are too shy to do it yourself, you can always hire a lawyer or other agent to get answers for you. Finally, as with any matter of importance, get a second, third and even a fourth opinion.

Holding on to Your First Passport

Some governments will require that you turn in your old passport before obtaining theirs. Generally, it is better to get a passport in a foreign embassy than in the country itself as interestingly enough, the rules in different consulates of the same country often vary. You may be required to turn in your first passport if you obtain certain second passports in one foreign country, but not in others. If your new country turns in your old passport for cancellation to your home country, it could create certain problems for you back home. Accordingly, it is best not to turn in an old passport if this can possibly be arranged.

However, if your home country does recognize dual nationality, even turning in its passport should not create any major problems. In most cases, you will be able to apply to have this first passport issued again. In this manner, you get your second passport and get to keep your first, unbeknownst to your new country. Alternatively, if you know in advance that you are going to have to turn in your first passport, try to already have a second duplicate passport lined up in reserve, meaning that you will have up to a full ten years before you experience any potential problems.

If you are from a country that does not recognize dual nationality, you may not be able to renew your original passport when the time comes. However, even the most unreasonable of countries will generally issue you another passport and let you regain citizenship with minimum fuss if you decide to physically move back to your original country.

There are a few tricks of the trade to getting your original nationality restored.

One of the most elementary techniques recommended in all situations with bureaucrats is to simply not to make waves or talk too much. Do not volunteer information that could louse up your application. Often by merely getting a birth certificate and proceeding to get a passport as if you had never had one before or had never left the country will work smoothly and without delay. If you fear the modern computer systems put into operation by governments around the globe, consider the following story.

The United States is supposedly one of the most computer efficient countries in existence. Nonetheless, as shown by the story of Pepe Lopez, a Texas child who died in infancy, there is still a great deal that has yet to be caught on the silicon chips. In the not too distant past, approximately two dozen small time drug dealers and other petty criminals in Mexico independently purchased authentic certified copies of Pepe's birth certificate from a specialist in false identification. From the state of Texas, they obtained driving licenses and full sets of identification that clearly identified them as American citizens. Each of them then went on to obtain a passport from the federal government.

In short, two dozen different individuals using the same name and sharing the same birthdate and birthplace were issued government passports in spite of the fact that poor Pepe looked strikingly different in each of his passport photos. This entire incident only came to light only because of a fluke. Otherwise, all 24 versions of Pepe would still be living and traveling rather happily. Accordingly, the odds of getting your passport back without any questions after renunciation, seem pretty good.

Should You Ever Renounce Citizenship?

In my opinion, no PT should ever wander in to the embassy or consulate of his native country and simply renounce citizenship. You never know what the future will bring and renouncing, without a very good practical reason, is basically burning your bridges behind you. Unlike surrendering a passport to a foreign government upon acquiring a new nationality, surrendering a passport to your home government means that you will probably never be able to get it back.

One main benefit of citizenship is having the unquestioned legal right of residence in some definite place. Since PT is all about opening up options, it is not a good idea to throw away one very important fall-back position, your patrimony. That would be giving up an option. If one day you have unanticipated problems or troubles in some adopted foreign country the old homeland may once again look like a pretty good place of refuge. Openly renouncing citizenship means that if you were ever in a position where you needed to fall back on your home country, you would probably not be able to do so.

Let's look at a common occurrence. Mr. X, from the mythical country of Varsovia, acquires citizenship after three years of residence in neighboring Zugoland. Twenty years later, Zugoland decides that people of Mr. X's race, religion, occupation or political affiliations are *ipso facto* criminals. "A plague of Varsovians has stolen all of our natural resources and slyly captured our means of production," declares some new regime in search of a scapegoat. "Those smarmy, deceitful rich Varsovians must be banished! If they will not get out, I will place them in slave-labor concentration camps or kill them!" announces the New Supreme Dictator for Life. It does not matter that Mr. X has been hard working and industrious. It does not matter that he has been considered a model Zugolander by previous regimes for twenty years. The government in power is in need of a scapegoat for economic difficulties and has set its sights upon foreigners, even naturalized foreigners.

This scenario has taken place countless times in history. It happened in recent times to Indians in Uganda, Chinese in Malaysia and even in the United States to Japanese-American citizens during World War II. Mormons, Amish, Blacks, Catholics and Mexicans have also all been subjected to official discrimination in the US at one time or another. We all know about Jews and Gypsies in Germany. It happens and will continue to happen to religious people, entrepreneurs or business owners during all leftist take-over. Being in the majority is not always sure protection. Ethnic Russians have problems in the

Baltic States. French settlers on the Pacific islands are ambushed by restive natives. In Quebec, English speaking businessmen were all but forced out at the point of a gun.

If Mr. X had earlier renounced his Varsovian citizenship, he would probably not be able to return to the safe-haven of Varsovia. Mr. X without any place to flee may suffer the worst that Zugoland can dish out. Or, he may be lucky enough to flee across the nearest border as an undocumented alien. Without proper papers, he would be likely to spend many years in a refugee camp as a displaced person. On the other hand, if Mr. X had been able to hold on to a valid and current Varsovian passport, he could always go back to Varsovia as a free man without any permit or visa.

Even if he were some day accused of a crime in Zugoland, it is unlikely that he would ever be prohibited from returning home, nor would he ever be extradited. Varsovia might extradite a Zugoland fugitive but would protect a native Varsovian. Under international law, Varsovia must accept a Varsovian deportee. In case you still don't get the point, if you come from Varsovia, the US, Europe or anywhere else, in most cases it is a good idea to retain your original nationality if you are at all able to do so.

In this often unfair world of ours it is wise to remember that constitutional rights and legal theories mean nothing when racial or religious prejudices are involved. Americans or American-sounding people are regularly assaulted or persecuted in many situations. Even the Swiss are sometimes treated badly just because they are Swiss. Hence, it is my conclusion that it is almost always preferable not to renounce citizenship. Americans are in a peculiar situation, as by not renouncing they will remain liable for federal tax on their worldwide income. I give this particular dilemma specific consideration in the following chapter.

Is Getting a Second Passport Worth the Bother?

Before reading about PT, most people do not consider obtaining a second passport. After discovering the PT way of thinking, some become so enthusiastic that they want to start a collection of passports. The reaction of people to the PT philosophy can sometimes go to extremes. At first reading, some are shocked and upset to hear passports, citizenship and places of residence discussed as strictly business or convenience propositions. Citizenship for some individuals is a mystic, quasi-religious concept bound up with acts of blind faith. Some people actually believe that it is their patriotic duty to never challenge the wisdom of those in authority.

Patriotism and nationalism are tied in with the idea that one group of people are better than all others or has found all of the answers. Starting with this idea, it follows that everyone else must follow the one and only true path, whether they want to or not. Needless to say, such blind obedience often comes in rather handy for those in power. Big campaigns to inspire patriotism are all basically conjobs on the public. What has been the result of widespread sentiments of patriotism in the modern world? A couple of devastating world wars, for one thing.

Those intelligent enough to not be conned can only expect to be jailed or killed under the arbitrary category of crimes against the state. By manipulating the concept of patriotism, individuals through history from Napoleon to Hitler, Stalin, Mussolini, Peron, Mao and the Ayatollah Khomeini have been able to exercise unfettered power. Through their almost limitless influence on the masses, such individuals have been able to easily liquidate those in their way. Of course, they always do so for the good of the state as killing someone simply because he will not go along with your personal ideas does not sound nearly as glamorous. Undoubtedly, nationalism and patriotism have been, on balance, very negative forces in the world.

A belief in some sort of divine destiny has also been common throughout history. For a long time, some Americans felt it was destiny for the Stars and Stripes to fly over all of North America. Canadians and Mexicans did not always agree. For a time, the French believed that all of Europe should be French. Later, the Germans felt the same way. Even concepts such as the American or Japanese belief in their own moral superiority have led to a good deal of violence, misery and suffering.

Today, there are memorials all over the world to valiant patriots who gave their lives for their countries. How many valiant patriots, if they had the opportunity to avoid death or injury with a second nationality or passport would have died? Politicians and religious leaders always try to con us, to make us believe how noble and wonderful it is to suffer, die or be disfigured for our country. How many of the glorious dead or dreadfully injured would simply move to a pleasant and safe climate if they were resurrected, restored and given a second chance?

The truth is that after a war or revolution is over, life goes on pretty much the same as it did before. People go fishing, eat, sleep, work, make profits, seek status, have sex and go on diets. Things don't change no matter who wins. The national enemies of yesterday become our close friends and allies of tomorrow. If nothing else, such observations show one that it is simply not sensible to belong to just one country, no matter how good and moral that country may seem today. It is better to have several disposable nationalities which you can use selectively. If wherever you are starts to feel dangerous, just leave!

Don't be Conned

A PT sees beyond the marching bands, empty slogans, national anthems, waving flags and memorials to the not so glorious dead. He refuses to be a blind patriot. He knows that certain ideologies, like communism and socialism are worth resisting under certain circumstances, for they place no value on freedom of the individual. Nonetheless, allowing himself to be drafted into a military force, even in defense of a good cause, is not always the best way to resist the imposition of a freedom-denying regime. In some cases, the best defense may not be a military confrontation, but a strategic withdrawal.

To avoid military service or the financial burdens of supporting a killing-machine, it is best for the PT to have a second or third passport to ensure ease of movement. Without a variety of travel documents it is far more difficult to get out of an undesirable situation, to seek political asylum or to move to a new country. Having a selection of passports allows one to play with them the way most people play with a deck of cards. The alternative is to be forced to support a political regime that may be acting in a manner totally out of line with your most deeply held beliefs.

Without several passports, you have no choice but to accept the tax and military obligations of your home country, regardless of whether or not you even care for such policies. Sure, time in jail or a one way trip to a firing squad are other alternatives, but PT's generally try to avoid self-sacrifice. Life is already short enough. Why squander what little time we have?

The PT is interested only in the practical effects of citizenship, not abstract semi-religious concepts. It should always be remembered that PT's do not wish to convert anyone. We offer only a fresh point of view for productive individuals who wish to protect themselves and their wealth from restrictive, demanding, oppressive and rapacious Big Brother governments.

It's All Just Bits of Paper

To a good churchgoer, excommunication is a fate worse than death. It amounts to being kicked out of the club in disgrace. The excommunicate is deprived of the companionship and respect of the community. Few people today believe that excommunication by a mere mortal will also keep them out of heaven, but this was a consideration in less sophisticated times. For someone who has bigger things on his mind than just his local church, excommunication is not a problem. A PT tries to remain on friendly terms with everyone. He avoids confrontation or conflicts, but because he travels, he may be a member of ten, twenty or fifty churches, or none.

Thus, if a PT chooses to marry the wrong person in the eyes of one of his churches or commits some other excommunicable offense, it is primarily a problem for only one of his many churches. The practical effect upon him is nil. He can always say prayers and make donations to his other 49 churches. The church that chooses to excommunicate him loses a valuable member. He loses nothing but the burden of trying to please some old fogies who want to impose their rules on him. Excommunication has no practical effect except that of keeping him out of one of the several million churches in the world.

In my opinion, the individual who believes that his life is over just because he is kicked out of one particular social group or thrown over by one true love has a very narrow outlook on the real world. I prefer the comedian Groucho Marx's point of view. "I don't think much of any group that would let a guy like me in!" As for matters of the heart, consider my view, women are like street-cars. If you have the price of a ticket, there'll be another

coming along soon to take you for a ride. So much for excommunication and love. What about going broke?

To a person raised to believe that bankruptcy is the equivalent of a mortal sin, insolvency is also considered a fate worse than death. The honest man facing bankruptcy often considers himself some sort of criminal. Suicide is contemplated and frequently completed with rather permanent results. At the very least, the stereotype insolvent storekeeper has sleepless nights. His hair turns gray. He gets an ulcer and keeps mumbling, "What will people think of me?"

Then it happens.

A few papers are filed in court. A small ad appears in a legal paper that no one reads. Some possessions may be auctioned. Then, life goes on, much as before.

For most people who go through bankruptcy, the process itself, outside of the worry, provides immediate relief from harassment. It allows the debtor to start afresh and legally get rid of all old debts and the demands of creditors without the need of having to pay them anything. Changing citizenship is much like that because once physically out of a given jurisdiction, tax claims are generally not enforced across borders. An individual who leaves his home country is free to start again.

"What will people think of me if I run away?" The truth is that few, if any, will even care. Credit card companies are anxious to sign up a recent bankrupt for Visa, Mastercard and Eurocard. You can even get an American Express unlimited credit platinum card, if future earnings justify it. A new citizenship can allow you to make a fresh start. The negative effects are minimal, even if you do everything wrong and your old citizenship is taken away against your will.

There are few, if any practical effects whatsoever of a change in nationality. Most PT's are equally at home in a dozen dandy countries. The feeling that you can only be happy in the Kingdom of Varsovia is as irrational as the belief that you can only love Sophia Loren, and no one else will do. You can tell my age by that remark! For my younger readers, I should perhaps change Sophia to Sharon Stone. The point is that one country is much the same as another and like spouses or cars, you will eventually learn to love a new model just as much or more than the old one.

Chapter 9

Business Base

It is difficult to give specific advice on the topic of business bases. Where the PT should plant this flag depends a great deal upon his individual circumstances. For some PTs, a business base is established long before the whole concept of PT is even considered as a viable option. Once the PT lifestyle is adopted, it then becomes a matter of juggling the other four flags around to accommodate this pre-existing flag. For other PTs, the business base flag is made into a multicolor international, much like the PT himself.

Nonetheless, the established business bases of the world are no great secret. They are those areas generally known for their financial institutions. We hear about them on the news every night without fail. These centers include London, Tokyo, New York, Hong Kong (for the present), Singapore, Zurich, Frankfurt, Milan and perhaps even Taipei. The individual center best for you will largely be determined by your own preferences as well as the existing structure of your financial empire. Matters that you should take into consideration are:

1. Your familiarity with the center and its customs.
2. Your ability to communicate effectively in the language or languages commonly used in the center.
3. The structure and location of your existing businesses, if any.
4. The accessibility of the center, meaning both through telecommunications and air routes for the occasional physical visit to the places you will be spending your time.

A little research will show which center is best for you.

It may well be that you already have a thriving business in one of these centers and merely want to insulate yourself from the excessive taxes that normally come hand in hand with what this base has to offer. This can be accomplished through the use of offshore corporations and trusts. As the PT series of reports concerns itself primarily with the workings of PT for the individual and his personal financial privacy, there is simply not enough room in *PT* and *The Personal Privacy Report* to deal with this matter sufficiently. Hence, if you are interested in learning about the use of offshore corporations, please consult *Banking in Silence* which spells out the use of such constructions and how they can shelter you from the demands of Big Brother while still allowing you to make use of the benefits offered by such big apple financial centers. Please see the back pages of this report for more information.

The Advantages of Business Diversification

In nine cases out of ten, your home country will offer you the best economic opportunities to start with as well as an excellent base for international expansion. This home country is in all likelihood the best place for you to first plant your business base flag. It is only once you have become somewhat successful and affluent that you should consider relocating this flag or, better yet, protecting your interests through diversification.

For most successful business people, the danger of not having foreign diversification is not understood. Whole industries can be wiped out at the stroke of a lawmaker's pen. Standard practices in business can be criminalized retrospectively. If you require proof, look at my own group of personal friends from my home base. This group of a dozen individuals were all successful authors, writers and newsletter and book publishers in the millionaire class. In less than a scant ten years, all but two were bankrupted, jailed, put out of business or impoverished.

Out of a similar group of successful individual real estate developers and investment bankers, ninety per cent are now engaged in very humble occupations. The only people who incentives to encourage defectors to return. You may be invited home with red carpet treatment. Virtually every country puts out a welcome mat for former citizens who have made good elsewhere. The incentives offered by many countries are sometimes so good that once informed about them, everyone of talent or ambition will want to become a PT.

Socialist policies tend to squeeze local people who produce wealth and jobs, but offer incentives to foreigners who will come in and create just the same. The trick is thus to always invest as a foreigner, even if it is in your own former country. The PT who wants to go highprofile or run an active business should not do so unless provided with 100 per cent financing, free land, materials, no-strike guarantees, a permanent tax holiday and subsidized transport and communications. Then, if a government decides to break its word and nationalize your enterprise, the PT owner-entrepreneur cannot possibly lose anything.

Do they give these deals to locals? Emphatically, no. Do they offer such incentives to foreigners? Yes. Even Poland, Hungary and China now have programs to attract foreign entrepreneurs, especially ex-citizens. The deals you can find are always temporary programs that are designed in an attempt to give depressed economies a shot in the arm. They can be found everywhere. Ireland is opening up an offshore financial center near downtown Dublin for foreigners who manage offshore money. Incentives are offered. Other opportunities come up almost monthly in every field of human enterprise. Why risk your own money if you can get a government to risk its money for you? Be patient and keep your eyes open for suitable offers.

The Mobile Flag

Alternatively, the business base flag is unique in that one need not plant it anywhere at all. ~ you do not own an effective or visible business, you can bypass this flag entirely. If you have acquired enough wealth to live off of your interest, then merely by investing wisely and conservatively you can live comfortably off the proceeds from your fourth flag, that of

asset management. You would then only need to establish a business base if, at some point in the future, you desired to set up a business for your own amusement.

The business base flag can also be mobile, like the PT himself. You can do this by adopting a mobile profession, the best type of PT diversity available. This would transform your otherwise stationary flag into a multicolor multinational that you can carry with you wherever you go. By adopting this technique, anyone who plans ahead can be a PT. Even if you do not presently have an independent income or job that can float with you over international borders, it is never too late nor too early to start thinking ahead. If the PT concept appeals to you, plan to gain a movable skill. Good earning power is almost as good as an annuity. Almost, because if you must work for a living, you must be healthy and able to work.

With the financial independence provided by securities or substantial assets, even if you are sick or decide to pursue non-remunerative activities, you can still travel and live comfortably. With skills but no cash, you have to grind away at something to survive and earn a living. A good PT should strive for the complete freedom that comes with financial independence. With sufficient assets and investment income you can engage in other activities because you enjoy them, not because they are necessary for survival.

The Path to PT Freedom

Obtaining financial independence, starting your own businesses or entering into a portable profession will not happen all at once. It is best to ease into such things. There is no particular order. Somewhere along the way you will become internationalized. First, you should experiment with self-employment as well as owning and running your own businesses. That brings you one kind of freedom and responsibility for yourself. Then, as your bankroll builds up, you can diversify your investments. You can set goals and adapt along the way to fit changing circumstances.

One step essential for anyone starting out today as a wage slave is to develop an occupation, skill or source of income that allows for flexibility of hours and incorporates, generates or at least allows travel as part of the job. For example, you can be an investor anywhere. Whether it is in stocks, commodities, real estate or distressed goods, trading and commerce can be highly profitable all over the world. By investing, I do not mean gambling on a stock touted by some tipsier or broker who knows less than you. Instead, I mean using borrowed or investment money to produce products in some area in which you have expertise. This technique will turn you into a consistent profit earner.

The best things to invest in are raw or semi-finished materials, such as chunks of clay that you turn into dishes or blank canvases that you turn into portraits. In other words, products that you create and to which you add value. The value you add may well just be marketing skill. A bottle of alcohol smelling vaguely of cloves may be utterly worthless to a bum who finds it less than tasty to drink, but you may be able to sell the exact same product as a high fashion perfume priced at more than its weight in platinum or gold.

Salesmanship or marketing abilities are very valuable and in short supply worldwide. You can use such skills everywhere.

Even if you have a significant asset base, a saleable and internationally movable skill is also worth obtaining or maintaining. A tri-lingual, very aristocratic daughter of one of my good friends recently finished a liberal arts course in a prestige college. She is engaged to a young man with a bright future. Her father, a bank president, insisted that she spend an extra year on a course that would turn her into a first-class executive secretary.

The sensible girl had it drilled into her that her family had twice lost a fortune. First, during the Russian Revolution of 1917 and then again during World War II when their holdings in central Europe were nationalized. Every member of the family had to pitch in and take humble jobs to re-establish the family fortunes. Since 1917, the rule has been that every family member must learn a valuable trade. The boys learn to be carpenters, plumbers and electricians. The girls learn to be secretaries. Thus, if and when the time comes again to imprison any of them as enemies of the state, the family by virtue of its needed skills would be able to survive almost anywhere. That is the grandpa's theory. Even in the event of capture and jail, he feels that such skills would enhance their odds of survival. I agree.

The Self-Employed Individual

Becoming a PT is possible for most categories of occupations but it is especially applicable for self-employed people. At the most humble levels, one can be a trinket seller, busker bus-boy, laborer or sweeper. There is usually black work available or things one can do to earn a buck in all countries. For readers who may have to leave wherever they are, it is sometimes useful to remember that with the right attitude we all can and will survive and prosper wherever we are plopped down. Those who started from scratch and have been rich are more secure. They know that they made it once and can make it again. Entrepreneurs will bloom wherever they are planted.

Assuming that you have already acquired some type of skill or profession, becoming a PT with minimum discomfort involves only a little thought and planning. If getting out from under the thumb of Big Brother is your goal, your next field of economic endeavor should not be one that is highly regulated by government. Ideally, it should not be regulated at all. Whatever product you produce or service you provide make sure it is legal in the place where you are doing it! If not move to where you can do it legally. Nothing is in more direct contrast with the goals of the PT than to land oneself in prison by operating an illegal business.

The possibilities are infinite. A salesperson, meaning the representative of a manufacturer, with international accounts makes a perfect PT. Why? His source of income is diverse. His commissions are paid from a variety of corporations in more than one country. If the clients who buy your products and services are in several countries, it is hard for a tax collector to determine your income and expenses.

With a fiscal address in a tax-free jurisdiction that has confidential banking relationships, an international salesman can achieve the highest possible degree of privacy and freedom. Obviously, if dealing in highly regulated fields such as military weapons, pharmaceuticals or international finance, the governments of places you operate in will know of your existence. Also, if your customer is a government, you may be obliged to disclose certain information about yourself or even qualify as a resident or citizen to get the business. Tax liability problems can result if you need to be licensed or regulated.

Unfortunately, when you become identifiable to a government due to the nature of your business, the purity and beauty of PT existence and its lack of paperwork is diluted. So I say, low profile is best. Try to deal in areas that are not regulated. Try to stay off any and all government computers or lists.

The Retired or Semi-Retired Individual

Most countries tax so-called unearned income from dividends, interest, royalties and passive rents on a less favorable basis than earned income from professional or commercial work. This makes life quite a bit more expensive for retired or semi-retired people trying to live comfortably on just their investments. It is this group who can become PTs immediately and derive maximum financial benefits.

Typically, the retired person with sufficient assets to do so will already be spending the appropriate seasons abroad in suitable climates. By simply going to a foreign country and changing legal residence and domicile, all former taxes are eliminated. Germany and the UK have a few technicalities to comply with in order to be certified as a non-resident for tax purposes. Other countries require some fancy footwork and advance approvals in order to expatriate oneself and one's assets. Nonetheless, the important thing to remember is that if you have assets and are retired, you can be tax-free just by shuffling the right papers. By tax-free I mean income tax-free as well as inheritance or estate tax-free.

There are no insurmountable barriers in implementing the basic PT plan from almost any starting place. Establishing a part-time base in a foreign country is the ideal first step. When tax savings are considered, establishing a new residence almost anywhere will cost less than staying home in a high tax country. The result of geographic diversification is a drastically improved lifestyle. Tax savings can pay for servants, new cars, adult toys, a face-lift, tummytuck or whatever turns you on. Indeed, it seems the only question worth considering for those who are either entirely or partially retired is why have you not already become a PT? For an example of how the PT plan worked out for a pensioner friend of mine from Sweden, read the story of Sven Svendson in the Case Histories at the end of this report.

Transferring Your Job Abroad

Contrary to popular belief, a professional person can keep his job and move abroad. A doctor or a lawyer instead of setting up a local private practice can work for international organizations, the military, government clinics or multinational companies and thus live anywhere. Many British banks employ individuals who do nothing but service expatriate clients from small one-man offices located everywhere from Jeddah, Arabia to Peking, China. Even a brain-surgeon or psychiatrist of international reputation who needs a local license to practice medicine may be able to set up in a tax haven and have his established patients, clients and students come to him.

One small-time insurance broker, Bernie Cornfield from the Bronx went abroad to Germany to sell insurance and mutual funds to American servicemen. Within five years his mobile one-man agency became a billion-dollar international organization known as Investors Overseas Services/Fund of Funds. Not being much of an administrator, the whole Bernie Cornfield enterprise, which in effect collapsed when the stock market had a hiccup. But the point is whatever you do, it is possible that the opportunities for doing it abroad are infinitely greater than doing it at home.

Other PT Possibilities

The list is truly endless. It includes entertainers, international sports competitors, recording artists, film stars, foreign correspondents and producers and technical workers in the entertainment or media industries. Any of these individuals can arrange to be paid by or via personal holding companies. With confidential bank accounts, no government can determine how much is earned or where it is earned. With a tax haven fiscal address, any of the above categories are ideal PT candidates.

Designers, architects, writers, artists, ceramicists, historians, composers, poets, geneticists, astrologers, magicians are all good PT candidates. Any creative, self-employed worker in any field or anyone who is not required to have a local license to practice or a fixed place of business also qualify. Research and development, public relations, speculation in anything, dealing in stamps or coins are all suitable professions. The art dealer, art appraiser, art restorer, jeweler, jewelry dealer, precious stone cutter, goldsmith, gemologist, tutor, export/importer, freelance anything, gigolo, call girl, sexologist, itinerant knife sharpener, panhandler, peddler and graffiti remover, can all become PTs too.

The PT can engage himself in whatever enterprise he chooses. A PT could even be a farmer, although it is unlikely. A farmer can only have PT style mobility if his farm is heavily mortgaged and his mentality is such that he could pick up and leave on short notice. Farmers, on the whole, tend to be attached to their land and find it difficult to give up their way of life even if better economic opportunities beckon.

A farm or any large chunk of real estate is the most unliquid form of investment one could have. A PT is unlikely to be a farmer or in any other occupation which involves a heavy investment in and commitment to fixed assets. People with a short-term view like PTs tend

to try to anticipate government moves and profit from them. Farmers, being locked in, instead try to influence events and politics.

If becoming a PT is your goal, you can take preliminary steps, make inquiries and adjust occupational specialties, financial planning, bank accounts and client-relations in that direction. It is not necessary to make the transition in one day. One can become a part-time PT by spending a short time abroad. Rent a place to stay. Set up some business or make a few investments from a secondary fiscal headquarters. Then return home to mind the main store for a while. For individuals in countries threatened by revolution or major social change, such as Hong Kong, the PT route is the obvious one to follow. Set up your second nest before you are obliged to leave the first.

Becoming a Consultant

Consultants have nothing to sell but specialized expertise. What can you consult about? Anything people want to know about! How to dress for success? How to invest successfully in pork belly futures? How to sing or play piano? Cooking, eating, bridge-building, chicken raising, astrological forecasting! Health advice. How to train watchdogs. Computer programming. You name it.

If you have or can gain specialized knowledge of anything, there is someone who will pay you to teach it to them. Invent your own field! Your author has become an adviser to PTs, but until the job was invented, created by Harry Schultz and myself out of thin air, there was no such thing as a PT or a consultant on how to become a PT. Often your field can be tied in with a newsletter or a media-exposure program. A consultant is usually paid in cash. His clients come from different countries and his knowledge transcends borders, meaning that becoming a consultant is a Perfect Thing for a PT.

Years ago, as a kid graduating from college, I took a few months to do the usual job interview circuit. One of the most appealing jobs was a management consultant. What does a management consultant do? I was told that one went around to various people and companies, helped them solve their problems and was paid magnificent sums for applying common sense. The only problem for me was that if I went to work for a consulting firm, it would be like any other job. I would start as a flunky for a boss who did not know what he was doing. Perhaps, with luck, in twenty or thirty years I would have become a boss myself or would have been able to start my own large consulting firm with offices, payrolls and the like. At the time, I passed. Today, as a PT, becoming a consultant still looks good, though my objectives are different.

In general, to start off on your own as a consultant without any experience is not a feasible thing to do unless you have some unusual and well publicized talent in some particular field. If you do not, no one will hire you or take you very seriously. Of course, there are extraordinary kids as young as 12 who do very well as consultants in such new fields as designing computer games. Nonetheless, in general, one has to be around a while, develop

mature judgment and acquire some expertise in a particular area. Then, becoming a consultant is a viable proposition.

Consulting for pay is particularly appropriate for a PT since:

1. Generally, you do not need a license as accountants, attorneys and medical specialists do.
2. You do not need anything more than a computer and a mail-drop address to set up shop. The required investment is little or nothing.
3. The work can be done out of your bedroom or a public library. There is no need for an office or permanent establishment.
4. The fees you are paid can be either on a per hour, per job or commission basis. They can also be paid net outside of the country where the work is done or the problems are solved.
5. You can meet a variety of new stimulating people, decide who you will work for as well as when and where you work.
6. The big advantage is freedom. No nine to five grind, no permanent staff or employees and no overheads, taxes, nor risk of losing anything but time.
7. Because you can solve problems and apply common sense anywhere, the only problem is getting your consulting customers.

Start Making PT Plans Today

If you have been fortunate enough, lucky enough or smart enough to acquire a sizable asset base, there is nothing to stop you from adopting the PT lifestyle tomorrow. If you would like to continue to run your business or businesses, begin by planting your first flag where it will work best for you. Research the business centers that you know and trust and make your decisions from there. If you are ready to sell and take a powder, you can move on to concern yourself with your second flag. Whichever way you choose, the whole world is waiting for you.

If you are of the class, like most of humanity, that still must work for a living, do not despair. The range of possibilities available to the PT is truly amazing. More or less anything that you would like to do can somehow be incorporated into a portable profession, carry your multicolor flag with you where ever you go. Your business base, the manner in which you earn your living, need not be static. Big Brother may want you to think so. How else can he hover over you and monitor your every move? You know better.

Whatever your personal situation may be, just remember that PT like all other things happens slowly, but it will never get off the ground unless someday it all starts today. Why wait?

Chapter 10

Passport and Citizenship Special Considerations for Us Citizens

Americans will often express a certain chauvinism and have many misgivings about taking another citizenship, especially if it involves the possible loss of American nationality. Americans and the mythical Uncle Sam have a certain vague moral superiority over the rest of the world, a superiority complex that is no longer sustained by the facts of life, if it ever was. After Europe was devastated by World War I, the US emerged as the major military and industrial power of the world. As a result, Americans came to feel as if somehow they were the chosen people, invincible in war and destined to forever hold all the chips.

For some thirty years this was the situation, but nothing goes on forever and the US is not the same powerhouse it used to be. Economic growth has decreased and, as of 1995, the per capita income and standard of living in the United States are well below those in a dozen other countries. I am not saying that the United States isn't a good place to live or get rich. It is! It is simply no longer clearly the only choice. Only Americans who have not traveled or lived abroad believe that the United States is still the greatest.

Only Americans who have not traveled still believe that the US passport provides great protection and prestige. Will waving an American passport work magic? Is it something like the cross held up to deter Dracula from doing one any harm? The contrary is actually true! Americans, due to the continuous US support of unpopular despots as well as other pernicious meddling, have become the favorite targets of almost every revolutionary or terrorist group.

Furthermore, as the foreign policy and general resolve of the United States is often perceived to be very wishy-washy, officials of small nations have often shaken down individual Americans abroad. False arrests are still common, especially in Latin America, where large bribes must be paid to secure the release of tourists, their cars and their airplanes. Cases of semi-official ransom are so common that they are rarely reported as news. However, letters to the editors of newspapers and travel magazines reveal that these shake-downs occur regularly.

Individual Americans repeat over and over again stories that assistance from their consulate during such situations was nil. American diplomatic posts are said to be, among all major nations, the least supportive of citizens with problems abroad. If you as an American are jailed in connection with a traffic accident or framed and convicted of a crime abroad, if your foreign business or property is confiscated, do not expect America to send in the marines any more. Those days ended seventy years ago with Teddy Roosevelt. Do not even expect any sympathy! American consuls and ambassadors have a stock answer to requests for aid, "Sorry, you are on your own." Civil servants in the foreign service are neither civil nor willing to serve.

The Most Unreasonable Tax on the Planet

To further exacerbate the situation, America imposes extremely unjust income tax requirements on its citizens abroad. Due to a relatively new and internationally unique law, US passport holders are required to pay tax on their worldwide income at domestic rates, regardless of whether or not they have stepped inside the country for even one single day during the entire tax year. These Americans resident abroad have no representation in Congress and get absolutely no benefit from these taxes they are legally obliged to pay.

The Philippines has a similar system of taxation of overseas citizens on their worldwide income, due to the fact that this system was set up by US tax collectors and is run by them.

Nonetheless, in practice the Filipino who wants to renew his passport abroad without filing a tax return, can do so by paying a relatively small fine. This will not wipe out the tax liabilities, but will in all likelihood not be a problem unless the Filipino desires to return home some day. Hence, for all practical purposes, the US is unique in implementing and arbitrarily enforcing this system of taxation without representation.

Fortunately, even Uncle Sam realizes that he must allow for some exceptions when making such extravagant demands. If you are officially resident in another high tax country and can prove so, then you need not pay US taxes through the aid of various tax treaties that the US has established. Instead, you will be obliged to pay tax to the country of your residence. Tax haven residence will not qualify. There is also the further exception that you can discount your first US \$70,000 of earned income at present. This amount has varied between US \$25,000 and US \$90,000 in recent years. Again, you must demonstrate a genuine tax home abroad. The life of the PT, with no permanent full-time tax home, will not qualify.

In any case, Americans abroad are still required to file a tax return, whether any tax is due or not, and must therefore go to the bother of keeping all the bits of paper of which the IRS is so incredibly fond. As of 1989, any American who does not file a tax return risks receiving up to a five year prison sentence. Failure to file is no longer a misdemeanor as it used to be, it has been reclassified as a criminal offense. Even jettisoning citizenship to avoid such draconian taxes may not do the trick. If the US comes to believe that you only abandoned citizenship to avoid taxes, they will continue to tax you for a further twelve years. No other country on earth would even dream of instituting such a law. As of 1996, it has been proposed that every wealthy person wanting to expatriate must pay an exit tax.

In spite of these realities, most Americans are still very reluctant to get a second nationality if it means giving up their American citizenship. Hence, the intent of this chapter is to discuss the various options open to American citizens and the ways and means around such excessive legislation instituted by Big Brother. Yes, where there is a will, there are ways. First, however, let's consider the wider ramifications of such shortsighted American legislation.

Effects of the Income Tax on Americans Abroad

This unusual and freakish legislation first came into existence back in the 1950s, with the original tax on worldwide income regardless of residence. Politicians of the day wanted to prevent movie stars such as Yul Brynner and Elizabeth Taylor from avoiding US taxes. The rule in those days for Americans was the same as it is for everyone else in the world today. By simply taking up a legal residence abroad, one became exempt from all local taxes. Big Brother has since been hard at work in Washington and has succeeded in expanding this original legislation to include many other limitations currently forced on Americans abroad.

Rationally examining the US tax on citizens abroad from another angle shows how absurd this US tax law is. Suppose you were born in New York City or lived there at one time. Further suppose that the New York City administration proclaimed that anyone who ever lived in New York will henceforth be considered to be a New Yorker for life. Such New Yorkers, wherever they are, must pay 50 per cent of their income to the New York City Treasurer. Failure to do so shall be a crime. Any New Yorker who fails to file an annual report of his income and pay this tax is guilty of tax evasion and upon conviction will serve from two to five years in the city jail.

Since the city fathers have no power to nab a New Yorker in Rome, they must wait until the New Yorker comes back in order to pop the many criminals they have created, these errant taxpayers, into the pokey. To any sane person, such a procedure sounds absolutely ridiculous. Similarly, when the US tax law first went into effect it was considered as absurd as this hypothetical New York tax. It is only because this US tax law has been around so long that its absurdity is no longer noticed.

What about the long term effect of such legislation? Going back to our New York City example, it does not take a PhD to figure out that ex-New Yorkers would evade the tax and that civic loyalty would not exactly be enhanced. Understandably, ex-New Yorkers would either stay away from their old city or, if enforcement was lax, would simply sneak in and out. This reaction is more or less exactly what has happened on a national level since American citizens resident abroad became legally liable for federal tax on their worldwide income.

The US Economic Disaster

Furthermore, the effect of this law has been to initiate and promulgate a continuing economic disaster for the US. Exports and overseas earnings and remittances have been drastically cut. The US balance of payments has not been positive ever since this unique tax law was instituted. It has definitely destroyed, among other things, the unquestioned dominance of the US in the worldwide construction industry which was originally created shortly after the end of World War II.

American industry was at one time the prime supplier to the world. It positioned thousands of high-level Americans abroad in key positions of virtually all multinational companies. American builders from Argentina to Zambia used American machine tools, American dredging equipment, American bulldozers. Even higher cost American steel and concrete were used on most international construction projects. Why? Because the ubiquitous American engineers felt (probably incorrectly) that American products were always going to be of higher quality. For any massive project, the bidding was usually limited to American companies. The Germans, British and Japanese got the leftover less profitable jobs that the Americans could not be bothered with.

Countless American technicians and executives abroad in key managerial slots provided a market and a showcase for American products. These consumer goods ranged from clothing and washing machines to carpets and Cadillacs. The Americans abroad also served as rolemodels for the local elite.

At the stroke of a pen, the American Congress made it unprofitable for Americans to work abroad. In doing so, the US brought hundreds of thousands of overseas key employees back home. This eventually shrunk US exports to a small percentage of what they would have been. It permanently crippled the American balance of payments. Thousands of small exportoriented or service companies based abroad with American staff were rendered uncompetitive. American companies were unable to garner new construction contracts because the cost of employing American employees abroad, and compensating them for the extra tax burdens not shared by any of their contemporaries, became prohibitive.

The extra taxes eventually collected from overseas individuals amounted to a few million dollars, trivial in the big picture. Individuals who would have been subject to these new personal income taxes modified their activities, made alternate tax shelter arrangements or gave up US citizenship to avoid the tax. The truth is that, as with any unpopular, unfair law, these taxes are subject to near universal evasion. To avoid or evade the tax, Americans simply transferred employment to a foreign corporation so that they would not have US taxes withheld. Within a few years the Japanese, Germans, British and then the Koreans had signed up all the business. They also signed up all the American talent that stayed abroad. American companies do not even try to pick up the leftovers any more. They have re-incorporated abroad as foreign companies or have simply packed up and gone home.

Further Assertion of American Moral Superiority

Some time after the US imposed income tax on overseas employees, another lesser known provision made it a federal crime for Americans to pay bribes abroad. Anyone who has ever operated a business abroad or even visited the Arab world, Africa, Asia or Latin America knows how things are in the real world. If you get a traffic ticket or if you need any kind of government permit, you must give some sort of a gratuity. The alternative is endless frustration.

Want to sell something to the government? In the majority of countries in Africa and Asia, the government is the only possible customer. Prepare to pay off the commissar, the king's brother-in-law or some other influential peddler. Such individuals always get a commission for helping to arrange a deal in all Arab countries. If not, the deal will not go through. If, in the Third World, you want to sell airplanes, a fleet of automobiles or a million hairpins, politicians, in one way or another, will insist upon getting their kickback, commission or bribe. Buck the system and your property in that country may be confiscated. You may even spend time in jail. You certainly will not do any business with the government or anyone else, unless you play by local rules!

Americans are prohibited from competing effectively through unique laws that prevent salesmen and negotiators abroad from engaging in customary practices. Jimmy Carter once felt it was the duty of the American Divine Mission to bring the rest of the world up to the US levels of morality. As a result, the common practice of giving gifts to those who help secure a contract was made a felony for Americans, even if it was done abroad where it was a legal, common and acceptable practice.

Americans in most export-oriented enterprises upon hearing of the latest stupidity from the folks back in Washington said, "We might as well pack up and go home!" And, of course, that is exactly what they did. German businessmen, once again were quick to step into the vacuum. It was what boxers call the old "one-two". The government first made American employees and representatives abroad far more costly for American enterprises to maintain. Then, in a knockdown blow the US government zonked them with moral restraints. This gave Americans, as players in the game of commerce, a whole set of burdens not shared by the other participants. Most small and mid-sized companies returned to the domestic US market where they didn't have to cope with a hostile US government as well as local problems.

The big multinationals learned to cope by incorporating abroad, hiring local staff, sourcing and manufacturing abroad and selling abroad. Aside from ownership, usually shared with foreign investors, the units of Ford or IBM in foreign countries became foreign. The multinationals were, thus, no longer subject to direct tax or control of the US government. Individual Americans became human multinationals by securing for themselves dual nationality and thus a legal excuse for their non-compliance with the new tax laws and moral restraints.

In my opinion, rules forbidding the bribery of public officials are a good thing! A government should impose and enforce them domestically against citizens and non-citizens alike. But don't ask all your soldiers to shoot themselves in the foot just before going into battle! If foreign boxers are allowed to use brass knuckles in international competitions, it is complete insanity to send in your team of gladiators armed only with smiles and moral superiority. America should have negotiated multilateral anti-corruption laws.

Sometimes You Just Can't Win!

A few years ago in a Mexican border town, while waiting for a traffic light to change, a Mexican cop and his partner unscrewed my license plates. One of them then issued me a citation for obstructing traffic and confiscated my driving license. The uniformed policeman politely explained that the traffic light was broken and that since it was permanently on red, I should have had sense enough to move on against it when cars behind me started honking. He then made it clear that US \$50 paid personally to him would clear up the matter and get my license plates returned. If I did not pay, there would be the additional offense of driving without license plates or a driving license, speeding, reckless driving and other figments of this enterprising cop's imagination.

All of this led to the threat of several weeks or months in the Tijuana jail. If that happened, probably thousands of dollars in lawyer fees and far larger bribes would have been necessary to get me out. Knowing that this threat represented a real danger, I quickly negotiated the bribe down to US \$15 and a packet of cheap cigars. Placed between a rock and a hard place, I had just become a felon under applicable US laws on making any bribe paid to a foreign government official punishable by one to five years in jail.

Now you can say, "Sure, I believe your story, but you'd never be prosecuted in the US for something like that!" You are probably right, but a large number of Americans who have paid bribes while abroad, usually in connection with business contracts, have been prosecuted and sent to jail upon their return home. The crime is typically discovered during an IRS audit when questioning reveals that a deducted commission or fee was actually a bribe to be able to continue in business, pass an inspection or get a sale by offering a bigger sum under the table than the competition did.

More often than not the person who made the payment abroad did not realize he was doing anything against criminal law by doing what everybody else does. He certainly had no concept that he was committing a second felony by attempting to deduct it on his tax return as a legitimate expense. As the result of such high moral standards, the US as already explained is now the top jailer in the world on a per capita basis.

Continuing US Government Hostility

A campaigning senator is trying to make it even more undesirable to be an American citizen abroad. Tax them more! Deny citizenship to children born to American parents abroad! Make them pay for medicare and social security but cut the benefits. Require more forms and extensive disclosure of heretofore private matters. All of these restrictions are powerful reasons why at least some of the estimated four million Americans living abroad will seek alternate passports when renewal time rolls around.

During the first Reagan administration, there was a move to restore American competitiveness with a more intelligent, understanding program. One of the early Reagan ideas was to tax individual Americans resident abroad on a reciprocal basis, ie, the same way that foreign governments taxed their citizens in the US. This would have repealed the worldwide income tax on Americans since no other country had such a tax. At the time

Reagan's staff felt that such a move was economically desirable and more politically palatable than simply being honest and repealing a bad tax. But even this didn't fly.

Then large exemptions for income earned by Americans abroad were proposed, and finally enacted into law. Originally, the first US \$100,000 of income for citizens abroad was to be exempt. This was to be raised each year, but under pressure of a hostile Congress determined to soak the rich, the exemptions were cut back. The current situation is one of those half-way compromises that give employees an exemption on the first US \$70,000 of earnings with the various restrictions that I have explained earlier in this chapter. Undoubtedly, this amount will come under the chopping block yet again.

The United States is definitely heading down a losing path. The accumulated savings of one hundred years have already been squandered. Where American investments abroad used to bring in huge sums, the US is now a debtor nation. Foreign investors take out far more in dividends, interest and raw materials than US investors abroad bring in. The balance of payments is further aggravated by the per capita indebtedness of the American people. The United States can no longer boast having the highest per capita income. These days it is on the bottom of the first world list.

Having once lost important markets, it will be impossible to regain them, at least without a long sustained effort. Before there is an aggressive return of the Yankee to international commerce there will have to be a consistent and reliable government policy, a high priority program of incentives that will make the US a serious force in world commerce. This probusiness policy would have to be supportive of and favorable to companies and individuals promoting American economic interests abroad. American business executives abroad should be treated as a precious and valuable asset.

It is undoubtedly true that the American executives who go abroad to represent firms are not underprivileged inner-city slum dwellers. But why discourage the brightest and best from carrying the flag abroad? The net result of current US tax policies is to collect a few million dollars per year in extra taxes at the cost of trillions in lost revenues. American moral restraints are a joke that have the foreign competition laughing all the way to their banks.

Summing it all up

These various policies can easily be construed as a campaign against US citizens abroad, led by none other than the US government. It can easily be seen why many are thus of the opinion that the best US citizenship is one which has long since been abandoned. However, my own personal position is the same as it is for those from countries that do not recognize dual nationality. I feel that in most cases it is still desirable for US passport holders to keep both US citizenship and an updated passport, one way or another.

My advice is that if you are an American citizen, tread slowly and carefully. First, obtain a second or spare US passport. Second, start the ball rolling for one or more alternate

nationalities. Only under extreme circumstances should you ever surrender your one and only US passport. Renouncing citizenship clearly and unequivocally is only generally advisable for very wealthy, internationally-oriented people who are in a position to realize substantial capital gains without any tax if they renounce. Obviously, if you are going to save several million, the economic benefits of renunciation may be worth more than the theoretical right to run for president

It is possible to do an entirely legal expatriation and keep the right of unlimited visits to a 365 day per year presence in the US. This is a delicate matter that will require planning. Whatever your situation may be, ensure that what you do is entirely legal. The assistance of an American-trained international tax lawyer based abroad is warranted. There are several based in Europe who are first-class professional specialists in these matters. (See the Resource List at the end of this report for specific recommendations.) At the present time, due to recent US tax laws, it is virtually impossible to find anyone practicing inside the US who is able to give good advice. As attorney-client confidentiality has been removed in tax matters, US tax lawyers and accountants have been transformed into something more akin to government agents than client representatives.

Filing a Minimal Tax Return

For the most part, renunciation of US citizenship can be avoided by following one of a few simple procedures. Which one is best for you, again, depends entirely upon your own individual circumstances. The basic idea is that if the IRS has no information or paper trails to follow up on, it can do little if anything to contest any forms filed, or not filed abroad. If you reside abroad, you will also be able to take advantage of the various exemptions on offer. Thus, if a reasonable looking annual tax return is filed, the actual tax burden will probably not be nearly as great as it would be for the same taxpayer with the same income living inside the US.

Accordingly, many non-resident US citizens with a non-US source of income file an annual report of income that calls for the payment of only a nominal tax. As there are various advantages to be had if you file from a tax home based outside of the US, this is not terribly difficult to arrange. For example, the first US \$70,000 of earned income can be deducted as already mentioned. Furthermore, although unearned income is not exempted in any amount, many expatriates channel funds through trusts or holding companies in order to reduce taxes. The company, trust or foundation set up by the taxpayer abroad may be able to issue salary checks, pay expenses or provide non-taxable perks, such as a company car. This transmutes unearned income into cash flow subject to only a minimal tax burden.

Of course, one of the possible problems with this approach is if the government of your tax home is in communication with the US government. Filing a tax declaration which shows an income in the country where you live could result in an unexpected visit from a tax collector from your new government. Information exchange treaties and agreements of cooperation between governments are becoming more and more popular. If the

information that you provide the US and your adopted government are largely inconsistent, you may well find yourself the recipient of a special welcome from immigration officials at the airport on your next trip to either the US or your new country.

Not Filing a Tax Return

Another, perhaps more simple approach, favored by many US citizens who live abroad is to simply tell Uncle Sam nothing at all, to not even bother with going through the motions of filing a US tax return. According to IRS statistics, almost sixty per cent of Americans resident abroad do not file a tax return, resulting in three million delinquent filers. Furthermore, these same statistics show that there are currently somewhere between five and ten million Americans who have not filed a tax return for a year or more, meaning that many of these individuals must be hiding somewhere within the US itself. As the IRS tightens its screws, it will undoubtedly first focus on those it can easily find, meaning those living within US borders. For the moment, one is reasonably safe to assume that the PT non-filer is in a safe position, although this situation may soon change.

One interesting approach to not filing takes advantage of the fact that it is excusable for those who have less than the statutory minimum income. This is easier said than done, as this earnings requirement, though varied from time to time, is always well below subsistence. In other words, it is impossible for most people to live on less than the minimum income required for filing a US tax return. How then is it possible for one to avoid the requirement to file at least an informational tax return? Let's look at a few individual US citizens abroad who neither file nor are expected to file:

1. Billy the Zonked-Out-Hippy carries all his worldly possessions in a knapsack. He plays harmonica on the street for coins and juggles wherever there are crowds of tourists. Our viaduct virtuoso earns barely enough to buy the occasional loaf of bread and jug of wine. He sleeps on beaches and under bridges. Obviously impecunious, he is of no interest to any tax collector. If he has a million in a secret bank account, nobody would guess it from his appearance. If you can fit this profile, at least upon returning to the US, you too will be of little interest to the IRS.
2. Brother Gregory, a religious missionary in Trappist-brown monk's robes, has taken an oath of poverty. He receives only expense money from his particular cult. Similarly, Buddhist monks live entirely on whatever is dropped into their begging bowl.
3. Emily Intellectual, the student of any age who exists on non-taxable scholarships and grants.
4. Simon Slick, the gigolo or his female counterpart, Simon, the professional mistress. Anyone who provides love and in return gets "kept" is a dependent, not a taxpayer.
5. An individual of any age who lives on an allowance from Mom or Dad is also tax exempt. So is an au pair or governess who works for expenses and a small allowance or a Kibbutznik in Israel.

6. A person who is mentally retarded or appears to be severely crippled is usually not an IRS or customs target either.

Finally, you need not file a tax return if you can demonstrate a sufficient amount of nontaxable income to live on. Some items to consider are gifts from parents, savings on which taxes were already paid and tax free US bonds, such as municipal bonds. If established in a reasonable manner, such an income would circumvent all tax and reporting requirements. In other words, you would have an excellent reason to explain why you did not file an income tax return.

Of course, an individual US citizen residing abroad who has a terribly high profile and spends lavishly should not even consider any of the above alternatives. It is far too easy for the IRS to challenge an income tax return where the income is too small to support an easily documented extravagant lifestyle. If you report no income or one of only US \$10,000 per year, while Time magazine does a feature story on your mansions, fancy cars, private jets and armies of servants, you will have a problem. The IRS can easily lay the burden on you to prove a non-taxable source for all the other money you are obviously spending.

Finally, it must be said that both understating your income and simply not filing a tax return are both crimes in the US. However, these days, so many things are illegal in the US that if the government wanted to prosecute you badly enough, they would conjure up something. So why worry? If a low profile individual says he is living off a jar full of old gold coins or a cash hoard, as some can, it would be difficult to prove otherwise. Nonetheless, as with all important matters, research your likely plan of approach thoroughly. Check and double-check everything and, as information goes out of date quickly, do not do your tax planning based strictly upon what you read here. Get a specialist to help you!

Say Goodbye to Uncle Sam

To put the entire situation into perspective, it must be understood that once a US citizen, or any citizen, has departed his original jurisdiction and has likewise departed all of his assets, he is beyond the reach of any US court or governmental agency. If you have no visible assets it will be virtually impossible for any tax collector, to determine the proper amount of tax that you must pay and, more importantly, to collect it.

By following the above suggestions, you are like the traffic violator who drives through a stop sign at a desert crossroad with no one in sight for 120 miles in any direction. Your chance of getting a ticket is theoretical, not real. Once again, this should not be taken as advice to willfully break the law, just don't spend time worrying about theoretical possibilities. Get on with life.

Unless a US citizen taxpayer is employed by a US firm which files information returns about him, there will be no information available on which to base any challenge to

whatever tax return is filed, much less a criminal prosecution. Barring a paid IRS informant in the household, it is difficult and legally impossible to get anyone from abroad to testify, particularly a foreigner who does not wish to appear in an American court in connection with a civil or criminal case. As a general rule, the US citizen while abroad is untouchable. Furthermore, due to the lack of records and evidence, he remains almost as untouchable when he returns.

Americans within the US who file an honest tax return are paranoid about being audited and harassed. The PT or American resident abroad is a hundred thousand times less likely to be audited than the one in fifteen chance he stands within the US. The citizen abroad cannot be harassed, ordered to appear for any examinations or arrested for a tax offense. An American tax collector has no more power over someone in France or Zimbabwe than a Zimbabwe tax collector has in Texas. The US citizen abroad is immune from any and all US administrative or judicial procedures. Even in the case of a flagrant big spender, the IRS can do nothing to enforce any tax claims until the taxpayer returns physically to the US, if he ever returns.

Hence, it is wise to take a certain amount of precaution when returning to the US. If you do not return via a computer-equipped check point, it is not usually necessary to give border control officials any explanations. You just cross Canadian or Mexican control points by shuffling through on foot with your voter's card, birth certificate, state ID card or driver's license ready to flash if and when it is requested. A day tourist with little or no luggage is rarely asked for identification. Alternatively, you can cross in the name of an alias. Various suggestions for entering and leaving the US are proved in Chapter 17 of this report.

Similarly, you should proceed cautiously when the time comes around for you to apply to renew your US passport. Currently, one is required to supply his full name, mailing address, date of birth and, most importantly, social security number when applying to have a passport renewed. The State Department will then kindly forward this information on to the IRS which will then presumably check for non-filers. To avoid the IRS cross check, merely renew from an address *within* the US.

Alternatively, one can pay a fine of US \$500 instead of supplying such information. This course of action is emphatically not recommended. Why? It would inevitably put an individual on the computer hit list as a suspected tax evader. Years ago the government required gamblers to pay for and obtain a federal gambling stamp. Then it arrested the stamp buyers and used the fact that they had complied with one law in good faith in criminal prosecutions to prove that they were violating anti-gambling laws. A similar license was required of marijuana dealers who were then arraigned. This fine is not meant to be in lieu of tax obligations. It is just a ploy. Don't pay it!

In 1987, the IRS proposed further regulations that would require all passport applicants to answer detailed questions related to their tax liabilities. Presumably, such questions will soon be appearing on the renewal form somewhere alongside the request for your social

security number. Moral of story, the US passport is valid for a full ten years, obtain a new one today. Remember to renew by mail. All you need is a US address.

Many wealthy US citizens who have moved abroad are willing to put up with some paperwork. They feel they should file a return and perhaps pay some US taxes in order to preserve their passports, even if and when they get a new nationality. Those who are not known to have substantial assets or large incomes can preserve their citizenship by making alternate arrangements to renew passports. There are as many possibilities to solve this problem as there are people. For instance, getting a replacement passport after one is lost or stolen does not require that any treasury form be filled out. If one does not claim to be a resident abroad and applies for a passport by mail from within the US, no treasury form need be filled out either. Check out the exceptions and see which shoe fits.

For various examples of how different Americans have approached the PT lifestyle in spite of the limitations of the US passport, see the appropriate entries in the Case Histories section at the end of this report.

You Never Know What the Future Will Bring

No one knows what the rules for renewal will be in ten years. Whatever they may be it cannot hurt you to get a new passport today. You will have ten years before you even have to think about renewal or replacement. It is likely that there will be more than one opportunity to get another US passport long before that. It is also possible to get more than one US passport for quite a variety of reasons. For example, you have to make a quick trip to London, but the Chinese say that it will take three weeks for them to issue a visa and until then they will need to hold your passport.

A window of opportunity can open up because of a legal case or some crisis that creates a large influx of citizens. A new administration in Washington or a court case could well permit passport renewals or the issuance of new documents without the recently imposed link to income tax filings. The US might join in a pact with the European Union abolishing the need for passports. Europe might then be treated like Canada or Mexico which require only minimal identification for border crossing. The abolition of international frontiers is not likely, but who really can predict ten years ahead?

In 1988, the US abolished visa requirements for holders of EU passports with round trip tickets. Other countries are expected to get the same treatment in the near future. In an era of deregulation and privatization, it is not too much to expect that travel documents may be simplified or even eliminated. Once that happens, holding a current passport will not have the same importance it does today. Already, frequent visitors to the US are being issued a special machine readable ID card for use at airports. This card is used instead of a passport. What if you are a tax non-filer and want to return home?

If the worst comes to worst, you can always settle up your tax obligations! There is always the possibility that an amnesty program for non-filers may be enacted that would

make it possible to work out affordable, cut-rate arrangements. Even if not, normally, a low profile taxpayer without visible wealth can work out a pretty good compromise and partial forgiveness. Better deals are always made if the taxpayer is abroad. I will not spell out the procedure for making such settlements, as some gray areas are involved. Some Congressman may then label them loopholes and prohibit them entirely. If you have a problem get yourself a good tax lawyer to represent you and work out a settlement before you show up at the border.

In an uncertain world, a US passport and the right to enter the US during a war or time of crisis might come in handy. Just as you can never be too rich, too good looking or too slim, likewise you can never have too many nationalities or passports. You should also consider that you do not lose citizenship just because your passport has expired. One can enter and leave the US, Canada, Mexico and most of Central America and the Caribbean with an expired US passport or even a birth certificate as identification. In Europe, an expired US passport is usually accepted for travel but not always and never by a country that requires a visa. It is not even difficult to get into the US without a passport if you look and sound American. People do lose passports even during air trips or while waiting in line at customs. They are normally admitted after questioning. As with all situations, a person with the gift of the gab might be able to talk his way through just about any border station, although understandably possession of a valid passport always makes border crossing easier.

One final item of interest that is generally not known is that an emergency extension for a passport which is about to expire can be granted by almost any consulate of any country. This is usually done with a simple rubber stamp and the scrawled signature of some official. If you ever have any trouble getting a new passport, ask for a three month emergency extension or revalidation of an old one. These are given out with far less formality.

A Final Look at Loss of Citizenship

Finally, even if everything goes wrong and you are eventually denied renewal of your US passport, consider rationally what you have lost. If you have already had ten years to acquire one or more new nationalities, what exactly did Uncle Sam have to offer in the first place? What is the practical effect of renouncing US or any other citizenship? It really does not amount to a great deal.

First, you will not, theoretically, be allowed to vote in elections. However, as any big American city voter knows, anyone who does not look and sound like a foreigner can register to vote in almost any district in the US without any documentation. A simple declaration of name and date and place of birth, any identity will do, will get you a voter registration card. In short, if you are deprived of citizenship, your ability to get a voter registration card and vote will hardly be affected in view of lax voter registration procedures in most of the US.

Second, if you lose US citizenship, you will not be allowed to hold most elective political offices nor many government jobs. Since most PTs have no aspirations to become tax collectors, bus drivers or Congressmen, such restrictions are not a great loss. On the other hand, for low profile jobs, proper identity cards are easily obtained by ghosting or Paper Trip methods. See the PT booklist for more information on books available which explain this technique.

Third, you may be put on the computer list along with some six million other individuals destined to have their US passports confiscated if and when they attempt to enter at an international airport. In practice, this means that you will only be able to enter the US using the methods described above. This really should not be seen as any great inconvenience and, if nothing else, should cause you to consider the possible ramifications of your mere presence in the US.

Although not limited to those who lose nationality, a consideration for all who expatriate themselves is obviously the state of affairs back home. In other words, if the IRS decides that you left the US or became a foreign citizen only to avoid taxes, they can put a lien on any US property you own and left behind. Any claims can be kept alive for about twelve years. If you have possible claims pending against you, see a lawyer to compute the exact statute of limitation in your case. If anyone in any country where you owe taxes, child support or money, can catch you during a visit, they can get help from the legendary US Marshals. Wyatt Earp is no longer in their service, but they still carry six-shooters and will arrest you. Judges are also tough on people who plan to leave the US to avoid court processes.

Having acquired jurisdiction over your corpus or physical body, they can hold you in jail until you comply with a court order to repatriate enough foreign assets to satisfy all claims. Lest you read this sentence too quickly without understanding the full importance of what I say, let me put it in different words. If any tax collector in the US or any private creditor in the US says you owe money and you are about to leave the country, you can and probably will be tossed into the pokey. In order to get out you will have to either pay the debt or post a sufficient bond to guarantee that you will meet your potential obligations.

Normally, in such circumstances, in addition to posting bond, you will be obliged to state under oath what travel documents you hold and to surrender them until your case is resolved. If you fail to do this, or are unable to post a bond you can be held in jail until your case is decided. That could be years. The important moral here is that if you leave a country to avoid some obligation, debt or accusation it is obviously quite risky to return, whether you do it legally or otherwise.

Have Your Cake and Eat it Too!

Do you want to be fastened to one country or enjoy them all? Elizabeth Taylor, one of the original reasons for the institution of the income tax on Americans abroad, eventually gave

up her Swiss residence and decided to go back to the United States. From time to time she has had second thoughts. Her alternate nationalities and passports allow her to either stay put or move when she feels like it. Elizabeth Taylor shocked people years ago when she responded to critics who felt there was something wrong with sleeping with a future husband before being legally divorced from the last. She asked them, "What do you expect me to do, sleep alone?" Spoken like a good PT!

Elizabeth will modify a contract, alter her work schedule or even change physical residence if a minor move will result in major tax savings. But tax avoidance is not her religion. She lets her accountants and lawyers worry about taxes. In my opinion, this is quite sensible. Passion, not taxes, is said to be her major consideration.

Giving up citizenship in order to accomplish your objectives may be necessary, but rarely. The question is best circumvented by putting your old passport in a vault until the situation is clarified. It is unfortunate that under some circumstances a government will force a person into making a premature choice.

Whether the pendulum in the US will swing in a different direction in the next ten or twenty years is a matter of speculation. But even the freedom to travel without restrictions for Americans is evaporating. Since 1991, a passport can and will be denied to anyone suspected of having unreported assets. The mere accusation of the new crime of money laundering can keep one a prisoner just as surely as the citizens of China or Burma are prisoners. Thus, an American who already has been denied the right to travel, needs more than anyone else to become a PT with a second or third passport. It should be remembered that someone accused of a crime may not be able to get a passport, but is still a citizen of the US. Unfortunately, that citizenship may not be worth much if it only confers the right to continue to pay taxes and be harassed while being forbidden to leave.

Europeans have been over-regulated and over-taxed for centuries. However, the tradition in Europe is that once a citizen leaves his home country, the home country makes no further demands and places no restrictions on him. Wealthy Europeans have been internationalists for many generations. To avoid currency controls, high taxes, and political upheavals, individual Europeans typically have financial interests in several countries. Many have several passports, several sets of religious identity papers and even several homes. For them, the PT idea is old hat. The same is true of wealthier Asians and South Americans who by tradition have a second and a third home, multiple businesses and several sets of identity papers.

Americans, Australians, Canadians, Japanese, South Africans and others who previously felt they had stability, privacy and better local opportunities only started to become PTs after World War II. If individuals felt they were relatively free to come and go and move assets as they pleased, there would be no need for dual nationality. Obviously, when the situation changes, people must change their attitudes and become more liquid and more mobile. If a country goes completely down the drain, like Cuba or Yugoslavia, there is not much incentive to hold on to its worthless passport and burdensome citizenship. The

United States passport is more burdensome than valuable at present, but there is a chance that fundamental human rights may once again find a champion. Thus, a secret hiding place or bank vault is the best place to keep a US passport. It should not be trashed quite yet.

The Value of Citizens Abroad

If the US government knew how valuable it is to have good citizens scattered around the globe, it would not make it difficult or impose penalties for those who choose to become PTs. Israel, Turkey, China, Japan and many nations get great benefits because they command the partial loyalty of many influential citizens abroad. Americans are the only people in the free world who are obliged by law to pay tribute to a government in which they have no representation. They are the only citizens from a first world country who are penalized in many ways for living abroad.

For instance, children of US parents no longer qualify for automatic citizenship if born abroad. The United States seems intent upon getting its best citizens to renounce, since there are few benefits, in fact none I can list, to balance the tax and paperwork burdens. In spite of all this, I still recommend that in most cases Americans hold on. Things could get better. Stay in touch with a political lobbying group which promotes a better deal for Americans abroad and which publishes news of interest to Americans abroad.

You might consider getting on the mailing list of a Geneva based group called **American Citizens Abroad, PO Box 321,1211, Geneva 12, Switzerland**. This organization provides a newsletter for US \$35 per year. You may well want to use a pen name as one never knows what government agencies might have access to what mailing lists. For another US \$16, American Citizens Abroad offers a handbook of information on subjects of particular interest to Americans abroad. This includes entitlements to social security, medicare, how to vote by

Residence and Domicile

The third PT flag, that of residence and domicile, offers various alternatives. When I first took steps towards becoming a PT, I assumed that every person must obtain a residence permit somewhere in order to move about freely and legally. On the basis of a 1960 pamphlet by Harry Schultz concerning his "three flag" theory, it seemed as if this residence permit was basically a permit to live. According to Harry, this permit had to be in a tax haven.

Years later, just before I actually met Harry Schultz in 1980, I read a magazine article by him. He observed that a residence permit was neither necessary nor always desirable as any tax haven may change its policies. He felt by 1985 that it was a far better idea to not be registered with any government. In his refined and revised view, having been a PT for 25 years, he stated that the only contact with government that was absolutely necessary was to get one or more passports. Once a passport has been granted, one can then quickly abandon the point of contact given on the passport application.

This later approach is more uniquely PT in its construction. For the PT, governments are institutions that are never to be trusted. If the PT could get along without a passport or other travel document, he could then successfully eliminate even this minimal interaction. Nonetheless, it must be said that your residence and domicile, or lack thereof, can have an enormous impact on whether or not you are considered liable for income, capital gains, inheritance and other taxes. As I have already explained, I personally prefer to operate according to low profile principles, trusting that if no government can locate either my person or my assets, their tax-men cannot tax me regardless of what my actual legal tax status may be.

Of course, I understand that such an approach may not be appropriate for all individuals. If the nature of your work automatically transforms you into a high profile individual or if you would simply be more comfortable following a straight and narrow approach, there are still means and methods through which you can legally avoid taxes. Such methods are unquestionably more complicated and for all intents and purposes have to be decided on a case by case basis. Below I will spell out some of the basics, but again do not place reliance solely on such information. Before planning your own personal course of action, no matter what it may be, seek out the advice of an expert tax planner. See resource list at the back of this book.

The Straight and Narrow Approach

Residence and domicile are complicated legal concepts which governments use, amongst many other things, to determine exactly how much of your money they feel they deserve. The situation is made all the more complex by the fact that there is no international standard, meaning that the rules and regulations which determine residence and domicile

vary a great deal from country to country. In the US, the whole situation is even further complicated by the fact that residence and domicile are determined on a state, not national, level. You guessed it, yet again the actual specifics of the legislation vary from state to state.

All of this confusion often produces rather amazing results. Courts tend to rule in their favor, meaning that often more than one country or state will claim an individual as a resident of their own and, of course, demand that he pay tribute for such a privilege. Many countries have even gone to the trouble of making it legal for an individual to be resident in more than one place in case such a potentially profitable situation ever comes about. As in all civil tax cases, you the defendant hold the burden of proof. In other words, if you expect some sort of scuffle with tax bureaucrats, it is important that you know with certainty where you are resident and domiciled and have the ability to prove such claims. This is all of particular importance to the PT as he can inadvertently become a resident for tax purposes by merely overstaying his welcome.

In most countries, one becomes a resident for tax purposes if he is present in the country for more than 182 days, approximately six months, of the year. Some countries have reduced this period to as little as three months. The US, has even gone so far as to count a percentage of days present in the past two years as days present in the current year. Hence, although it appears that the US allows foreigners to stay in the country for up to the standard six months, in actuality they will only allow yearly visitors to stay for up to four months per year. This figure could be dropped right to zero days for those who have spent all of their time in the US during the previous two years. As tax residence may be established by passport entry and exit stamps would be an advantage.

Determining Your Residence

The concept of residence is used basically to determine whether or not one is liable for income tax in a given country. If you are resident, you are required to pay the tax. It is for this reason that many individuals who wish to avoid confiscator income taxes establish a residence in a so-called tax haven, which has no income tax. These tax oases are generally small countries, some are just cities, that pay their bills through the proceeds of legalized gambling rather than by the worldwide preferred means of hassling the populace.

Andorra, the Bahamas, Bermuda, Campione, the Channel Islands, Monaco and the Netherlands Antilles are all ideal contenders. Of course, the cost of acquiring a residence permit varies significantly from tax haven to tax haven, ranging from the price of a decent property to well into the millions. Similarly, the actual atmosphere of each tax haven varies tremendously, meaning that not all tax havens are good for all tax exiles. It is a good idea to read up on the various possibilities and even visit a few of your top contenders before making a final decision.

Similarly, you should also make certain that you follow all of the required procedures of your straight and narrow path. Sometimes in addition to acquiring a new residence you

must also legally abandon your old residence. As already explained, US passport holders must abandon nationality in order to avoid US income tax. The same applies for green card holders concerning their green cards. If you have ever been a resident of the US, you must officially turn in your green card, simply tearing it up will not be enough to please Uncle Sam.

Finally, if you insist on playing it straight and narrow, you should understand that you will have to spend at least some of your time each year visiting your third flag. PTs who roam constantly will have a very difficult time convincing the tax authorities, assuming the tax authorities take an interest, that they have acquired a new residence and tax home. Moral of story? Choose carefully and get a tax lawyer to give you a check list of all the forms you have to file.

Determining Your Domicile

Domicile is a slightly more complicated legal concept than residence. For the most part, it is about as sensible as most policies originated by government. The basic idea is that your domicile is the country or state to which you plan to return, meaning that it can be different than your country of residence. Generally, whereas your residence determines your liability for income tax, your domicile determines your liability for federal, estate, gift, capital gains and inheritance tax. Like residence, the location of your domicile can either have major tax consequences or none at all depending, again, on your individual circumstances.

The issue of domicile poses a problem primarily for high profile PTs who do not spend at least some of their time each year in an established tax haven. Basically, if you leave a high tax country and cannot demonstrate a permanent home elsewhere, you will remain domiciled, and possibly resident, in your home country. This could have disastrous tax consequences if things ever came to a confrontation between you, or your heirs, and Big Brother. For example, if you leave the US and even go so far as to abandon US nationality to live the life of the wandering PT, your estate will remain liable for US federal estate and gift taxes at the time of your death unless you establish a domicile elsewhere.

A similar situation could develop for those who leave the UK, although even establishing a new domicile may not help if this new domicile is later abandoned. The UK operates according to the principle that if a new domicile of choice is abandoned, domicile reverts back to that of origin. This means that if you leave the UK, establish a new domicile in some nifty and understanding tax haven and then, for whatever reason, leave that tax haven and become a roaming PT, you will again become legally domiciled in merry old England. Your estate would then be liable for capital gains and inheritance tax. In short, if you wish to avoid any and all possibility of contact with Big Brother, you must actively establish and maintain a new domicile of choice in addition to actively abandoning your old domicile of origin. This process is far easier said than done and in some cases can take up to twenty years. For married women, there is the additional complication that they may automatically acquire the domicile of their husband.

Of course, in order for any confrontation to begin in the first place, the country in question must somehow find out about your death. If you have no assets in your country of origin at the time of your death, the bureaucrats may never discover your last little secret. Nonetheless, if probate or something similar has to be obtained to collect some assets, the government may ask for considerable evidence that the domicile of origin has indeed been changed. The issue of domicile causes particular problems for roaming PTs whose heirs or children tend not to share their views. Various ways around this problem are explained in *The Personal Privacy Report* which deals more specifically with many issues of interest to the PT.

Domicile, however, like all other types of legislation need not be negative or restrictive. It is up to the PT to understand the nature of such concepts and then employ them in the best possible manner. Many benefits can be produced by arranging your residence and domicile in an appropriate manner. For example, foreigners who are resident but not domiciled in the UK are not taxable on their foreign source income unless it is remitted to the UK. This means that the PT could spend part or all of his time in the UK without having to partake in the bloodbath known as Inland Revenue.

Is Legal Residence Really Worth the Bother?

As I explained earlier, when I first set out to explore the life of the PT, I approached it with the belief that the straight and narrow approach was all that was reasonably possible. Accordingly, I registered and obtained legal status to be able to live in Monaco, one of the well-known tax havens. However, even there I found my freedom to be restricted. I was obliged to furnish an apartment, not to sublet it to anyone else while I was away and actually occupy it for six months a year or risk having my status revoked. Furthermore, I was warned that if I got too many parking tickets, unfavorable publicity abroad or perhaps offended a neighbor or local cop for anything, I might have my residence permit summarily revoked.

As time went on, during my travels, I learned that in this same tax haven, or in virtually any country in the world, I could simply arrive in town, look for an apartment, rent it and stay for as long or as short a time as I wanted. I always checked with a local lawyer or knowledgeable official to see if there were any special requirements I had to meet. All that I discovered is that in countries where your passport is stamped going in and out or where there is a time limit enforced by penalties for tourist visits, it may be necessary to periodically leave the country and perhaps have a lunch across the nearest border before coming back.

In Mexico, for instance, aliens need a visa or tourist card to enter the country for a six month visit. They can then leave and return the same day for another six month stay. In Thailand the rules call for a departure every three months. Switzerland does not require visas nor does it stamp passports going in or out. Thus, officials have no way of knowing

when someone came or left. The person who rents a house or apartment in Switzerland and does not make waves or inspire neighbor complaints will be left alone.

Unlike the US which employs a large police force specifically devoted to finding and forcibly deporting illegal aliens, most countries of the world simply will not bother a foreigner of independent means. To be absolutely safe in most European countries, one should observe the formalities and depart every three months. That is not hard to do when from any point in Europe the nearest border is usually only a short drive away. Passport stamps will be given upon request. Motel bills, toll road receipts or other evidence can be preserved as proof that you have been outside of the country within the past three months.

The Renegade PT Approach

Hence, I feel that filling out papers, getting photographed or fingerprinted and complying with the various hassles and restrictions associated with a formal legal residence are not necessary. In my opinion, it should in fact be avoided. There are, of course, a few exceptions. The most significant of which is if you wish to obtain the passport and nationality of the country concerned. In many cases, the only way to acquire a passport is to actually become resident of the country and live in it at least part-time for a period that varies from two to twelve years. Hence, if you really need an alternate passport and cannot afford or do not desire any of the legal instant passports available, you have no choice but to accept the burdens of official residence for the required time period.

Similarly, if you need work or residence permits to conduct a business, you may be obliged to apply for a work permit. However, a writer, consultant, pensioner, retiree, investor, artist, international sportsman or the many other categories we recommend for PTs require no work permits or residence permits. Finally, if you truly enjoy and want to set down roots in a place like Monaco, Andorra or Bermuda, the legal benefits of official residence may outweigh whatever inconvenience or government interference that it brings.

My considered opinion is that the typical PT who does not meet any of the above exceptions should not become a legal resident anywhere. He should be a tourist insofar as the government is concerned where he makes his nest. This approach I somewhat cynically refer to as the renegade PT approach. In truth, there is nothing renegade about it. It is all PT. The PI understands that the best form of protection is to quite simply be ignored. If no government has you in their books or computer files, it is theoretically impossible for them to set their sights on you for any of the various infringements that they are constantly dreaming up.

Perhaps this renegade approach sounds a bit too risky for you. It may be too big of a step for you to take all at once. That is completely understandable, but my advice then is that you at least implement the straight and narrow approach. In a few years, like me, you will probably discover that the extensive use of such smoke and mirrors is really not necessary. You will see that the world really can be your oyster, you just have to know how to crack it open. I have been a PT for over 20 years. I fill out only one small government form

every two years or so when it comes time for one of my passports to be renewed. Even this I find to be a bit troublesome, but I tell you honestly there really is no other way than PT to achieve this almost unlimited freedom from the restrictions of government.

Chapter 12

Asset Management Keeping Your Money

This fourth PT flag concerns asset management or, in other words, how to keep your money in your hands once you have made it. As I explained in the very first chapter of this report, it is often far easier to make money than it is to hang on to it. Those who have managed to accrue even the slightest degree of success in their chosen field will know what I am talking about. This reality underlines the need for this fourth PT flag. In a world filled with greedy individuals only too happy to offer substandard advice in an attempt to separate you from your assets, there is a strong need for intelligent and sophisticated asset management techniques.

The Business Cycle

Just as there are cycles in political and social events, there are cycles that affect the business community. In fact, this business cycle is probably the most notorious of them all. Everyone seems to be vaguely aware of it and each night the news reports show graphs and charts from the various world markets that indicate the sporadic ups and downs of the overall cycle. The fact of the matter is that in securities, commodities, real estate, paperback book sales, precious metals and all businesses, there are regularly recurring booms and busts. There is not a single area of the business world that is not in some way affected by this periodic cycle.

In the US, there were many economic areas during the last decade that were blessed with incredible prosperity. Anyone who happened to be in the right place at the right time, such as savings and loan operators, real estate syndicators and stock market takeover specialists, benefited tremendously. All got very rich partly due to government concessions, tax loopholes or benign neglect. Sometimes all it takes to get rich is to be overlooked and unregulated!

Most people are carried away by euphoria when times are good. They imagine that things could never possibly change and take a turn for the worse. The public, even most experts, usually feel that present trends will continue, but following trends rather than staying ahead of them is like following sheep. Eventually you get led to the slaughter. Political policies may be able to hold off the inevitable temporarily, but at the end of the day international developments, competition, technological changes and many other factors ensure that few businesses will prosper for even one lifetime, much less for generations. The vast majority of businesses have short booms, long periods of ho hum and a few periods of absolute disaster and shake out. Those who are ready to get out when the climate changes from good to bad invariably do very well.

With a severe market crash as happened in October of 1987, the majority of people get scared. They get out of the stock market at the bottom, but the time to buy things is when blood is running in the streets. Yet time and time again, the vast majority do not realize the

inherent value in post-crash bargains. The fear that things will stay bad forever causes them to miss the best buying opportunities of a lifetime. In general, the great mass of the public wait until a buyers panic or a bull market has just about exhausted itself. When prices have peaked, the public is sucked in at the top of the cycle, just in time for the next shake out. As a group they sell out at the wrong time and wait around for the next peak to repeat the experience.

Learning From the Business Cycle

Perhaps a half-dozen financial advisers out of the hundreds of widely quoted Wall Street gurus bragged in advertisements that they predicted what has become known as the world stock market crash of October 1987. Some of them actually did make a speech or write an article correctly predicting the great crash within a few days or weeks of the event. However, when you look more closely, all but a very few of those had been groomers and doomers for years or in every case long enough to miss out on the previous explosive bull market.

Those who seem successful in calling major market turns or who are able to use charts and technical factors to trade successfully over the short term are just lucky. Usually over any five year period, the best of them make less on their trading than your friendly local bank pays out in interest. Anyone of intelligence can predict what markets or individual stocks should do, but stocks, like coins that have come up heads ten times in a row, do not always behave logically. For the most part, it can be persuasively argued that playing the stock market is nothing more than a sophisticated crap shoot. A ridiculously overpriced stock may double again while a cheap and undervalued stock can take a nose dive.

Sure, there are a few lucky people who keep throwing sevens on the corner outs at the crap table, but they are rare and never make as much as the guy who owns the casino. The truth is that no one should be relied upon for consistent trading profits. Having perfect market timing appears to be more of an artistic skill than anything else. Some people are very good but like in a film, musical composition or painting, the artist's skill sometimes works and sometimes it does not. The message here is that the only thing you can be sure of is that things will change. As they used to say at IBM, think! I would add, prepare for the worst and hope for the best.

Becoming a Successful Investor

The idea that the stock market is really no more than a form of legalized gambling may lead you to lose all hope of ever being able to invest successfully with any consistency. The fact of the matter is that it really is not terribly difficult if you follow a few clear guidelines. To begin with, there are a few simple strategies that you can put into action to cover yourself in case of even the worst of possible eventualities.

How is this done? One way is to make use of "puts" or contracts which allow you to "put" or sell stocks at current prices, even if prices collapse tomorrow. Another possibility is to

place a "stop loss" order which would be automatically executed in the event of an unexpected decline. In the Harry Schultz newsletter of financial advice and miscellaneous wisdom, Harry has advised that clients participate in existing clear bull market trends but protect themselves against the inevitable major reversals by hedging their bets. Hedging is accomplished by using these magical stop loss orders and puts just described.

Seek to Preserve, Not Make, Your Fortune

Another common mistake made by people not familiar with the stock market is the view that it is a forum through which fortunes can be made. This is simply not true. You should see the stock market as a place to preserve your capital, not to make it. I have yet to encounter a single reader who has made serious money by picking out consistently winning stocks or currencies.

In fact, there are few if any in the world who have been able to accrue a sizable fortune simply as the result of trading, except of course for those who have a pipeline to insider information. Needless to say, trading on the basis of such information is illegal. Refraining from such illegal practices, you should realize that with AAA investments or conservative stock portfolios, you will usually be successful in preserving capital. This is about all that you should expect to do.

You simply cannot expect to make the same return as you could by buying some land with five per cent down and then putting a spec house on it with borrowed money. In my old tycoon days, I could make US \$25,000 on an investment of zero or less by using such tactics. California state laws, which insulated me from personal liability on real estate loans, added the further benefit that it was all done without risk. Nonetheless, there were always hassles, not to mention the time needed in constructing such deals.

In other words, in the end passive investments, whether they be stocks, bonds or currencies, are all that is really available to the individual who no longer wants to bother with the hassles involved in running an active business. Once you have had enough of deals, it is simply unrealistic to think that you will still be able to make a consistent 50 per cent a year on your money. Nobody does! The historic real return on capital over inflation is more like two to three per cent per year.

Of course, sometimes you can see something obvious coming, such as the recent decline of the Tokyo stock market that everyone was predicting for years before it actually happened. Taking advantage of the obvious is impossible to get right consistently. If I had followed my instincts and sold short Nippon Telephone when it was issued at a pie ratio of 300, I would have lost my shirt because it went up! I would have had to cover my short sales. When all predictions finally came true, I would not have made enough to even cover my loss of interest.

My simple advice concerning the stock market is that if you are absolutely intent on the idea of turning a big profit, take a course specifically dealing with the subject or read the

famous textbook by Graham Dodds. Then wait patiently for a buying opportunity (crash) and buy and hold a stock until the market value catches up with the true value, even if it takes ten years. Otherwise, hire a professional to take care of things for you and be happy with just being able to preserve your capital.

Stay in for the Long Haul

Many people who have had disastrous encounters with the stock market have made the mistake of bailing out too soon. In the stock market, timing is everything. For example, the 1987 crash already referred to only wiped out the profits of the past year or so for most investors with an international portfolio. For the long-term investor, it was a blip that left him, in dollars at least, far ahead of where he was just a couple of years before. In my opinion, there is absolutely nothing wrong with starting out with a US \$100,000 investment, watching it go to a million and then being hit with a loss of 20 per cent, meaning that you still end up with US \$800,000. The long-term investor who feels he has a good balanced portfolio will not be whipsawed. He has the ability to hang in there for the inevitable comeback.

The most successful investors buy on fundamentals and hold good stocks through thick and thin, living on the dividends. The market we all thought would collapse with the biggest thud, namely Japan, was the one that held up the best during 1987. Japan was the first market a few months later to go on to new record highs. Finally, when everyone thought it was going to escalate forever, it collapsed. Having a consistent approach to investing that works most of the time in most conceivable circumstances is about the best that one can do. Although investment guru Howard Ruff may think it is advisable to "throw caution to the winds", highrolling investors will almost invariably lose their shirts, sooner or later.

You should not be irrational or careless in anything you do, but you should play with alternatives. Decide what you want out of life, set up a written plan and make up a set of objectives or goals. Then take reasonable steps to make it happen. Arrange things so that you will in all likelihood end up where you want to be, financially, socially and physically. Success does not consist of never falling on your face. The secret is persistence. If you fall on your face, stand up, dust yourself off and try again.

The Wonders of Diversification

Diversification is also of primary importance. Putting money in a mutual fund to some people is diversification, yet if that fund is all invested in the stocks of one market, Japan for instance, a 95 per cent decline in values over a short period is certainly conceivable. As we saw in October of 1987, most of the stock markets worldwide can lose one-third of their value in one day. Hence, it is only sensible to hedge your bets, meaning that you should never be too heavily committed to just one form of investment. Furthermore, do not hold all of your assets in one industry or even in one country.

The PT, due to his very nature, is in the perfect position to take advantage of international diversification. There will always be many opportunities available to him simply because there are so many different markets in the world. With a little bit of intelligence and shopping, opportunities abroad can make you more money than you could even hope to make at home. Now is the time for Europeans and Japanese to buy up American properties with high leverage deals and borrowings in local currency. By simply watching currency movements and making land or stock investments in a country when its economy or currency is depressed, you'll make a killing over the long term.

Americans often feel that the best investment opportunities are right at home. They think that there is no more to business life than the Dow Jones Industrial Average. The truth is quite the opposite. The US economy has reached a stage of maturity, meaning that there are better growth opportunities abroad, particularly in the growing Pacific basin. In the US over the last twenty years, the automobile industry has lost over one-third of its domestic market share. Abroad, it has more or less been completely wiped out of the world market. The same could be said of almost every US industry that has encountered international competition. Things could change but the long term trend for growth rates in the US and Europe to lag behind Asia.

Americans used to blame cheap foreign labor, but then critics pointed out that America's major industrial export was American made Honda cars destined for Japan! Today, flailing American industries have changed their tune and claim that it is dirty business practices used by the Japanese that are responsible for the American decline. The fact of the matter is that the glory days for the US are coming to a close. Smart Americans have already moved their assets abroad to markets in which the grass really is greener. Once you take off your blinkers and become a PT, you will shed any and all preconceived prejudices and realize that investment income can be easily multiplied due to this whole new international dimension of business opportunities.

My colleague, author Harry Browne, also recommends diversification in his books and newsletters. According to him, although history has a habit of repeating itself, we can never be certain what will happen when and with what variations. Bearing this in mind, Browne suggests that a smart investor will set up two accounts, each operating with a different set of goals or rules. One is composed of those assets needed to provide security, balance and a stable income to support your lifestyle. The other account is to be regarded like the stack of chips you buy to play with at a casino. It is for gambling, playing hunches, trying out theories. Not a bad idea.

Similarly, in his book *Why the Best Laid Investment Plans Usually Go Wrong*, Browne observes that gold shares often, but not always, go up when the rest of the stock market is going down. This means that international diversification will allow you to make profits in such things as gold or gold shares which can then compensate for losses in other securities. The idea is that if you have a wide variety of things simmering away in different pots, you are not likely to go without dinner. You should strive to construct a portfolio of

stocks containing some that will rise in price when others decline. In this way, you will always be on an even keel.

Don't Hold All Your Eggs in One Currency

You should also never hold all of your assets in one currency. Why put your trust exclusively in one government? Even the US dollar, which for much of the past century has been seen as the international unit of currency, has started to falter. Such an eventuality really comes as no surprise to those who have been paying attention. Recently, the US budget deficit managed to exceed the US \$1.2 trillion mark. Even efforts by the Republican Congress to get such reckless spending under control have met with only limited success.

Compare such figures with those of other countries, such as Switzerland. During the same period, the Swiss government has actually managed to produce a budget surplus in three straight years, resulting in a 6.4 billion Swiss franc net surplus. Such differing fiscal management policies can only result in increasing sickness for the US dollar. By merely putting my dollars into German marks, Swiss francs and yen in 1994, I made up to 150 per cent. The reality was that the dollar was devalued, and in terms of purchasing of power I remained the same.

There are many reasons to be suspicious of placing even just a small part of your wealth in the hands of such a sick currency. Budget deficits in the US now generally exceed US \$300 billion a year. The national debt will undoubtedly soon reach the \$3 to \$4 trillion mark. The country is plagued by sick banks and insurance companies. Even the slightest semblance of gold backing has long since been lost. Each year there is an approximate eight per cent increase in money supply. The writing on the wall for any who care to read it is that the US currency has more or less already been flushed down the toilet.

How then are you to choose and select more stable currencies. This is not as difficult as it may seem, even though the daily rise and fall of currencies over the short-term can be mystifying. This is due to the fact that such daily fluctuations are generally the result of theoretical controversy amongst experts. Over the long term, a different picture emerges and the reasons behind strength or weakness become clear. Major, freely traded currencies are valued according to their Purchasing Power Parity (PPP). This means that over the long term the price of one currency will drop in relation to another when its level of inflation is higher.

To find the best and worst currencies in the world look at three economic indicators that are generally controlled by the central bank or some other government institution. These are:

1. The level of the new money supply.
2. The level of unfounded government spending.

3. Balance of payments.
4. The inflation and interest rates.
5. Annual percentage increases in productivity of Gross Domestic Product.

If these figures are high, the currency is headed for some troubled times. If these figures are low, it should remain fairly stable. Holding all of your funds at all times in any one currency, even the Swiss franc, is needlessly risky. However, even the least gifted of financial advisors can see that due to the superior money management techniques of the Swiss National Bank, the Swiss franc will continue to rise against the US dollar over the long term, perhaps even to a level of parity one day in the not too distant future.

Gold

I like holding gold. The market price is generally very close to the cost of production, which at least by standard methods has not changed much in a thousand years. This cost of production is unlikely to go down drastically any time soon, if ever. Most importantly, gold has a real value in many industrial processes and is universally perceived as being the most valuable, easily appraised substance on earth. As a result, I feel that gold in coin or refinerymarked bullion bars should be a part of every portfolio, but five or ten per cent, not one hundred per cent.

Gold is like insurance. If most other things become worthless, gold (held for you at the opposite end of the earth) is likely to get you through the most trying of times. I know from experience that such diversification is not only safer, but can and will protect one from being totally devastated. Whether gold, as quoted in your particular currency, goes up or down in price should never be a matter of concern. Gold is a core holding. It is the only real "money" that you keep for a rainy day and sell only as a last resort. You can use the gold when nobody else has any liquidity, or for that irresistible, once in a lifetime, super-bargain opportunity.

Yes, keeping part of your portfolio in gold will absolutely assure that you have some losses some of the time at least on paper. Gold after all is a commodity that fluctuates in value. Paper money is also a commodity that fluctuates with supply and demand or, more often, as manipulated by governments. The big difference between gold and paper money is that every paper money in history has eventually become worthless. Gold has had a relatively high purchasing power consistently throughout all recorded history.

If you, like so many people, consider gold to be the only real money, then it is your dollars or pounds or yen that go up and down. Gold always stays the same. As Gertrude Stein might have said, a kilo of gold is a kilo of gold is a kilo of gold. If history is our guide, a one ounce gold coin will always buy a custom tailored first-class suit anywhere in the world. Or will it?

How Gold Could Lose 90 per cent of it's Value Overnight

Could gold go down to nothing in value? Unlikely, but it is possible. Anything is possible! During the Spanish conquests in the New World and the consequent importation of gold to Europe in large quantities, the purchasing power of gold dropped significantly. Gold bugs don't tell you that. If some new refining or transmutation process were to be invented, the value of gold might drop by 90 per cent just as the value of natural pearls declined when the cultured pearl was introduced by the inventive Japanese to the world market. In jewelry, manufactured stones such as star sapphires have in fact displaced the real thing.

Gold, like sugar or coal, is not indispensable. Fashions could change. The unexpected is what will happen. Perhaps one day it will be discovered that touching gold causes premature aging and loss of sexual potency. Obviously, this is not likely, but remember that the base metal lead was used for water pipes and drinking vessels (pitchers and cups) for thousands of years. The name plumber even comes from the Latin word for lead, *plumbum*. It was not until the twentieth century that minute particles of lead in paint or drinking water were found to be toxic, a cause of blindness, insanity and death. Asbestos is another product in common use that was later found to be a health hazard.

Like any stock, commodity or bond, gold could, for some totally unanticipated reason, become worthless. However, even bearing this in mind, we have to make some choices. Gold, at least until now, has always been a traditional storehouse of value, a universal medium of exchange and a relatively constant standard of value. The wholesale price of bullion bars is only one or two per cent below retail. You might buy diamond jewelry retail at US \$20,000 on Monday and then get only US \$2,000 on a Tuesday sale to a dealer. Diamonds, like perfume, are of no intrinsic value. They are not even very rare. Only advertising hype and a monopoly marketing agreement by the producers keep diamond retail prices some ten times over wholesale.

Without a doubt, gold has also helped many people out of many tight spots. In Europe, thousands have been saved from starvation by making use of their gold holdings. Often families bribed themselves out of imprisonment during the dislocations of 1940 to 45. Wars in Europe and Asia have made a shambles of normal businesses and paper investments. Publicly listed corporations, particularly in Germany, were not traded nor quoted for quite some time. Even when they were, you could not buy a peanut with what would have been a king's ransom in stockholdings only a few years earlier. In China, Hungary and dozens of countries overrun by communists, all private property was confiscated. Local banks were looted in most of Europe. The private property of enemy aliens, regardless of their personal politics has often been confiscated by various governments. During World War II, an American with money in an Italian bank or Nazi-occupied France would have lost everything on deposit. Only gold held in the vaults of neutral countries abroad could be used during and immediately after the war.

Recipe for success? Diversification into gold to the extent of perhaps five to ten per cent of total holdings seems warranted. The big negative about gold is that it neither earns

interest nor pays any dividends. This is as good a reason as any to keep gold holdings to a minimum. Gold should be seen as more of a type of disaster insurance than as an investment. Keeping some gold in a vault in a traditionally neutral country can bring sunshine to even the most rainy of days. If it looks like your country is soon to be involved in a war, take an extended vacation abroad. Go visit your money.

Should a PT Own Property?

The Harry Schultz view is emphatically no. His reasons are very sound. First, real estate or property ownership impairs not only mobility, but also judgment. Political changes or danger warranting an immediate move may be ignored if one feels the one must protect an investment or wait for a good price. Many a person has perishes economically and even physically because he refused to leave home. One need look no further than Nazi Germany for thousands of examples. The sound argument is that attachment to dogs, kids, spouses, lovers and favorite local television programs can impair judgment and cut down your physical and mental ability to make rapid changes if and when they are called for by common sense.

Nonetheless in spite of this argument, forming such attachments is a part of life and its enjoyment. The answer is simply to have the right mental attitude. You must be willing to just walk away from possessions and, if necessary, abandon your home overnight. You must be the strong person who packs up and leaves even if some members of your family refuse to go. If a home does not tie up too large a part of your investment capital, say ten per cent, is easier to cultivate the proper mental attitude. One way to keep your investment down is to have a heavy mortgage. If the local interest rate is not too burdensome or if interest can be deferred by means of a balloon payment due some years in the future, you can make use the benefits of price appreciation and inflation. You may even end up with free rent or a substantial profit.

Second, with property or real estate, the government knows where you are. Owning property in a company name will probably not work either as the government will come to suspect that you are the beneficial owner if you are the usual occupant. This would mean that your property could be attached, lined or tied up in court. Even if held or registered in another name or offshore corporation, it will be up to you to prove you are not the owner. This is not an easy task unless the officers of your holding company are willing to come into a foreign court and commit perjury. This could in turn lead you to the position of possibly being found guilty of fraud, a more serious crime in most places than tax evasion.

Third, if the country where your real estate is located has or imposes any income taxes wealth taxes, inheritance taxes or such, the property owner in effect abdicates his PT status. Tax collectors can unilaterally declare a local property owner to be a resident for tax purposes.

All of three of these arguments make a strong statement against owning real estate or property. Having your wealth tied up in property does give the government a certain grip

on your personal organs. But once again, that grasp and control is only over the extent of your equity or financial interest in the property itself. If you are ready to abandon and walk away from the property when ownership becomes an aggravation, your maximum loss will be you' investment in the property itself. If, for instance, you have an apartment you bought with a relatively low down payment and have rented out when you were not using it, you may have less investment in the place than you would have spent renting a similar unit. Also, because legal processes take time, it is possible that you may be able to sell your property at the first whiff of trouble and recoup most of your investment.

The Dangers of Being Tied to One Place

Another argument against property ownership is the possibility that the local government may decide to place a horrendous tax on either real estate, home-ownership by foreigners or perhaps even just simple wealth. Such tactics are far from scarce and in such situations, the property owner is simply stuck and must pay the tax or lose everything. This buttresses the argument that a PT must be diversified. The PT must not have so much money or pride of ownership in any one deal that he cannot walk away from it. This last escape hatch should not cause a major financial or emotional catastrophe.

If the possibility of such sudden and unexpected excessive taxation sounds too far fetched for you, think again. Unreasonable real estate levies are imposed by governments all of the time. In 1988, after decades of paying the most nominal taxes, part-time non-resident tourist towners of property in the south of Spain, particularly in the area of Marbella, were hit with a 2000 per cent increase in charges in one year! With great frequency, once an area is built up and home owners are locked in, governments change their liberal, low-tax policies. These same policies by intention or inadvertence form part of the attraction that entices visitors to invest in a second home in the first place. Furthermore, when taxes are raised, property values often drop drastically. More often than not, they take decades to recover. This is what happened in the South of Spain.

A wealth tax in France imposed when leftist Mitterand was first elected caused problems for wealthy French. Many actually left the country entirely to escape the tax. The typical foreign owner originally saw the price of his Mediterranean villa slowly climb from his original purchasing price of US \$150,000 to a cool US \$2 million over ten years. Then, the annual federal wealth tax, which had been about US \$250 per year, jumped to as high as US \$50,000 per year. As can be imagined, local property prices plummeted by half or more. Most of the elegant single family homes in the south of France were put on the market during the early 1980s. As I explain and detail more fully in *The Monaco Report*, these Riviera properties were then converted to condominiums. Many real estate operators made a killing on the conversions, while the old owners just took a beating.

Again, in California, between 1965 and 1975 local property taxes rose from about one per cent of market value to six per cent of market value, per annum. This would have been bad enough, but local prices had also quadrupled in the same period. The low taxes of 1965 encouraged many retired Canadian people on fixed incomes to buy a charming two

bedroom ranch-style home with communal pool on a Palm Springs golf course for US \$50,000. They expected to pay local taxes of US \$500 per year. With a US \$5000 down payment they anticipated monthly payments for twenty years of US \$400.

Ten years later things got nasty. First, loan payments escalated due to an ELEVEN per cent jump in interest rates over the next ten years. Second, the taxes became a killer. Ten years later, our Canadian friends were billed for six per cent of US \$200,000, the current market price of their property, or US \$12,000 per year. Many could not afford this exorbitant sum. They, too, were forced to sell, but at least at a handsome profit. Finally, California taxes were drastically reduced by a local tax revolt. Prices doubled again. Those who bought with a US \$5000 down payment, came out 20 years later spending less than they would have on rent for a similar home and golf club membership. Today they have a US \$500,000 fully paid asset. Not a bad return even considering the drastic decline in value of the US dollar. So, perhaps property ownership is not all bad.

The Bottom Line

In my opinion, it is good to buy property, but only with a large mortgage, never all cash, and under certain circumstances. Again, the PT should seek out the best international bargains available. Prices should be low when compared to similar properties in similar cities in other parts of the world. You should also check carefully and make certain that local home ownership combined with your desired periods of occupancy will not make you subject to any unwanted taxes on income, estate, inheritance, wealth or local property. Naturally, things can always change, usually for the worse, but failing to make a preliminary investigation from the outset may well lead to bigger problems than you can afford.

Finally, as with any business proposition, you have to carefully consider all possibilities. Look at all the properties available on the local market. Question sellers as well as real estate agents to determine the liquidity of the market. This process requires patience and diligence. Without carefully looking at between fifty and one hundred offerings, one cannot hope to understand the local market. If you buy long distance through an ad or after falling in love with a rose-covered mountain cottage after one short visit, do not be surprised when you discover that there is no drinkable running water or perhaps no water at all, that electricity costs fifty times what it costs back home or that there is a seven year wait for telephone installations. If you are extremely lucky, you will just find out that similar or better properties are available for half of what you paid.

Moral? Do not jump blindly into foreign property. It is better to pass up or miss out on what is touted as a once-in-a-lifetime bargain, than it is to risk big problems because of impatience. If you can rent with an option to buy, this is the most desirable arrangement. You will usually discover all the faults a property may have within six months. To summarize, in spite of the obvious disadvantages of real estate ownership, having up to ten per cent of your total assets in two well-located apartments or homes that can easily

and legally be rented out or traded for other accommodations in other parts of the world is a good idea, in my opinion.

Historically, a single family home has the potential to do as well or better than most investments. Leveraged real estate in good areas has been responsible for the creation of more millionaires than all other business and security investments combined. Sour property deals have also been responsible for quite a few bankruptcies. A good PT does not link his property ownership or its mortgages to other assets. That way, if you must abandon a bad property investment, the former owner or the bank lender can take back the property while your other assets remain safe, sound, secret and separate.

A few years ago my sure bet was choice property in places like East Berlin, Budapest or Prague. Prices have now tripled. My bet for 1996 is waterfront property in Queensland, Australia. You can get a good return on rents. The risk involved is minimal. Why don't I do it? Frankly I don't want the hassle of dealing with tenants who don't pay, frozen pipes, insurance claims, etc. I have enough money to meet my simple needs for such things as travelling anywhere I want to go, getting massaged regularly, eating anywhere and living in a pretty nice place. So why should I get into doing administration work on projects to make more money? Above all, with property, you spend half your time screwing around with bureaucrats. It is a living, but if you can get along without becoming part of the system, who needs the aggro?

The PT Estate Plan

As I have already explained, financial diversification is absolutely essential for the PT. Real estate can go up or down in terms of local currency. Currency, itself, fluctuates in terms of other currencies, always going down in absolute value because all countries have varying inflation these days. The goal of every PT should be to maintain his Purchasing power or standard of living in a world where everything is fluctuating and uncertain. Nothing, not even gold is perfectly safe. Nothing retains its purchasing power over time.

Nonetheless, you can preserve your capital by making use of a balanced investment portfolio. Some holdings should be outside the securities markets, spread around the globe. Income property is one possibility. A small family business is another. This does not mean that you should not put a good chunk of your wealth, say one to two-thirds, into stocks. Remember your return on investment and risk of loss are always less where you have greater control over the variables. Stocks in general do better than savings accounts or gold. With capital gains taxes it is nearly impossible to stay ahead of inflation and to earn a real return, but the PT gets to keep all gains tax-free.

Diversification in investments is one part of the formula. Gaining several valuable personal skills is another. Having a wide variety of interests in life, an international circle of friends and more than one personally owned business is similarly desirable. These are all factors that will contribute to your happiness, prosperity and safety.

In spite of even brilliant analysis of any situation, the stock markets, life and love have a way of doing the unexpected and proving us wrong. The world stock markets continue to slowly climb to new record heights. Will this trend continue or will the bubble burst as many are now predicting? Our latest true love promises eternal fidelity. Will she stay by our side or sing a different tune in years to come? Nothing is certain. All we can do is lighten up and reduce exposure. Expect the unexpected. I may get to affairs of the heart in a later edition, but for now I'll stick to giving advice in those areas in which I have been more successful.

In this report, you benefit from the wisdom of several crusty old millionaires who have been through many business cycles and a few market crashes as well. In this chapter in particular, I have attempted to explore in general terms the ways by which one can maintain an existing asset base. The following chapter is dedicated to the same subject, but brings in more techniques that are of specific value to the PT. Again, space limitations have meant that I have not been able to go into elaborate detail on the subject of asset management, but instead have restricted myself to exploring the topic in a general sense. It has been my intent to give you a basic idea of how to maintain what is yours.

Countless books have been written on the subject providing a far more detailed approach. Countless newsletters provide weekly or monthly updates of the very same. Some provide decent information that is of value, others do not. Those that I have found to be of particular help have been listed in the Resource List at the end of this report. *The Personal Privacy Report*, the sequel to this report, also provides some more detailed information concerning this area. I suggest that once you have read this and the following chapter and have a basic understanding of an overall approach to managing your assets, that you seek out some other reliable, more specific, information on the topics of interest to you. But for now, we will stick with the basics.

Asset Management Hiding Your Money

The second aspect of your fourth PT flag brings into practice asset management techniques that are truly PT in their design. The basic idea is that if you and only you know where your assets have been stashed, then it will be literally impossible for either an overly zealous government bureaucrat or former spouse, business partner or friend to get their hands on what rightfully belongs to you. This chapter will outline and detail various simple procedures that you can put into practice that will ensure your safety, even if the most disastrous of unforeseen consequences come your way.

As I have already explained in great detail in Part II of this report, the world is not a safe place for those smart enough or just simply lucky enough to have become wealthy. This modern reality is so fundamental to the PT concept that it merits at least slight repetition. Please understand that if one day you run into a problem with a tax collector or other government agency or if you find yourself the plaintiff in a lawsuit, your assets will almost certainly be tied up or sequestered. Furthermore, do not be surprised if you are ordered to turn in your passport before your case is allowed to go to trial. All that a lawyer need do to accomplish such objectives is claim that you are likely to leave the country when served with papers notifying you of his lawsuit. Accordingly, this lawyer will argue that the plaintiff, his client, must be protected by tying up the property of the defendant, that's you, and taking away his passport.

You as the defendant may eventually be found innocent of all claims after a fair trial, but the damage will already be done. Your business may be ruined. Your assets may be lost. You may be bankrupted by the cost of defending yourself. Finally, guilty or innocent, you can rest assured that your case will not win if you are perceived as a wealthy person. Juries of today seem to believe that the individual who can best afford to pay a judgment is the one who should pay it. Right and wrong have become outmoded concepts in our socialist world.

Bearing these modern tactics in mind, it is only sensible to practice a certain amount of financial privacy techniques in both your personal and business affairs. By financial privacy, I do not mean procedures which have anything to do with breaking laws or evading taxes. Instead, they have everything to do with protecting your duly-earned, tax-deferred, tax-sheltered or after-tax wealth that deserves a home. Unfortunately, such procedures only become more and more difficult as Big Brother governments continue to create more and more unfair regulations.

Worldwide Erosion of Financial Privacy

In far too much of the world today, financial life has become almost totally transparent to the government, private credit agencies and an army of shady salesmen. For instance, how often are you asked for personal financial information, such as your salary, income level or

the balance of your loans. Additionally, it seems that today, almost no financial transaction is possible without first supplying your government identification number. Indeed, this number, whether it is referred to as social security or national health, is the key that unlocks almost all of your files. Even if you don't volunteer information, this magic number can easily reveal your income, deductions, deposits, investments and even more private information to whomever can access such files. At the minimum, the government has all your tax filings on magnetic tape. Additionally, private credit agencies, such as Equifax or TRW, have accumulated much of the information you have provided on loan application forms and the like.

Do not assume that such information is accurate simply because you have supplied it yourself. Private credit agencies also make a habit of asking your neighbors and business associates probing questions, all in an attempt to garnish more information for their files on little old you. Who knows what kind of misconceptions people spread or what kind of mistaken transcriptions have found their way into your files? The horror stories abound.

It is impossible to list all the invasions of privacy that assault the typical investor in a single year, but consider the ramifications of even just one of the latest intrusions that government has invented. Almost every major country on the planet has adopted the requirement that one must file a report, commonly known as a "Cash Transaction Report" (CTR), for any cash transaction above approximately US \$10,000. The name of this report and the exact amount allowed may vary from country to country, but the effect is the same, more possibly lethal information in the hands of bureaucrats.

Big Brother originally stated that the reason behind this yet another filing requirement was to help catch drug dealers in the process of laundering money. In the end, this new legislation has proven to be far more useful in trapping the moderately successful investor in the process of trying to hide a little bit of what is rightfully his from the prying eyes of government. International drug dealers continue to operate in the free and clear. They simply have far too many resources at their disposal to fall into such traps.

What is the result of this latest attempt by Big Brother to monitor every move of his subjects? Consider an example. If you're involved in property financing, you will most likely be involved with several five-figure transactions each year. This is also true if you trade or you switch investment funds often. Due to this new legislation, you must fill out one of these government triplicate forms each time. This seemingly "harmless" form will then put you on the same list as international drug dealers and suspected money laundress, not exactly a scenario that I would highly recommend.

You may find yourself (as I did) under surveillance. The fact is that once the feeds start an expensive strike force investigation, even if inspired by a false tip or unwarranted suspicion, there is great internal pressure to justify the expense and time. An attempt at entrapment may be made. With selective use of evidence gathered, acting skills of undercover agents and paid informant witnesses, almost anyone can be convicted of some

technical violation. Tax or environmental reporting requirements are hot buttons. As these violations are felonies, you go directly to jail!

Uncle Sam Leads the Way

Of course, that Big Brother of them all, the US is leading the way in this war against financial privacy. The list of activities defined as crimes in the US is ever expanding, all amounting to nothing less than a war against financial privacy in spite of what the politicians may be saying of their concerns about kids on drugs. Just consider the various forms that new legislation has taken.

In the land of the free, bankers are required to make all bank records accessible to the IRS and other government agencies on demand. By comparison, Swiss law makes such bank cooperation a crime. Even the Swiss government, much less the IRS, cannot penetrate a Swiss bank account unless a Swiss court order is obtained. Such a court order cannot be issued unless the Swiss government clearly shows that a Swiss crime has likely been committed and that the information in the bank account is necessary for the prosecution of the case.

Similarly, tax evasion, which is a crime in the US, is only a civil offense in Switzerland. This means that the US government cannot go to the Swiss government on suspected US tax evasion charges and penetrate the account of a US citizen. Nor can the US government obtain information on your Swiss financial account if you break laws regarding the mere holding of, or reporting of, a foreign bank account. Under Swiss law, it is not a crime (or even a civil offense) to hold a foreign bank account or transport funds across national borders. In fact, such freedom for the movement of capital is the norm in Europe, rather than the exception.

Unfortunately, the situation in the US looks as if it is likely to get worse before it gets better. A new malevolent idea on the drawing boards is to encode all newly printed currency with a black magnetic filament designed to trip metal detectors at America's borders and allow the customs officers to grab anyone trying to "smuggle" their money out of the country. Putting cash in the same category as sub-machine guns is an idea that only a government could have conceived!

What exactly do such new and increasing restrictive US policies mean for the PT? First, if you are even remotely interested in financial privacy, the US is the last place on earth in which you should be handling your affairs. Second, even if you are already operating entirely outside of the US, do not get too set in your ways. Other countries have a way of following the US lead. In fact, the cash transaction reporting requirements, now almost universally in place, originated in the US. For the most part, such practices were adopted internationally due to excessive US pressure. Moral of story? Do not be surprised if future US programs are similarly implemented by countries around the globe, meaning that your beautiful little banking backwater may soon be infiltrated by US bureaucrats.

The various current legislation that restricts free transport of capital as well as new legislation likely to come into effect must make any concerned investor anxious. Even if you feel completely comfortable sacrificing your financial privacy to the government of today, you really have no way of knowing what the politicians of tomorrow are going to dream up. If there is a significant risk that international borders will be closed to the departure of wealth some day, isn't now the time to get some of it to a safe haven, before penalties are raised to the danger point? In the best of all possible worlds, the threat will never materialize and you will still be earning good returns on your money in a safer country. The knowledge that a portion of your wealth is waiting for you, where nobody but you can touch, will create a sense of security and freedom from fear. That is a level of security that cannot be had at any price.

Fighting Back

We all start out in a country where we have a job, business or professional practice. We accumulate some savings and acquire local assets. The task of the PT is to diversify and go international. Years ago, before learning that it was best to keep things simple, I let professional consultants convince me that I had to form corporations, trusts, offshore banks and foundations. I made many expensive arrangements. These were supposed to make me judgment proof, but later I discovered that I could achieve the same result far more cheaply, simply and elegantly. My goal was to move assets abroad and then, once they were invested abroad, to leave them to grow and multiply tax-free.

I wanted to leave the nine-to-five rat-race behind to travel and live comfortably with the material side of things taken care of. My early arrangements, setting up corporations and paying their running costs, took out of my capital almost as much money as I saved in taxes.

While putting lawyers in charge of these arrangements gave me the satisfaction that I was in competent hands, the truth was that these hands were mainly interested in getting into my cookie jar. My lawyers constantly and consistently generated maximum fees for themselves.

Simple corporations were not enough for me, they said. I really needed two-tiered holding companies and foreign double trusts with double fees. It took me some years to find out that all these expensive legal structures were entirely irrelevant as a solution to my problems. In fact, by employing this small army of tax consultants and registered corporate agents, I was generating additional risks. The more people who are aware of your affairs, the more chance there is that someone will tell your secrets.

The best way to handle your financial affairs discreetly is to learn how to do-it-yourself. As a consultant, I always tried to tell people what their options were and then let them choose. I did not want to know what they actually chose to do. I did not even want to know the real names of my clients. I kept no records or client files. As a result, I have no useful information to supply to any investigators, creditors or law enforcement agencies.

You should look for similar qualities in any person that you trust with your financial affairs. Since my retirement from active consulting, Expat World (Box 1341, Raffles City, Singapore 911745; email: expatworld@pobox.com) has begun to recommend a series of helpful consultants. Contact them for any of your pt needs. They do a dandy job.

Protecting Your Assets

A PT, as you know, is Prepared Thoroughly for all eventualities. One of the most likely possibilities in life is a conflict over money. The best preventative measure one can take is to have no visible assets or substantial means. Poverty is the greatest protection you can possibly have against lawsuits, tax claims by government or other forms of armed robbery, blackmail, theft, extortion and kidnapping. If you seem to have little or nothing in the way of assets to justify squeezing, you probably will never be squeezed. Predators will pass you by, seeking bigger fish to fry. This little utilized truism is one of the greatest secrets of the PT.

Assuming that you, as a typical PT, have enough assets to be financially independent, that is, able to survive for reasonably long periods without regular employment, then, first priority should be given to the salting away of a nest egg. A PT always has at least some of his Personal Treasure, whether it be in the form of securities, bank accounts or property, stashed away:

1. Outside the country where he is a citizen.
2. Outside the country where he is a legal resident.
3. Outside the country where he is normally physically present.

Even if you are as careful as possible, there is only so much you can do to maintain financial privacy. Your government will demand a certain level of disclosure each year when you file a tax return, assuming of course that you want to take at least some deductions. A better solution is to have at least a portion of your wealth in a safe haven where no prying eyes can tax or steal them. Not to mention the fact that you'll also cut down on sales calls putting pressure on you to buy some new investment you do not really want to hear about.

Additionally, you must be able to escape physically until things cool down if your situation ever turns sour. To do so, you not only need money outside of your home country, but the right mental attitude. Just placing your assets outside places where disputes could possibly arise may not be enough. In court, if you are suspected of having foreign assets, expect to be forced into involuntary bankruptcy. When this happens, you may be physically arrested and forced to surrender any and all passports. You will be obliged by force to testify under oath as to the extent and location of all assets. Refusal to testify or answers that can be proved untruthful will result in a jail sentence for either contempt of court or perjury.

Such interrogations are held as a matter of course during cases that involve divorces, tax matters or the infamous RICO (Racketeering and Organized Crime) Act in the US. For example, all personal papers and financial records were seized by US customs agents from Ferdinand Marcos, former president of the Philippines, when he entered the US under the personal protection of the US Department of State. Lists of his assets and the names under which they were held were copied by US government officials and turned over to the Philippine Good Government Committee. Marcos had done a good job of concealing ownership, but a complete description of his financial holdings fell into the wrong hands, wrong as far as he was concerned. Marcos and his wife were subsequently indicted under RICO and forced to disclose and turn over all of their worldwide assets. As Marcos had been invited to take his retirement in the US and had been granted political asylum in turn for resigning peacefully, many people felt that regardless of what he might have done in the Philippines, it was bad form to confiscate all his personal wealth and prosecute him under the broad provisions of the RICO Act. While the trial was being prepared, Marcos died. His widow was found innocent and returned to Manila. She kept the money in Swiss banks.

The moral of the story is that you can be placed physically in custody in a civil case and be ordered by a judge to reveal, disgorge and turn over any foreign assets to the court. In other words, you, in addition to at least part of your assets, must be either already stationed outside the reach of danger or ready to flee at a moment's notice. I repeat this point yet again solely because the value of such preparations simply cannot be underestimated. You must not only begin making the necessary financial arrangements, but equally prepare that bit of gray matter between your ears.

Opening a Foreign Bank Account

Opening a bank account in a foreign country need not be nearly as threatening as it seems to many. In fact, it is a relatively simple procedure that can be accomplished in an afternoon, although there are a few things that you should take care of before leaving home. To begin with, get a letter from your present bankers identifying you as a substantial and reputable customer of long standing. On the same letter there should be a specimen of your signature and a rubber stamp guarantee of your signature. This is supplied free of charge by any banker or stockbroker.

You may not need such a letter to open a foreign bank account, but it is best to have one with you, in reserve, in case the foreign banker requires a reference. In the British banking system, any bank depositor in a British bank can introduce someone and serve as their reference. Also remember that once you have opened one foreign account, your foreign banker will then similarly be in a position to supply you with a reference. Last of all, there are even a few banks that do not require any introductions or references at all when opening an account. I dare not publish the individual names of these banks, however, as it would undoubtedly result in the banks in question being forced to change their practices, although a good consultant would be aware of a few of them.

It may sound fairly simple, but you should also not open a foreign account in your home country. This is made possible by the fact that some banks have international branches in various countries. Needless to say, opening an account at one of these branches would basically defeat the whole purpose. As your home branch for your foreign account would then be located in your home country. In all likelihood, this would result in your home government being made aware of the existence of this new account. In fact, it is probably best to open an account at a bank that does not have any branches in your home country as then your home government will have great difficulty in discovering anything about your account, even the fact that it exists. They would additionally have no means by which to put pressure on your new bank in an attempt to get it to release information about your affairs. For example, if you want an account with a Swiss bank, make sure it has no branches in your own country.

Finally, at most banks you can open an agency account if you are interested in carrying out active investments rather than simply leaving your funds in a savings account or certificate of deposit. Banks commonly undertake portfolio management just like stockbrokers. Non-American banks will generally be more than happy to act as a stockbroker or money manager for you. You can invest via your foreign bank in stocks, bonds, commodities, annuities, mutual funds or anything else you desire.

Choosing the Right Country

You should choose both your bank and the country in which it is located with great care, although almost any bank in a stable foreign country is preferable to keeping all of your assets stashed with your local bank located just around the corner. Nonetheless, there is a great deal that can be said about various so-called banking havens. You cannot go just anywhere overseas to gain total banking privacy. Some tiny Caribbean islands may claim to offer iron clad privacy, but what sort of evidence do they have to back up their claims.

Most people interested in international banking privacy think of Switzerland as the international banking capital of the world. Numbered Swiss bank accounts have achieved a notoriety unmatched by any, but in fact it is this very notoriety that has managed to cause a few problems for Switzerland. The banking community of this Alpine nation has attracted a bit too much attention for its own good. Recently, it has signed information sharing treaties with the US and other countries. Austria, a semi-socialist country that borders Switzerland, has already established itself as Switzerland's successor, offering truly secret bank accounts and worldwide security trading.

The ordinary public is currently unaware of the fact that Switzerland is slowly moving itself out of the category of a desirable haven for capital. However, I would still rate it as a top contender for banking privacy, for the time being at least, for non-Americans. Two hundred and fifty years of tradition backed by solid banks and insurance companies do not die easily. My advice is that anyone interested in banking privacy explore what both Austria, Switzerland and a few other contenders have to offer, keeping in mind that Americans today had best avoid Switzerland altogether. Whatever country you choose,

pay careful attention to future developments as there really is no way of predicting what tomorrow will bring to the world of international banking.

Keeping Your New Account Secret

As the entire idea of opening an account abroad is to ensure that you have a safe resting place in which to hide part of your assets, you should be very careful when opening it. This new account should be impossible to trace to any prior account. In other words, never make any transfer from your foreign bank directly into or from your home bank where you are known. You must move your funds into this new and secret account in a manner that will break what is known as the paper trail. This means that you should not use any form of electronic transfers or checks drawn directly from your old accounts. Instead, there are literally hundreds of ways to move assets abroad both anonymously and legally.

Perhaps the most common way is to make use of that old favorite, cold hard cash. The basic idea is that you withdraw cash from your existing account and then open your new bank account with it. Further deposits would be made in a similar manner. By following this procedure, the paper trail would be irrevocably broken, meaning that there will be absolutely no links between your two accounts. Nothing is better in terms of its ability to break the paper trail than cash. Just remember, that as I have already pointed out banks in the US and much of Europe are now required to report transfers of over US \$1 0,000 as well as other suspicious transactions to the government. In practice, this means that any cash deposit over US \$8000 will probably be reported. Similarly, carrying large amounts of cash, although not technically a crime today may as well be one. If you are caught at an airport with a suitcase full of cash, do not be surprised if it is confiscated and never seen again.

Hence, it is a good idea to have a few alternatives. If you would rather not walk around with your life savings in a suitcase, you can secretly and anonymously purchase a legally allowable amount of bank drafts, bank checks, postal money orders or travelers checks. You would still withdraw only cash from your existing account, but would then quickly transform this cash into a safer monetary instrument. Take care however to purchase these checks or money orders in a bank or financial institution where you are not known. You can then even mail such checks or money orders without fear that they can be traced to you. If they are lost in the mail, they can still be replaced by presenting your receipt.

For transferring larger amounts of capital, you can make use of bearer shares and bearer bonds. These are commonly used everywhere in the world except the US, where American companies are forbidden to issue them for domestic use. As the name implies, they are unregistered stock certificates that can be bought and sold like cash. Coupons are often attached to bearer bonds for interest payments. These are clipped out on the dates indicated and turned in for cash at most banks. The issuer and the tax collector never know the owner of the stock or bond.

Of course, like cash, if your bearer share or bond is lost or destroyed, kiss it goodbye, although there is one precaution you can take. Most people are not aware that if you have proof of purchase of a bearer share, such as a receipt and a photocopy, then, even if the share is burned or stolen, you can get a lost security bond from an insurance company for about five per cent of value and have your bearer bonds or shares replaced.

Just to make the situation clear, remember that at present there are no currency control laws in either the US or any other major European country. There is no law that will prevent you from transferring ten million dollars or any amount a day to Switzerland or anywhere else if you have it and if you have paid taxes on it. The precautions I advise are only to assure that your funds abroad remain your little secret . The whole point of judgment proofing is that in the event of problems, your assets are not going to be known to your creditors or other enemies.

Safe Deposit Boxes

The major problem with a foreign safe deposit box is accessibility. How can you solve the problem of access? You can always make arrangements to allow someone else to get in, such as a lawyer, the bank manager or a trusted friend. Because everybody is human, this has its dangers. Even a lawyer or bank manager can get into personal financial difficulties, such as a gambling debt situation. Perhaps 90 per cent of Swiss lawyers and bankers are completely honest. Do you want to take a ten per cent chance that your most precious things will be stolen or that you will be betrayed?

Not too long ago, a PT client and friend of mine died. As the administrator of his estate under a power of attorney I had a neatly typed out list of his assets, including a detailed list of his collector gold coins which were placed in a foreign bank safe deposit box. My instructions were to deliver these coins to his children. The deceased's local lawyer in the town where the bank was located had a key to the box so that he could send my client, during his lifetime, anything he might need. When I went with this lawyer to open the box together and make an inventory, the coin collection, representing US \$250,000 and about ten per cent of my client's total estate, was missing. I mentioned this to the lawyer, trying not to do it in an accusing way. He, of course, knew nothing.

I decided to play detective. In checking with the bank, I discovered that the lawyer had indeed entered the box a month earlier on the day of my client's death. I figured that is when he stole the coin collection. I went to all the coin dealers in town with my list and asked if anyone had been in to sell or get these coins appraised. Sure enough, one day after my client's death, the thieving lawyer had come in with a similar list but not the coins to receive an appraisal. I confronted the lawyer with my evidence and demanded that he return the coins. He reacted by calling the police to accuse me of slandering him in front of his secretary. He explained to them (lying through his teeth) that the deceased had no doubt taken the coins out himself before his death and that acting on the instructions of the deceased he was merely getting an appraisal that he intended to give to me when I opened the box with him.

"So why didn't you give me that information when I asked about the coins?"

"I don't recall you asking," he replied.

"Since you had the coins after his death what did you do with them?"

"Get out of my office," he screamed.

I went to the local inspector of police and found that I could not expect to accuse a well respected and very rich local attorney of a crime with no proof whatsoever. In fact, it would be me who would face charges if those accusations were repeated to anyone else. As a result, I cannot even mention the so and so's name here in print or he will sue me and my publisher, but if you are using this famous, well respected lawyer and tax consultant and you happen to cross my path, I will be more than happy to warn you against the crook, by name.

That was not the only time I have been involved with attorneys who grabbed the cookie jar. The more likely ones are those lawyers who represent smugglers and black market dealers. Their clients are usually more honest than they are. My advice is do not trust anyone with Your money. especially lawyers.

Hiding Property Ownership

For holding property, a bearer share corporation is sometimes useful because there are usually substantial transfer costs and capital gain taxes when there is a change of title on the public records. These can be avoided by keeping title in such a way that public records never reflect changes in underlying ownership.

For example, suppose you buy a nice mansion or farm in the name of The Presbyterian Foundation, ie, any name but your own. A few years later you sell it at a profit but instead of following the standard procedure you just hand over the bearer shares to the new owner. On the land register, there is of course no change. The Presbyterian Foundation owned the property before you sold it. The Presbyterian Foundation still owns it after you sell, but the new buyer now owns and holds the shares of the Presbyterian Foundation.

Each country has its own particular rules about how property titles can be held anonymously. You might want to read some of the materials on this subject in the PT reading list. Later, if you need some advice, write to your local realtor associations. Always talk over the best ways to hold property titles with local experts.

Insulating Yourself From Danger

For greatest secrecy, new bank accounts, safe deposit boxes, property or whatever should eventually come to rest in a name other than your own. If you want to be absolutely

judgment proof, when you transfer money to your safe, secret account, use either a variant of your own name or a totally new name. Also, never do more than one isolated legally allowable transaction at a time and make certain that you receive no mail related to your foreign account in your home country.

To accomplish this goal, establish a foreign accommodation mailing address early on. Once you actually become a PT and no longer belong to any government, there will be nothing to hide. You will then be able to change instructions from "hold all mail" to "send me regular monthly statements at the Metropole Apartments in Monaco" or wherever you happen to be.

There are several good reasons for having your business related assets registered in corporations, perhaps with bearer shares for privacy. The most important one is that if your business is registered in the name of a corporation, you are more insulated against personal liability in lawsuits.

You may be making a simple product such as asbestos insulation, as Johns-Manville used to make. Then, Bang! It is discovered that your asbestos has caused twenty million people to get cancer. When each of them wants twenty million dollars from you personally, it can get hairy and scary. At least with a corporate holding company you only lose the business. If you have managed to convey the impression to the workers and community that you only represent the owner, you can avoid getting personally lynched. However, for mere asset storage and preservation, you do not have to get involved with the extra costs of setting up legal entities. There is no good reason that I can think of for an individual to use corporation and trusts to hold passive investments.

How a Creditor can Locate and Seize Your Assets

The various techniques that I have described in this chapter may lead you to think that I have read a few too many spy thrillers, but the fact of the matter is that such financial privacy techniques really are necessary in our modern world which can all too often turn from good to bad overnight. The best protection against disaster is, as always, information. Hence, I include this section to more or less summarize the various options available to you and the level of safety inherent in each.

CATEGORY 1: ASSETS THAT CAN BE EASILY LOCATED AND ATTACHED OR LIENED WITHOUT NOTICE

1. Fee simple title to property. Where you actually live is your most easily discoverable asset. It can be discovered by questioning neighbors or searching public records. Many town directories have a symbol that indicates whether a property is owner occupied or tenant occupied. Trying to hide ownership through a third party will usually offer no protection, as a creditor will have the right to all details of ownership. Similarly,

properties held in company names or through other cover stories may not hold up. Accordingly for the true PT, home should always be just a rental.

2. Leaseholds. In all Common Law countries, in order for a leasehold or other interest in property of more than one year to be valid, it must be publicly recorded. Public records are indexed in various ways, such as through name of party, date of transaction, location of property and category of property. A search through public documents, now usually carried out by computers, will turn up any recorded transactions in your name. Any lease at below market value rents can be taken over by a creditor.
3. Any interests in real property including mortgages owned. These are recorded and thus discoverable and sizable, as above.
4. Partnership interests, automobiles, yachts, aircraft, dogs, horses or any property that requires a license. Owner lists, as above, are public or quasi-public records. Normally, only local records are searched. If no one knows that you have a home and yacht in a remote place, it will probably be safe.
5. Bank accounts, savings accounts, certificates of deposit, corporate stocks or bonds or assets held in partnerships. In many countries, each individual is required to have an identifying number for financial transactions. Normally this number or the name of the holder is circulated to banks, insurance companies and financial institutions. Any accounts can then be frozen pending legal action. Even accounts abroad can be tied up if they either are or become known to creditors.

*CATEGORY 2:
ASSETS THAT ARE HARDER TO LOCATE BUT STILL NOT IMMUNE
FROM DISCOVERY OR SEIZURE*

This category includes cash, gold, travelers checks, bearer bonds, paintings, stamps, coins, beneficial interests in trusts, out of town property and property owned in company names,

This type of property can be located in several ways. The most common is by obtaining copies of all financial statements ever made in connection with bank loans, credit card applications or income tax returns. Newspaper articles are also checked for clues as to assets and known haunts abroad. Once the location of an asset is known, a creditor may physically seize property by court order, even if it is in a safe deposit box or outside the country.

*CATEGORY 3:
ASSETS THAT ARE IMMUNE FROM SEIZURE OR UNDISCOVERABLE*

1. Assets in foreign countries that are forgotten or overlooked. Do I have to spell it out? Consider the wondrous benefits of bank accounts or the contents of safe deposit boxes in a country with true bank secrecy.

2. Assets controlled by others for your benefit, ie, various types of trusts. For instance, a wealthy person can donate his money to a Liechtenstein Trust. In doing so, he would give up control of certain assets to trustees whose duty it would then be to manage the money or property and dole out, for instance, a monthly allowance to your favorite grandchild, or to you.

If the amount of the allowance is at the sole discretion of the trustee, a creditor will not be allowed to seize the assets of the foundation if it is established properly. Once again, there are a few exceptions, such as if the assets in a trust were gained by bank robbery, criminal dealings or fraud.

Other assets not sizable because they are in the sole discretionary control of others include annuities, pension plan assets, entailed life estate or homestead property, the cash value of life insurance policies and the beneficial interests in irrevocable trusts. However, once a check is issued to a debtor or any payments are out of the control of the trustee, such assets are fair game and may be seized.

3. Depending on local laws, certain small amounts of property may be exempt from seizure by creditors. For example in the US state of Texas, the law makes "tools of the trade, forty acres and a mule" traditionally exempt from creditor claims. Normally, an individual is protected from being stripped bare. However, the rules differ widely. In Switzerland, there is no such thing as bankruptcy as it is simply illegal for a Swiss not to pay a court award (judgment debt) to another Swiss.

Your Secret Nest Egg

In the event of an unjust claim or arbitrary government confiscation, the best protection is to have assets abroad, outside of your habitual residence or place of business and to maintain strict secrecy and silence as to their existence and whereabouts. An individual who feels morally compelled to tell the whole truth, if obliged to testify in a court of law, as to the location and extent of his assets has only two choices, to resign himself to poverty or to flee the jurisdiction and become unavailable for questioning.

All situations tend to cool down eventually. If some time is allowed to pass and considerable distance is put between you and the source of your frustration, you will dramatically improve your bargaining position. If you can operate from an unknown location with assets in hand, the plaintiff will be left holding an empty bag. In such a situation, a debtor is likely to make a far better settlement than if he or his assets are already in custody. Once a debtor has testified, admitting that he has, for instance, 25 kilograms of gold bars in a foreign safe deposit box, he may be required to give power of attorney to a trustee in bankruptcy to go to that foreign country and bring back the assets. Foreign assets can be reached and repatriated if the owner is within the power of the creditor doing the squeezing.

In this day of rampant Big Brother bureaucracies and hungry accountants and lawyers all nibbling away at your estate like rats, it is essential to establish secret accounts abroad and

to make investments in foreign countries. People who can afford it owe it to themselves and their loved ones to have a good chunk of wealth made safe from lawsuits or seizures. A nest egg abroad could very well save your life. It can certainly preserve your lifestyle in the event of unanticipated problems.

Bottom line? Stash your assets in several strategic locations like the old pirates did and tell no one. The most important thing to remember is that to keep any secret account secret, you cannot brag about it to anyone. Do not trust anyone, not your spouse, not your friends, not your business partners. These are the very individuals with whom it is most likely you will become embroiled in a dispute.

For a younger person, a foreign account can be started with a small deposit and added to discreetly. The accounts or investments made abroad should never be repatriated, reported or brought home for any reason. Rather, from time to time you can go to visit your money. If you want to spend part of your profits, spend or invest it abroad! What your enemies do not know about they cannot steal. Legal process cannot touch assets that are outside of the jurisdiction if you also are outside of the jurisdiction and cannot be physically compelled to reveal their existence or location.

The topic of financial privacy is indeed very extensive and merits a great deal more than a single chapter. If you are serious about starting on your path to PT financial freedom, I strongly suggest that you consult both *The Personal Privacy Report* and *Banking in Silence*, both of which present a great deal of specific information on this topic. In the meantime, even if you do not expect to start your own series of foreign accounts any time soon, do not just sit back. You can fight back in this war against privacy by changing even just a few of your accepted habits. Start by not volunteering so much information about yourself on the various forms so loved by bureaucrats. Simply put n/a, for not applicable or not available, on lines or in boxes that seem too probing. Every little effort that confronts Big Brother does not go wasted. One little computer blip is all that it generally takes to stop him in his tracks.

Chapter 14

Playgrounds

The fifth and final PT flag concerns the places in which you will actually physically spend your time. None of your assets should be located in these playgrounds. None of your passports or other paperwork should be issued by them in most cases. Playgrounds are those places on the planet in which it is safe for you to relax and enjoy life. The local government should see you as nothing more than a tourist, just passing through and generous enough to leave a bit of your cash behind through the support of local enterprises.

For some people the idea of travel itself is distasteful. They recall their dreadful package tour of 15 countries in 14 days. Most of the time was spent in crowded buses which stopped at the guide's favorite junk stores. The balance was waiting for one thing or another or packing and unpacking in uncomfortable hotel rooms. Unfamiliar surroundings, a constant case of Montezuma's revenge from strange food and a different bed every night was not the stuff to make one want to be a Permanent Traveler. This is not the PT lifestyle. PT also stands for Pleasant Travel!

While there are many PT possibilities, it is not necessary to forgo the comforts of home. Being a nomad PT-style does not mean moving to strange places. Once you have a few favorite playgrounds that you enjoy visiting, too much moving about can be uncomfortable and a bother, unless you are on a cruise ship. Most PTs have from three to four established playgrounds that they return to frequently, perhaps once a year when the season and weather are right. The PT would then move on to his next playground before his extended stay would make him a resident for tax purposes.

In this manner, the PT can constantly live in the type of environment or climate that he desires. Want to follow the spring and never see snow again? You can as a PT. Want to spend the rest of your days skiing down the best slopes that this little planet has to offer? You can with equal ease. All that the PT need do is search out those places that are most akin to him.

Where you should plant this fifth PT flag is indeed a matter that is entirely up to you. What one man considers to be paradise, another may see as a living hell. There are literally as many playgrounds on the planet as there are places. The value of each location is determined solely by how you perceive it as well as your own personal situation. In short, I cannot provide specific advice in terms of the places that you should go to fulfill your quest for desirable playgrounds, but can at least relate my own methods and discoveries which have developed slowly during my many years of wandering.

To begin with, do not even consider following the advice offered by mass media, at least when it comes to finding a desirable place to live. For the past few years, the popular press has published the results of annual "scientific" findings on where to go for the highest

quality of life. Invariably, the top scorers of such studies are Finland and Denmark. Sweden is occasionally thrown in for good measure. I know all of these countries well and can personally tell you that you will not find a greater collection of aggressive, perpetually depressed clapped out alcoholics anywhere.

Not so long ago, I met a middle-aged, somewhat rotund Swedish businessman while waiting in the business lounge of a European airport for my plane to begin boarding. We talked a bit, eventually I asked if he was heading back to Stockholm. The fellow choked violently on his orange juice and then spat out that he would rather die a very slow death than ever again "set foot in that evil little altruist-infested, communist Gulag concentration camp".

According to him, the only reason that Scandinavian countries do not need walls, barbed wire, minefields and guards with orders to shoot to kill to prevent people from fleeing is

because of an intensive brainwashing of the population that starts in kindergarten. Wow! I knew things were bad up there, but not that bad. Other expatriates term Scandinavia as one big open prison! They opted out while they still could. Many of them are PTs today. So, running the risk of killing off yet another popular delusion, I would advise that Scandinavia is great for a visit but a horrible place to set up shop even temporarily for wealthy and productive individuals, world press reports notwithstanding.

Search for the Perfect PT Paradise

Scandinavia aside, where else remains on little old planet earth for the PT to set up home and hearth. Again, such a decision is entirely up to you. Many people become PTs by accident, without ever reading anything about the subject or putting a label on what they are doing. Following the dictates of their own philosophy, they leave an unpleasant domestic scene for the calm sanity of an oasis abroad. Later, finding that they can survive and prosper away from their usual haunts, they begin to search out yet another new place. Some may even move back home for a while. The fact of the matter is that there need not be a logical pattern to your wanderings. Go where your heart takes you.

Both Harry Schultz and myself lived in over twenty different countries while still believing that we were searching for the perfect spot. The fact of the matter is that the perfect place, like the perfect spouse, does not exist except in the eye of the beholder. Furthermore, it constantly changes as your age, attitude and tastes change. The hangout that suits your needs today may not be suitable tomorrow. The key is to be flexible. Schultz eventually came to roost mainly in Monaco. At present, I am often to be found in Pattaya Beach, Thailand, but am still wandering. Both of us keep a packed suitcase and could be ready to move out smartly within 24 hours, without any tears over lost possessions or interrupted friendships.

The PT keeps informed of changes and tries to avoid and stay out of danger in countries likely to confiscate private assets or ignore the basic human right of financial privacy and

property ownership. These days it's Jack be nimble, Jack be quick. When a community starts showing signs of imposing rent controls, it is time to unload property likely to be affected. If one waits around to see what might happen, it could be too late to salvage anything. At the first sign of serious government problems it might be best to make a strategic withdrawal to a safer environment. PTs uniformly exhibit a willingness to move on, not only to escape danger, but also just for the joy and adventure of new experiences and opportunities.

Being a PT and actually traveling to new places a few months each year keeps you young, alert and out of those conventional all-too-comfortable ruts. Searching out and exploring new lands will be a happy experience, but only for those who are willing to accept and adapt to new people, new ways of thinking and new customs, climates, moralities and foods. These challenges can in themselves keep life interesting.

Of course, it is best to start traveling and learning foreign languages when one is younger and more flexible, but it is never, never too late. Whether you bloom where you are planted depends upon your own personality. Some teenagers are so inflexible that they could not bear to leave their small town, whereas some people of 85 welcome the opportunity to enrol in college abroad, learn a foreign language or start a new business. Whatever your age, travel is almost always an exceptional and rewarding experience for those who get off their cuffs and travel long enough to get more than a fleeting impression of the places they visit. For the PT, it is easier and more enjoyable to move to new places abroad for a few months or years at a time than it is to stay put.

Finding a Safe Place to Live

As the perfect place does not exist, perhaps a better goal for the PT is to make certain that his playgrounds are at least safe, a task which is becoming increasingly difficult in the modern world. Unfortunately, religious fanatics and other idiots with the same destructive mentality of terrorists control most of the governments in the world. Between individual lunatics in relatively sane countries and countries run by lunatics, it is not easy to find a safe place to have a beer or see a movie.

Nonetheless, danger is something we need to use common sense about. The odds of being burgled or robbed at knife-point in a place like New York City are very high. For a full-time resident, the average is about three times per lifetime. The thief who redistributes your wealth, ie, the contents of your wallet, to himself generally will not injure you. The losses from such petty crimes are relatively small and can be covered by insurance.

Compare this with the odds of having half of your lifetime earnings stolen by government and similarly redistributed. What is the chance that you personally will have your income, dividends, interest and estate taxed? Typically this figure is one hundred per cent! It is only through PT that we can size up such risks to our personal safety and institute plans that enable us to keep our lives, our freedom and our property. We can enjoy being PTs well into old age.

Life itself has many dangers. With common sense and the PT approach, many such dangers and inconveniences can be limited but never eliminated. Personally, I feel that the greater personal risks of living in a big city in a major country are part of the price of being in the center of the action. You simply cannot find the sort of intellectual stimulation that I find enjoyable in small rural communities. Theater, offbeat movies, concerts, high quality radio and television programs and bright people are more abundant in major towns.

Though I could have a change of heart someday, going off to a rural area on a full-time basis is not something I want to do quite yet. Nonetheless, prosperous rural areas like the tax haven of Andorra, between France and Spain, are doubtless healthier and safer than big cities. Additionally, the country is a great place to think and write. The PT should experiment with all the possibilities to discover his personal Utopia. Visit and stay for a few months in areas and countries that are off the beaten track. If personal safety is a big concern, perhaps a crimefree, terrorist-free society in the middle of nowhere is worth consideration as at least a part time playground.

Safe and Sound

There is also another whole area of personal safety that the PT can take into consideration in choosing where he would like to spend his time. Civil wars, riots, unhealthy activities and dangerous political movements need not affect the PT. Most people on this planet have no choice but to stay where trouble is when it appears. Others seek it out through some moral compunction to "fight for rights" and expose themselves to physical danger, even though one is always more effective when wielding a pen or a checkbook than a sword. Young people in particular are apt to consider themselves immortal and as a result place little value on keeping themselves healthy and in one piece.

For the PT, physical self-preservation is the most important goal. We avoid pursuing danger or going out of our way to court death or disease. We do not smoke cigarettes or allow smokers to pollute our personal environment. If my neighborhood became unsafe due to criminal or political factors, I would move away without hesitation. This particular PT prefers

to graze in pleasant and peaceful pastures and to avoid conflict, stress or health risks. Whether you want action or peace and quiet, being a PT gives you the mental resources and travel documents to seek it out. Through PT, you will be able to keep the wherewithal to come and go as you wish. Unlike most individuals, as a PT you will not be buffeted about by international events beyond your control.

In fact, the PT formulates his approach to the possibility of war or revolution in much the same manner that he would plan his financial investments. Wars and revolutions, like everything in this life, come in cycles. During times of peace, people think that times are different, but they are not. World War I was said to be the war to end all wars. It was not. World War II was ushered in only twenty years later. Some people today worry about the

atomic bomb or nuclear terrorism, but the fact of the matter is that even without our nuclear arsenals we still have the non-atomic potential to kill everyone in any country through either chemical or biological weapons. Advanced technology has developed viruses and colorless, odorless biological agents that are perhaps even more lethal than atomic or hydrogen bombs.

When will World War III break out? No one can really say, but it seems realistic to think that the odds of such a worldwide conflict happening during the next twenty years are nearly negligible. In fact, the major countries of the world are moving towards a sort of harmony that would have been completely unimaginable fifty years ago. Nonetheless, as well as things may look today, they are certain to change, if for no other reason than the fall of the Soviet Union has created a huge vacuum in international affairs. Never in history has the world survived for very long with only one superpower. Things may look pretty rosy at the moment, but euphoria and an era of good feelings can degenerate very rapidly. The unexpected is what will happen! Perhaps some drunk functionary will push the wrong button or some mad scientist will release a deadly pink virus to rid the world of humanity.

Your PT Fallout Shelter

There are a few basic precautions that the PT can take to safeguard against even this sort of possible eventuality. Applying the same sort of principles that you would use in making your investments, consider the possibility of the immediate outbreak of nuclear war or hemispheric contamination each and every week from now on. The odds are that someday, if you lived forever, such an outcome would eventually happen. Even those guys predicting the end of the world will be right some day.

However, if we were to act personally on such warnings by crawling into a deep, well supplied bomb-shelter while waiting for disaster, it would be impossible to enjoy much of life in the meantime. It is far preferable to come up with some sort of an alternate strategy that will keep us alive, healthy and in the sun for as long as possible. Is there any realistic strategy for life after a global catastrophe? Sure there is! If you are worried about such a possibility, get a residence permit and perhaps a passport from an independent country in a remote corner of the world. Small neutral countries or non-strategic islands are among those places most likely to escape the negative effects of nuclear disaster or global contamination, whether intentional or accidental.

There are currently many places in the world which rate as such contenders. They are far more likely to experience continued peace and remain free from contamination in the event of a global catastrophe than the countries of North America and Europe. Nonetheless, as no one can say what the future will bring, my advice is that you should seek to establish and maintain as many safe haven options as you can afford. New Zealand is certainly one logical

choice, as global wind and water currents ensure its relative safety from external contamination. Other islands in the Pacific will probably fare equally well.

Having a second home in New Zealand or any other safe haven is to personal survival what a stop loss order is to investment survival. In a disorderly world, you might be able to get your last redoubt in the south Pacific. The odds of survival are certainly increased if you have arranged for the necessary permits, travel arrangements, passports, etc. long before the exiting crowds begin to form. Such an approach is not a perfect solution, but it is a start. You are doing something constructive instead of accepting that your fate is going to be decided by Big Brother.

There may never be any such global catastrophe. Pollution or plague may never devastate your continent, but such things have regularly occurred in the past. Having a few back doors cannot hurt you. Buying or renting a house and establishing a business on the other side of the planet means that both you and your family have a refuge in case of emergency. If there is some widespread danger to health, like the nuclear accident that everyone expects or the wholly unpredictable event that is currently inconceivable, an evacuation plan worked out well in advance might just save your skin.

The last time I would have flown off personally to a remote hideaway was back in 1964. That was during the administration of John F Kennedy. Remember the Cuban Missile Crisis? The superpowers were a blink away from war at that time. I have never since felt the odds of global war to be so great. Since 1964 there has not been, to my mind, any imminent danger which would result in the world as I know it being burned to a crisp.

Nonetheless, if you feel very strongly about this issue and are worried about what may happen next week, there is nothing to prevent you from leaving today. Why not sell your home and go native? Paul Gauguin, a French bureaucrat, dropped out of the rat race a hundred years ago to settle in Tahiti where he painted and made love to the natives for the rest of his life. Want to do the same thing? You can live on a remote south Pacific island. Fiji is said to be a pretty nice place. And Fijians don't think they are remote. Their maps show Fiji as the crossroads of the world. So much depends upon your point of view. A tropical island could be a great experience. If painting pictures of nudes and tropical flowers doesn't suit you, you can always go somewhere else or back to where you were before.

Once you arrange for your PT paperwork, establish your material means of support and shove off for some distant shore you will undoubtedly have more fun and pleasant adventures than colleagues you leave behind at the office. Getting out of a rut for any reason keeps you young and more alive.

Explore the World

The advantages of being a PT are endless. Until you have experienced the freedom of not being tied to a job and endless record-keeping requirements for tax purposes, you cannot

appreciate or understand what a different life it is. It is the freedom to enjoy the changing climate, scenery, culture, food and shopping. It is the freedom to go anywhere in the world when the spirit moves you. This is a pleasure not available even to kings or emperors. They are too tied into their possessions and position.

For the PT, there is the opportunity to make interesting friends worldwide. People who were once locked into a closed and boring circle of contacts for years, find that with PT it is possible to make new friends and get more invitations in a week than they did at home in twenty years. Furthermore, you do not lose old friends, you just widen your horizons. Often you get to know past acquaintances better by letter. If friends come on their short vacations to visit you as house guests, your spirits will get a boost when they all tell you that they would rather be you!

New contacts, acquaintances and far more interesting friends begin to materialize abroad if a PT is the least bit extroverted. After all, on vacation, people have more time for relationships than when working. It is relationships and friendships that are truly important! Few people when facing their final years regret that they didn't spend more time preparing their tax returns, but many people often regret that they didn't devote more hours to cultivating and enjoying their friends and loved ones.

Nothing could be sadder to me than the individual who has never traveled more than a few miles from the small town where he grew up. Yet research indicates that the vast majority of people on earth seldom travel. With few exceptions, these people are doomed to be ignorant, shallow and limited. They miss out on the richness and variety that life has to offer. Traveling is mind-broadening and educational. It is the ultimate growth experience. It enables you to see and understand matters that are far beyond the comprehension of those who stay at home.

Feed Your Vices

When tobacco and coffee were first introduced to Europe, they were made illegal. Socalled illicit sex has long been and still is considered immoral in most countries. In the majority of places around the world, religion or government has created elaborate codes of conduct that specify the time, place, possible positions and type of partner allowed. The penalty for breaking such sex laws ranges from jail to stoning to beheading, as in Saudi Arabia. In the US, even today, in order to avoid committing a criminal act and facing jail, one must get a state-issued license or permit for sexual intercourse. This is called a marriage license. A sensible person cannot help but to wonder how it is that the state could have gained such power over this basic, elementary urge of nature.

Whether your particular preference is smoking marijuana, drinking alcohol, gambling or gratifying the sexual urges, as a PT you will discover freedom denied to almost all ordinary citizens resident in their country of origin. As there is always at least one place in the world where what is considered a vice elsewhere is legal, the PT can always legally avoid any restrictions on his personal freedom. The PT need only undertake a little

research. Then, in this modern age of jet travel, it is merely a matter of flashing one of his many passports and boarding a plane to his personal pleasure dome. Even the most remote corner of the globe can be reached within a day or two.

I understand that in Nepal or Amsterdam, one can smoke oneself into temporary oblivion or "harmony with the universe", depending upon your point of view. Similarly, there are many places on the planet willing to cater to whatever your desire may be in betwixt the sheets. As a slightly kinky, chubby, middle-aged man, I cannot give you a directory of the best spots for every weird pleasure, but for those older men or women who like to be pursued by handsome younger lasses and lads, I have compiled Sex Havens, available through Expat World. This report is the only work of its kind and recommends places around the globe that may well serve nicely as your personal pleasure playgrounds. If nothing else, it will make for some amusing reading once you have taken care of establishing the more serious matters.

The basic idea is that as a PT you can decide what is important to you and then live and invest in those places in the world where current taxes, morality, customs, ethics, practices, food, politics, law, climate and whatever else is significant to you are most to your liking. As a result, you will be able to select governments like a customer at a fruit market, choosing whatever government is ripe and sweet. You can carefully inspect those governments and localities most deserving of the opportunity to nurture and protect your person, your businesses or your assets. As a PT, you need only spend your time and money where you choose.

Don't Let Preconceptions Hold You Back

Economic survival and personal freedom can be greatly enhanced by providing for widely divergent holdings and life alternatives. In 1973, Harry Browne wrote a best-seller, a milestone of a book called *How I Found Freedom in an Unfree World*. This book considers many concepts that I regard as helpful to any PT. Harry has given a lot of thought to one of the biggest questions in life. How to live? Earning a comfortable living is important, but with the proper attitude you will soon have more than enough. The pursuit of money will always end up being secondary and subsidiary to other more satisfying endeavors.

In *How I Found Freedom in an Unfree World*, Harry articulates a point of view that becomes obvious once it is described. Most of us inherit a belief system that leads us into many traps. Perceived duty and moral responsibilities to country, family, friends and business associates can cause much unnecessary unhappiness. Such sensed responsibility leads us to formulate plans of action or stand up for friends or family, but the reality is that such actions, more often than not, offer no help whatsoever to the people in question. It is just a fact of life that there will be business failures and bad personal relationships in life. For instance, staying in an unhappy, bickering relationship for the sake of the children creates a common marriage trap. Often in such a situation everyone, especially the children, would be better off if other alignments or arrangements were to be made.

Much human misery can easily be avoided as it is nothing more than the product of belief systems that inevitably lead us into a whole series of traps. A vast majority of people are unfree and live unhappy frustrating lives only because of irrational and damaging beliefs. For instance, if you believe that an all-powerful government has complete power over you and that you must blindly obey the law, then you have given other people a power over you that they do not really have. You have abdicated responsibility for your own future. Laws are made by political majorities. Sometimes they have no other purpose than to exploit one set of people for the benefit of others. There is nothing sacred about any law passed by human beings. Laws are not right or wrong. Laws can change. Civil disobedience, or ignoring unfair laws, is one common way to bring about change. Even in ancient Rome, a common maxim was *leges sine moribus vanae*. In modern idiom, unpopular laws won't be around long.

Blind obedience carried out by people who should have been thinking and questioning authority has been responsible for a lot of needless human misery. The same could be said of family situations. Pressures may make you feel that you have to do something that is not in your best interests, such as lend money to a relative. Instinctively, you know it is the wrong thing to do. It will lead to a rift when your deadbeat brother-in-law can't pay you back. He will be afraid to face you or see you. As a result, your favorite sister will also avoid you. You liked the guy socially and would rather have stayed friends, but because you felt you just could not say no, you created an instant bad debt that poisons family relationships.

Once you realize that you can say no or back out of a wide variety of situations, you will be able to walk away unscathed. The ultimate defence against almost any human situation other than terminal illness is the reality that as a last resort you can pack up and go to some other country and start again. This is less difficult if you keep most of your chips. You may never have to go anywhere. Fiji may not be your cup of tea, but the availability of an escape route and financial reserves abroad will give you freedom and power, even if you don't go. If the rules of the game in your family, town or nation are not to your liking you do not have to stay! Once you no longer feel boxed in, every aspect of life will be improved. Much stress will be banished.

People have been voting with their feet for thousands of years. Conventional ideas about government authority, politics, religion, investment, marriage or family relationships have a way of leading everyone into traps. In his book, Harry Browne suggests several ways to find contentment and freedom. He does not specifically discuss internationalizing oneself and one's assets, but his ideas will still inevitably lead any reader who takes them to heart into the PT lifestyle. They did for me. Once aware that there are alternatives, you need not put up with lawsuits, domestic situations or anything you do not care for. You may go abroad just long enough to let a local situation cool off but you will never be the proverbial cornered rat. In the end, you will be better able to cope with any situation.

Your First Foray Abroad

A PT does not have to live in any particular place, but every PT should actually go and live abroad in a totally different culture for three or four months now and then. Treat yourself to a broadening experience and get rid of that fear of the unknown. We all have it. Don't think you are unique.

A tour-bus trip conducted in your own language with a junketing group from your home town does not count. Such a trip is about as valuable as seeing a travelog movie. The important thing for a would-be PT is to develop the mental attitude that he is not obliged to stay home and face whatever comes. You should strive to make yourself into a world traveler, an old hand comfortable wherever you are and experienced at adapting to different cultures. It follows that a PT will travel, see the world, explore opportunities, invest abroad for diversification and secure all those necessary travel and residence documents likely to help him survive and prosper no matter what happens.

Begin by picking one destination abroad, somewhere that you have always wanted to visit. Research it a bit at the local library or bookstore. Then buy a plane ticket and make a hotel reservation. Once you get off the plane you are free to explore. If after several visits of a few months you still like the place or feel that it may be a suitable place to plant one of your other four PT flags, look into more detailed residence requirements and the like. Do not be a complete ninny by sending for the free government booklet on moving and living abroad. Such books are available in most countries. Naturally, if you get it mailed to you in your own name at your home address, it is quite likely that a friendly tax investigator will take a look at your affairs and insist that you get a tax clearance and exit permit. If you want problems with your government, just telegraph your next move to them.

A PT explores the world first and discovers those places that are most comfortable and compatible with his needs, abilities and assets. He realizes that he must adapt and learn to enjoy local ways. He learns the local lingo, makes new friends and does not attempt to replicate life back home. Nothing is so pathetic as the expatriate who wallows in nostalgia all the time. Go native! Get into the swing of things where you are. Be an extrovert. Talk to everyone. Making local friends who are positive thinkers will be the most important factor in keeping you up in case of an attack of homesickness. Have a project. Keep busy. PTs who get their first passport in middle-age and travel abroad to compare every single thing in a disparaging way to how it is back home, have missed the point.

As a PT, you should enjoy the worldwide banquet, the grand smorgasbord that will last forever. Most people will never get near the table. Just be sure you have your ticket. Prepaid Today means Prepared for Tomorrow. The PT makes sure that options and escape routes are always open to him well in advance. It's called hedging and diversification in investment. In your personal life it is acquiring a second passport, becoming familiar with the wide world and securing a toe-hold in another country that makes you a domiciliary or legal resident. The PT with these things is Prepared Thoroughly.

How Much Do You Need to Live The Life of the PT

The amount of money needed to be a PT will vary greatly between individuals. Some of us have champagne tastes. Others might prefer beer or even weak tea. I have been married but am currently single, middle-aged, heterosexual and middle class. I have lived rather extravagantly in the past, with chauffeurs, maids, butlers, Rolls Royces, swimming pools, yachts and expensive establishments to support. As a result of such experiences, I have concluded that a lot of possessions and ties just get in the way of happiness, freedom, time to think and mobility. I value female companionship, but would prefer to work out other arrangements than marriage at this point in my life. If you can drive it, fly it, sail it, sleep on it, in it or with it, then I say, rent it! I know quite a few divorced, widowed or single women who feel just as I do.

This chapter will cover the costs of PT life as it applies to someone who is single. However, if you are lucky enough to be living or traveling with a special someone, the fact is that as a sensible twosome you can live almost as cheaply as one. Rent would be the same for two. More meals would probably be cooked less expensively at home. Couples generally tend to spend less on entertainment than single people, often finding as much pleasure in renting a video cassette for home viewing as a single person would in going out to a nightclub on a blind date.

The Bare Minimum

What is the minimum amount of personal assets you need to become a PT? If you are the sort of person who only wants to live and play in either expensive first world cities or fashionable tourist resorts during the high season, you will need a rock bottom of US \$4000 per month at current exchange rates on the dollar. Only a few years ago it would only have been half as expensive. This means that you would need about US \$50,000 per year to commute, for example, between Europe and the resort of your choice, spending six months in each. How much capital do you need to support that level of expense? As ten per cent interest is not hard to come by safely, a net worth of US \$500,000 would fit the bill nicely. This is, of course, assuming that you don't do a lick of work ever and just live off of your capital.

Alternatively, if you are willing to stay in such resorts during the low season and spend at least some of your time in less expensive first world cities, you would probably need about US \$25,000 per year to live comfortably in the western world. Capital of about US \$250,000 would be necessary to generate this income. The average Japanese, European or American has far more than this amount tied up in his personal home. If the home was sold and the proceeds were invested, he could escape the rat race and never work another day! Do you need more than US \$2000 per month to live on? Can you get by on less? That depends upon you.

It is still possible to live in many other places even more cheaply. How cheaply depends upon exchange rates and other factors, but a single person can eat well, rent a decent apartment or small house and have money left over for travel, entertainment and medical expenses in many fine places these days for as little as US \$600 per month. To earn that sum, assuming no other pension or social security payments were available, capital of about US \$70,000 would be more than adequate. Spain, Greece, Portugal and Turkey all offer a decent quality of life at remarkably low prices.

Furthermore, if one were to live all the year in even cheaper places and go native, such as in Thailand or various parts of South America, expense levels could be reduced even further.

For instance, in Belize, Bali, Thailand or the Philippines, one can easily make the necessary arrangements for a small thatched-roof native-style hut, with flush toilet, hot shower and a lovely young lady or man to do your bidding. All of this on an indescribably beautiful whitesand beach for about US \$300 per month, including all the fresh-caught shrimp, crab, lobster or other local seafood and rice you can eat! In Antigua, Guatemala, you won't get the seafood but for about the same US \$300 a month you get housing, meals and a full-time Spanish tutor.

As a US \$300 per month level of expenditure is quite a bit less than US \$4000, obviously the amount of capital you need to live in a bargain paradise without working can be reduced, by more than 90 per cent. Allowing for contingencies, I would say that US \$36,000 in total capital would be a little bit too light if you just expected to live from your interest or dividend income, but if you owned a modest home or if you planned to work and earn a bit from time to time, then even US \$20,000 in liquid assets might be enough to support a PT lifestyle. Of course, if you do work abroad full or part-time, you will probably be able to arrange for your employers or clients to cover a lot of your travel, hotel and incidental expenses. Not to mention that having lucrative projects to work on makes life more interesting and leads to more stimulating international contacts.

As you can see, the assets needed to support a PT lifestyle can range from US \$20,000 to US \$500,000 and up. There are a number of possibilities open to the PT, each determined by the sort of lifestyle that you desire and the amount of capital that you have to finance it. No matter what your budget, the PT lifestyle is probably within your grasp.

The Modest Budget

If your funds are somewhat limited, you can either lease long-term or buy a studio or one bedroom apartment in a desirable city or town that you like to live in for perhaps two to six months a year. Of course, you can stay as long as you want. This could be anywhere. Miami Beach or Hawaii if you are not an American. Argentina if you like to tango. Venice if you cannot get enough of canals and carnivals. You can then subscribe to a service such as the **International Home Exchange Service, PO Box 3975, San Francisco,**

California 94119, USA. Tel: 415-382-0300. You will then be able to trade or swap your apartment for similar accommodations all over the world.

The beauty of this arrangement is that you can then use your exchange partner's phone, furnishings, car, etc. They in turn will use yours. You can even swap local friends. There are thousands upon thousands of home exchangers who are semi-retired or active PTs. They are very responsible, having excellent references from past exchanges. These are people who do such trades all the time. The length of the exchange can be three weeks or six months, whatever period is mutually agreed upon.

The problems with trading are far fewer than you would get subletting your apartment to a strange tenant who has not entrusted his home to you and thus has nothing to lose. Your personal possessions can be kept in a basement storage locker or in a locked closet. One interesting thing about this swap option is that if you rent or own a place in a desirable but inexpensive location, you can trade for similar accommodations in high rent areas. The other party to the trade will not mind the discrepancy because in trading circles, it is equivalent accommodations that the parties are looking for, not dollar value.

For instance, around 1980, I traded my magnificent ocean view house in Big Sur, California with a rental value of US \$3000 per month, which was very high for those days, for a considerably smaller penthouse in Tokyo. It was a three month exchange with a diplomat. His penthouse was probably the best European-style apartment in Tokyo, but it was not half as nice as my California pad. After a few discreet inquiries, however, I learned that the penthouse rent was US \$18,000 per month! I could have never afforded that kind of apartment in Tokyo without the trade, but still the other party to the deal was very pleased despite the economic disparity. He got a magnificent vacation place just where he wanted to be. For him, my place was free since the taxpayers of his country were the ones who were shelling out the exorbitant rent for his Tokyo penthouse.

For the best trading, I suggest that you rent or buy your principal residence home or apartment in a tax haven that is also a pleasant all-season resort. Monaco, for instance. Apartments in Monte Carlo are far cheaper to rent or buy than equivalent accommodations in New York, London, Tokyo or Hong Kong. Personally, I would rather not be in Monaco during the Grand Prix auto race or the high season in August. A Monaco apartment can go for five times normal rents during peak seasons. There is high demand for summer trades, which is just fine for me or my pal Harry Schultz as we would just as soon get away from the wall-to-wall people who crowd in during these times.

Monte Carlo is a place that people will visit anytime. The winters are mild. The summers are beautiful. To me, Monaco is an ideal home base for the PT, a real Perfect Treasure. Another benefit is that because Monaco is a tax haven, you will not have to worry about keeping records or justifying expense deductions to any bureaucrat. As the rents you collect will be tax-free, there is no need to account to anyone for anything. If you sell your property at a profit, that too will be tax-free.

If you buy or rent a home in some off-the-beaten-track part of the world, such as the Caribbean island of Mustique, Aspen in Colorado or Gstaad in Switzerland, the demand for your home on a trade or sublet is likely to be more seasonal. So I say if you want a place that will always provide you with enough rent to finance your travels or make it easy to arrange for suitable vacation home exchanges to be made, then get a place in or near a big city like San Francisco, Florence, Sydney, Vienna or Bangkok. Your nest should be, in my opinion, at some major, all-season tourist-destination easily accessible by public transportation. I once stayed at a wonderful home in the hills of Tuscany, Italy, near the town of Perugia. It was pure paradise but I was pretty well stuck there. For foreign friends to visit it was a major project because the area was not served by good public transport or by any international airports. As in California, I found it was necessary to buy an old car just to survive.

The cheapest prices and biggest selection of easily tradable homes in Europe are probably to be found in Spain. My favorites are Barcelona (for a terrific night-life and selection of restaurants), Valencia (for atmosphere), Benidorm (if you like boisterous British people) or best of all sophisticated, cosmopolitan and lively Marbella. There are always lots of good deals advertised by local real estate brokers or estate agents who speak English. The area is very popular in part due to the zillions of fine golf courses. These golf courses are open to foreign tourists at very reasonable fees.

The French Riviera, particularly Nice and its environs, offers the best restaurants in the world and good value in property, but nonetheless it is best to rent in France because of an irrational and self-defeating tax policy that changes about as often as the corresponding US levy. For non-American citizens who stay in the US less than four months per year, property ownership will not attract unwanted attention from the tax-collectors. In France, mere property ownership generates an income tax claim if you own an expensive place and stay there more than three months per year. In general, it is best to buy only in tax havens and to rent elsewhere.

The Medium Budget

Those with slightly more money to play with can rent a fully furnished service-flat or housekeeping apartment. For those who do not have or want a lot of possessions, you can, in almost any city in the world, get short-term rentals on a nicely furnished modern apartment with complete kitchen utensils, television and such. There is no worry about subleasing or what's going on back home with your exchange partner. With no fixed place of residence and no property owned or rented on a long-term basis, one is completely flexible. When tired of a place, you simply move on without any schedule or need to return to any starting point.

For quite some time, I found these furnished apartment arrangements quite suitable and a huge relief after giving up an immense home and selling everything off. Nonetheless, the gradual accumulation of books, computer, fax, stereo and similar possessions has made it more and more difficult to be as free as at the time of the original breakaway.

Now when I leave my home base, the civilized continent of Europe, my car, essential tools of the trade, files and such are placed in a rented garage, mini-warehouse or, if the car has been sold, in a friend's attic for as long as I am away. With minimum fuss, the possessions I have convinced myself are absolute minimum necessities can be picked up and installed in my next European apartment upon returning. Short-term rentals for three to six months can be arranged with private individuals as sub-lets or by calling some of the apartment house operators listed under "apartments-seasonal", or a similar designation in the Yellow Pages of the local phone book. On my travels, rents have been as low as US \$100 per month in Central and South America. For US \$500 per month, I get an absolutely deluxe high rise luxury condo-penthouse at Pattaya Beach, Thailand.

In London or Tokyo, unless a friend turns me on to a special deal, I have to spend US \$1000 per month for a barely acceptable place with no view. As might be expected, if one is willing to live in a suburb or less than a top neighborhood, bargains are available. I have made several good deals for short-term sublet rentals all over Europe by following the property ads in the Friday editions of the *International Herald Tribune*. As I do not like moving too often, I take an apartment or house from four to nine months at a time.

The High Budget

The most expensive PT option is staying in a first class hotel suite. I call it the Pricey Treat. When you rent by the month, most hotels, because they operate with a constant vacancy factor, will give long-term guests at least a fifty per cent discount from their daily rates. The big advantage is hotel service. Someone comes in to tidy up and change the sheets every day. Suites these days usually have what they call a bar, but it is really a mini kitchen with a cooker, fridge and sink. It's a pleasure when someone else comes in to clean up the glasses and dishes. Timeshare resorts with unsold apartments will also rent to you inexpensively, especially long-term.

Mail and phone calls can be screened, forwarded or otherwise dealt with. A good hotel will always have lots of expensive equipment, such as computers, copiers, telex, fax and other business toys, not to mention the people to run them. As a hotel guest, such goodies are at your disposal without having to invest in them. In Singapore especially, I stay at a four or five star hotel these days. Most Singapore hotels operate at half capacity. As a result, they are open to offers from long-term guests. Last year in Singapore, I had the use of a suite that would have cost US \$1500 per day in New York. In Singapore, I bargained it down to approximately the same amount per month. I have made similar deals in Antigua, Guatemala and Merida, Mexico.

When business is slow in any locale, do not be afraid to negotiate and drive a hard bargain with an innkeeper. They would rather rent out at below cost and defray staff costs than preside over an empty hotel. Not to mention the fact that when the hotel is nearly empty, you'll get plenty of attention. If you have never had the pleasure of first class service in the best suite in a first class hotel, you owe yourself the experience. It's better than home! In

the Orient, the hotel maids will often wash and iron your clothes without being asked to do so. Needless to say, a tip is expected for good service.

When you go away on trips, leaving your hotel quarters for a week or two, you will not have to pay for the time you're not there. While you are in residence, room service will deliver meals up to your suite. If you are known as a good tipper, bouquets, fruit baskets, complimentary bottles of champagne and newspapers and magazines will appear in your room every day like magic. Your shirts will be pressed and your shoes shined. Even your socks get mended.

It is easy to learn to like the ambiance that goes with having a slew of waiters, bartenders, doormen, maids and other retainers making a fuss over you. This all has a price, but in many parts of the world such five star attention can be had for a total of around US \$100 per day, or US \$36,000 per year.

Some PTs may find that by abandoning their homes in a high tax country what they save on taxes and overheads more than covers all the costs of first class hotel living. Running a big home in a high tax country takes a lot of money: gardener, pool maintenance, local property taxes, insurance, heat, electricity, gas, garbage disposal, special assessments, repairs, housekeeper. Not to mention the fact that staying in five star hotels means a lot less hassle. If something doesn't work, you call the hotel manager. Fixing the air-conditioning or the leaky faucet is his problem, not yours. If you don't like the attitude of a hotel employee, call the manager and tell them to send someone else around. The employees of the hotel work for you, but you don't have to bother with their unemployment insurance, health plan deductions, withholding taxes or union negotiators.

Look at your own budget. Perhaps you could sell your home, drop out of the rat race and still have lots of money left over for new and more interesting uses than keeping up appearances. Once again, hotel costs vary tremendously. For US \$100 per night, you will not get much beyond a dinky single windowless room in downtown Tokyo. But in other parts of Asia, such as Bali or Thailand or in South Africa, Australia or New Zealand you can live rather regally on US \$100 per day.

Paying the Rent

Naturally, where you live determines to a great extent the amount of money you will need to finance a pleasing lifestyle. Rent levels may be one clear indication of whether or not you can afford a certain location. Of course, one can spend US \$50,000 per month in a bargain paradise such as India to rent a Rajah's palace with private elephant or live like a monk in super-expensive Tokyo at a religious-sponsored dormitory for US \$300 per month. However, the price of renting an average one bedroom apartment in an average neighborhood in any city is more or less standardized, although those willing to spend some extra time searching out a bargain will inevitably find one no matter where they are. Nonetheless, you can expect the amount of rent one would have to pay for something

between oriental splendor and monkish poverty to equal about one-fourth of your required expenses for living in that area.

What you eat and drink, by my rule of thumb, will consume a further one-quarter of your cost of living budget. That leaves half of your spendable cash for everything else you deem essential to your particular lifestyle, eg, travel, clothes, entertainment, medical expenses, etc. This sort of budget generally allows for plenty of local exploration, live theater and concerts as and when desired and that pleasant upper middle class lifestyle that I find to be comfortable but neither extravagant nor excessive. Hence, by simply multiplying the amount of rent that you would need to pay by four, or by only three if you are exchanging a property, you should get a clear indication of whether or not a certain location is within your budget. Where can you afford?

The cities of the Far East are the most expensive places in the world by far, even for locals. A "cheap" furnished four-room apartment in Hong Kong is likely to cost US \$7100 a month, even the average rent for locals is US \$ 1140. In Tokyo, the comparable figures are US \$8330 and US \$2440. Alternatively, that same four-room apartment may cost as little as US \$ 190 in Nairobi, Kenya. To get a basic idea of world prices, peruse the following rental figures taken from *Price and Earnings Around the Globe*, 1994 edition, published by the **Union Bank of Switzerland, Economic Information Center (GEICH), PO Box 8021, Zurich, Switzerland**, which supplies information on the cost of living in 53 cities around the world. All figures are in US dollars.

Average monthly rents for unfurnished apartments:

New York \$3100	Bangkok \$2080	Mexico City \$2060
Paris \$1650	Zurich \$1510	London \$1490
Rio de Janeiro \$ 1450	Vienna \$ 1270	Milan \$ 1230
Toronto \$1090	Athens \$950	Sydney \$860
Buenos Aires \$800	Helsinki \$750	Dublin \$450

Of course, it is difficult to make true comparisons as standards differ widely, even in modern buildings. It still may be well worth your while to acquire a copy of this publication or the equally useful *World City Ranking*, published by **Macmillan Inc. 866 Third Avenue, New York, NY 10022, USA**, which offers similar information.

Will Your Income Support Your Habits?

In the current situation, long term, quality high yield US or UK bonds could safely and dependably be counted upon for an eight to ten per cent annual return. The income from a relatively small amount of capital would provide for a comfortable subsistence in almost any Second World country, including Portugal, Greece, Spain, Mexico, Italy or Andorra. One could easily manage a small apartment and inexpensive car on US \$600 per month in these places.

Naturally, some individuals would require a more luxurious lifestyle or more elegant communities for their personal happiness. However, the average level of expenditure of most successful individuals in New York City or Tokyo could support them ten times over with a better quality of life in Acapulco, Mexico or Nice, France. The sky is the upper limit. One can rent a US \$300 per month viewless studio apartment even in expensive Monte Carlo, Palm Beach or Bermuda. These are high-cost-of-living areas. In the same communities one could also pay US \$30,000 per month for a prestigious apartment or house, fit for a king. One can drive a moped, a Rolls Royce or even use public transport!

At every level of expenditure, the PT will have the feeling of real freedom in what has become an unfree world. It is this freedom, not money, that the PT concept is really all about. There is no minimum capital requirement to become a PT. The income required depends solely on your own personal perception of your needs. With the right mental attitude even someone with almost no capital could successfully become a PT.

Chapter 16

The Movable Nest

Restrictions and boundaries are in our mind. Trained fleas, when they are born, normally learn very quickly that they have the capacity to hop quite extraordinary distances. The flea's strength, if given to humans, would enable us to leap over mighty skyscrapers at a single bound. But to train a flea, an its bitsy transparent cup is placed over him. As a result, the baby flea gets a nasty bump from an invisible barrier each time he tries to exercise his intrinsic abilities. Very soon, the trained flea learns that he hurts himself if he tries to move too far or too fast. Then his human master removes the cup, ties him with a thread to a little toy train many times bigger than himself. The trained flea, now a circus performer, will spend the rest of his days using all his strength on small jumps, pulling a freight train, always operating in low gear. He has been conned into believing that his capabilities are limited.

Humans are also conned into believing there are limits to their capabilities and opportunities. Sometimes we are conditioned to think we must have a nest in a fixed location and follow the standard, stifling routine expected of us. If we move away or try something unconventional, like freedom, we are fearful that something terrible will happen, like the flea's notion that he'll bump his head if he tries to quit his job at the circus. The restrictions we accept are totally in between our ears. If we can overcome the social conditioning that makes us afraid to explore the unknown, to test new frontiers, to soar into the wild blue yonder, we can break out. We can break away! As explained in this chapter, the many problems that you might expect to come from living the roaming lifestyle of the PT really pose no problem at all to those willing to approach them in a rational manner.

Storage

How does one deal with possessions that you don't want to throw out, like scrapbooks, photographs, family portraits, heirlooms, collections, excess clothing, sports equipment? First of all, lighten up. Most of us have accumulated far too much junk. If you haven't looked at a certain book, worn a certain pair of shoes, referred to your high-school algebra files, etc. in the past two years, you are unlikely to ever want them. So have a garage sale. Advertise or give away stuff. Possessions can be a real burden.

When you have your junk pile reduced to about what will fit in a car, you can then rent a garage in or near the town you expect to visit upon your return. Then park the car and don't forget to remove the battery and put it up on blocks. Drain the water if you expect freezing weather while you're gone. Maybe you could sell the car and store just the possessions. That would be cheaper. You could rent a closet-sized space in a mini-warehouse for the price of a couple of good dinners per year. Or, if you stay in a favorite hotel a few months a year, they will usually keep a couple of trunks in storage for you while you're gone.

My own personal preference is to have one permanent small studio apartment where I keep family photos on the wall and heavy winter clothes that I hardly ever use any more. This apartment can be owned or rented. It is best if your little hideaway is in a tax haven or a place that does not ever press rich foreign tourists for taxes. The possibilities are endless.

Consider southern Spain or Portugal, the Ligurian Coast (Italian Riviera), a Greek island such as Mykonos, Costa Rica, Bermuda, the Bahamas, the Cayman Islands, Hong Kong, Montevideo, Buenos Aires, Porto Alegre or Bahia in Brazil, Acapulco, London, Paris, Monaco, Andorra, Gibraltar, Victoria or Vancouver in Canada, Hawaii, Florida or California for non-US citizens, Amsterdam, Venice, Bangkok on the Grand Canal, Sydney or maybe even Surfer's Paradise in Australia. For those who love nature, the world's best fishing and a large degree of personal and political safety, New Zealand may offer the best potential.

In Paris, I found a dinky little studio in an unfashionable but safe and secure neighborhood for only US \$18,000 full price. Had I taken one with the toilet down the hall, it would have been half that price. This apartment is within walking distance from the main train stations. The annual maintenance and total costs of keeping the place are under US \$25 per month. I figure that ownership of such a place, in an alternate identity of course, will not attract too much heat, if any at all, from the tax collectors.

The apartment I've nicknamed Poverty Terrace is more than ample for my storage needs. It also provides me a place to stay for a few days until I can line up more suitable accommodation in Europe upon my return from Asia, South America or wherever else I have been. It is also a good crash pad to put up children, mother-in-laws or others who want to live the bohemian life in Paris for a few weeks. The ultimate cost will be nil as it is easy to sell or rent a small, conveniently located place. Not to mention that the value of the property will probably go up by ten per cent each year I own it.

Finally, in France, every building has what I jokingly call a built-in serf that comes with the place, usually passing on her job to one of her kid's generation after generation. This person is called the *concierge*. She is usually a fat lady who glares at all strangers in the halls and is effusive to regular tenants whom she knows. A good *concierge* keeps the halls and stairs tidy and keeps an eagle-eye out for strangers. These ladies, the eyes and ears of Paris, expect a good tip or *pour boire*, literally drink money, for Christmas. The massive advantage of such a person, usually exceedingly honest and trustworthy, is that she can deal with mail, put any delivered goods in your apartment, pay the bills for you and generally mind the store while you are gone.

For those who have lived in New York, the French *concierge* or, for that matter, the Hong Kong caretaker, is in a different league from the New York City super who typically can't do much of anything right. When arranging for your PT mini-nest, take into consideration whether or not there is a reliable individual around who can store mail, keep a spare key

and let your kids, relatives and friends in to use the apartment when they are Passing Through.

Storage for Sensitive Documents, etc.

Incidentally, on the subject of storage, there is another category of possessions that call for an entirely different approach. These include sensitive documents, cash, bearer bonds, second passports, a set of alternate identity documents and the like. In other words, the sort of thing you don't leave around for even a trustworthy concierge to poke through. So what to do with them?

Offshore banks, and certainly all banks with private clients, provide a storage and delivery service. The cost is typically nothing for a good customer. Someone not known well to the bank might pay US \$1000 per year for storing a big trunk in the bank's vault. If you need something sent or delivered to you, it is best to have each item concerned in a separate, completely sealed envelope or packet. Furthermore, they should each be clearly marked with a code that you can refer to when and if you want something removed from your file and sent to you.

For example, you might have an understanding with your banker that in a serious predicament, he might just have to come out to visit you personally, always at your entire expense of course. For instance, you are in Paraguay accused of some trumped-up crime, not so uncommon in South America. Your passport has been pulled by the police. You have been ordered to show up for trial in two weeks. The prosecutor has indicated that it will cost you a US \$25,000 gratuity to get your passport back and to have all charges dropped. You contact your banker in Gibraltar or wherever and say, "Bring envelope GP and 10K to me at the Hotel Excelsior, Asuncion, next Tuesday." GP stands for German Passport and 10K means US \$10,000 in cash. Such an arrangement may get you out of a predicament far more cheaply than by paying the necessary bribe.

In Columbia, Mexico, South America and Africa, when one turns over a requested bribe, all too often this results only in the money being kept and the ante being raised. It is better to always do things through an escrow arrangement with a trusted intermediary. A local bank manager usually can serve this purpose. However, for a quick getaway, a second passport can often be all that is needed. Sometimes it is difficult to get out of a country on a passport which does not have an entry stamp. In the case of a friend in Paraguay, he left by hiring a boat to take him across the river into Brazil. There, he checked in with the authorities, got his German passport stamped and reported his seized US passport as lost. He got a duplicate passport from the US consulate in Brasilia by courier.

One never knows when a second identity and a second passport might come in handy, but in some predicaments, unless you can get it delivered to you, it is useless. The same can be said for emergency cash or gold coins. These are not the sort of things to be entrusted to a concierge. A good PT makes arrangements with a bank to hold such valuables, but more important than the holding is the provisions you make for emergency delivery. Normally

personal delivery is not going to be required. Commercial insured overnight courier service is sufficient in most cases, even emergencies. Nonetheless, for any contingency, a PT is Prepared Thoroughly. Work out contingency plans for every conceivable emergency. In addition, try to have plans to cover inconceivable events as well.

Carry Your World with You

One reason that many people are hesitant about becoming PTs is the belief that they will have to leave familiar food, entertainment, reading matter, friends and family and all behind. Wrong! While I personally feel that one should try to get into the local swing of things, read local papers, learn the local language and make new friends, it is possible to carry your cocoon with you. For those who have not lived abroad, it is difficult to imagine that in places such as Paris and Bangkok, one can live as an American, Swede or Englishman, literally without ever encountering the local culture, if one so chooses.

The *Wall Street Journal* and the London *Financial Times* are available in most major cities on the day of publication. So is the *International Herald Tribune* which is a digest of the *New York Times* and *Washington Post*, but with an international viewpoint and very interesting ads. In Europe and major Asian cities, every book or magazine that you could get back home will be stocked at a dozen different bookstores. English language, first-run movies are shown far and wide on giant screens with Dolby stereo systems at one-third of New York prices. You can rent video movies from firms with thousands of titles to choose from. There are usually a few English-language live theater productions floating around any major city as well as a selection of international cultural events and touring companies.

If junk food is your thing, there are plenty of American or British restaurants all around the world. These days, any big town in Europe, Asia and even South America has fast food Pizza Hut, McDonald's, Wendy's, Kentucky Fried Chicken and Fish 'n Chips restaurants, for want of a better word. American-style fast food places are everywhere! If you don't care for the fast food chains, there are up-market restaurants so anxious to cater to the nostalgia of expatriates that they offer authentic regional dishes, from Atlanta, Chicago, Philadelphia and so on. In the US and England, I did not even realize that there was any regional cuisine in such gourmet havens as Leeds, Manchester and Detroit. But go abroad and some guy from your home town will be offering the equivalent of a Philadelphia hoagie or some other specialty you were probably glad to forget.

Then there are the grocery stores. In every cosmopolitan city there are always a few shops which carry items such as Kellogg's corn flakes and Skippy crunchy peanut butter. For the British, Golden syrup, Heinz ketchup and Bovril are all readily available. The Australians can easily get their Vegemite to smear on Wonder bread. I repress the memory of it. With slight effort one can find all those acquired taste items the locals find too disgusting to eat. Sometimes the discoveries can be a wonderful surprise.

For instance, in Paris, at Marks & Spencer, a one hundred per cent British store with the same merchandise you would find in London at about the same prices, I made an amazing little discovery. I originally went there to stock up on British tea and non-stretch wool socks sold to your exact size. While strolling through the store, however, I found they had a special on fresh baked American recipe caramel pecan rolls and Sara Lee pecan coffee cake. I had forgotten that my one time favorite American pastry even existed. Yet there they were! Nice and sticky hot nut buns. There's nothing wrong with French croissants. They come in 99 varieties with nuts, chocolate, caramel or whatever you want, but reverting to an old favorite like pecan rolls when you discover it unexpectedly can be one of life's many little treats.

Although this report is directed mainly at English-speaking people, the same comments about newspapers, food and entertainment can be said for the Japanese, Indians, Chinese, Koreans, Israelis and all other ethnic communities that tend to have large numbers of people establish themselves in foreign lands.

A World of Possibilities

For the kids, there is a choice of many accredited elementary and high schools offering worldwide instruction in English, with courses keyed into the American or British educational systems facilitating easy transfer. Most American and international schools abroad also offer instruction in the local language as a second language. If the local community of expatriates is large and diverse, the schools will be in all flavors, just like home: Catholic, Protestant, Jewish, non-sectarian, Montessori and so on.

For business, courier services can deliver packages or mail anywhere in the world, even Timbuktu, overnight. If instant communication is important to you, direct-dial, all-hour fax, telex or telephone services are available that do not require operator assistance. Communication services are surprisingly inexpensive in most major cities. The same quality for such services known in the West can be found these days in all up-market resort-type areas where PTs are likely to live. Of course, there are also places in the world that are reasonably pleasant that have no phone service and mail delivery only twice a year. For those who want peace and quiet, you can get away from it all on Pacific islands, but even Pitcairn now has direct dial telephone service via an AT&T satellite.

Long haul air fares, too, have been coming down in price for years. Arrangements can be made for even young children to travel alone these days. With abundant charter-flights and excursion fares, people can visit you for a few days and vice versa without causing a great strain on the budget or loss of time. The free stopovers that one can often get at places such as Iceland, Madeira, the Canary Islands, Cuba, Jamaica or Bermuda will break up a long flight in a pleasant way and permit you to spend time on delightful islands you might not otherwise discover.

When I lived in California and visited New York every month or two, it was a 6000 mile round trip, each leg occupying the better part of a day. It is closer and usually cheaper to

travel between Europe and New York! For ax-Californians, Europe is an extra few hours, but Hong Kong, Tokyo and Bangkok are relatively close. A pleasant trip indeed if you take advantage of the free stopover for a couple days in Hawaii. With the Concorde ultra-fast yet higher priced flights, it is just a few hours to almost anywhere in the world. The bottom line is that travel today is cheap, fast and easy.

Dropping Out

No matter what your goals, priorities or personal finances may be, becoming a PT will probably give you a more satisfying and exciting existence than you have now. Suppose you decide to live in a low-cost country part of the year, like Mexico. You can average down your cost of living while enjoying top-notch accommodations.

Some people, especially married women, think a home equals security. Balderdash! Marriage certificates and a lot of possessions with a spouse and a treadmill of responsibilities does not a successful marriage make. It's more likely that the opposite will occur. We men often get too busy to pay much attention to the spouse we once loved. A PT has Plenty of Time! Traveling and making love in new surroundings generally gives a relationship far more zest than the habitual same time, same station routine. It really depends upon you and your partner. If you like boring routines, you can stay at home and live by a schedule.

My experience has been that more than 98 per cent of the people I meet feel as if they are stuck in a rut and vaguely unhappy. They don't like where they live. After many years of marriage, they find their relationship has gone a bit stale. Work isn't terribly exciting or challenging, not like it used to be. Too much hassle from the bureaucrats constantly makes life difficult. Yet these same people fail to see how they can move on or change things to have a better life. Such restrictions exist strictly between their ears. Like the flea who thinks it can't leap away from his life of drudgery, most people, even when they can afford to make drastic changes, just keep plodding along until they die.

A marriage can be improved by sharing adventures, travel and a more exciting life. Of course, if one party is a stay-at-home who constantly complains about everyone and everything new, well, as I said, the PT lifestyle isn't for everyone, just for a minority who choose to be free. Maybe your spouse would be happy to stay home and mind the hearth while you zip off to Thailand and enjoy the company of a teenage companion, cook and bottle-washer. Truth is, sharing adventures in Thailand or elsewhere, having new friends and trying out some erotic experiences may pep up a tired relationship.

Another special hint for men only, wives who stay home and do nothing except cook, clean and gossip tend to get plump and dull. Get 'em out in the world and into aerobics. Promise them some fancy new clothes if they get in shape and lose a few inches around the middle. You'll find your dull old wife might shine up better than you would have hoped for in your wildest dreams!

Can You Afford Not to Become a PT?

People who are not tied by their work to a particular location have absolutely no reason to stay in a country that may not meet their needs. If your job could be done elsewhere, why put up with civil service tyrants, court systems that go after deep pockets instead of justice, arbitrary and confiscator taxes, bad schools, low culture and high-crime? If political power is being grabbed by people you think should be institutionalized instead of running the institutions, it is probably time for you to consider being a PT. Not so much as an option, but as a necessity.

As I have said before, the extra costs of living even in the most expensive tax havens, such as Monaco or Bermuda, may be covered entirely by your tax savings. With an income of about US \$60,000 per year, not only will the extra cost of living be covered, but all costs of living will be able to be met just with the money you save on income taxes. When someone asks you how you could afford to move away from home and become a gentleman of refinement, culture and leisure, your answer will be simply, "I couldn't afford not to!"

Chapter 17

How a PT Crosses Borders

A PT crosses borders the way porcupines make love, namely, carefully. The idea is to avoid calling unnecessary attention to yourself, thereby insuring both a smooth crossing and a life uncomplicated by such details as taxes, exchange controls, import restrictions, residence permits and all the other red tape bureaucrats can throw at you.

Naturally, you should check to be sure your papers are in order before crossing. Passport must not be expired. Photograph should resemble you. If you are driving, your insurance and licenses should be all up to date. All identification papers should match, ie, same name and birth-date. When asked either personally or on the form how long you are going to stay, it is better to just say, "Passing through on a trip to (your next destination)".

It is important also to know in advance what the customary procedures are. Sometimes you can outsmart yourself. Once, written into my airline ticket, I had an overnight stopover in Pakistan. I had intended to go from Pakistan to India for two or three weeks on the cheap beautiful beaches of Goa and then merely use my forward ticket on a later flight out of Karachi. The airline would, I knew, honor the ticket, so long as I gave them advance notice that I preferred a different date. Had I said I was just staying overnight, I would have received a two week visa automatically. I could have done a little work on my sun-tan and then received another two week visa coming back to pick up the next leg on my US \$800 round the world ticket.

Instead, I asked the guy at the gate if it was okay to make the side-trip I just described. Result? I was forced to continue on the same plane I came in on and not even allowed an overnight stay. The official reason was that I could not leave the airport area without a Pakistan visa obtained in advance. The real reason was that the Pakistanis, who don't like India, want to discourage tourists from using Karachi and Pakistan Airline cheap tickets as a gateway to India. The bureaucrats are always doing their thing, and if you are not prepared for their roadblocks it can mess up your travel plans. There is no substitute for doing a bit of advance research on the ever-changing customs/immigration/visa regulations. Like a famous lawyer once said, "Never ask a government official a question that you don't already know the answer to, or you could wind up in jail!"

It is possible when crossing borders to simply use any address, a hotel or vacant lot in any country, when requested on forms. The only time this would possibly result in a problem is, as mentioned in another chapter, if you forgot something in a hotel room and it was mailed to you at a totally non-existent address. If you got into serious problems, such as accused of a crime, that necessitates the close examination of your identification and registration documents by conscientious police officials, using a non-existent address might require some explaining. Thus, it is best to use an old address where you have actually lived, an accommodation address or a friend's home where you are known, hopefully where your chums or ax-landlady would keep mail for you. As a commercial

service is more dependable and will accept packages and mail even if there is a charge due or if it is by registered mail, this has always been my preference.

Crossing US Borders

For those who would rather not announce their arrival or departure from the US, perhaps because of a large unpaid tax bill, US borders with Canada and Mexico can be crossed inconspicuously, no passport required. In fact, often one is not subjected to any border check at all when crossing by car, bus or on foot. You should, however, carry some sort of secondary identification showing that you are American, such as a driver's license, birth certificate or voter registration card. Such identification is also considered to be sufficient for day-trippers or those on short trips throughout the Caribbean and Central America.

If one looks and sounds American, the usual question will be, "How long have you been gone?" The proper answer is, "Just the day." Other common questions are:

"Where do you live?"

"Where were you born?"

"What year were you born?"

"How often do you visit Canada (or Mexico)?"

"How much money are you carrying?"

Of course all questions should be answered so that you appear to be the typical innocuous tourist.

The main reason for any question in the first place is to size up your accent and detect illegal aliens or smugglers. Naturally, someone who looks and smells like an Egyptian camel driver is likely to get the third degree. Similarly, someone carrying enough luggage to keep even an heiress content for a month would probably receive much closer scrutiny, especially if claiming to have only been gone for the day. Still, a reliable story could cover almost any possibility, meaning that for the most part, PTs should be able to cross unhindered. Only one out of a thousand cases would face anything as unpleasant as a body search.

By crossing via this somewhat indirect route, one can enter and leave the US at his discretion. A quick bus trip from say Buffalo, New York to Toronto would eliminate any and all hairy possibilities. The international journey could then be continued on from Toronto, perhaps after a few days on the town. Remember also that any and all flights within the continental US are not subject to any immigration or border controls.

Avoiding Border Controls

In addition to the US, it is possible to enter and leave most countries via similar backyard routes. Most of continental Europe has now dismantled its border posts. Even in the UK, which has insisted on maintaining some border control, those in possession of an EU passport are simply waived through the newly created blue channel. Crossing borders by land between almost all neighboring countries on good terms with one another are rarely of the formal variety that one encounters when arriving at international airports.

Furthermore, in most countries of the world, there are many ways to get in and out of the country without attracting even the smallest amount of official attention. Border posts are not always manned on many small country roads. In many places, such border posts do not even exist at all. I personally know of several places between Canada, the US and Mexico, where no one is ever stopped or asked for identification.

From Switzerland, one can ski across unguarded borders to or from six different countries. For countries with wide open vast borders, a cruise boat, private fishing boat, private plane or freighter is often the best way to enter and leave inconspicuously. If one wants to visit countries on a freighter without a passport, a seaman's identity card is all that is needed to pass through port customs, if there is any customs check at all. For anyone desiring no government contacts at borders, a bit of study and a small fee to a taxi driver or boat owner will make border crossing without documents possible.

I emphatically do not advise illegal border crossing just for the fun of it, but in times of war, persecution or false accusation, flight to safer grounds may be more prudent than taking on hostile border guards.

Your Second Passport and Your Home Country

You should also be exceedingly careful when visiting your home country after having acquired a second nationality. For example, a US citizen or former US citizen should never enter or leave the US with a foreign passport that gives a US birthplace. If he does it will sound alarms at the border. The US does not permit current US citizens to exit or enter the US with a foreign passport. Most countries have similar rules. Those who try and are caught carrying passports of more than one nation across a border are in for a third degree grilling. In spite of their policies, most countries do not favor the idea of its populace being able to carry more than just their prized travel document.

The official reason for such practices is that customs and health department officials need to monitor where people have been for tax reasons, disease control and above all, to contravene drug smuggling. I have always personally suspected that government officials enjoy controlling and restricting people purely for the power it gives them. Whatever the reasons, bureaucrats act as they do. They are invariably convinced that they have nabbed an international criminal when they find one person carrying two or more passports.

In short, this means that it is likely that anyone caught crossing an international border with more than one passport will have all but one of his passports confiscated. With a good reason, a confiscated passport may be recovered in a time consuming, expensive court action. The moral of the story is that you should be aware that getting caught with a second passport on your person or in your luggage will provoke a confrontation. You wouldn't go into a vegetarian restaurant for lunch dressed in a bloody butcher's apron, would you?

Having a second foreign passport, even in a different name is, in and of itself, neither illegal nor immoral. It is not considered to be a crime by most civilized countries. Some governments are so paranoid that they prohibit all travel and make elementary freedoms, like having a second passport or a foreign bank account, a capital crime. But I am not talking about Burma or Cuba where the rules are far outside of normal human experience. For the most part, even in the US, it is not illegal for an individual to have and use a second passport or even a second identity, unless of course the second identity is used for fraud or criminal activity.

Clark Gable, Rock Hudson, Marilyn Monroe and Mark Twain were all assumed names. In Germany, a certain Bavarian corporal was born Alois Shickelgruber, but since "*Hell Shickelgruber!*" didn't fit in with his grandiose ambitions, we remember old Adolf under a different name. The bottom line is that your second identity kit should be kept secret from everyone who constitutes a potential threat or problem. Then when you need to use it, it will be available.

Crossing Borders with Only One Passport

When traveling, before crossing a border, it is easy enough to mail or send ahead by courier service any and all passports that you do not need for the border crossing at hand. If more than one passport, they should be sent separately and addressed to you in the name on the passport in the care of a friend, banker, mail drop or even a hotel where you expect to stay. It is probably also a good idea to send different passports to different destinations.

If a country stamps your passport upon entry, be sure to use the same passport when leaving. In this regard, Switzerland is a favorite starting point. Incoming or outgoing passports are not stamped but the next countries across the border, ie, France, Germany, Austria, Liechtenstein and Italy will give you a souvenir stamp, routinely upon request.

As international mail is routinely X-rayed for bombs, currency, contraband and other interesting things, it is best to wrap a passport in X-ray proof material before mailing. I understand that carbon paper is good for this purpose. You should also be aware that mailing passports without a special government permit into some countries, including France and Italy, has become illegal due to the alleged use of such practices by terrorists. A consular official can advise with regard to the rules of any particular country, but for the most part a passport may be mailed ahead legally without any special permits.

Express delivery companies are obliged to know all the rules, meaning that a phone call to DHL, TNT Delivery, UPS or any package forwarder, should give you the low down on whether there is any problem in shipping a passport across a border. Obviously, diplomats can carry or send all the filled out or blank forms for passports they want by special diplomatic pouch. If there is any problem in mailing such a document to where you need it, a friendly diplomat can do it for you.

Blending In

The basic idea behind PT border crossing is to attract as little attention as possible. In other words, look like a tourist! A silly hat makes one appear more like a clown and less like a threat. A camera around the neck is also a good prop. If a customs officer begins tearing through your luggage it's a good idea to take a photo of the mess and damage. If he asks why, just say, "I am doing a freelance travel article for my local newspaper and thought that our encounter might make a good little story." Harry Schultz may print any good tales in his newsletter as a warning to other travelers. Never get angry, shout or lose your cool with a government official. Just ask for their name and badge number and snap their photo doing whatever nasty thing they may be doing. If they object or lose their cool, always be friendly, courteous and offer to send them a free print.

Don't speak their language, even if you know it, unless of course your passport and identification makes it obvious what language you speak. Understand what they are asking for only selectively. Smile! Say, "*Desolay niente comprendo.*" That's tourist talk. A useful combination of French, Italian and Spanish for, "Sorry I don't understand." In fact, a few choice phrases in Esperanto are one of the best ways to convince a customs official that you are too stupid to be taken seriously, which is exactly what you want him to think.

With a little bit of common sense and a few preliminary precautions, the PT can sail across international frontiers free as a bird. Just the fact that he has more than one travel document to choose from means that he is in a better position to reduce any and all possible aggravation. Hence, although the PT spends more of his time crossing borders than the average mortal, with a little bit of forethought, he really has nothing to worry about. It's a good idea to read the *Travel Information Manual*. This sets out duty free allowances, and more importantly, warns you of contraband items. Possession of these could lead you to questioning or fines.

Avoiding Taxes Legally

The most obvious benefit of becoming a PT is financial. Whatever taxes you used to pay, you simply will not have to pay anymore. Taxes can be legally avoided, in spite of the fact that even Benjamin Franklin may have said. "In this world nothing is certain, except death and taxes". He was wrong, at least about the taxes.

For anyone with a suitable occupation or investments that provide enough income to live on, becoming a PT means a drastic change for the better in quality of life. You can spend more time in the sun or doing creative things which give you pleasure. Any person whose income is derived from work that can be done without a fixed single place of business in a high tax jurisdiction is a potential PT. Anyone can triple his income and free time immediately by becoming a PT.

How is this miracle accomplished? Simply by reducing the amount of time wasted on government required paperwork and compliance with silly regulations. By escaping the tax collector, any business, profession or creative activity can be enhanced with earnings reinvested in supplies, equipment or self-education. Taxes flush most of the tangible results of your creative labors down the toilet. The economics of the PT lifestyle permit concentration of time and resources on what is important to you.

The only people who cannot benefit from becoming PTs are those whose lives are devoted to sucking at the public tit, people who survive through no creative effort but who live off the work and effort of others. The politicians give away to others the tax money they steal from you. It is from the confiscator burden of supporting these unproductive elements of society that the PT wishes to escape. Leftists might describe the recipients of government largesse as the needy, but as I have already shown, the beneficiaries of government grants, subsidies and salaries are more often than not big agricultural cooperatives or corporations, who get handouts only because of their political clout.

What is a Fair and Reasonable Tax?

It is stupid to be blindly against all taxes. Society has always had taxation in one form or another and probably always will be. The money taken through taxes does do some good, along with a lot of waste especially in matters of national defense. Even I am willing to admit that governments are needed for some things, such as establishing weights and measures, setting minimum industry standards and grades, requiring full disclosure in the labeling of foodstuffs, running a court system and operating a minimal police force to suppress violence and fraud and to protect persons and property.

Most individuals who have adopted the PT lifestyle would have been more than willing to let inertia keep them in the country where they were born. They would have accepted the risk of being on the receiving end of a prosecution due to the false belief that such an

eventuality could never be their fate. The average middle class person would be happy to be allowed to get on with his over-regulated life and even pay a reasonable, simple, predetermined fixed flat-rate tax, like ten per cent of income, but regulations are not easy to comply with and taxes are never simple to calculate. They are progressive and incredibly complicated. For those in higher tax brackets who own a business, the records required and the amount of taxes to be paid are never reasonable.

Although the US, under President Reagan, supposedly reduced the highest tax bracket to 28 per cent, seemingly less than half the average European tax rate, this figure is far from the real percentage of income that must be handed over to Big Brother each year. As of 1991, a five per cent surtax was added, bringing the true federal tax rate to 33 per cent. Then there is another five per cent or so for insurance and social security, a tax by another name. In addition, most American constituent states and even most major cities have their own local income taxes that get tacked on. This multiplicity of taxes does not normally occur in Europe or in the rest of the world.

All of this adds up to create a true marginal tax bracket of around 65 per cent for any productive American earning more than US \$75,000 per year. This figure is a great deal closer to the official rates of Europe. In the UK, for instance, the maximum tax after a 25 per cent rate on the first US \$40,000 is 40 per cent plus 20 per cent for national health insurance. Thus, the real percentage of income paid by productive people in the industrialized world is between 60 and 75 per cent of their income in direct taxes. Another 20 per cent may be paid in the form of a sales tax or value added tax which raises the price of all goods and services. In Scandinavian countries the tax burden is a great deal higher. Almost every wealthy Swede or Dane has been a PT for years.

What is a fair and reasonable tax? I say ten per cent, maybe even as much as 20 per cent, but certainly no more than that. If we work all week, maybe it's okay for Big Brother to take for legitimate expenses of government what we earn on Monday, but when we have to work for Big Brother on Monday, Tuesday, Wednesday and Thursday as well, that's excessive! Such confiscation is more like slavery than free enterprise.

I have already discussed at great length the manner in which socialistic idiocy manages to squander most of present day taxes. The point is that welfare and social services, instead of ameliorating the problems they were designed to solve, just bring more pigs to the public trough. The total number of people now employed in dispensing red tape at all levels of government or subsisting on government handouts is more than one half of the population. This is true in western Europe and North America. For every person working on producing some useful product or service, there is at least one dependent created by Big Brother. That would be bad enough, but about one third of the people in the private sector are fully or partly employed in coping with government. Just think about how many lawyers, accountants, compliance officers and the like have become necessary in order for you to run your business legally.

The Rules are Constantly Changing

Even more maddening than excessive tax rates is the fact that tax laws, particularly in the US, change so radically every year. Sometimes several major changes are made during a tax year! Constant tinkering by politicians makes it impossible for any individual to plan his affairs and investments with any certainty. If one sets up a pension plan, sells a property on a time payment plan or agrees to take a foreign job based on a particular tax concession, the government will often change the rules of the game midstream.

Income that many people planned and budgeted to live on is often simply confiscated by an after-the-fact change unilaterally imposed by governments who hardly ever act like honorable parties in a private contract. Governments lure people into arranging their economic lives in a certain way. They offer legal or tax advantages and then when enough suckers have taken the bait, they pull the rugs out from underneath them, change the rules and confiscate all the chips.

Fifteen years ago, Costa Rica offered foreign retirees a tax break and a guaranteed income if they would deposit the equivalent of US \$50,000 into a Costa Rican bank and move to their beautiful sunny country. All went well for a while, but when things got a bit rough for the government, this foreign deposited money was the first to be confiscated. Some 30,000 pensioners depending on the interest from their deposits were told, in effect, to get lost.

Mexico once offered a 19 per cent tax-free bond payable in hard currency to foreign investors. In the end, they paid off in devalued pesos resulting in a 90 per cent loss of capital for investors. Spain lured real estate developers to tourist centers by promising nominal taxes on developed property. Then, in 1991 taxes were raised to a new figure that was 6000 per cent higher than the rate originally established.

The honest taxpayer does not only have to make vital economic decisions based on tax repercussions! he also has to work into his calculations the odds of future changes. The non PT has to use a crystal ball to make an intelligent guesstimate of what changes in the laws governing him might be. All these frustrating calculations combined with the necessity of keeping receipts for every silly lunch or taxi ride can take up the major portion of a person's waking hours. Nonetheless, in the end, the complexity and instability of the rules insure that the taxpayer will never get it right no matter how hard he tries. Moral of story? When dealing with a government, extreme skepticism is always called for.

The Avalanche of Paperwork

Taxpayers must also undergo the agonizing process of preparing tax returns each year. They are then required to wait several years to see if their return will be audited, all the while being forced to keep intact their elaborate records from years long gone past.

In the end, everyone is audited sooner or later. No one can claim that it is a pleasant experience to be confronted by some young punk who, if he chooses to find fault with

your tax returns, has the power to ruin your life completely. Those who think that I am exaggerating the problem simply have never been in such a confrontation. Of the people who can be considered successful in life, only a few do not have their own particular horror stories to tell. It is just a matter of time until your "lucky day".

Canada is almost as bad as the US. The UK and Australia are not far behind. Japan and Sweden are perhaps the worst of all. In each of these countries, tax collectors enjoy almost unbridled power which they employ with the utmost arrogance. Courts in most countries have seemingly waived traditional human rights in tax matters. Self incrimination is required. Professional advice is often found to be insufficient to clear you of criminal intent by the courts.

In addition to the problems posed by tax collectors, there is the whole gamut of other annoying regulatory agencies. In most businesses, government agencies make you file things like environmental impact reports. These reports, a new favorite in the US, are statements which estimate the damage to the environment that will be caused by any proposed physical changes to any property. This includes, but is not limited to, upsetting nesting habits of birds, disrupting patterns of animal traffic and changing vehicular traffic flow in the neighborhood. Such EPA reports documents, universally regarded as pure bull, must be given under oath with penalty of perjury practically every time you go to the bathroom. It is bad enough to have to file such documents, but what is worse is the fact that if some bureaucrat finds anything in it to be incorrect, the author of the document can go to jail.

Most tax money is used to pay vast armies of functionaries to tie us up in red tape. Opting out of the entire tax and regulatory scene is vastly appealing, not only for the money, but also for the hassles that can be avoided. Hence, a means through which we can avoid all of these hassles thrown at us by Big Brother is not only desirable, but with each passing day, more and more necessary. If PT did not exist, it would have to be invented.

Problems If You Fiddle

Taxes can be illegally evaded by overstating expenses or concealing holdings in foreign, unreported accounts. The possibilities for such frauds are endless and are commonly referred to as the fiddle. Undoubtedly, income tax statements worldwide are among the best works of fiction composed by man. Nonetheless, such practices are extremely dangerous for reasons already made more than obvious. If discovered by tax investigators, false reporting or the concealment of assets would be considered tax fraud, subjecting the wrongdoer if and when caught to severe penalties, fines and a prison sentence.

The PT need never be a participant in such illegal schemes. All taxes can be avoided by using the right opening gambits. As I have already explained, avoiding excessive taxation is really fairly simple. To begin, move all of your assets outside of the reach of your home jurisdiction. Where to is not important, as long as they are outside the reach of your home government. Anywhere in the world can be equally good from a tax point of view.

You can then rent a home, or even a room in any tax haven. Bermuda, for instance, where there are no income taxes. By filing appropriate paperwork, you then also institute a change in residence as well as domicile and thus create a "fiscal address" as it is sometimes known. As a non-resident of your home country with income derived entirely from outside of its jurisdiction, you will no longer be subjected to taxes by this now jettisoned Big Brother establishment. You will also no longer be required to file any reporting forms whatsoever.

Citizens of almost all countries on the planet just have to leave home to discover that the entire world can be one giant tax haven. The subject of residence, domicile and jurisdiction for tax purposes might seem to be complex if you have attended a lecture by a university professor on the subject, but in actuality it is quite simple. By following some simple guidelines, the PT can come and go as he pleases, do what he wants and avoid most of the unpleasant aspects of life. The thing to remember, is that anywhere but your native country can be your Perfect Tax-haven.

Of course, again as already explained, US passport holders have the additional problem that they must divest themselves of their US passport to qualify for complete tax exemption. Nonetheless, with the proper mental attitude, even those held firmly in the grasp of dear old Uncle Sam can break free easily.

Staying in High Tax Jurisdictions

Alternatively, the PT who insists on spending most of his time in high tax jurisdictions can keep assets and businesses free of problems by placing them elsewhere. Trusts, foundations or holding companies can allow you to control your assets or operate major industries in high tax countries while still avoiding most taxes.

During his lifetime, Howard Hughes kept his billions in the name of a medical research foundation that spent about one-tenth of one per cent of its income on medical research. The rest stayed under the control of Hughes who paid little or no income tax for many years although he was, for a time, the richest man in the world. Howard Hughes was a partial PT who moved abroad to avoid inheritance taxes in his later years, but for the most part did not run his life on a very rational basis. Hughes was an unhappy, misanthropic recluse and certainly not anyone I would recommend as a role model.

Another billionaire of my acquaintance, who shall remain nameless for obvious reasons, commutes into either Paris, London or New York most Mondays and then leaves on Fridays. As only minimal assets are registered to him personally in each of the three countries involved, his proper documentation consists primarily of unlimited transit visas from the places where he spends his time. He is domiciled at a place he seldom visits, but because he is always in transit it is all legal. He remains a non-resident of the UK, the US and France for income tax purposes.

This gentleman quite likely owns more land in the US than any other human being. Forgetting his North American holdings, he is also probably the wealthiest Frenchman and one of the wealthiest Englishmen. Although bald and pudgy like your author, he enjoys the companionship of two of the world's most desirable women. All his working days are spent on planes or at his offices in high tax countries, where he looks after his controlling interests in major, listed, publicly held corporations. Yet he is not liable for any personal income taxes.

What's the trick? He has mastered the basic PT rule. Do not stay in any country long enough to be classified as a resident for tax purposes. Do not have any significant assets in your own name. Have a second or third nationality with a country that does not bother nonresidents. Acquire a domicile and residence for tax purposes in a tax haven.

Attaining Optimum Freedom

No matter what your current situation or your current desires, the PT plan can be implemented in a way so that you can achieve each of your objectives. By maintaining an open mind and formulating your unique PT approach, you will be able to successfully rid your life of all of the hassles brought to it by Big Brother establishments. No more paper work, no more red tape, no more bureaucratic hassles and most importantly, no more taxes.

The key to success is to not legally reside in any one place long enough to become subject to income taxes. Only in tax havens can the PT spend unlimited amounts of time. Becoming a PT means no more record keeping requirements and no more need to fill out the multitude of forms required by government. The PT can also say goodbye to lawyers, accountants and best of all to the feeling that he is always being regulated or scrutinized. He is no longer a mere millimeter from catastrophe.

Although PT is a radical and new concept for the middle class, the very rich of the world have used variations on the PT theme of international diversification for years. The PT option is not just elegant but luxurious in its simplicity. The pluses vastly outweigh the minuses for people who have the means to live without working as a wage-slave or who are in fields of work that do not require a nine-to-five grind within a high tax country. Life really is too short to be the slave of rather vicious bureaucrats and tax collectors. Hughes, who moved abroad to avoid inheritance taxes in his later years, for the most part did not run his life on a very rational basis. Hughes was an unhappy, misanthropic recluse and certainly not anyone I would recommend as a role model.

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Should You Become a Pt

Is it advisable to become a PT? It sounds expensive and cumbersome, doesn't it? Moving to another country, then keeping your money and businesses in a third country, officially residing in a fourth country, using identity papers issued in a fifth. Is all that really necessary just to protect your freedom? Surely, there must be easier ways? Perhaps there are, if you find them, please let me know.

It is probably a big step for you, both emotionally and financially, to resign as an involuntary, conscripted taxpayer by moving to another country. After all, less than 0.2 per cent of the world's entire population lives outside its country of birth. This statistic is incredibly small, particularly when one considers that it includes refugees, embassy staffers and foreign-aid workers. Only a minuscule minority of all expatriates have relocated with the sole intent of getting out from under Big Brother's thumb to live anonymous safer lives as permanent tourists. This is, however, no reason why you should not do so.

Ponder the statistics. Less than five per cent of all Americans ever obtain a passport. Americans can visit Canada and Mexico without one, but most Americans rarely venture outside their own state. For most Americans just going to Washington DC is like going to a foreign country. Sad. These are people who will never acquire a sense of the world as being an overflowing treasure-trove of opportunity and new discoveries. They are content to stay at home, watch the tube and, if so inclined, keep up with the Joneses next door. Not much of a life, but you will get little out of life unless you are prepared to put some effort into it.

Will you be happier as a PT? Probably yes, but there are no guarantees. Many of those who actually move to a foreign country become disappointed and unhappy in unfamiliar surroundings. People who have not traveled often have unrealistic expectations. Even among former Soviet escapees to the West, about 25 per cent returned home. Another 25 per cent are more or less profoundly unhappy in their new countries, despite the fact that freedom of speech, economic opportunities, social prospects and quality of life are far greater than what was left behind. The reason for such unhappiness is simply lack of preparation and the proper mental attitude.

Where there is freedom, what you get in life depends almost entirely on what you put into it. In the army, in closely regulated dictatorships and in some jobs, it is not necessary to think or to put a great *dead of effort into the activities of any single day: One does what one is told*. After years of such conditioning, it may be impossible to become a PT. As I have already noted, recently released prisoners often commit crimes in order to get back into a familiar institutional lifestyle where they feel more comfortable. We are sad for those individuals who prefer prisons to freedom, but we recognize that most of humanity is of just such a mindset.

PT is Not for Everyone

The knowledge I reveal in this report confers considerable power. Not everyone can intelligently handle the reality of being entirely responsible for his own destiny. If you need the constant guidance and leadership of politicians, if you think they have superior qualities of judgment to your own, then you should not be reading this report. PT is for individuals who believe life is a do-it-yourself project.

PT is suitable for those who, like the great spiritual leaders and individualists of the past, are inner directed. It is for men and women who seek no rules to live by from other leaders. PTs must be adventurous, internationally mobile, flexible in all things and tolerant in the extreme. We should not seek to impose our moral, political, religious or parochial ideas on others, for that would make us as bad as the politicians and reformers we are trying to escape. We have to recognize that each community has generally accepted ways of doing things. As tourists, we are for the most part not expected to be conformists. Neither will we be permitted to go too far in disrupting normal activities without being invited to leave.

PT is likely to be perceived as a practical lifestyle by only the upper two per cent of the population. PTs are going to be outstanding people who in other ages would have been adventurers like Cortez and Pizzaro, early scientists like Galileo, original thinkers like Bruno or Spinoza, explorers like Columbus, conquerors like William of Normandy or pioneers and loners like Daniel Boone of America.

Military prowess and physical stamina, however, are not needed by the PT to gain mastery over his world. You do not need to found a new country or displace someone else to make yourself a sovereign. The PT need not dominate other people. He or she must only be willing to break out of a parochial way of thinking. The PT must be superior only in that small area located between the ears. We speak of the potential PT now in terms of wealth' talent, intelligence and creativity. For those who come prepared with the proper mental attitude and at least a slight sense of adventure, the PT lifestyle will open up doors that were previously not even seen. To my knowledge, it is the most rewarding type of lifestyle currently available.

Three Million Reasons to Become a PT

While discussing some of the material I present in this report with an old friend, he said, "You should have a section called Three Million Reasons to Become a PT." I told him that even if I could think of that many reasons, which I couldn't, there would not be room because I had in mind a rather short report.

Then he told me this story:

"My twin brother is Stilla Taxpayer. I'm Notta Taxpayer. (Bet you figured out that we aren't using real names here.) We both got MBAs from Harvard and both pursued careers

in investment banking, underwriting and finance. Stilla is a partner of a major firm in New York City at the age of 49. He is well paid and makes over US \$300,000 per year, pre-tax. Ten years ago we were on similar career paths, but I happened to move to London, because of some information I encountered in the *Harry Schultz International Newsletter*. I became a subscriber and thus continued to receive unconventional advice.

"As a result, I was able to work in the City of London as a 'non-domiciled alien' and have my salary and commission checks paid abroad. I haven't noticed any restrictions on my movements. I have always traveled when and where I want. Because I got a second passport, I have not filed a tax return in the US for the past ten years. I never formally renounced US citizenship, but would take the position that I did if the IRS ever bothered me during a visit to the US. I always visit as a tourist for under four months at a time, with a tourist visa on my non-US passport.

"Yes, at the time, it was a major decision to move and to obtain a second passport. Now after ten years of infinitely greater freedom from Big Brother and his onerous record-keeping requirements, I wonder what I was worried about. Making the move to become a PT gave me a case of stage fright for no rational reason. As soon as I did it, the fear of the unknown evaporated and I wondered what it was that had ever made me the least bit uncertain in the beginning.

"What are the three million reasons? As I have not given up a third or more of my income to any tax collector nor invested in convoluted tax-avoidance schemes like my brother does, after ten years, my net worth is well over three million dollars more than his. There's your three million reasons. The amount I spend on tax and tax accountants is nil. I have no audits. I file no tax returns. Even if my brother did have the extra three million, his after tax income would be half of what I keep per year.

"When we die, my money will go in its entirety to whomsoever I want it to go. My brother, or more to the point his heirs, will have to worry about a maze of probate costs as well as inheritance and estate taxes that could take up to 90 per cent of his estate. So you see, by the time of the final curtain call on our lives, there will probably be ten million reasons to become a PT."

Yours truly,

Notta Taxpayer, PT

The Almost Unlimited Benefits of PT

For the modern PT there is no pathetic longing to return from exile to a long lost homeland. The PT is at home wherever he may be. Each country has different technical rules on how long one may remain within its borders without becoming resident for tax purposes. The average is six months. There is no place on earth that I know of where someone on a three month visit will become a resident for tax purposes. Therefore, to

remain a non-resident of anywhere and everywhere, simply arrange to divide your time between two, three, four or any number of homes.

1. A PT abroad can do pretty much as he pleases. In most countries this includes owning a home or rental properties as well as making business deals and other investments. I used to believe that the only thing you could not do as a PT was hold a nine-to-five job and stay in one place all of the time, but it turns out that if one works a regular salaried shift for a foreign government, as in a consulate or tourist office, or for an international agency, such as UNESCO or the World Bank, one can be a non-resident of the country one lives in for tax purposes and stay full-time with all the benefits and tax-free status of the PT. As a diplomat one can stay in a country indefinitely, but for legal purposes be a non-resident.
2. A PT will inevitably gain a new perspective by living among different people and under a variety of political systems. Changing environment several times a year keeps us fresh, alert and out of commonplace ruts.
3. A PT will increase useful contacts, make new internationally orientated friends and acquire lovers in several ports if that is desired. At the same time he will keep valued old friends who will, often as not, see the light and become PTs themselves.
4. Because a PT changes residence and friends often, he has the opportunity to limit contacts with timewasters. Old cronies who have become moochers and no longer contribute positively to your joy in living can be dropped. Consider other dead wood. We all have certain relatives we would like to see less often. Wouldn't it be lovely if that mother-in-law or brother-in-law couldn't come by for their regular free Sunday dinner at your house? When you are 15,000 kilometers away, unwanted regular social obligations are history! You get a fresh start. As to relatives you'd like to see more, perhaps children and grandchildren, your tax savings as a PT will more than finance plenty of charter-flights during their school vacations. Kids love to visit Pop or Grandpa in exotic places, especially if there is surf, sand and other kids to play with.
5. A PT can follow the sun, slalom down perfect powder ski-runs, slake fine tax-free booze, study and be scholarly or just seek out whatever weather and climate is desired. No more slushy winters or devastatingly humid hot summers. As PTs we can divide our time between the places and among the people we like best. Sunshine and comfortable temperature are ours, all year round.
6. A PT is almost always treated far better than locals by the authorities. A tourist or potential investor is not just another subject or citizen to be bled dry for taxes or sent off to die in the War of the Week. The PT as a tourist is cultivated, catered to and exempted from all onerous duties, such as military service. There are other special privileges. Minor offenses like traffic violations are usually forgiven. If a PT does not get what he considers to be the proper degree of civility or respect, there are a million other cities and towns to choose from.

7. As a general rule, apart from punishment for real anti-government political activity, the PT is not of the torturable class. Locals may suffer arbitrary imprisonment, but foreigners are usually exempted from abuse. Nonetheless, the PT should always travel on a neutral passport to avoid inadvertently being drawn into any anti-governmental disputes.

8. All over the world, PTs can obtain goods at special tax-free discount export prices. As a result, liquor, food, cars, special hotel packages and transportation may end up costing the PT only a fraction of what ordinary mortals must spend on them. In Italy, the foreigner can get one-third off the price of gasoline. In France, there are 43 per cent discounts at most department stores on most products. In Denmark, cars are half-price. Everywhere liquor, cigarettes and other sinful items are tax-free for arriving and departing tourists. Truth is, the best place to live changes with your attitude, budget, age and tastes.

Chapter 20

PT and Morality

We all have our own way of looking at things. Some of us, unfortunately, have a way of seeing goblins, fairies, devils, conspiracies, miracles and other strange phenomena behind every wall. Christians, some of them anyway, believe in bodily ascensions to heaven, virgin births, angels and devils. The few remaining communists similarly believe that history will unfold according to the Gospel of Marx and shape their perceptions to fit contradictory facts. Otherwise intelligent people I know have told me that Zionists are conspiring successfully to control the world. A girl I always considered to be intelligent, in spite of a preoccupation with astrology, once insisted that she was the reincarnation of an ancient Egyptian named Thoth who sent messages to her in unconscious writing. She would put a pen in her hand and old Thoth would move it. She was always writing gibberish, but she felt it only needed interpreting to provide wisdom for the guidance of mankind.

Science has given us a way to test most beliefs and theories. It is called the experimental technique. This report is not the place for a great discourse on the scientific method, but, for instance, if astrologers believe that the sign under which one is born has some influence upon personality, achievement or anything else, it is possible to examine this belief objectively. One can study hundreds of thousands of people born on certain dates and at certain times on those dates and compare their characteristics with hundreds of thousands born under the same or different signs to look for any significant correlation or lack thereof.

As one might expect, the results from many scientific experiments have come out the same with monotonous frequency. There is no rational basis for astrology. Nonetheless, although astrology has been objectively proven to have no capability of predicting future events or of allowing one to come to an understanding of an individual's personal characteristics, millions of people throughout the world still continue to believe in such mythical abilities of the discredited science.

Primitive man had to invent gods, devils, angels, fairies, trolls, elves and such to explain phenomena that were otherwise inexplicable. Even today, fundamentalists of many religions will reject observations, scientific evidence and common sense in order to believe in some legend or theory that has no relation to objective reality. Ever heard of the Flat Earth Society? It exists and is full of a bunch of loonies who believe that every picture of the earth from space has been rigged by governments even more sinister than those of my wildest imaginings.

Beware of False Philosophies

If these beliefs were all just harmless superstition, we could ignore those who believe such crap and go on living an intelligently organized rational life. Unfortunately, the bottom line is that the majority, the people who support or vote for the politicians who control

governments, are usually nuts. If governments are steered or driven by individuals with irrational beliefs in religion or systems that are actually quite harmful to the common good, it is imperative that individuals find some way of separating themselves from the crazed mobs and their leaders.

As my readers are largely from the western world, I could score a few nods of agreement by referring to the old communist belief that collectivized agriculture is the only sensible way to organize food production. This is an example of a religious type of belief which somehow managed to persist for over fifty years in spite of consistent failure. Leaders simply continued to believe in it, even though it did not work. Only the produce from imports and a tiny percentage of land kept those in former communist countries from starving. Finally, when all other possible alternatives had been eliminated, the communist leaders gave up the ghost and headed for South America PT style.

My point is that governments are often controlled by religious leaders, whether their religion be formal and established or some new trend in thinking such as the "politically correct" contingencies. Theocracy may be okay if you share the belief that your leader has a direct pipeline to God or is in tune with Gaia or whatever the current term is, but is nothing but a nightmare if you do not. The problem with any such dogmatic system of belief is that it does not allow for even the possibility of any other type of reasoning. Often such belief systems have little connection with the real world. It takes a special type of person to be happy or even prosperous under such regimes. My first reaction to living under the rule of anyone who claims to be guided by God is to head for the nearest exit. Too much mischief and murder has been ordered by those who hear the voice of God.

The Anti-Pleasure Lobby

Since the beginning of recorded history, government, which was originally the religious and spiritual leaders in society, has sought to exercise control by limiting our basic human right to engage in any pleasurable activity that does not harm others. Even the word "Protestant" originated as an anti-pleasure expression. The fact of the matter is that there always have been and always will be people who revel in self-denial and do their best to insure that everyone else is just as miserable as they are. Such thinking was best expressed by Benjamin Franklin who once defined a religious person as "someone who goes to bed at night with the gnawing fear that someone, somewhere in the world might be enjoying themselves."

For the most part, people want guidance, discipline and rules to live by. They believe that they need protection from their sinful, destructive selves. People who join religious congregations are primarily asking to be provided with a ready made moral code, a code that is usually more strict than civil laws. The more fundamental and primitive the religion, the more restrictive the code. The vast majority of people seem to demand strong moral leadership from paragons of virtue such as Hitler, the Rev Moon, Ayatollah Khomeini, Jim Jones, Fidel Castro or similar types. All of this adds up to bad news for the PT.

Who could possibly be against harmless people like us who enjoy the pursuit of happiness and liberty? Unfortunately, all governments and most people of the world seem to be against such activity. Religious people throughout time and in all geographic areas have been antipleasure. They have condemned those who, like the Ant in the "Ant and the Grasshopper" fable, have managed to provide for their own financial security. The majority of people have a religious orientation of some sort that irrationally classes financially independent people as criminals.

Similarly, the religious person believes that in a world without spiritual values, it is only their existence and their prayers that keep everyone from going to hell. This not very silent majority forbids most pleasures and continually works to pass laws which make freedom and happiness illegal. Rich folk supposedly will have as much difficulty getting into heaven as a camel will have passing through the eye of a needle.

Morality and laws regulating it, when analyzed, are usually just methods of protecting the status quo against the often unreasonable fears of those in power. By criminalizing longpractised human activities and making them subject to severe sanctions and punishments, those in power have the ability to ostracize or keep from power almost any individual whose past they can sniff into. Thankfully, there is another option, the PT option.

Is PT Immortal?

PTs lead a life that most normal people would have mixed feelings about. Are PTs irresponsible and selfish? Or glamorous and exciting? Is our life enriched through freedom from conventional morality and restrictions? Or are we opportunists, taking all the goodies while evading our fair share of the burdens of civilization? The answer is in the eye of the beholder.

Due to jealousy or conflicting philosophies, the PT lifestyle is often condemned by those not smart enough, rich enough or innovative enough to participate themselves. The vast majority of voters have been conned into believing that they must be restricted in many facets of human activity for the common good. Anyone who breaks loose from the crowd and seems to enjoy life more than they do is an enemy. If this sort of person was to hear of the PT option, undoubtedly he would conclude that PTs are just a bunch of deviants and hedonists out to escape from any and all responsibility.

The truth is just the opposite. When all possible forms of self-indulgence are available for the taking, they become much less of a thrill than they once were. Before becoming a PT, you may have thought that everything desirable is either immoral, fattening or illegal. Once a PT, you will realize that all such things are just fattening. What can the PT do for encores? Most PTs, after a few years of freedom, start to think about what they can give back to mankind. Thus, it comes to pass that PTs by and large become idealists who promote freedom and free enterprise.

There is nothing criminal, illicit or even immoral about trying to protect your freedom. It is your perfect moral right to do so even if society has passed a number of laws making it illegal. When engaged in any useful, moral and ultimately profitable business, it will pay handsomely to adopt PT principles and avoid the spotlight. Only an infinitely small percentage of the population can even conceive of a life with no externally imposed restraints. Just as a child needs and accepts the restraining hand of a parent to keep him from devouring an entire box of sweets and making himself ill, most individuals concede that they like to have their government or church leaders set limits on their conduct. The problem is that they also want limits to be set on everyone else as well, making low profile, as always, a must for the PT.

Is PT Unfair?

Anyone living under a communist, socialist, fascist or any Big Brother regime is relatively enslaved. This report concerns itself in part with those few places, always tax havens, where a precious few can choose to escape. One of the major criteria for entry is that you must be wealthy. Is it unfair that ordinary working people cannot escape to become PTs? No, because no one need be an ordinary working person forever. A little effort combined with a change of philosophy and direction can turn anyone into a PT.

In the end, we are all ultimately responsible for our own destinies. It is not your responsibility to help all people of the planet achieve the level of personal freedom sought by the PT. As I have already explained, most people do not even desire such freedom. They would rather be taken care of by government and relieved of all types of responsibility concerning their own destinies. If that is what they desire, leave them to it.

It is also not your responsibility to finance such largesse. The PT is able to direct his own energies and finances in whatever direction he chooses. Often, such energy and money makes its way towards charitable causes. The resources of the PT are never senselessly squandered by misleading government programs. Thus, in the end, the greater good is accomplished for all, even for those who stayed at home. There is no need to feel guilty when you say goodbye to Big Brother. After all, what right does he have to play with your money.

Is PT a Conspiracy?

The major thing that PTs have in common is a desire to live free, and yet every PT has a different concept of what living freely involves. One of the few other traits that PTs are likely to share is a strong dose of rugged individualism. Beyond that, most PTs bear little resemblance to one another. PT is a response to Big Brother governments. PTs no longer wish to mindlessly be a part of a larger group.

There is no reason that PTs should not or could not be part of a well organized political lobby, but there is no PT cause as such. Put a group of PTs in a room and you will find that there is nothing that they can agree upon save to head in separate directions. Thus, in

spite of what those against the PT lifestyle may think, there can never be any such thing as the PT conspiracy. Most PTs have spent far too much time breaking away from groups and achieving a sense of independence to readily become involved in any group or association, no matter what form it might take or how desirable it may look. An essential part of PT is a commitment to nonconformity.

Is PT a Cop Out?

There is no reason to expose yourself to risks and unpleasantness by opposing any regime that you do not agree with. Move away! If you can afford it, try the French Riviera. Enjoy the beaches and their topless beauties basking away their mornings at the Monte Carlo Beach and Sporting Club. It is safer to fight injustice from a distance. Who says that one must be miserable when fighting for truth and justice? Dissidents who stay on the local scene and refuse to accept local authority ultimately end up in prison or worse. Crusaders and activists cannot have pleasant lives while fighting against an establishment in power. In the end, those who oppose oppression at great personal risk or by force are not nearly as effective as those who preserve a certain sense of physical detachment and even a sense of humor.

If reform is your *raison d'être*, a PT with a pen, or word processor nowadays, can help clean up the world just as effectively, if not more so, than those who resort to violence and brute force. Furthermore, they can get on with their own existence and win the game by enjoying life in spite of their now distant oppressors. Even Karl Marx was an armchair revolutionary who lived as conventional and comfortable a life in Paris and London as can be imagined.

Is this the right way or the only way? Of course not, but it is one way of handling life. Many people do not realize that the option of disengagement exists. It is neither moral nor immoral, neither right nor wrong. If you want to be a hero and sacrifice yourself physically or financially to some abstract principle, go ahead and do so. However, remember that the future belongs to people who are alive and have freedom of thought and movement. If you are physically dead, locked into some inflexible ideology or languishing in a jail cell, it is all over.

One life is probably all that we have. The world is about winners and losers. Winners can stop at any point. They feel positive about what they have done in life so far. They accomplish what they set out to do. They feel a sense of satisfaction with their past decisions, present course and future prospects. Losers constantly wonder why they did one thing rather than another. They wonder why they are constantly wasting their lives and their time.

The Bottom Line

Let me declare for the record that I personally abhor all forms of theft, fraud and violence whether emanating from individuals or governments. I do recognize that information

supplied here for PTs could be abused and misused by criminals, governmental or individual, but can only hope that such misuse will be minimal. Criminals may use PT methods for evil purposes, like avoiding retribution for past misconduct. Our information could make them more effective at perpetrating their frauds, but should we abolish cars because bank robbers use them?

The criminal use of PT I fear most involves bureaucrats and the international financial police. They may try to use the methods given here to close off the few remaining paths to freedom. Yet, I know that new paths to freedom will be discovered just as fast as Big Brother can try to close off my old favorites. Furthermore, just in case you come up against a seemingly immovable object, a few of the best secrets are always kept unpublished for private consulting clients. The desire for freedom is an irresistible force.

People who are intelligent enough to become PTs usually have a strong sense of purpose and a definite philosophy. Just the mere act of being a PT normally causes one to conceive a positive mission in life. Will your particular path be beneficial to humanity? Don't worry about justifying your existence. Adam Smith observed that if each individual is left alone to pursue his own ends, the greater good of all results as if everyone was being guided by an invisible hand.

Chapter 21

Your Personal Goal

1 2 3 4 5 ! --THE TEST

Take this test to get an idea of where you are on the PT quality of life index. Answer EVERY question with a rating of 1 through 5 with 1 being the worst situation and 5 being the best. When finished check your situation at the end of the "The test".

PHYSICAL AND MENTAL HEALTH

I usually feel:

In another five years my health will be:

In the past five years my health was:

GOAL ACHIEVEMENT

This is how I feel about where I am today in connection with my long term goals:

Five years ago I was doing:

RELATIONSHIPS

My love life and relationship with those close to me is:

My relationship with parents is (or was):

My relationship with most classmates at school was:

My relationship with teachers was:

My relationship with coworkers or those I come into contact with now is:

My relationship with employers or those in authority is:

In the future I think that most of my relationships will be:

ENVIRONMENT

The place where I live is:

The place I'll live next will be:

The place I work is:

The place I used to work was:

The place I'll be working soon will be:

CAREER & JOB SATISFACTION

This is what I think of the way I support myself:

FINANCIAL SITUATION

My monetary situation is:

During the past few years my situation was:

During the coming years my income will be:

OTHER FACTORS:

God thinks I am:

My moral standards are:

People I just meet think I am:

After they get to know me people think I am:

My personality is:

My looks are:

My friends are:

My mother is:

My father is:

My luck is:

My common sense is:

My main love:

My performance as a parent is:

My judgment of other people is:

My future will be:

SUMMARY

All in my life now is:

In the past five years my life has been:

In the next five years my life will be:

Now, tally all the numbers you have entered. Here's where you stand:

GENERAL GUIDE:

1. Under 100 is very bad news.
2. From 100-125 not so good
3. From 126-150 -- OK
4. From 151 to 175 -- Pretty Good
5. More than 175 -- You don't need this book!

The first task of all thinking humanoids is to know one self. What is important to you? To begin with, try out the things and places that you think you would like. You are always free to make or change your own goals. Your age, family situation and personal economics will constantly change and pull you in different directions. The PT must set down, preferably in writing, exactly where he is in life and where he would like to be in five, ten and twenty-five years. This is the process of setting goals. It is impossible to get where you want to be if you do not know where you want to go.

Keep doing the activities that you are currently engaged in if they are satisfying and remunerative. Nonetheless, by all means consider getting a toehold in the world outside of your present limited sphere of interest. In your own quest for freedom and privacy, whether it be personal, financial or otherwise, you will find that it pays tremendous dividends to go further in your endeavor and put more effort into them than may at first seem strictly necessary. In the words of the late, great advertising executive, Bill Bernbach, "If you reach for the stars you might not quite get one, but you won't come up with a handful of mud either." Which means that when you have set out to keep your money and your freedom, you should not be timid. Rather, think of yourself as what you really are, a soldier caught in enemy territory.

Are You Happy?

Happiness, contentment, inner peace or whatever you wish to call a state of well-being and satisfaction always comes from within your person. It is nothing more than a perception of self in relationship to the universe. For most people, their universe is relationships with other people, but relationships with things, such as a bank account or a

pet, can also be important. Relationships with an imaginary world of god(s), demons, elves or fairies can similarly cause happiness or depression.

For goal-oriented individuals, ie, those who do not simply drift where destiny leads them, happiness or disappointment is related to perceived progress or setbacks in connection with goals. Happiness is affected only to a small degree by objective reality. Some people feel financially secure with nothing, while others worth millions remain irrationally insecure over their financial situation. Healthy people can be unhappy over some perceived minor physical defect, while deformed or terminally ill people can approach each new day with a positive attitude.

To determine if you are happy, enabling you to make yourself even more happy, I have devised this quiz and accompanying chart. Mark the chart for each question. When you finish, connect all the squares by filling them in with a magic marker. You will probably learn something about yourself. Answer the questions honestly!

Winning the Game of Life

What is winning? All of us have a different idea, but perhaps it is the freedom to pursue a dream. Years ago, an American preacher named Reverend Ike had a television ministry. His basic idea was that if one visualized, focused on a dream, one could then actualize, make the dream come true. In this way anyone, with the help of the Lord of course, could make anything, including miracles, happen. Reverend Ike's sermons were broadcast live every Sunday. They were followed by testimonials from those who had experienced such miracles. Finally each week, the show ended with a request for your generous donation so that Ike could stay on the air and the miracles could keep on happening.

One program gave me a good laugh at the time. The memory of it has stuck with me for over thirty years. A chubby, middle-aged, jolly lady stepped up to give testimony about her miracle. She had been working in a factory all of her life. As a young girl she had dreamed of some day going to Israel and seeing Jerusalem, Bethlehem and the River Jordan with her own eyes. She could see herself singing Hallelujah at the place where Jesus was born. As time passed, with five children to raise and constant financial problems, she forgot her dream. Then, she tuned in to Reverend Ike and heard his sermon on making miracles happen. So, she prayed and a few days later she was in the promised land singing Hallelujah!

So far so good. I turned up the volume to hear the details of this modern-day miracle. "Aunt Jemima" as I came to know her, explained that after her prayer she went to visit her boss. She told him that she had three weeks of vacation coming and expected to take them just as soon as possible so she could visit the holy land. The boss said, "Why not?" Then she went to her neighborhood travel agency and asked about a trip. It just so happened that they had an economy priced Holy Land Pilgrim's Special/Gospel Singers package deal, group tour leaving in a few weeks, breakfast included. She took part of her savings, bought the ticket and the next thing she knew she was singing Hallelujah plus Swing Low

Sweet Chariot as part of a wide-eyed very enthusiastic group of tourists in Israel and Jordan.

"Where's the miracle?" I wondered aloud to my college classmates. "What are you watching such crap for?" they muttered back while switching channels to some new tangled game show.

For years I thought about that program, but it was not until about twenty years after the event that I knew why it had been one of those rare, inspirational experiences. There really had been a miracle for my friend Aunt Jemima. She had a dream that had been almost forgotten, but by an act of will and determination, she changed an impossible dream into reality. If she can do it, I can do it. If I can do it, you can do it.

Think Positive

If people, events, governments or your situation in life prevent you from winning then change things. Just by thinking and acting positively, simple as it may seem, you will get to where you want to be. Yet how many people in the world do the opposite? What good is anger, hatred, resentment or revenge? All of these activities or emotions require enormous amounts of negative energy that in the end bring you by express train to nowhere. Acts of rebellion, violence or vandalism are almost always done without thought of the consequences. There is simply no reason to be so destructive.

The PT when considering his next move asks only if it will work for him. There is no point in being negative and opposing everything. It is always better to do something positive, something that will help you win. Place yourself where you will receive the largest amount of benefits possible. It is always better to act positively to bring about a successful end for all parties concerned. Instead of provoking no-win confrontations, the PT just floats off to greener pastures.

What the Shrink Said to Me

Another great lesson that I learned happened many years ago. In the course of a long and rocky relationship, my wife (the cause of all my grief) and I went to what seemed like our 999th Certified Quack Marriage Counselor. Before we could lay our respective accumulated complaints on him, he said that this interview was going to be different. He would do the talking and we were not to say a word.

First there was the matter of paying the horrendous fee, in cash, in advance. Only because he had been recommended highly, did I pay it. As it turned out, this was the best thousand bucks I ever spent. You are now going to get \$1,000 worth of free advice. His half hour talk was a review of oriental philosophy, a story or two about the benefits of meditation and finally the statement that "reality is a subjective thing".

Other individuals in the position of my wife and myself, relative to each other, might have been extremely happy due to a difference in perception of themselves individually and as a couple. Another husband may have thought my millstone was sexy, pretty, intellectually stimulating and absolutely delightful to be with, and in a way she was. Another wife may have thought that I was handsome, sexy and appreciate the fact that I was prosperous instead of telling everyone she met this "funny" joke.

"You know", Millstone used to snigger, "most people say to a person who has crazy ideas, 'If you are so smart, why aren't you rich?' I keep asking fat stuff here, 'If you are so rich, why aren't you smart?'" Every time I heard it I wanted to hit her with a baseball bat. Instead, I could have found the humor in it. I could have even responded that one cannot have everything, and I'd rather have money than read Tolstoy. It was just a matter of perception.

Marriage counselors, I always thought, were supposed to keep marriages together. This one said it was quite unimportant whether we stayed together. In marriage and in life in general there were three basic alternatives:

ONE

We could go as we were. Perhaps we secretly enjoyed our arguments and hating each other, like George and Martha in *Who's Afraid of Virginia Wolf?* Masochism isn't logical but it's common. A majority of people will continue old behavior patterns simply because they are familiar. It is easier to stay in a rut, to complain that you are being exploited and wronged, then to assert yourself and take charge of your life. The blame for personal unhappiness can be placed on parents, bosses, spouses or society in general. People blame others for many things. The truth is that you and only you are responsible for who you are, where you are and what you are. There are no accidents, there is no predestination unless you choose to believe there is. If you do not like something, change it. Or, why bother to change? You may find that the problems will still be there even with a different partner, because problems are usually just a matter of perception.

TWO

We could stay together and find happiness just by changing our perceptions! Instead of assuming that we were always being insulted, dumped on and hurt we could decide to have more good laughs, more fun and maybe decide that we were just perfect for each other.

THREE

We could change the physical facts by separating. The separation need not be permanent. It might work out that way, it might not, but why not see what else is out there?

The Revelation

The reason this advice was so important was that it gave me a new way of working out what I perceived as problems. From that point on, life was much easier. I saw that I had been stuck in a trap. Bound up by the idea that marriages were forever and one had to try endlessly to work things out. Maybe what I was seeing as problems were really opportunities. A good swift kick in the rear is sometimes needed for one to get out and seek a complete change of place and partner. It might be terrific or it might be out of the frying pan and into the fire, but without experimentation we can't know the result. The option of just walking away wasn't really that unthinkable! So I walked. There were times when I regretted it, especially during the first few months of loneliness, but eventually life became a series of experiences that I would never have traded for another round of snarls and growls with Millstone.

The same concept I later applied to citizenship and nationality. If where you are and who you are not giving you what you need, sample the alternatives. PT is a point of view more than anything else. It is a realization that you are not trapped.

By becoming a PT you are mentally Prepared Thoroughly for changes. You can cultivate the company and pick the climate rather than let it pick you. You can and should engage in productive or creative activity. Don't let yourself get bogged down in routines that steal your life and do not bring joy. The PT can and should be ready to meet new people and form new relationships, particularly when old ones no longer work. If you feel depressed or lonely, don't sit alone and brood about it. Go out. travel. Mingle. Be a success. If you feel good about yourself, your life will reflect it, your life will work better.

The passport you hold or the country you live in is irrelevant except to the extent that the proper papers and a good environment facilitate getting on with the life you want to lead. If you feel that moral superiority is yours if you don't take anything from government via transfer payments or other forms of what some consider legalized theft, then you can cut loose from the welfare state. If it's important to you because of some inner belief system, you can neither pay tributes or accept benefits from government. You could, on the other hand, probably figure out a way to get government benefits without paying or giving up as much for them as the next guy does. We don't see anything wrong in that either. It really isn't necessary to live according to some theoretical principles nor to worry about morally justifying everything.

Spend your time and energy on what you think is important. If you do not want to pay taxes, a certain amount of time must be devoted to tax avoidance. Some people would rather devote time to more productive endeavors, such as writing a book or painting a picture. Maybe your particular pleasure is working out at a gym or making love. There are no absolutes. Arrange your life to make time for the pursuits that give you pleasure. If you are beginning to get itchy and wondering what the bottom line is, it is simply that if the techniques and ways of looking at life in this report work for you then use them, or part of them. If not, do not force yourself into a mould that does not fit.

Everything We do in Life Involves Trade-Offs

A fellow writer and friend of mine once told his girlfriend that he loved her but could not propose marriage. Why? He didn't want to promise to be faithful because he needed to be free to pursue other girls. The lady in question could have gone along with the existing arrangement, but as might be expected, she threw my pal out of bed. Angrily, she told him, "Come back if and when you are ready to make a more serious commitment." The girl was ready to give her all to make a permanent relationship work. "I want to be more than a disposable tool that preserves your theoretical right to have other girlfriends."

My pal had to choose between making a commitment to a very special lady who loved him or maintaining the status quo with quite a few others who would accept, or even prefer, more casual arrangements. Who can say that one is better than many? Who can say that a permanent commitment will really work out to be permanent? Is permanence guaranteed merely because you and the object of your affection are both very sincere at the moment of making such commitment? The PT, if he felt about marriage the way he feels about countries, would probably opt for the many instead of the one, but the nice thing about being a PT is that you can always change your mind.

A Chinese and Jewish Secret

Many Chinese and Jewish people due to unfortunate circumstances, have been unwilling PTs for thousands of years. They were cast out of their homelands, unable to return. This situation is not uniquely theirs. Irish, Polish, Russians, Arabs and Africans have likewise settled all over the world. Many ethnic groups have been displaced because of famines, conquests, revolutions, poverty, oppression and a host of other reasons. Like black Africans, the Jewish and Chinese were forcibly moved from their homes like animals to be sold as slaves or the equivalent. The same applies to Indians from India. Yet in spite of being reduced to the lowest possible circumstances, the Chinese and Jewish, plus other groups who shared their secret, have always emerged from adversity to survive and prosper.

Don't get me wrong. There are quite a few poor and unhappy individuals who are either Chinese or Jewish. Nonetheless, these two groups when compared with the overall performance of individuals in other groups, will always do better financially, artistically, culturally and politically. They will outperform other ethnicity's in almost every measurable way.

Why do they rise to the top?

Is there some kind of secret conspiracy? No. Minority groups in an alien culture must mobilize politically to protect their particular interests. Any group that does not get involved in the political process will be pushed around. Still, the Chinese and Jewish as minorities rarely do more than exert minimal influence. All aliens tend to have mutual-aid societies to help one another. They form extended family groups and tend to have close,

nurturing communities, at least for the first couple of generations in a new land. All this, at best, balances the ever-present discrimination against any minority group. In short, group dynamics is not the secret.

Do they assimilate better? No. Most immigrants soon learn the language and customs of their new environment. Within one generation, children can and will assimilate, but part of the secret is not to become like everyone else. Assimilation alone takes one down to the lowest common denominator, meaning that the reason that some groups do better than others is something else.

Is it something about their religion? Maybe. Certain religions teach their adherents to believe that they are God's chosen people because of race or blood. The Chinese feel that their nation is the chosen one. The Japanese are taught the same. So are the Koreans and the Jews. They all have a great deal of pride in who they are. Their people had universal literacy and highly developed cultures and works of art when most Europeans were still swinging from trees and living in caves. Knowing who you are, and that you are something special, is important. Call it positive self-image or pride. Believing that you are better than all other groups may be an unpopular concept with leftist-liberals who believe in the myth of equality, but an inner conviction that one is intellectually and morally superior definitely results in higher levels of achievement for individual believers, as well as for any ethnic group as a whole.

A Few Words on Religion

Mohammed discovered that literacy and a moral code, specifically the ten commandments, were reasons for Jewish prosperity and their well-ordered society. He made this observation at a time when the Arabs were fragmented and primitive. Mohammed called the Jewish the "People of the Book", admiring them greatly. As a result, the Koran and Islam were partly inspired by the Jewish old testament.

Mohammed understood the Chinese-Jewish secret, a belief in strong moral values and universal education. He took this "secret of the Jews" of universal literacy and made the ability to read and understand the Koran the cornerstone of his new faith. He then added militancy. During the 700 years following Mohammed's death, the young Muslim religion produced the most dominant and advanced culture in Europe, Africa and the Middle East. Today we tend to forget that much of modern science is based upon pure research conducted during this Arab ascendancy. The very numbers on this page, the symbols that made modern mathematics possible, were the products of an Arab's mind.

At the same time Confucianism was flowering in China. The Chinese secret of success was also a belief in the merits of education, a moral code and the worth of the individual. As centuries passed the original zeal died out. Conformity rather than individuality was encouraged by the Muslim faith, a sure recipe for the loss of intellectual vitality. Christianity's worst periods have always been when dissension or original thought are considered to be heresy, punishable by death. All religions, philosophies and empires have

a youth, maturity and eventual demise. A lesson of history is that the decline of a civilization comes about with the growth of a rigid and intolerant bureaucracy. Big Brother has visited us before!

As rigor mortis set in, the once-grand Arab and Chinese empires fell apart, but as individuals, the Jewish and Chinese who still cherished the educational ideals of their respective religions continued to make great contributions to human progress. The philosophy of humanism is a devotion to developing the human mind to rise to its maximum potential. The opposite of humanism is mindlessness or blind obedience of the sort expected by the likes of the Ayatollah Khomeini, or before him by Hitler, Stalin and Peron. Sometimes it is dangerous to be original or to think, meaning that PTs must not only be intelligent, but must know also when to conceal their intelligence.

A Few Words on Morality

There is a great deal of correlation between success and morality. People who are not overindulgent in drugs, strong drink, sexual excess or other extravagances tend to do better at whatever they do than those who are diverted. People whose religions do not discourage individuality or normal commercial practices such as borrowing, lending money, employing other people or becoming wealthy do tend to get ahead in business more easily. Black Africans who by custom are expected to share any wealth they have with a vast, extended family group are understandably less apt than others at becoming wealthy individuals, unless perhaps they are orphans or outcasts.

All of this talk of religion and morality has not diverted me from the original idea presented in this section, the Chinese and Jewish secret. So what about it? Do you give up? Are you ready for this secret that will help you personally to achieve all that you are capable? It is really rather simple, the secret that the Chinese, Jewish and many other groups have discovered is probably the best of all possible investments! "What's that?" you ask. They invest in themselves!

Education is the Secret

Every Jewish or Chinese parent wants their children to master both their ancient language, their native culture and to understand basic mathematics, law, languages, geography, history and science. This leads to a pride and self-respect as well as saleable skills. There is nothing like the ability to read and write effectively. The ability to do any job is enhanced by a good education and the self-confidence it inspires.

Chinese and Jewish people are also given a strong sense of the importance of the individual. They are not afraid to go out on their own. With a proper education, one can practice a profession or become a take-charge kind of person, not just someone who can think no further than to get a job working for someone else. With an exposure to the ancient culture of one's ancestors and an international outlook, success in any field is likely.

For the individual PT, knowing for certain that you are intellectually and morally superior to bureaucrats and government officials who would try to enslave you is a great comfort and sustenance when dealing with such individuals. It is not necessary to bluster and confront as insecure people must do. The PT simply does what is necessary to make any encounter work out as well for himself as is possible. He will bloom when planted in fertile receptive soil.

The PT, even if he was considered too poor a prospect for admission to a top-notch university, can and should learn things on his own. We can read and learn foreign languages. We all can and should become well grounded in the great books. It is not necessary or desirable to become mired into only one specialty or field of interest. We can all learn to play a musical instrument, to write music, to appreciate the wonders of theoretical math and physics, to read inspiring literature and to have an interest in what is going on in the worlds of science and politics. We should have one or more professions. We should know about business history and economics in general.

If you are thus prepared, even if deprived of wealth, your little two-pound brain will always be able to provide an income. Improving that single organ, the most amazing construction known to mankind, is a better investment than any holding in bonds, shares, gold, diamonds or real estate. In Shakespeare's Othello, Iago says, "He who steals my purse, steals only trash." The eternal value is not material things, but the knowledge in your brain and the skill in your hands. The best security from centuries of persecution, confiscation and constant uprooting is knowledge.

Do not depend only upon your investments for security. Always spend your spare time developing your brain. If you become an expert or even just barely competent in some field of knowledge outside of your regular occupation, you will have a richer life and more saleable skills. The education that you give yourself, your children and your spouse is the best investment you will ever make.

PT Problem Solving

For most people, "Japan" is just a word with no special meaning except for the names of a few car companies and stereo manufacturers. Most people would never dream of going there. Compare such an attitude with that of Sir Edmund Hillary who, when asked why he traveled halfway around the globe to climb Mount Everest answered, "Because it was there".

Perhaps you should think more like Hillary when it comes to guarding your interests and freedom, using whatever means are available to you because they are there. After all, even if you are too timid to venture outside the country where you live, even if you would never dream of traveling to a different continent merely to climb a big chunk of granite, there is every reason why you should, at the very least, make use of what the PT theory has to offer.

You can then put yourself in a position to not only retain, or regain, your freedom but also to increase your sense of personal security and safety. Not to mention the fact that you will multiply your income by several times. Through PT, you can lift yourself high above the fray of doubts, fears, insecurities, worries and occasional panics that permeate the lives chosen by default for most people. If you use these tools you will find that, bit by bit, you will tend to stop using phrases like "I can't" or "it's impossible" or "there is no way". Knowledge, both theoretical and practical, makes problems disappear and obstacles crumble. You can solve just about any problem that lands before you, given sufficient knowledge, time and resources. Or, to quote Henry Ford, "If you think you can, or if you think you can't, then you are right."

Chapter 22

Big Innkeeper, Not Big Brother

There are many excellent books and reports available on the topic of tax havens. With almost 240 different political entities to choose from, there is certainly no shortage of governments in the world. The PT, due to his unique perspective, is free to regard governments as something like those big hotel management groups which rent space and provide services in their hotels. Hotels are okay for a visit, but you wouldn't want to stay in them forever. There are just too many interesting places to visit. Why park yourself in one hotel (one country) for a lifetime?

As a PT you must be careful not to make any long-term commitments, like buying a permanent establishment or taking out citizenship in a place you would like to live. Such acts will only leave you in a similar bind. Do not be like the long suffering husband who on the first day of his divorce goes out and re-marries, moving smoothly from the pleasant limbo of freedom to another hell. I am not saying that all marriages or all permanent commitments to a country are hellish. I just say stop, wait and think!

A PT always keeps his options open and avoids expensive or unpleasant permanent entanglements. This goes for all alliances with governments, institutions and individuals. Relationships with relatives, the local church or a favored lodge can all be terribly restrictive. Once you have given others dominion and authority over you, you are no longer a PT.

Chew Off Your Leash

The United States tries to keep its citizens on a short leash by threatening not to renew the passports of those who have gone to a forbidden country. Those who have said the wrong things while abroad or who have failed to pay rent, in the form of taxes, while they were away face similar penalties. The government threatens to toss Americans in the pokey when they return, arrogantly figuring that all Americans will someday want to go home to Uncle Sam. Such arrogance!

Billions of dollars and millions of people have left former homelands in Russia, China, Poland, India, Ireland and South Africa to make their homes elsewhere. Most people like to return and visit their native lands, but if the old country is going to put them in jail or levy a fine, it does not take a college degree to figure out that few, if any, emigrants are going to go back.

It is helpful in this context to clear the mind of useless bogus concepts that have been foisted upon us. Old fashioned patriotism, for instance. How childish to feel that any one flag is better than another. A few hundred years ago, in much of Europe, countries were often no bigger than a few acres. A local prince, or in many cases a democratic government, constantly went to war with the guys who owned the hill next door. Every

now and then some distant war lord, such as Genghis Khan or Charlemagne, would sweep over everything, taking slaves and stealing the best toys. They left their favorite generals behind to replace the former local king. This is how political boundaries came about in Europe, by brute force.

And what about democracy? Is it so wonderful that there are two brutal, ignorant mobs in a country? Does it make any sense that the one with the most members gets to push the others around? Hitler was democratically elected and was supported by the vast majority of his populace until it became certain that he would not win World War II. The majority in a democracy prescribe how all people must respect their authority. But what if you're not in the majority? What if you march to the beat of a different drum? Then, the PT concept becomes very important.

When times are economically good, of course, almost everyone is happy to stay put and be comfortable among familiar faces, laws, language and customs. When one is starving or feels politically oppressed, one can and should vote with his feet. Why not try out new places? For the last hundred years, the middle class has been more and more oppressed and squeezed. Why stay behind and put up with it all? We should not continue to be patriotic about our country when an oppressive group of bureaucrats have seized power. Only a country with maximum levels of personal freedom, permitting wide diversity for the views of individuals deserves our patronage. Blind loyalty and patriotism have no place in civilized society.

If we think of government as only a management group running a hotel or chain of hotels, it can do wonders for our perspective. Each group of managers has a different style. Some of them, just like people who have become political leaders, can be self-destructive and irrational. Politicians and hotel managers have a lot of other things in common. One of them is that they control some desirable and some not so desirable chunks of property. Both of these managers need paying guests. For us as PTs, there is no shortage of choice.

Becoming a PT

Once you leave your encrusted rut and become a PT, old thinking patterns will change. Big Brother's intrusive control over every aspect of your life and finances will no longer exist. Once you have made the mental switch to become a PT, choosing your government will be like choosing a hotel. PTs look for location, service and price. Expressed another way, once you leave the jurisdiction and control of your old home country, that country no longer has any power to restrict, control, draft, tax or jail you. If a government has neither the power to put you in jail or to confiscate your assets, then they have no way of controlling you or making you their subject. That makes you a Prior Taxpayer.

Nonetheless, as every square centimeter of habitable space on earth is controlled by somebody, you will have to do business with one of these innkeepers. You will have to sleep somewhere. You will have to keep your stuff somewhere, meaning that your bed and

possessions will have to be located within some political administration. The difference with PT is that no government will have the power to own you any more.

Hence, the PT has formulated his plan of action. One key element is that his passport will be from a different government than the place where he actually lives. Furthermore, the place where he lives must be different from the place where he keeps his serious money. Finally, the place where he invests actively and visibly in real estate or a going business is in still another place. The locations of all these mini-centers of his diversified activities are decided purely on the basis of which country, which innkeeper, offers the lowest costs, best deal, most fun and best climate. Who offers the greatest advantages for those particular activities that you find most desirable?

Each innkeeper offers certain advantages and usually a few minuses as well. Nonetheless, at the planning stage, the PT must be ready to divide up his business, financial and personal life into several categories. They are:

1. How and where should you conduct your active and visible investment and business activities?
2. What passport should you carry?
3. Where should you be resident and domiciled?
4. What country's banks and financial institutions should you use?

How and Where to Conduct Your Active and Visible Business Activities?

The answer is, probably back at square one. The best place to make money for most people is their home country, the place they know best. But just as often, the same business that is being conducted successfully at home, could be left in the safe hands of others at home. Taxes should be paid and regulatory problems dealt with. While you, for expansion purposes and PT freedom, open other branches in other countries, creating a fully diversified portfolio. When this is done, the benefits and profits are multiplied enormously. Not only are you personally a PT, you control a multinational business as well.

Since every country where you are considered a foreign investor knows your enterprise can sprout wings and depart for greener pastures, they all, like innkeepers, compete actively for your business. Certain basic rules like having all fixed assets heavily mortgaged can be your insurance that the worst confiscations that Big Brother can come up with will amount to only a minor and temporary inconvenience. You should be in a position to say bye bye to Big Brother if any country makes it unpleasant or unprofitable for you to operate your business there.

Another possibility for professional people who want to become PTs (doctors, dentists, lawyers, engineers) is to hire themselves out to international agencies and multinational

companies. With the right skills, arrangements can be made to be assigned to any place you want to visit. With the correct passports and financial arrangements, one is effectively beyond the control of Big Brother.

What Passport Should You Carry?

First and foremost, you want the passport of a country that does not burden its citizens abroad with any unpleasant obligations. One such possibility is military service. If you are of military age, which ranges from 17 to 55, you may want to be wary of Switzerland, Israel, Italy, Mexico and many third world countries. In these countries, if you do not complete your required active and annual summer camp duties, you will either have to pay a fine (Switzerland), go to jail (the Middle East) or even lose your citizenship (Mexico or Paraguay). At least the US, about which I usually have something nasty to say, gets passing grades in the military department, for the moment. Compulsory military service was abolished two decades ago.

Then there is the question of travel restrictions. For the most part, travel documents from a stable first world country allow for a much greater amount of visa-free travel than most others. As would be expected, these are also often the most difficult passports to acquire. Travel documents from poor countries that produce large numbers of immigrants tend to invite intense scrutiny at border posts. This makes travel documents issued by Bangladesh, Black Africa or Haiti less than ideal. The Philippines are a step up but Filipinos, too, are given a hard time. How about Lebanon or Syria? Due to several decades of terrorism and mischief, a passport from most Arab countries subjects the holder to excessive scrutiny and search. Give them all a pass.

Then there is the problem of the political pariah country. For example, entry restrictions imposed by other countries used to make a South African passport about as useful for international travel as a visible case of leprosy. With the recent developments in South Africa, this situation has changed, but beware of countries that practice policies which attract almost universal condemnation. Taiwan, due to the fact that its government insists it is the rightful government for all of China, does not offer a very good travel document. Hong Kong passports are almost as bad if not worse, due to the much discussed handover to mainland China in a few years.

Depending upon the time and circumstances, even a pretty good passport, like that of the UK can be a ticket to harassment or even jail. For instance, during the British-Argentine miniwar over the Falkland Islands, British travelers were given a very hard time in South America. Cases of beatings and jailings were common. Thus, a second or even a third spare passport from a neutral country for easy traveling is always a good idea.

Nonetheless, choosing a passport is a lot easier to do than choosing a playground, only because when the unattainable and undesirable passports of the world are eliminated, there is not a heck of a lot of choice! In the unattainable passport bin we can put almost all of the tax havens, including Switzerland where a twelve year physical residence plus military

service is required. There are some possibilities for getting a passport from tax havens that are or were part of the British Empire, but obtaining the passport of any tax haven is not easy.

Desirable, neutral countries are usually expensive and/or their passports are hard to obtain. The time needed involves fairly long residence periods as well. What's left? A few Caribbean islands (Barbuda, St Kitts), Canada (three year residence), Australia (two years), Germany, Israel, Uruguay, Paraguay, Ireland, Sweden, New Zealand and a few others. For an exhaustive review and update on this subject, consult *The Passport Report*, now in its tenth edition. See the back pages of this report for more information.

Where Should You be Resident and Domiciled?

Some PTs do not bother to become officially resident or domiciled anywhere. They operate according to the principle that the less governments know about them the better. Hence, they feel that going through the bother of filling out forms, being fingerprinted and registering with local police is really not justified by whatever benefits residence may have to offer. Instead, they operate according to low profile principles and are genuine Perpetual Tourists. No government on the planet considers them to be even remotely linked with it on a permanent basis, meaning no government can claim them as their own.

Other PTs do establish official residence and domicile. They may do so because they are high profile or perhaps because they just feel more secure knowing that everything is officially on the up and up. They fear that simple low profile techniques may not be enough of a protection as residence and domicile are complicated legal concepts that can have serious consequences on their tax liabilities. In each of these cases, residence and domicile should be established in an official tax haven. The Bahamas, Bermuda, the Cayman Islands, the Channel Islands, Costa Rica, Monaco, St Kitts and Nevis or Turks and Caicos may prove to be more than adequate. The path that you choose concerning this area of the PT philosophy is entirely up to you.

What Country's Banks and Financial Institutions Should You Use?

The fact that Switzerland is short of palm trees and warm beaches does not enter into the decision of whether or not to bank there. As PTs, we look at governments as service providers. Since we use them only part-time and can give parts of our business to more than one, we should match the qualities we need with what each country has to offer. In matters of finance, most governments will not let a citizen legally earn a free market interest rate in the currency of his choice. But in Switzerland, one can have an interest-bearing checking or a high interest fiduciary savings account in any currency. Switzerland is certainly not the only place where this can be done, but it is one of several spots affording a high degree of choice and flexibility in asset management. France, Italy and the US are far more restrictive by comparison, but almost any country other than your homeland can be a tax haven for your money.

The average person does not know of the opportunities for profit and safety of capital provided by accounts in foreign currencies. A typical American never conceives of the possibility of telling his local bank to put half the cash in his saving account into yen. It just isn't allowed. There has been some Congressional discussion on changing US laws so that American banks would be permitted to advertise and accept deposits in foreign currencies. Nonetheless, even if the US Congress authorizes foreign currency deposits in US banks, I feel that foreign currency is best held discreetly in a foreign country. No doubt politicians will call the American holders of foreign currency accounts unpatriotic and without faith in the dollar. Special taxes will probably be applied to these domestic foreign currency accounts if they show a profit against the dollar, wiping out any currency gains on accounts within the US.

Japan and many other countries have similar rules to keep their citizens in ignorance and to force them to endure domestic inflation and devaluations without any options. Thus, it is important to choose as a management-base for your assets, a country that has a free market in financial services. Most tax havens can offer good asset management services and objective advice without the fear that the adviser may be branded a criminal or just unpatriotic. Many countries push their own savings bonds with misleading advertisements that would land any private person in jail for fraud.

Once again, as with the list of desirable passports, the list of desirable places from which assets can be managed effectively can be counted on your toes! Put political stability, honesty, efficiency, secrecy and reasonable charges on your wish list. You also want competence and good communications. If you are not German, British or American respectively, then Frankfurt, London or New York are very good bets. Put another way, an American who wants confidentiality can get it in Germany or London but not in New York. A German should keep his assets in London or New York but out of Germany! The word "offshore" in finance applies to quite a number of financial service centers, all of them pretty good in smaller countries offering tax havens and secrecy. Some of the places from which you can effectively run your money include Andorra, Austria, the Bahamas, Bermuda, Hong Kong, Liechtenstein, Luxembourg, Panama and Singapore. Switzerland is pretty good for non-Americans, though its banks have the highest service charges in the world.

Where to Spend Your Time?

For a place to live most of us want to be able to buy fresh, healthy food at a clean, well stocked local grocery store. We would like a maximum degree of personal safety, no violent crime on the streets and no fear that our homes will be burgled. Agreeable weather is also necessary. If we have kids, we want high standards of education and for their benefit, a moral climate of a certain type, ie, no heroin dealers in the school yards. The intellectual stimulation of live theater (in languages you can understand) may also be a factor. Depending upon personal financial circumstances, the cost of living may or may not be still another factor to consider.

Unlike most people who may change cities once in a lifetime, moving around and figuring out where pleurably and profitably to spend the next season is a regular factor in the life of a PT. Changing addresses will frequently be the modus operandi for most PTs until the perfect spot to settle in is discovered. The whole idea of being a PT is that you have the freedom to do anything and everything you want to do. If traveling is not your style, then you can certainly put down some permanent roots. You should root yourself in a tax haven such as Andorra, Bermuda, Campione, Monaco, The Isle of Man or one of the many other gorgeous little tax-free paradise islands of the world.

This is a good time for you to bring out a blank sheet of paper. Start your own PT destination plan by making up a list of what is important to you. One of the nicest parts of being a PT is the annual or semi-annual review of what the world has to offer, followed by a decision on what to try next as you match the possibilities with your aspirations and goals. "Ain't it grand," you'll say to yourself, "to have no problem more serious than deciding what wonderful place to go to next!" You can get a free subscription to various expatriate newspapers and magazines to help make your decisions. See the Resource List at the end of this report for the addresses of a few contenders.

Chapter 23

Are We All Sheep

Avoiding excessive taxes and immolation in stupid wars should be a goal of every thinking person. Yet many have been conned into believing that personal and economic self preservation is immoral or unpatriotic. Government imposed burdens, such as wars and taxes that support projects which we do not believe in, are just a small part of the package of unnecessary servitudes accepted by most people in the world.

PTs are positive people. We can accept some things, but we no longer have to go along with every Robin Hood government scheme. When they invite us to put on a uniform and kill innocent people on the other side, we need not participate. When we get an order that demands the confiscation of our property, we need not roll over. In many cases we can and will opt out. We can pick up our chips and move to another country that will be just as good if not better than home. Unfortunately, most people believe that they have no options.

Life According to the PT

PTs know that most taxation and regulation is nothing more than the misappropriation of some people's time and money for the benefit of others. A few such involuntary contributions may be an acceptable proper price to pay for some community services or the right to be a participating voter and office-holder in a locality that we find appealing. Unfortunately, the pendulum has swung towards excessive government control over how we can spend our time and private wealth.

Politicians at the seat of government, hundreds or even thousands of miles away from where we live, have lost touch with the needs of the most important people, namely the producers of wealth, the effective organizers of resources, we the PTs. Immense waste and misdirection of productivity has been the inevitable result, as productivity always declines when governments move towards greater ownership and control over private assets or property. The main products of all governments are egotistical politicians and powergrabbing bureaucrats who occupy space, exude inefficiency, dispense red tape and disrupt the natural laws of supply and demand.

PTs understand that most wars are totally out of line with the best interests of those who are sent out to be killed or maimed. Military actions are all too often choreographed by politicians only to give them more power or divert concern away from their many failings. Power for the sake of power seems to be a common motivation. Wars are the best excuse for eliminating domestic opposition. After all, when a war is on, everybody "must" get behind the common cause. There are also those leaders who carry out campaigns of war for the sake of personal glory. They feel nothing could be grander than seeing their own statue erected in a public park some day. They want a place in history alongside other great warriors, but not at our expense, please!

For the PT, wars are especially dangerous. What government officials consider to be harmless eccentricity during times of peace can easily be regarded as unpatriotic treason during times of war. Thus, the PT must have his paperwork and avenues of physical escape open long in advance of any military escapades. This involves more than just thinking about it. Second passports and a safe haven must be established through physical visits, by advance transfer of assets and by acquiring all the necessary travel documents so that one can leave a danger spot at a moment's notice. If one is prepared, PT style, for the worst catastrophe, preparation for lesser problems, such as lawsuits, wrongful criminal charges, etc is automatically achieved.

PTs realize that the best government is minimum government, that 99 per cent of all legislators and government employees should be fired and forced to seek useful work. The quality of life would be greatly improved for all concerned if such policies were to be implemented in every country that currently caters to professional politicians and bureaucrats. A world of local, self-governing autonomous communities, relatively free of taxation, government regulation and controls, is the best of all possible worlds. Roads, schools, fire departments, bridges, utilities, postal services, communications, libraries, parks, transport, health care, banks and insurance should all be privatized. Users should pay for services.

The only function of government should be the protection of individual freedom and promotion of laissez-faire economics. The only coercive function of organized society should be the suppression of violence and fraud. There should be no professional politicians whose main purpose in life is to be re-elected. The present system in most countries encourages grandstanding and pandering to the lowest common denominator. Redistributing the wealth of the productive to the non-contributing members of society has proven to be a worldwide disaster. Perhaps there should be a property qualification for holding office and voting. Politicians should serve only one term in any office and then be obliged to go back to earning an honest living.

Sadly, we also know that such a world and the sweeping social changes needed to bring it about are not likely in our lifetime, nor in any foreseeable future period. The time of maximum individual freedom within government structures in history has come and gone in Europe and in the US. Perhaps it ended with the closing of the American frontier. Freedom peaked there from 1890 through 1914. These golden years were a time that experienced maximum improvement in living standards, economic growth, creativity in art, new ideas and inventiveness.

Today, one cannot become a pioneer and go to the wild West to escape government. The Pioneer of Today is a PT. Like the pioneers of yesteryear we must keep on our toes and be ready to move on when government coercion begins to chafe. Possible problems must be thought about and prepared for years in advance if they are to be dealt with successfully. Today, the pioneer must be a human multinational with the documentation

and protective coloration needed to disappear without trace and resurface in a different safe haven.

The Sheep Mentality

Do you truly want to become a complete PT? If so, then reading this report has been the start of what will be a lifelong individual quest for personal freedom. Getting there is not half the fun. It is all the fun! And of course, there is no "there". PT is just a direction! Like a person who studies languages, fine art or classical music, we find by immersion, new worlds of understanding and pleasure. Wonderful experiences will open up for you. The PT does not have to wait long to discover new experiences and opportunities he or she had never before even conceived as possible. Just traveling in itself is like reading a book full of wonderful new ideas. Not having the burdens of government to deal with allows you more time and money to have glorious experiences rather than endless meetings with tax accountants and lawyers.

I know that my writing will mainly reach the already converted. My target audience is people of originality, affluence and intelligence. PTs and potential PTs already have a far higher degree of awareness than the general population. Those who actually buy and read this report, and certainly those who get this far into it, are already galaxies ahead of the masses who are pre-conditioned to accept as fact whatever they are told. The unwashed multitudes are, in fact, sheep.

We are, unfortunately, usually born to parents who were sheep and have relatives and friends who are sheep. Before any of us discovered how to think for ourselves, we were brought up in this world of sheep. We were educated by sheep and fed a daily sheep's diet of sheep television, sheep newspapers, sheep movies and so on. It is unavoidable therefore, that a lot of sheepthink has rubbed off on us. When we think in a sheep-like way, we lack a much needed questioning attitude and receptivity to new ideas and concepts. Getting out of a herd of sheep isn't easy!

Finding non-sheep to communicate with is quite a task. How many works constructed by original thinkers have you been exposed to since college? Do you have many friends who are PTs? If so, you are quite lucky and very unusual. We, all of us, still automatically and unconsciously accept a lot of garbage, government coercion and peer-group pressure that we should start questioning. Do you really have to put up with all the limitations, restrictions and costs imposed on you? PT is all about freedom and self-liberation. The general population always will accept conditions of involuntary servitude or, more bluntly, slavery. Most people everywhere accept authority and will dutifully check into a jail or even go willingly to their own execution because "that's the way things are".

There are not a heck of a lot of Jonathan Livingston Seagulls out there in the world, or *Harry Schultz International Newsletter* subscribers either. Independent individual thinkers are rare birds, but we can and should help each other. Do not try to keep any information that you discover nor this dynamic philosophy all to yourself. Share it with those you love.

The world needs fewer sheep. You will be safer if we can transform some sheep into Positive Thinkers. Your life is at risk in a Big Brother world. PT is a Perfect Thing to use as your passport to a new life.

The PT Mentality

Becoming a PT is not a static thing that you can do once and then, like obtaining a diploma, just hang it on the wall. PT is a state of being, a way of thinking. It is far more than a mere occupation or even a lifestyle. The variations and possibilities are infinite. One thing that all PTs have in common is real freedom in an unfree world. Are you going to let yourself be dominated by others who think that only they know best how you should live, love, think? How you should spend your time and money is a do it yourself project for PTs.

The PT doesn't just make a fuss on the way to army induction centers, hangmen, government auditors or tax collectors. He won't even play the game. At the first whiff of any unwanted government coercion, he is on the other side of the earth. His first rule is to be able to fly like a bird. No government should even know he exists, or at least no one should know where to find him when he doesn't want to be found. The PT is also against a coercive, allpowerful state.

Big Brother governments are making too many decisions that should be ours alone. It is dangerous for an individual to confront Big Brother directly, but we can quietly drift away from involuntary servitude. We do not need to demonstrate, march, parade, unite, revolt or make speeches to save the world. By merely dropping out of government computers, moving our assets out of their greedy grasp and placing ourselves well outside of their control, we put limits on Big Brother. How intrusive and abusive can governments be when escape is possible?

As PTs, we are participating in and creating a better, happier world order. We are people who respect and promote individual freedom, the sanctity of private property, equality, opportunity, social justice, unlimited prosperity and vibrant good health. Bringing freedom and happiness to everyone in the world starts with number one, you. With the PT techniques outlined in this report you can personally, without leading any revolutions, quickly get your own personal and financial freedom to optimum levels.

Welcome to the World of PT

Here we are, approaching the end of the last chapter. You probably consider yourself a PT, or well on the way to becoming one. Nothing wrong with that. PT begins as a state of mind. You become who and what you think you are. Before you started, you probably considered yourself an individualist, libertarian or freedom seeker. Now, as you are about to put down this how-to-do-it manual, you are going to start moving towards some new goals. Choosing goals and moving towards them is what life is all about. Thus, forming

your own personal philosophy and life-plan becomes perhaps the most important factor. What your mind can conceive, you can achieve.

This first part of the PT series of reports has been designed to present the basic PT philosophy, the theory. Its sequel, *The Personal Privacy Report*, deals with specific nitty gritty details of PT, the practice. It is full of detailed advise on topics of value to the PT, involving everything from how to structure your life around the roaming lifestyle of the PT to how the PT can make use of mail drops, computers, telephones and fax machines. There is also an extensive section on private asset management and advice on how you can disappear completely, should the need ever arise, so that no one can find you. *The Personal Privacy Report* is essential reading for those who have read and digested the basics of the PT theory and are now ready to seek out real freedom through this unique perspective.

For yet more information on PT, *The International Harry Schultz Newsletter*, published every five weeks, has a PT update section in most issues. The Libertarian political party near you might be another interesting and worthwhile source of friends and fellow PTs, if the local organization hasn't degenerated or become dominated by some narrow special interest group, as it has in many places. Amnesty International helps curb governments which torture and imprison people arbitrarily. Consult the Resource List at the end of this report for more information on publishers and suppliers of goods and services that may be useful for PTs. Send for their catalogs or products and let us know if something is especially good or bad.

Working Together

I hope that with your help, comments and contributions, the PT world at least, will be a grand place to be for at least the next fifty years or so. As to the world at large, we cannot let it go to blazes. Unpleasant as politics may be, we must stay involved to preserve and expand those freedoms now existing. For example, as of this writing The International Financial Police Treaty (INTERFIPOL) has been signed and now awaits ratification by the legislatures of most countries of the free world. It mandates cooperation in the enforcement of tax collections. Another provision mandates the sharing of information in all matters involving taxes and currency controls. The UK and France may extend it to cover some of my favorite tax havens, including Bermuda, the Channel Islands and Monaco.

This is very bad news for PTs, if it goes through. If it has not been ratified in your country by the time you read this, you must raise a ruckus with letters to the editor, telegrams and perhaps discreet donations to legislators who will block it. Freedom is not free. We all must stay aware and do our part or even the PT option may expire one day, although it seems that PT will remain a viable alternative within our lifetime, even if the choices available become more limited.

Enough pessimism, with your help I envisage the day that PTs will become a great bulwark against government despotism. We have an historic role to play. PTs should not, in my opinion, continue to be a totally disorganized group of individualists all going in different directions. If you want to halt the seemingly irresistible force of Big Brother contact **EXPAT WORLD, BOX 1341, RAFFLES CITY, SINGAPORE 911745; fax: 65-466-7006; email: expatworld@pobox.com** This freedom fighting organization deserves your moral and financial support. Write for a list of goals and find out what you can do. A ten dollar note to cover postage and handling would be appreciated.

Finally, I welcome a proliferation of competitors! Harry Schultz invented the PT concept, and I have expanded upon it for this report. Now we declare it to be in the public domain. No one can bury it as a registered trademark. All governments and government officials will be against it, but when people learn that they can be free, at least some of them will seize upon the opportunity. The force of this good idea, we hope, will put some limits on coercive governments all over the world. Good ideas do have consequences in the real world. PT will make some people with the capacity for thinking independently cease to be sheep. May it bring you the highest obtainable levels of personal freedom and prosperity.

We hereby give to you and everyone PT as our gift, our legacy to humanity.

Questions, comments, corrections? Contact EXPAT WORLD, Box 1341, Raffles City, Singapore 911745; email: expatworld@pobox.com

Chapter 24

Case Histories

Often it is far more instructive to talk specifics rather than generalities. With an example, one can gain a better understanding of his or her own situation as well as the likely outcome to possible problems. Hence, I include the following section of case histories. They have been taken from various sources, including the stories offered by my private consulting clients, although names and key facts have been changed in all but one situation to protect the innocent. They illustrate many aspects of PT, including the possible threat of government interference, questions of nationality and passport and ways and means of asset management. In each, the PT can draw a specific lesson by either following or not following the example shown by the PT predecessor. Enough talk, let's look at a few of the specifics.

The Case of Mr Nelson

Mr Nelson was a US citizen who lived in Nigeria and held dual citizenship there. He was well-known in the trade as a dealer in gemstones. He made frequent trips from Africa to Tel Aviv, Israel and Antwerp, Belgium, to sell rough diamonds and other stones he procured in Africa. No more than once every five years did he visit his relatives in New York City.

Nelson liked having his US passport because it was far better for visa-free travel than his African passport. Somewhere in the back of his mind he knew that US passport holders were liable for taxes on their worldwide income whether or not they lived in the US. This problem was of no concern to Nelson who had not spent more than ten days in the US during the previous twenty-nine years. Due to the fact that he was on good terms with many of the US embassy staff in Nigeria who always renewed his passport without any question about taxes, he figured if any taxes were due, they would have asked him. Wrong!

Living on an undeniably grand scale in Nigeria, with a big car, servants and the whole package, Nelson eventually had to negotiate a tax compromise deal, including a business license with the local Nigerian tax collector. His real average income was probably close to US \$450,000, but following African tradition, he was allowed to declare and pay a tax on only ten per cent of that amount, for a little gratuity. Nelson paid about US \$22,000 per year on his declared income of US \$45,000. What Nelson didn't know is that Nigeria and many countries have tax information sharing treaties or agreements with each other. Even if he had known that, he would not have expected the fate that awaited him. As it turned out, the Nigerian tax Authority had been sending copies of Nelson's signed tax returns to the American embassy in Lagos over the years. These were routinely routed to the IRS liaison officers stationed at every US embassy abroad. They checked and noted that although Nelson was registered with them as a US citizen residing locally, he had never filed a US tax return.

Because of the earned income exemption ranging from US \$25,000 to US \$90,000, Nelson knew that no taxes were due on his reported income. What he didn't know was that not filing a US tax return was in itself a felony punishable by five years in a federal prison. As a result of the information exchange program relating to American citizens in Nigeria, Nelson's name was added to the six million names on the US National Criminal Identification Computer with the notation: "Detain at border station as a nonfiler and suspected tax evader. According to IRS agents stationed in Lagos, Nelson has at least a six figure income from Nigeria while no records of any taxes paid exist." It took several years, but eventually, on one of his rare trips to the US, Nelson's passport was machine read at Kennedy Airport in New York. Bells and whistles sounded. Nelson found himself spending the night at the New York City Federal Detention Center. He explained that he was sure there was some mistake and that the people he knew at the embassy in Lagos could clear things up. He assured the police that he was of good character.

Nelson signed a sworn statement confirming that to the best of his knowledge he owed no US taxes because his income in Africa was not of sufficient size, ie, over the then US \$25,000 exemption. Soon after, he learned he was guilty of a misdemeanor for not filing (five years in jail for each year of non-filing) even though no taxes were due. He also found himself charged with perjury for making a false statement to IRS investigators since the IRS representative in Lagos was ready to come and testify that his lifestyle and expenses indicated an estimated US \$500,000 per year income. Furthermore, the IRS produced signed and sworn tax statements from Nigeria showing a declared income of US \$45,000 per year. The IRS notified him that defrauding a foreign government was another serious crime in the US.

To make a long story short, Nelson was billed for US \$12 million in back taxes, representing taxes, penalties, interest at 25 per cent per year, plus interest on the interest on the interest. The prosecutor asked for US \$10 million in bail. Poor Nelson, who could raise nothing like that sum, stayed in jail for six months pending trial. The judge felt he was an escape risk having dual-nationality and a habitual place of residence outside of the US. Nelson could not believe what was happening. He offered to turn over his entire net worth of about US \$900,000 if the IRS would let him go. The IRS investigated and being convinced that Nelson had no more than US \$900,000 in assets, set bail at that amount. With his entire fortune deposited as security for his court appearance, Nelson enjoyed two weeks of freedom in New York, preparing for his trial, never believing for an instant that he would spend another day in jail. His lawyer advised that he'd probably get a sentence of time served for misdemeanor non-filing. In other words, his lawyer thought that Nelson would get no more than a sentence of six months in jail which Nelson had already served whilst awaiting trial. Unfortunately, lawyers are very optimistic when helping clients prepare for their defense. They seldom mention that the US government prosecutor wins about 98 per cent of all tax fraud cases and that the vast majority of those convicted get a sentence of much more than one year in federal prison.

At first, Nelson thought he was going to be lucky. His lawyer got the government to drop the perjury charge in exchange for a guilty plea on the non-filing for seven years. Even Nelson began to understand that because of his Nigerian tax returns there was clear evidence that he was making enough money to know he had a tax obligation to the US. The prosecution agreed to recommend leniency as a first offender. Nelson came up for sentencing on a plea of guilty to seven misdemeanors.

Poor Nelson! To his surprise, the judge felt he was being very lenient in not giving him seven years to run consecutively but instead made it a felony conviction with seven one year sentences to run concurrently with no possibility of parole and no credit for time served awaiting trial. Nelson was wrapped with chains around his wrists, ankles, neck and waist and unceremoniously dumped on the floor of a truck for transport to the nearest federal prison to commence serving his sentence.

The shock was so great that it took him a few days to start worrying about his US \$900,000 on deposit with the clerk of the court. Finally, he put a call through to his lawyer from the office of the prison chaplain, "Get my money back and out of the country as soon as possible! " Nelson's lawyer then gave him the bad news. The IRS, as it routinely does in such cases, seized the bail money as a part-payment on account of the full US \$12 million in back taxes claimed. The tax collectors had received an automatic court order confirming the US \$12 million was due as a result of his conviction. When an individual is convicted of criminal charges, any civil actions pending against a convicted felon are automatically decided against that person. The reasoning is that anyone found guilty of a more serious criminal offense is automatically declared guilty for all lesser charges. The prosecution had also asked for and obtained an additional court order stating that after Nelson had served his sentence, he would not be permitted to leave the US and would be confined until he had settled the tax claim, plus the additional US \$2 million in interest and penalties which would accrue while he was cooling off in the penitentiary.

And so it came to pass. Poor Nelson had lost all his money. He felt double-crossed by the prosecution as he faced life imprisonment for a debt he could never pay.

What finally happened to poor Nelson? During his time in jail, he studied law and when his one year was up, filed a writ of habeas corpus. Nelson was prepared. The facts in his particular case amounted to the IRS trying to keep a man without assets in "debtor's prison". This had been declared by many court decisions to be illegal and against public policy. On his release date, Nelson, with no money for a lawyer and not wanting to be represented by a totally incompetent public defender, acted as his own lawyer. The new judge was very kind and sympathetic and listened attentively to Nelson, who explained that this was a first offense, that his business had been totally ruined and that he had lost all his property. He was totally destitute but had a wife and four children to support in Nigeria. His family, he said, were having a very tough time of it. Nelson felt his story would bring tears to the eyes of any listener and that the judge would allow him to go back to Nigeria. There, his first act would be to renounce his US citizenship and burn his US passport. Of course he didn't tell the judge about his secret intentions. Pleading his

own case, Nelson said, "It would be folly to keep a broken and bankrupt man in prison at taxpayer expense when there simply was no more money to be collected." The judge nodded.

Then it was the turn of the prosecutor and his IRS witness specially imported from Nigeria. Much ado was made of a US \$14 million tax debt that the defendant was trying to escape through fraud and lies. The IRS agent brought in undeniable evidence that a palatial home worth over US \$500,000 was still registered in the name of the defendant's wife in Nigeria. Photographs of Nelson's wife emerging from the palatial mansion and getting into a Mercedes limo were introduced as evidence. The prosecutor said, "Far from being destitute, Mr Nelson remains one of the richest men, not just in Nigeria, but in all of Africa. He owns extensive property, many cars, and as you can see, your honor, his wife is not suffering too much. Nelson is, pure and simple, a liar and a tax cheat. He should therefore be confined to a county jail in the worst possible conditions until he purges himself of contempt, pays his fair share of the taxes he owes and owns up to the true state of his financial affairs. We estimate his true net worth based upon his lifestyle, at something in excess of US \$20 million. He can well afford to pay the US \$14 million due the government."

Two months later, Nelson was back in court. The judge, no longer sympathetic, said, "We have to make an example of white collar criminals such as yourself." He asked Nelson, "What do you have to say for yourself in view of the government's incontrovertible evidence that you earned over half a million dollars a year for seven years on which you paid no taxes?"

Nelson had not expected this kind of interrogation. When making bail the government knew about the house and the two cars, and they also knew that they were in the name of his wife. She refused to sell her home and cars. Nelson could not force her to sell her own property to make bail for him a year earlier. Unless he could get back to Nigeria, he expected her to file for divorce and look for a new breadwinner. But Nelson was in such a state of shock, he did not present a clear picture of this but only said, "Your honor, my wife has a big house and cars it is true, but for a year she hasn't had the money to run or keep up the establishment, her debts have mushroomed, and your honor, I did not say she was living in poverty, I only said she was having a hard time, so I was not lying. In any event, I can't get her to sell the cars or house which is her sole property."

The judge then made his decision. "Mr Nelson, I find you in contempt of this court. Until you prepare to submit to this court a detailed financial statement and agree to turn over all your foreign assets to the government, you shall be confined to prison. I realize that you may not indeed have the full amount to satisfy all government claims, but insofar as you are able to make a partial settlement by turning over to US embassy officials in Nigeria your expensive home and cars, you will stay in confinement. I am satisfied with the prosecution's proof of your misrepresentation of your financial condition to this court. I suggest that you never repeat that mistake. We will see you again in 60 days."

And thus Nelson was transferred from the relative comfort of a federal prison where the inmates were semi-human, to the New York County Tank where 20 drunks, degenerates and AIDS-infected male rapists were crammed together in a single cell designed for six inmates. There was no fresh air, no natural light, nor space to move. The toilet for all 20 men was a slop-bucket.

Nelson was permitted one call to his wife in Nigeria with whom he pleaded to send enough money to hire a good lawyer in New York. Reluctantly, she sold a car and wired the US. Well, it was no jiffy. It turned out to be another eight long months. The fees for the two bankruptcies came to over \$50,000. Nelson's wife paid these fees by mortgaging her home, after many calls and much crying and pleading by Nelson.

Two years and one month after Nelson had arrived in New York, he was a free man again. Completely penniless, but free. Due to the hard time his wife had given him, he never felt much love for her again. Nor did she bear up well under the strains of separation and the financial pressures. Within the year they were divorced. Custody battles over the children went on for the next five years. Nelson's health and his mental state were never the same. His business eventually recovered, but never to the same state of profitability it had been. Nelson eventually renounced his US citizenship, but not before he had put in the necessary three years of residence time for a Belgian passport. He never set foot in the US again.

The preceding story about Nelson is true except for a change of names. It was not presented to amuse, entertain or get an emotional response from you. There are many lessons to be learned from it. Let's review them one by one.

Could What Happened to Nelson Happen to You?

The answer is clearly yes if you are an American citizen living abroad, earning a big income, living ostentatiously while neither paying US income taxes nor filing tax returns. Then add two big factors that got Nelson into trouble:

1. He was known to the local US embassy as a high living suspected nontaxpayer as every American living abroad is a suspected tax evader.
2. Nelson returned to the US via a major airport using his real name and US passport.

We have said many times that the US is the only country in the world that requires citizens who reside permanently abroad to file tax returns, whether or not they have any income, and pay taxes on their worldwide income.

Poor Nelson found that out the hard way. How could he have avoided his Waterloo?

A good PT reads newsletters and seeks out good advice from offshore accounting firms or private consultants who know their way around. A PT stays generally well informed. One cannot assume that because one is low profile, a government will never take action against

him. The truth is that every country has a bureaucracy and a prison system that demands to be fed with victims to justify its existence.

An intelligent professional criminal knows what the score is and will seldom make the mistakes Nelson made. Prisons are full of first offenders who do absolutely foolish things. There are three million Nelsons who vaguely know they are supposed to file tax returns but they never suspect that mere non-filing or some other offense they regard as utterly trivial could land them in prison. Tax evasion is not the only thing that results in criminal charges.

Poor Nelson could have consulted a good lawyer or accountant. He could even have written a letter to the US embassy asking exactly what his tax obligations were and what penalties were involved for failure to meet them. If Nelson did not want to renounce his citizenship, there would have been many ways to reduce or even eliminate his taxes legally by means of tax shelter deals. For him to have done nothing is as stupid as a woman feeling breast lumps and not getting checked for cancer.

Furthermore, never assume that a casual friendship with government employees will do you any good. Most government officials have a job to do. If they suspect you are breaking the law, no matter how trivial the law in question may be, friendship will not prevent them from turning you in. As a matter of fact, it is best not to register with your embassy abroad. They will give precious little or no help when you need them, but may well apply pressure locally to have you do your duty, whether it be military service, paying taxes or making a donation you would rather not make to a cause you would rather not support.

You must be aware of the various types of information that are exchanged between countries. Any bureaucrat from the US or Canada has complete access to all computerized records kept by both governments. Information exchange networks are being expanded all the time. Taxpayer records are now exchanged between all countries of the KU, the US, Canada, Australia and Israel. Whatever one country has on you, the others can get, with the limitation that information is filed by name, birthdate, place of birth and nationality.

If you are Joe Redman in Canada but Giuseppe Russomini in England, even though the two names translate exactly, it will be impossible for any bureaucrat to push a button and get a match. If Nelson had taken an African name for use in Nigeria, the tax returns filed by "Abdullah Mekeba" would probably not have surfaced in New York City, especially if poor Nelson, alias Abdullah Mekeba, was not registered as a US citizen at the US embassy in Lagos!

Could Nelson have found out that his name was on the "to be detained" government computer list? Yes! The simplest way would have been to get friendly with a policeman in Lagos or anywhere and arrange for an inquiry to be run on himself through channels. Interpol and most sophisticated computer systems now are geared up to record in the file who asked questions and why. Asking a question may start a file where there was not one

before, but a routine reference request is nothing to be worried about. A good private detective always has the contacts to tap into all the government computers.

If Nelson had known what was in store for him, he could have made alternate arrangements for entering the US. He would certainly have been well advised to come into the US with a busload of European tourists on a one day sightseeing excursion from Windsor, Canada. Or when first questioned at the airport, he could have simply disappeared. If he was a good PT and had a different passport in a second name stored somewhere safe, he could then have had it delivered to him in the US. He could have used this second passport for a trip back to Africa via Mexico or Canada, but poor Nelson was not prepared thoroughly.

The Case of the Merry Mexican

Mrs Carmelita Gomez, a wealthy Mexican widow, had an apartment in San Diego for 26 years. She went back to Mexico for a total of about ten days each year. Over the years she accumulated several hundred rental properties in California, including warehouses, apartments, stores and parking lots. She had a car licensed in California and a very expensive Wilshire Boulevard condominium in her own name. She never bothered to apply for an immigrant visa or residence card, but she traveled back and forth from Mexico on her California drivers license in her California registered Cadillac. For 26 years, she did not pay a cent in income tax, neither state nor federal.

Then one day, her son while crossing the border back into the US at the age of 19, claimed to be a US citizen who lived in San Diego, although he was born in Mexico. He was then asked for his US draft card which all males over 18 had to have at that particular time. He told the border guard that he was also a Mexican citizen and therefore did not have to register. Then he was asked for his US residence card, which did not exist. He was not allowed entry. A few days later immigration and naturalization of fleers checked the Gomez apartment to see if he had come in illegally later on. He had. The mother was questioned.

Mrs Gomez freely admitted she had had her apartment and US business interests for 26 years. Knowing the law, she claimed to be a tourist who stayed less than four months a year. She said she was simply never asked for a passport or visa at the border. She stated correctly that she was well-known in the community, had plenty of property and would have no trouble qualifying for a visa or even a permanent resident's card. The INS officers agreed with her, but said her son could not visit the US any more unless he was willing to register for the draft. The boy then decided to go to college in Mexico. As a result of her coming to their attention, the INS officers asked the IRS and other agencies to share information and start a general investigation on Carmelita Gomez.

The investigation took about a year. Eventually state and federal income tax officers were asking questions. They demanded that Carmelita file tax returns showing the rental income on all her properties for the past seven years. The other 19 years of non-payment and

nonfiling were barred by the statute of limitations. (The statute of limitations is a law that provides that if a legal claim is not filed within a certain period of time, it is barred or lost forever. Thus, in a traffic accident the injured party must sue in most states within one year of the accident. The limitation on each type of claim is different. Tax authorities, naturally, have one of the longest periods for which to sue, namely seven years. However, if the non-taxpayer is out of the US, the seven years does not begin to run until the day he comes back). Prosecution was apparently never considered because a middle-aged Mexican woman was not considered the sort of person a minority-group jury could be counted upon to convict, the IRS and the California state tax collectors did send Carmelita a large bill.

Carmelita quickly sold all her property for several million dollars, sent the proceeds to her bank in Panama and joined her son in Mexico City. When the IRS liaison officer at the US embassy in Mexico visited her in Mexico City, they asked her to pay her tax bill of several million dollars. She simply said: "F*** Off!"

And that was the end of the story.

Carmelita was lucky. Liens could be placed against real estate but it was not done in her case. Her 26 year residence was thought to have established ties she would not break. As every PT knows, the proper mental attitude requires one to be able to move on to happier hunting grounds at the first whiff of trouble.

A very interesting rule illustrated by this story is that every PT should know that the country of citizenship will never extradite nor enforce most foreign criminal laws against its own citizens. So officials in Mexico could be expected to back her up. They would tell the IRS agent to stop intimidating their citizens and deport any American agent from Mexico before giving the US any assistance in collecting from Mrs Gomez. Regardless of the letter of the law or any treaties, it would be very bad publicity for any government official to be seen to be caving in to the demands of a foreign government to give up one of their own citizens.

There are of course exceptions. Israel, for instance, is utterly dependent upon the financial and military support from the US. The reputed mafia banker, Meyer Lanski, a fugitive in the US, being Jewish, had become an Israeli under their Law of Return. Even though he was reputedly a notorious mobster, his extradition by Israel was a cause celebration in its day, and one of the first instances of its kind in international law. Generally, no matter what the crime, one can always go back to one's native land and be fully protected against a foreign writ. But Israel gave up Lanski to the Americans and subsequently has deported other American-born criminally accused Jews. It is extremely doubtful that a native-born Sabra (Israeli) would be given up however. The lesson is that one can apparently commit most crimes with impunity in a foreign country, then take refuge in your own country.

I am not advising this course of conduct, but merely mentioning it as just another one of those curious facts that might some day in some way come in handy for a PT, particularly

for a PT who has several nationalities and, thus, several countries of potential safety and asylum.

The Cases of the American PTs

Jim Gringo left the US more than ten years ago to become a gentleman-trader of no fixed address. He renewed his passport once, before the laws required that one provide a social security number and tax information. At first, he visited the US for several months each year. Lately, his friendships, contacts and business interests have made these visits shorter and more rare. Without knowing that there was any particular PT concept, Jim, simply from his first trip abroad, enjoyed the freedom of being an unknown, non-computerized entity.

He filed no government forms and used hotels and relatives to receive occasional mail. When entering a new country and obliged to fill out an entry card he made up an address in New York City as his residence and gave the leading hotel in the town he was about to visit as his local address, even though he never stayed at these places. Normally he would rent a small housekeeping apartment for several months in whatever country he was visiting. The vast majority of his communication is by phone. Jim seldom if ever writes a letter to anyone. He has no car, no listed phone and no magazine subscriptions. If he ever needs to use the mail for any product obtainable no other way, he uses a pseudonym. In many countries, a bar owned by a fellow American or other friend serves as his mail drop.

Jim instinctively knew that he should stay off of all mailing lists or lists of any kind, if he wanted to preserve his freedom and anonymity. Jim started out by using only cash and travelers checks, but he found that a credit card for emergencies was handy. Thus, he opened a small savings account in a bank in Andorra, ran deposits and withdrawals through it for a time and was after a few months inundated with credit card offers. He made an arrangement with his bank to pay all bills directly out of his account and to hold all mail until he came in for it personally or asked for it to be forwarded. His major assets are "things" kept on his person or in safe deposit boxes. He has no large bank accounts, secret or otherwise.

Jim makes his living and keeps active by dealing in stamps and rare coins mostly. He is always ready to acquire knowledge and expertise in other fields involving small and portable objects of value. From time to time, he buys old pocket watches, miniature carvings, gems, antique stock certificates and rare issues of paper money. If something weighs over two pounds (one kilogram) he rules it out as an acquisition. He estimates his net worth at about US \$400,000 mainly in small collectibles. The cost of these items to him was well under US \$35,000. He says he can earn about US \$1000 per week, not on a regular basis but on the average in any one year period by simply visiting flea markets, dealers and posting the occasional notice on a bulletin board looking for, or announcing the availability of the type of item he is interested in. He also wangles an occasional consulting job in the field of his university training, quite unrelated to his antique business.

When the IRS announced that it would start to go after non-filers resident abroad, Jim decided to get a second passport. He did not wish to renounce his US citizenship unless absolutely necessary. Instead, Jim dressed in his most ragged clothes and went to the US embassy in the third world country he was passing through. He was handed the US Treasury information form containing questions about his sources of income and tax status. It was explained that if he paid a US \$500 fine, he could get his passport renewed without supplying any information. Jim correctly figured that this might get him the honor of being one of the six million names on the computer at US border entry points as a suspected tax evader. Thus, he resolved to save the US \$500 and fill out the form with the story that he had no personal income whatsoever, no assets and was supported entirely by his girlfriend, relatives and well wishers.

During the two weeks it took for his new passport to be issued, an IRS agent actually visited the address he had given on his application. Jim made sure he was in fact staying at a local girlfriend's home at the time. The girlfriend, being a local citizen with no obligation to give information to any foreigners refused to talk to the investigator. Jim, acting quite annoyed with the unannounced visit, simply verified what he had put on his treasury questionnaire. He learned that the IRS investigator had asked neighbors about him and his source of income and had tried to find out if he had a car or a local bank account.

If Jim had paid any local taxes, owned real estate in his own name, lived a high profile life, had any encounters with the local law, spent a great deal of money at local stores or restaurants, annoyed his neighbors or even received any mail, the IRS investigator would have found out about it. But Jim knew the most important rule for keeping investigators out of your personal affairs. Don't give them any trail to start their sniffing on. Jim's only address, as far as the investigator knew, was an apartment he shared very, very temporarily with a local bar hostess who knew nothing about him and had been carefully instructed to say not even that. He was totally unknown in that town and had no local assets, bank connections or friends who knew anything about him.

Once Jim got his new US passport, he knew he would not have to face any questioning for another ten years, but with his new second passport in hand, he resolved to renounce US citizenship if the invasion of his privacy and the treasury form got more detailed the next time around. For visits to the US, he obtained another person's birth certificate as alternate identification. He came into the US by walking across the Canadian or Mexican borders or by public transport so that he would never have to face the computers at major airports or present his passport.

Albert, a friend of Jim's who also lives abroad, said he preferred to live a more settled life. It allows him to own a house and car, send his children to a local private school and conduct similar day to day activities. In order to accomplish all of this, he declares a very small unearned income from investments of around US \$5500 per year. He would rather pay a small tax and then enter and leave the US without any precautions of the type that Jim feels inclined to take. Albert feels he could not file a completely honest tax return

simply because if he paid the taxes legally due, he could not afford to live in any sort of comfort.

As a further complication, if Albert really declared everything, the local government would have access to such information due to various tax-information sharing treaties. This would eliminate Albert's ability to settle his local tax bills informally. Albert figures that if he paid all taxes legally due in both his new home and the US, he would be allowed to keep only about five per cent of his US \$50,000 per year income. Albert has taken the course of action that most non-PTs take. In Jim's opinion, this second alternative is far more dangerous than simply giving no government any usable information whatsoever.

Jim and Albert, two Americans abroad, have had many discussions about the wisdom of each approach. Jim often points out that although not filing a US tax return used to be a misdemeanor, like spitting on the sidewalk, but is now a felony punishable by up to five years in prison. However, filing and paying taxes on an under declared income is considered criminal fraud in the US. (In most other countries of the world, paying too little tax is a civil offense, punishable by fines.) If the IRS can prove that you were off the mark by even two cents, it is a felony. Jim feels that things could turn nasty for Albert if somehow the IRS finds out that Albert's assets or lifestyle require more than US \$5500 per year to support. Albert might simply be arrested when he visits the US and sent to prison for five years for each year he improperly filed.

This is not an unlikely scenario for Americans abroad, particularly in the 1990s when the IRS is actively looking for foreign tax cheats to prosecute for the publicity, political mileage and an intimidation factor which they hope will cause other foreign-based Americans to be more forthcoming. Jim figures that giving them no information, no papers to check up on, nothing they can use in court and no points of encounter is by far the safest course to follow.

Both Jim and Albert agree that it is uncomfortable to be considered a criminal by definition, since complying fully with the tax laws is economically impossible for both of them. Ironically, Albert, with his partial compliance, is the bigger criminal. He faces the possibility of criminal tax fraud charges which could result in a 35 year sentence. If the name of someone who does not file comes to the attention of the IRS, nothing can be done unless all facts are known. A man like Jim is less likely to be successfully prosecuted because of his apparent lack of any income subject to tax. Of course, simply not visiting the US removes all risk.

As ninety per cent of the estimated four million or so Americans living abroad do not file tax returns, the IRS will obviously not be able to investigate, much less prosecute, even a small fraction of this number. Nonetheless, it is wrong to assume that it cannot happen to you. For those living abroad with a high profile, visible assets or an extravagant lifestyle abroad, the chances of prosecution, conviction and a theoretical jail sentence grow higher each year. The only absolute protection available is to renounce citizenship and not visit

the US for 12 years. The US, like the former Soviet Union, has in effect made escaping the motherland a crime.

The Case of the Industrialist Who Renounced

The true identity of this individual is well-known, as he was at the time of the events described one of the wealthiest men in the US where he owned several major industrial plants employing thousands of people. However, in line with my usual practice, I have changed the name and facts slightly, without changing the basic principles.

Kent Clark inherited a million dollar fortune which he increased many times through his own efforts. His net worth by the age of 40 was close to US \$50 million dollars. Due to government regulations, union problems and a divorce he expected to materialize in the near future, Kent decided that he should sell or engineer an employee buy out. Around this time a new fad involving the use of junk bonds in corporate acquisitions resulted in Kent getting an offer to sell out at double the fair value of his enterprise, namely US \$100 million. Because of depreciation previously taken and the low basis Kent had on his industrial holdings, the only fly in the ointment was that Kent would have to lose more than half of this amount in taxes. In addition, if he was sued for divorce in California, his wife would be able to claim up to US \$50 million.

Kent consulted with me and one of my colleagues. We worked out a plan for him which involved his moving to Canada well before the sale date, not for tax reasons but to initiate a divorce in Canada where men receive a better deal. He would become a citizen of Canada as close as possible to the day before the sale took place. As a Canadian, he would not be subject (as a non-resident foreigner) to US capital gains taxes. He wouldn't be subject to any Canadian tax either because valuation of his property would be as of the day he arrived as a landed immigrant. Since a contract regarding the sales price had been executed, the value was clearly US \$100 million as far as Canada was concerned. When the sale went through, Kent deposited his US \$100 million, legally free of all taxes, in London banks with a guaranteed interest return of 15 per cent per annum.

To avoid becoming a Canadian for Canadian income tax purposes, Kent spent less than six months in Canada and then established a legal residence in tax-free Bermuda. As a result, he now has an income of well over one million dollars each month, net spendable. The wife settled for two months of income and child support. There would be no further US tax liability because Kent was a non-resident, non-citizen of the US.

Because of his high profile and the large amount of money involved, there was no possibility of Mr Clark just pocketing his hundred million and quietly drifting out of sight. Suspecting that he wouldn't stay in Canada too long, Canada insisted, in return for an immediate grant of citizenship by special legislation, that he renounce US citizenship and invest one million dollars in Canada in return for the fast passport. This required investment was under a month's income.

Kent did in fact formally renounce US citizenship, at the US consulate in Vancouver when he acquired his Canadian passport. He stays out of The papers, but I can say he has lived happily ever after on his hundred million, which doubles every five years or so. As planned, his wife was obliged to accept a much smaller settlement than she would have obtained from the California courts, but Kent is generous with her, wanting to avoid any arguments over child custody. He prefers to be generous rather than be obliged to make payments under court order. Kent has moved his assets to the point where no one knows where they are or what they are. He lives well, but low profile.

The IRS got nothing. Subsequently, the IRS changed the rules to make it more difficult, but still not impossible for anyone else to pull a " Kent Clark". But under the laws as they stood a few years ago, Kent was able to become a PT and take all his chips abroad with him. His Canadian passport is better for travel than his US passport was. His Bermuda tax haven domicile (legal residence) allows him to avoid all income tax and filing requirements.

I understand that after some growling by the IRS, a very favorable complete settlement was eventually worked out. This involved the payment of full US income taxes, not capital gains, for the year in which Kent moved to Canada. The IRS agent assigned to the case was able to report this to his superiors as a victory. A press announcement indicated that Kent Clark had paid all taxes due. After that, the US State Department took him off the bad-boy computer list and gave Kent Clark unlimited access to the US on a lifetime, unlimited visitors visa. Like every other foreigner, he can only stay up to four months at a time to avoid becoming a resident for tax purposes. Nonetheless, his hundred million manages to keep him quite happy.

The Case of the Swedish Pensioner

Becoming a PT may work best for the wealthy, but then everything is easier to do if one has a large income coming in and does not have to work for it. Is it possible to be a PT with the relatively small monthly stipend of a State pension? The case of Sven Svendson, age 68, illustrates the proper approach.

Sven learned the PT principles and then matched up his resources with what was available in the world. His first move was to make a list of what he wanted to achieve during his remaining years.

Sven was, first and foremost, dissatisfied with his life as a pensioner in Sweden. His income did not provide any of life's luxuries, and the Swedish winters were cold and depressing. Sven received as his pension approximately US \$15,000 per year, net after tax. Under Swedish law, his pension was subject to a tax of approximately ten per cent. Thus, if he became a Legal resident outside of Sweden, his net spendable pension would rise by ten per cent. The obvious thought was to find a country where money would go further, for in Sweden he could only afford to live in a state subsidized retirement home where one-quarter of his income paid for a small room without kitchen or private bath. Medical

care was free, but this was not much of a consideration for Sven who was extremely healthy. He was proud of the fact that he hadn't seen a doctor in many decades. Now was the time to make a move to the sun.

In most of the third world, ie, Asia, Central or South America, if one lives like a native and not in a first class international hotel, rent on a small apartment near a pleasant beach can be kept down to around US \$125 per month. Food and other expenses might be budgeted at slightly more than US \$125 a month. With an income of over US \$1000 per month, this left US \$750 for pursuing other interests. What were Sven's other interests? He liked travel and exploring new places. Most of all, he liked the company of attractive younger ladies. And he liked having his own children around him. In fact, Sven had married much younger girls a total of five times in his life. The last wife, 30 year old Cara from Costa Rica, had returned with him to Sweden three years earlier. They had a five year old daughter who Sven enjoyed being with, but his wife had found herself a job in Sweden paying more than Sven's pension and a new boyfriend. Part of Sven's plan was to return to Sweden in the summers to be with his daughter, taking her on short trips around Europe during her summer vacations from school.

At first Sven thought he should get a second passport to be able to establish residence elsewhere. If he could arrange for proof of a foreign residence and make arrangements for his Swedish checks to be mailed to a bank out of the country, he would get the ten per cent increase. Unfortunately, the cost of an instant passport from Cape Verde or South America at around US \$25,000 was beyond his reach financially. The increased pension would take 25 years to pay for it. Because of his fluency in Spanish, former Spanish colonies had a certain attraction. On the other hand, most of these countries had unacceptably low standards of living and high crime rates. Punta del Este, Uruguay, a well protected enclave for the wealthy, might be worth a visit, but without a large supplement to his pension, living in any fashionable, jet-set resort was inconceivable.

Sven could have moved to almost any country in South or Central America as a pensioner and received a residence permit that could be exchanged in three to seven years for a passport. Also, once on the scene in South America, special arrangements could be made with local police officials to backdate residency. The possibility of marriage to a local girl in almost any country leading to a shorter residence requirement for citizenship was also suggested.

He liked the idea of moving to sunny New Zealand. The cost of living in New Zealand is roughly half of what it is in Europe. But New Zealand doesn't want any pensioners. In fact, New Zealand will only rarely allow immigration by anyone over 45 years of age. They don't want foreigners to come in to take advantage of the generous old age public assistance benefits on offer. There is, however, an exception for spouses of New Zealanders. There was Sven's loophole! It is well known that in New Zealand there is a shortage of older men. Ads in the Lonely Hearts section of local papers will attract hundreds of replies from women eager to marry or just date. The same is true in Australia.

Sven, who also speaks fluent English, put Australia and New Zealand as definite spots on his itinerary.

For available single young women who like mature men, Japan has always been a good spot. But the cost of living there, being twice what it is in Sweden, ruled out more than a brief visit. But in most of Asia, European pensioners are highly prized as husbands. Younger women in the third world know that some pensions, by law, often will continue for surviving spouses after the death of the husband. Besides, as a general rule, aged people are venerated and respected in Asia, not relegated to the garbage dump as they are in western culture. Sven bought a round-the-world air ticket good for a year and put Australia, New Zealand, Thailand, the Philippines, Bali (Indonesia) and Malaysia on his itinerary. He bought up a large supply of books explaining how to meet women through advertising agencies, organizations, etc. He knew from past experience that he would have a very active social life on his next trip.

The immediate problem was establishing a foreign residence. This was less difficult than Sven imagined because in the past he had always felt one must actually live in the place where one has residence. The truth is that Sven had only to choose any place in the world, get permission to reside there from the local consulate in Sweden, show this residence visa and his air ticket to Swedish pension authorities and then leave Sweden. Thereafter, his checks would be deposited abroad in the foreign bank of his choice. Every PT knows that it is not necessary to spend much time or any time at the place of domicile if it is carefully chosen. A few tax havens, such as Monaco and Campione, do check to see if legal residents have a properly furnished apartment, but in most other places in the world they neither care nor check on their foreign residents. Obviously, it was necessary to choose a place of residence where Sven had a friend or could hire an agency which could receive mail or provide an accommodation address. Another consideration was to choose a place that did not levy any tax upon foreigners in his income bracket.

The place chosen for domicile (legal residence) need not necessarily be a place where Sven was going to spend much time. The only requirement was that it could provide a cheap or free address and the right legal papers to show the Swedish authorities. If he was actually living outside of Sweden most of the time, for the purpose of avoiding the Swedish withholding tax, it didn't matter much where Sven actually lived. Arrangements on the Channel Islands of Great Britain could be made for about US \$1000 per year, but Sven decided to look into cheaper alternatives.

As to Sven's playgrounds, there would be visits and ads to be placed to meet suitable soulmates. No permanent decisions would have to be made. In fact, Sven decided that traveling in search of the perfect retirement spot might be more fun than settling in somewhere.

Another consideration was his personal safety. Even Sweden had become more dangerous lately. Men or women of his age were perceived as feeble and defenseless. Gangs of young punks regularly assaulted older people. One of the advantages of absolutist, fascist and

communist regimes was that repressive police insured that there was no crime on the streets. Thus, once he found a suitable companion, Sven resolved to try out Chile, Cuba, Paraguay and perhaps other right wing or communist countries where the cost of living was cheap and law and order was a feature. In fact, because Paraguay and Chile were places where single young women would be attracted by older men with a secure pension, he put them high on his list of desirable target countries and decided to apply to them at once for residential visas.

In Europe the choice of cheap tax havens was limited to Andorra and possibly Gibraltar. Andorra was cold for nine months a year (being primarily a ski resort), but Gibraltar on the south coast of Spain remained a possibility if he could sniff out one of its pre-war rent controlled apartments on a sub-lease. Spain was another possibility. Even though Spain was starting to tax foreigners, Sven's pension increase by living abroad would more than cover any Spanish tax. The cost of living in Spain is very low, available ladies are plentiful and friendly, particularly in Barcelona, and the weather is mild all year round.

Finally, Sven thought he might like to supplement his pension by doing some part-time work as a salesman. This was to be the least of his problems. Many insurance companies as well as companies that sell other products to the expatriate communities are always open to offers to take on their lines on a commission basis. It was just a matter of settling in somewhere and experimenting with different products. Working part-time was a good way to meet people, giving him a wide range of contacts. With his pension providing a secure income, Sven could always create a job for himself where he'd need no work papers. Selling brushes, Swedish smoked fish, cosmetics, health insurance, mutual funds or vitamins door-to-door in expatriate or retirement communities are just a few of the possibilities. Sven knew he would expand his social life and enjoy his days more than those who stayed at home and waited for the phone to ring or the mail to come. By selling any product in this irregular way, tax considerations would be minor. If there were taxes on his commissions, they would be paid by the company he worked for. They would also handle the detested paperwork.

This was the program worked out for our Swedish pensioner-traveler.

The Accidental PT

Strangely enough, a good number of Americans who might never have traveled at all became PTs by accident. Young men of 17 or 18 years of age defected by the thousands during the Vietnam War to Canada and Sweden. There, as foreigners, draft-eligible young Americans were given political asylum to permit them to avoid military service in Vietnam.

Draft resisters and deserters found that after a few years they were entitled to a foreign passport as a result of their Canadian or Swedish residence. Particularly in Sweden, as they finished school and began to earn respectable salaries, they became aware of an even higher level of taxation than in the US. Following in the footsteps of their new-found

friends in Sweden, they then moved from their country of asylum and new citizenship to a third country, any country. There, they were free not only of American military service, but also of all income taxes. Thus, many Americans discovered by accident the advantages of renouncing their original citizenship, getting a second passport and becoming PTs.

Many people traveling on Swedish passports, living outside Sweden, as well as Canadian PTs living outside Canada, are ax-Americans. As students they fumbled into a foreign country and with dumb luck acquired a passport that took them out of the orbit of any government. Thus, no more trenches and no more taxes. There are also large numbers of Russian deserters floating around with a similar background. They may have renounced citizenship because they were opposed to wars in general or a particular war at the time. A new passport made them safe from extradition. Few countries permit the extradition of their own citizens and many will not consider extradition of tourists from countries other than their country of origin.

The Vietnam deserters who did not return to the US are PTs today. They know they have a very special, privileged status. A non-US citizen is not burdened with lifetime taxation on worldwide income regardless of residence. A non-US citizen is also exempt from many registration and paperwork requirements. As a result of these, the US passport has been universally identified as the most expensive passport in the world. It is also a relatively poor travel document.

The US is one of very few countries that has made entry-visa requirements mandatory. As a result, many countries which might have admitted Americans freely have retaliated by imposing similar requirements. They treat US citizens as badly as their citizens have been treated by US customs and immigration services. Yanks in general are blissfully unaware of the fact that having any passport other than a US passport for traveling is, in itself a form of freedom. People from almost all countries tend to feel that their government is right. It takes a bit of getting out into the world to learn what the world thinks of you, your country and its government.

Since the Vietnam era deserters have tasted freedom, it will be difficult for any government to harness them to participate in any future war machine or to exploit them in any way. Having been given amnesty during the Carter era, these ax-Americans now have the best of all possible situations. They can visit and do business tax-free as foreigners in the US. They can have, as foreigners, secret untaxed bank accounts in the US. They pay no capital gains, income or inheritance taxes. They can visit the US and stay for up to four months a year before they are classed as residents for tax purposes. They qualify for tax exemption and special cash grants given to foreigners who set up US businesses. Should they ever desire a US passport, they can get one easily.

Ex-Americans as well as non-Americans have discovered that foreigners everywhere get a better deal than the locals do. Ex-Americans are, of course, foreigners in the US. This situation is not unique to the US. In China, Poland, the Philippines, Ireland, New Zealand and almost all countries of the planet, citizens who have emigrated and changed

citizenship are being courted and encouraged to return with a cornucopia of incentives. Those who stayed and plodded on are just there to be milked, sheared and ignored. What a paradox! One must abscond and get another passport in order to return as a first-class respected guest. Or is that what might be expected?

The Case of Peter Clyne

The following and final case history is somewhat different from each of its predecessors in that no attempt has been made to hide the identity of the individual involved, the famous tax lawyer and financial consultant, Dr Peter Clyne. Each of the following details is completely true and has been widely documented in both the Australian and international press. There is a great deal that the PT can learn from this tale which is at times sad, at times funny, but above all informative.

Peter Clyne engaged in maneuvers that he thought were very cute. Cute is not what I would call it. Maybe what he did was cute, but what the Australian tax collectors did was not. They crucified him. Peter Clyne paid a high price for being a tax rebel. He paid with his life. Clyne was charged with personal tax evasion. Chances are that he could have got away with everything he did, but he had bragged once too often to the press about his prowess in outsmarting the Australian tax collectors by keeping his assets in a safe deposit box in Liechtenstein. Clyne announced to the readership of the leading financial newspaper in Australia, that the "fiscal fiends", his pet name for the tax collector, could never touch him or his assets. He invited the public to buy his tax avoidance books and cassettes and to come to his seminars and learn his secrets.

As a result, Clyne made himself Public Enemy Number One. He created the situation that existed between the blatant Al Capone in Chicago and the law enforcement authorities. Clyne had to be stopped if the government was going to retain any credibility. In the eyes of the public prosecutors, Clyne was a far more serious threat than any common criminal. Why?

Because he was flaunting the fact that he was a Prior Taxpayer, earning a princely living and paying absolutely no income taxes. Commuting between Vienna and Sydney, the 60 year old Clyne was openly living in the best hotels while cavorting with a mistress young enough to be his granddaughter.

He claimed to be earning vast fees from his consulting business and book royalties. He said he never paid a cent in tax. To make matters worse, Clyne bragged to the press and television news crews about the various tactics he used to outsmart the government at every opportunity. He relied on the fact that he spent less than six months each year in Australia and was, thus, a non-taxable non-resident. He stuck his tongue out at the government and said essentially, "Catch me if you can!" Such cockiness is a sure recipe for personal disaster.

Every professional criminal knows that the only perfect crime has no collaborators, no witnesses and certainly will involve no public bragging or confessions. If an individual like Clyne can earn cash fees from foreigners while outside of his own country and no one back home ever knows about it, then such tax evasion can never be discovered nor punished. But Clyne was telling anyone who would listen exactly what he was doing and how he was doing it. What's more he was openly encouraging everyone else to follow his example. One suggestion he made was that any record of cash earned in Australia by Australians should be shredded and placed in a box with a rock. The laden files were, he suggested, best stored at the bottom of Sydney Harbour. This was a clear red flag waved at the tax collectors.

Clyne was a colossal egotist who had been the subject of a front page article in the *Wall Street Journal*. There he explained how he laundered money for drug dealers. He invited all and sundry in the United States to let him solve their tax problems with a ten per cent commission for his advice on how to get away with fraud. In due course, an American Drug Enforcement Agency undercover agent contacted Clyne. An in-person consultation was set up in Texas. At the conclusion of the interview, Clyne was arrested.

Clyne's advice to the make-believe drug dealer resulted in a criminal indictment for tax evasion conspiracy in the US. Clyne jumped bail in Texas and went back to Australia. From then on he was a fugitive vis-a-vis the American authorities. Although he had jumped bail to escape, he knew as a lawyer that he could not be extradited from his native Australia. How clever. Dr Clyne thought he was above the law.

Clyne still did not learn, after his close call in Texas, the virtue of keeping a low profile. A few years later, during a televised interview, he committed his second mistake, publicly announcing in Australia that he had substantial assets worth over a million dollars in a box in Liechtenstein. He bragged once again that he had never paid a cent in taxes all his life. That revelation alone gave the Australian Tax Authority the possibility to be cuter and smarter than Clyne gave them credit for.

Before I go on, this true story is not being told just for your amusement. It is a tragic story that carries with it many lessons. The second lesson, after low profile and avoiding confrontations, is that if you are going to hide your money successfully, no one, and that means no one but you should know where it is. Even spouses and children or your own lawyer cannot be trusted. Clyne essentially told the whole world exactly what he was up to. If you want to be judgement proof, the main thing is to hide your money and shut your mouth. If a pirate told anyone where his treasure was buried, it is unlikely that his chest of jewels and gold would be there when he returned to dig it up.

Clyne bragged about his Liechtenstein box as we shall see, to get publicity and set a trap for the prosecutors. He wanted to show how dumb and powerless they were. However, where mere mortals confront the might of a hydra-headed bureaucracy, it doesn't always work out as planned. This definitely was the case for Peter Clyne. He was, as the French say, eventually *hoist by his owe' Retard*.

The Australian tax collectors, goaded to exasperation, filed a claim against Clyne for many years of back taxes stating that his lifestyle in Australia, his suite at the Sebel Town House in Sydney, his bar bills and his publicity all indicated an Australian domicile and a substantial Australian source income.

Although it could not be positively and entirely identified by source, this large income, earned in Australia and therefore taxable, was clearly evidenced by Clyne's extravagant expenditures. The Fiscal Fiends had enough evidence to bring Clyne to court, place him under oath and question him under penalty of perjury.

Clyne in court under oath denied he had any current income. He said he was living off savings accumulated during his years as a federal judge in Nigeria. Although a civil tax claim was involved, Clyne was forced to answer under penalty of perjury, questions about exactly where he kept his savings and his record books. He was asked, "In what form is the million dollar asset claimed to be in your Liechtenstein box?"

Clyne responded, "There are no record books but my major assets are indeed in a box in the Bank of Liechtenstein."

Clyne knew that the policy of Liechtenstein courts was not to allow the enforcement of foreign court orders related to tax claims. But he didn't expect what happened next.

The government prosecutor asked the Australian judge to throw Clyne in jail for contempt if he didn't give a power of attorney to a government appointed trustee who would go to Liechtenstein and bring back for the court's inspection the contents of Clyne's box. The government charged that in view of Clyne's many press and television interviews, the story he told in court was likely to be false. In Clyne's box there just might be records that would link Clyne with many other tax-evading Australian clients. The judge agreed that no person should be able to openly flaunt the tax laws by placing assets and records abroad beyond the reach of the courts. Then, the government prosecutor moved to put Clyne into involuntary bankruptcy for failure to pay his tax claims. These were arbitrarily set at a high figure. Clyne was challenged to establish and prove his true income and expenses if he didn't like the government's figures.

The court then appointed a trustee in bankruptcy to go to Liechtenstein at government expense to empty the famous box, collect his assets and bring them back to Sydney, Australia.

After considerable time in custody, mulling over his next move, Clyne eventually signed a letter addressed to his lawyer in Liechtenstein requesting him to open a certain safe deposit box at a certain bank. Clyne stated in writing and under oath that his assets were in this box. The box was registered to a foundation, with the power of signature in the name of his lawyer, whom we'll call Dr Gott.

That degree of compliance with the court's orders got Clyne out of jail. He was not obliged to put up any bail since he had been jailed for contempt and now his offense had been purged or eliminated.

The court ordered him to turn in his extra passport. Clyne still had another one and intended to violate the court's order that he stay within the country until the case was decided. But on the way out of Australia, solely because he was such a high-profile and very well known television personality, he was apprehended at the airport. His other passport was confiscated and he was not allowed to leave. It was Clyne's intention to go to his box and empty it before the government agent got there. Clyne's second line of defense was to countermand his earlier letter with telegraphic instructions and a telephone call. He ordered Dr Gott in Liechtenstein to disregard his earlier letter because it was written under duress. Peter Clyne also wrote to the bank telling it not to let anyone open his box. But when the judge in the case found out about all these clever ploys, Clyne was sent back to jail on a new contempt charge.

When the government appointed trustee arrived in Liechtenstein, Clyne's local lawyer at first refused to receive or speak with him, as did the bankers. The Australian then appealed to the Liechtenstein court. The trustee's papers stated that he was not in Liechtenstein to enforce a tax claim, but to act only as a trustee in bankruptcy for a creditor, in order to attach the assets of a very slippery debtor who was trying to defraud them.

Although the Liechtenstein courts would normally go out of their way to protect the privacy of a foreign bank depositor, local officials in Liechtenstein were concerned and quite annoyed by the negative publicity the country was getting in Australia from the Clyne affair. Clyne's status as a fugitive in the US was raised in the press, as was *his fictional* statements that he was helping drug dealers launder money. Drug dealers would have nothing to do with someone like Clyne due to his penchant for publicity. But the Liechtenstein court indicated that neither it nor the government of Liechtenstein had any interest in protecting a blatant confidence man and trickster like Clyne. A postponement was suggested by Clyne's lawyer, allowing the Liechtenstein court to consider what to do next.

It appeared to all observers and the many reporters covering the story that Liechtenstein might well grant the Australian request to break bank secrecy in the Clyne case. Under international law, when a creditor or claimant gets a judgment in a foreign country, that foreign judgment will be enforced locally unless it should not be for reasons concerning public policy. During the postponement, the Liechtenstein court was presented with a transcript of Clyne's sworn testimony that he had violated no laws and that absolutely no tax was due in Australia. Clyne had sworn in Australia that the contents of his Liechtenstein box would prove his innocence.

Clyne's lawyer, presenting his defense, was correct in stating that few countries (unless there is a specific tax treaty) will enforce the tax claims of another country. Although the order from Australia was cloaked as a request for an inspection of Clyne's box to

determine the truth of his testimony in Australia, it was really nothing but a ruse to enforce a tax claim.

Everyone, even the Liechtenstein judge, must have been extremely curious as to what might be found in Clyne's safe deposit box. While the Australian press waited breathlessly for the Liechtenstein Court decision, Australian tax collectors discovered that Clyne's personal lawyer in Liechtenstein had registered in his own name, titles to substantial farmland in Australia! A registered letter was sent to Dr Gott by the Australian attorney general which said, "In view of your failure to co-operate in the Clyne case, we have issued a lien against all your Australian holdings on the presumption that you are holding said assets as a nominee for Clyne." In other words, Australia seized Gott's personal property, using as a pretext the claim that the lawyer was holding title as either a dummy or straw man for Clyne.

This threw Clyne's Liechtenstein lawyer into a panic. Whether the properties in Australia were his own, or belonged to his clients, or to Peter Clyne's clients, we will never know. But no one believed they belonged to Clyne personally. The Australian government was simply applying pressure by tying up the local assets of the Liechtenstein lawyer who could thus be forced to co-operate in nailing Clyne. The Americans have used this tactic many times by putting liens against Swiss bank branch assets in the United States when they want a particular bank to reveal account information about a suspected tax evader or inside trader. Dr Gott collapsed and turned state's evidence against his client.

One important lesson from this episode is that if you are going to hide your money somewhere, the bank or lawyer you hide it with should not be vulnerable to any pressures from your home government. In other words, if you are Japanese, your bank abroad should not have a Japanese branch. If you are American, the foreign lawyer you trust with your secret assets should not have a ranch in California registered in his name. If your bank, lawyer, trustee or otherwise has any personal assets registered to him in any place where you could conceivably be sued, remember what happened to Peter Clyne! To put pressure on the man or bank with your secrets or your money, a government can tie up totally unrelated assets. Such tactics by the United States Attorney General have been used repeatedly to get Swiss banks to give up information on their clients. Entire Swiss bank branches in New York have been tied up in litigation in order to get the home office in Zurich to produce banking records of Americans who thought they were protected by bank secrecy. It is not hard to do business with a purely local bank abroad, or to ask your potential lawyer if he has any property or other clients in your home country. If your bank, lawyer or other confidant is vulnerable to your home government's pressure, do business elsewhere.

What was the result in the Clyne case?

Dr Gott, the Liechtenstein lawyer, caved in immediately when his personal assets were placed at risk. In return for a release of lien on his personal property in Australia, he opened Clyne's box in the presence of the trustee. The contents were delivered to the

Australian trustee. The Liechtenstein court's order was not needed. The lawyer for a Liechtenstein Anstalt Foundation has full discretionary authority to do whatever he wants to with the assets involved. Normally, lawyers do only what the founder, in this case Clyne, asks them to do. But to protect his own interests, Dr Gott quickly betrayed his client.

When the Australian tax of flee received the box contents after spending a fortune in public funds to pursue Clyne, the trustee was perplexed. Where was the million dollar asset? Had Clyne won round one?

Clyne's safe deposit box contained a small quantity of gold coins and a receipt showing that these coins had been purchased in Africa many years earlier. The coins were indeed acquired by Clyne during the period when he was a judge in Nigeria. That tended to prove Clyne's story that he was able to live on his savings and that he didn't have any taxable Australian source income.

There was one other item in the box. A large reel of sound-recording tape that the government suspected at first was a computer record of all of Clyne's allegedly devious and illegal transactions. The government announced in a press release that the tape in Clyne's box was some kind of musical code that they would get to the bottom of.

Then, with some fanfare, Clyne announced to television reporters as he was released from jail that this tape was his major asset because it had cost him a small fortune to produce. To him it was worth a million dollars. The mystery tape was played at least partially to a nationwide Australian radio audience that was enthralled and amused by the ongoing saga of this very unusual case. As might be expected, the public and press were rooting for Peter Clyne, a little fat man with a sense of humor, who dared to take on the fiscal fiends. Peter's picture was on the cover of every magazine in Australia.

What did a nationwide audience hear when the mystery tape was played on the air? It was actually no musical code, but rather the Vienna Symphony Orchestra accompanying a tonedeaf soprano. She was singing her heart out in a shrill-voiced performance of the opera *Lakme*. The "Bell Song" from this opera, with the soprano imitating the sound of a set of high pitched church bells, was so unnerving that it made listeners all over Australia start to climb their walls. The performance of the soprano was so bad, it was more like a parody of opera than an opera. In the end, everyone had a good laugh. At the conclusion of the program, Clyne was asked, "What was that?"

The Australian papers ran a photograph of a glamorous young blonde alongside the story: "WHERE PETER'S MONEY WENT - HIRED VIENNA SYMPHONY FOR GIRLFRIEND". Clyne, to impress a young lady who aspired to an operatic career, had years earlier hired the Vienna Symphony Orchestra to accompany his protégé in what was to be a hit record of *Lakme*.

The record didn't score, but Clyne did, impressing the young lady enough to make her a good friend and companion for many years thereafter.

The court case against Clyne for tax evasion was dismissed. Even the judge was amused!

If I was writing literature and not fact, this tale would end right here. If I was making a fictional film with the mandatory happy ending, *The Peter Clyne Story* would fade out with Peter and his girlfriend walking into the sunset while the Vienna Symphony Orchestra played "Thus Spake Zarathustra". But reality does not always have a happy ending.

The Australian tax collectors, having lost face, next embarked upon an intensive campaign to smear, discredit and harass Clyne. With the unlimited resources of a whole nation to bring down on one man, the government was able to bring him to his knees. For two years, the government kept bringing different, spurious charges in court against Clyne. Although he acted as his own lawyer, the blizzards of paperwork generated more work than any one man could handle. Peter was watched day and night. Clients who called or visited him were given third degree intensive questioning. Any consulting clients that might have come Clyne's way were scared off. Clyne was arrested for questioning almost daily. He was jailed again and again for contempt, for failure to respond on time to various papers served on him or for failure to answer questions on the grounds of self-incrimination. The government was determined to grind him down with petty harassment.

Peter wanted to leave the country. But his right to get back his Australian passport was denied. No reasons were given. He was obliged to go to court to secure a writ of mandamus to force the government to issue his passport. They replied that his application was misplaced and that it would take some months to find it. When it was found, the background color on his photographs was said to be too dark. Clyne had played with the government. Now it was their turn. Once proper photographs were submitted, the passport office discovered that his birth certificate was not properly certified. The delays went on and on and on. Clyne could not leave the country.

Eventually, after sifting through some three thousand pages of Clyne's testimony with a fine tooth comb, certain answers the prosecutors deemed evasive and fraudulent were finally turned into a successful criminal perjury charge. Clyne was convicted by a jury in Sydney.

While out on appeal and awaiting sentencing, Clyne attempted to counter-attack by filing his own lawsuit against the Commonwealth of Australia. He charged the government with trying to frame him with over half-a-dozen malicious and unfounded prosecutions. He claimed the reason he was convicted was that he had simply run out of steam and no longer had the stamina to mount an effective defense. In other words, he conceded that the government had worn him down and sapped his will to resist it further. He claimed that the prosecutions were nothing less than pure, intentional, vindictive, harassments directly resulting from his anti-tax outspokenness. He got some newspaper and public sympathy, but since a sovereign government may not be sued without its consent, his case

against the government was dismissed and his conviction was affirmed. Now, the media turned against him. He was a convicted felon.

Peter was broke. It was apparent that the government would stay on his case until he died. Although the government had no legal right to keep them, Peter never got his gold coins taken from his Liechtenstein safety deposit box. The law's delays and the judicial process simply wore out the old man. His spirits sagged and his health failed. He was unable to pay his rent. Ordered to report to jail, Clyne had a heart attack. He was ordered to come to court from intensive care when the government claimed he was faking. En route to court he had a second heart attack. It was all over.

After a decade of valiant battles with the fiscal fiends, the great tax rebel finally expired from a massive coronary failure. Although Clyne was still a hero to some, he was quickly forgotten, except perhaps by a certain soprano for whom he had once hired the Vienna Symphony Orchestra. Clyne was another casualty of the futile war of the individual against Big Brother.

This sad story has a few more morals to be drawn from it, the most important being that confrontations with governments are to be avoided by sensible people. The second is that even assets deposited in safe places like Liechtenstein can be taken from those with loose lips. If you want your funds to be safe, if you want to be judgment proof, then keep your mouth shut.

If you give tax advice, do it quietly. Don't seek to be controversial or blatantly antigovernment. PTs don't want to evade taxes, we just want to avoid them, legally. But giving advice on evasion or legal tax avoidance is, according to the government's point of view, setting a bad example for the public. Thus, anyone can expect trouble if they get on a soapbox and promote tax avoidance blatantly. The PT should try to be seen as an ordinary, nonthreatening, law abiding tourist of insignificant wealth. We must avoid being identified as part of some movement that needs to be crushed. We are in fact simply a bunch of unrelated individuals with no common goal or purpose. As such, we are not important enough for Big Brother to invest any time or money in bringing us down. Finally, it should be remembered that a moving target is much harder to hit than one that is stationary. A PT should never stay in one place long enough for the authorities to get a clear idea of who he is. Generally it takes about three years for a government to focus its sights on an individual and turn him into a compliant taxpayer. If the PT moves several times a year and is a Perpetual Traveler or is at least perceived as such, he will be safe and free.