

Why People Endure Bad Governance: Natural and Artificial Exit Costs

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Abstract

Why do people remain in jurisdictions whose governance they consider unsatisfactory? Mobility costs, attachment, locational rents, uncertainty and loyalty can make staying preferable even when institutional alternatives appear attractive. This paper distinguishes these natural exit costs from artificial barriers that governing authorities impose on departure or on the exercise of an outside option. The distinction develops the offer/threat framework of the praxeological analysis of coercion, while separating the existence of a constraint from its moral or legal justification. We make three contributions. First, we specify why observed residence cannot identify consent to governing rules, including when exit is legally available. Second, we organise barriers by target (person, wealth and membership status) and mechanism (prohibition, price and process), distinguishing direct restrictions from policies that change the relative attractiveness of destinations. Third, we develop conditional hypotheses about how authorities respond when mobility threatens a fiscal or political base. Historical and contemporary examples illustrate these mechanisms without supplying a representative sample or a causal test. The discussion incorporates fiscal competition, capital controls, portable digital wealth and secession as collective exit. We propose a disaggregated framework for measuring effective exit restrictions and outline its identification problems. The result is an account of non-exit that preserves the importance of ordinary attachments while making institutional constraints explicit and empirically examinable.

JEL classification: B53, D74, P48, F22, H24

1. Introduction: the puzzle of endurance

Jurisdictional competition can discipline governance when people can choose where to live, work or hold assets. Tiebout (1956) models mobile consumer-voters choosing among local public-good bundles. Hirschman (1970) places exit alongside voice as a response to deteriorating performance in firms, organisations and states. Somin (2013, 2020) develops the case for foot voting as a form of political choice with stronger incentives for information acquisition than an individual ballot. These arguments help explain how mobility can reward jurisdictions that offer attractive terms and punish those that do not (Author 2026a, 2026b). They do not require most residents to move: a credible option for marginal movers can influence policy even when observed migration is limited.

The question addressed here is why a person who judges governance unsatisfactory may nevertheless remain. Dissatisfaction and non-exit are compatible because governance is only one component of the bundle attached to residence. A person may dislike taxation or public administration yet value family proximity, a professional network, a language community or the prospect of improvement more than the gains available elsewhere. Throughout the paper, “bad governance” denotes governance the relevant person considers unsatisfactory. We do not infer a common ranking of jurisdictions from tax rates, migration flows or our own institutional preferences.

The diversity of preferences and the distinction between expected and realised benefits are the starting points of this analysis. Staying, like moving, is an action with prospective consequences (Mises 1949). A

relocation that took place but did not work out as expected need not have been irrational ex ante, and continued residence need not express approval of any particular policy. Different members of a household may also disagree about the preferred location. The option to move a business or some assets can be exercised without moving the household, making endurance a set of related choices rather than a single yes-or-no decision.

Existing accounts identify mobility and information costs, psychological attachments, locational rents and uncertainty (Brennan and Buchanan 1980; Hirschman 1970). They also recognise legal restrictions. Our contribution is to organise these costs according to the mechanism by which they arise and the inference they permit. Natural exit costs comprise resources consumed in relocation and benefits forgone by leaving a place or association. Artificial exit barriers are enforceable restrictions, sanctions or burdens attached by an authority to departure, renunciation or the use of an outside option. An individual can face both, and the same observed non-exit can therefore be consistent with substantially different institutional arrangements.

The terminology requires care. “Natural” does not mean immutable, biologically determined or independent of institutions. Transport markets and language education can change these costs; pension portability depends on the rules governing the claim. “Artificial” does not mean unjust by definition. A restriction designed to collect an independently established debt or to address a public emergency still constrains movement, but its justification is a separate question. These qualifications preserve the distinction between explanation and evaluation and prevent a classification from deciding the normative argument in advance.

The paper relates this distinction to the analysis of offers and threats in the praxeological literature on coercion (Author 2015, 2016, forthcoming). It contributes an inference about consent, a typology of restrictions and a conditional account of escalation. Residence under a penalty for departure reveals a choice among the options actually available; it does not establish agreement to the rule creating the penalty. Authorities facing a more mobile base may respond by improving their offer, accepting a smaller base or increasing barriers. The last response becomes more attractive under conditions specified below, but it is not a necessary consequence of mobility. Effective restrictions can be described empirically, although they do not yield a scalar measure of legitimacy or overall governance quality.

Survey evidence motivates the question without answering it. Wike, Fetterolf and Schulman (2025) report a cross-country median of 58 per cent dissatisfied with the functioning of democracy across twenty-three countries. This is a median of country percentages, not the share of all surveyed people, and dissatisfaction with democracy is not a direct measure of a preference to emigrate. Current-resident samples also omit those who have already left. The survey therefore supplies context rather than an estimate of non-exit caused by barriers. Being employed by the state may make a person more satisfied with governance because their livelihood is tied to it. OECD (2025, Chap. 13.1) employment shares could help describe this exposure, but testing its effect on satisfaction requires individual-level evidence.

Our method is conceptual analysis supplemented by a structured selection of institutional examples. Cases are chosen to clarify mechanisms and difficult boundaries, not to estimate the prevalence of coercion or the share of non-exit caused by it. Statutes establish legal design; administrative guidance identifies implementation and exemptions; empirical studies establish behavioural responses within their own settings. A proposed tax, an enacted but inoperative requirement and an enforced prohibition are treated separately. The institutional discussion uses sources checked through 10 September 2026, with the sources raised during co-author review checked through 15 September; historical episodes are dated individually.

Section 2 develops the categories and their mixed cases. Section 3 explains the limited consent inference. Section 4 applies the typology to fiscal, financial, personal and status restrictions and considers the strongest justification for exit taxation. Section 5 presents the escalation mechanism and distinguishes non-violent voice from fight. Section 6 examines falling mobility costs, portable wealth, institutional competition and collective exit. Section 7 sets out a measurement and research design; section 8 concludes.

2. Exit costs as offers and threats

2.1 A mechanism-based distinction

In the praxeological framework used here, catallactic action induces cooperation by offering a benefit, while cratic action induces compliance through a threatened adverse consequence (Author 2015; Author forthcoming). Both work through expectations and both may change behaviour without their promised consequence occurring. The relevant distinction concerns the structure of the inducement, rather than the actor's public or private identity. Threat-backed enforcement can protect an agreed entitlement as well as violate one. The ethical distinction between defensive and aggressive coercion therefore remains separate from the formal distinction between offers and threats.

Applied to exit, the natural component consists of relocation resources and benefits that cannot be retained on leaving. Moving a household uses time and money. Leaving a familiar language, a client base or a dense labour market sacrifices advantages that depend on continued participation. The value of these forgone advantages is subjective; losing them can make moving too costly. No additional sanction is required to make departure unattractive. An artificial component arises when an authority blocks departure, imposes a charge triggered by it, or retains enforceable claims that prevent the person from obtaining the expected benefit of an outside option. Continued citizenship-based taxation belongs to the last category: it is not newly triggered by physical departure, but can limit the fiscal consequences of leaving.

Classification requires a stated comparison. The baseline used here retains productive relationships, service costs and independently established obligations, while removing the particular departure condition under examination. For a tax, one compares the same accrued gain, tax base and entitlement

before and after departure, including differences in payment timing and credit for tax paid elsewhere. For a pension, one separates future services requiring residence from accrued claims that could be paid abroad. The comparison does not assume that every government charge disappears in the absence of an exit restriction. Where the underlying entitlement is disputed, the classification must record that dispute rather than call one baseline self-evident.

Private arrangements make this requirement especially clear. The example of technology firms' walled gardens includes several mechanisms: a valuable network that would be lost on switching, the cost of converting a proprietary format, a contractual termination fee, and withholding access to data already owed to the customer. The first two need not be threats; the latter two require examination of the entitlement and the conditions of enforcement. Likewise, a public service may create an attractive reason to stay without penalising departure. Mises's (1949) emphasis on the state's ultimate reliance on force explains why public restrictions deserve scrutiny, but it does not make every private switching cost voluntary or every public benefit coercive.

2.2 Why ordinary costs can sustain non-exit

The diversity of preferences has practical consequences. Someone who values a coastal location and proximity to elderly parents may remain despite disliking local public policy. Another person facing the same tax schedule may move. These are different rankings of whole alternatives, not conflicting estimates of a single governance score. Benefits to some residents and burdens to others can coexist within the same institutional arrangement.

Locational rents are one source of this persistence (Brennan and Buchanan 1980). A productive commercial cluster, a beach supporting a tourism business or locally specific expertise can yield income that would be lost on departure. Residence-contingent distributions from a common asset, as illustrated by the Alaska Permanent Fund, introduce a further question: is the resident losing a future membership benefit or forfeiting an already vested property claim? The residence condition alone does not settle that question. The same care applies to licences, quotas and grandfathered entitlements. Some rights concern activities necessarily performed locally; others are made non-portable by an avoidable legal rule.

The firm-location literature supports the importance of these margins without identifying coercion. Giroud and Rauh (2019) find short-run corporate-tax elasticities of employment and establishment counts around -0.4 to -0.5 for C corporations, with approximately half the response accounted for by reallocation to other states. Brühlhart, Jametti and Schmidheiny (2012) find that location choices in less agglomerated sectors are more sensitive to tax differentials. These studies show that place-specific advantages can moderate fiscal mobility. They do not estimate the artificial component of exit costs or establish that taxation responsive to locational rents is an exit penalty.

Institutional quality can itself form part of the locally valuable bundle. The World Bank's (2006, Chap. 7) wealth-accounting exercise relates an estimated intangible-capital residual to schooling, remittances and a rule-of-law indicator. The residual also contains omitted assets and measurement error, and the

cross-country associations do not identify the causal contribution of a particular government. The study nevertheless gives substance to the distinction between natural resources and the institutional and human-capital complements that make a location productive. A resident can value those complements while disliking other features of governance; migration may change access to them without changing the resident's skills.

Psychological attachment, loyalty and social disapproval also matter. Memories, patriotism and obligations to a community can sustain residence despite disappointment. Leaving may attract labels such as deserter or traitor, raising a social cost even without official punishment. Hirschman's (1970) loyalty is more than a passive attachment: it can postpone exit while sustaining voice and the expectation of recovery. Social disapproval without a threat of force and state intimidation operate through different mechanisms. The distinction concerns how compliance is induced, not whether disapproval is morally acceptable. The source and sanction of a cost, rather than its emotional intensity, determine where it belongs in the framework.

Sunk expenditure requires a different clarification. Irrecoverable past costs do not themselves enter a forward-looking comparison. Remaining because one has already spent money moving into a jurisdiction is a sunk-cost error if that expenditure has no bearing on future alternatives. By contrast, a business network or qualification built through past expenditure may still generate future returns that relocation would destroy. Calling both "sunk costs" obscures the difference between a behavioural explanation and a prospective opportunity cost. This distinction is especially relevant to immigrants reluctant to undertake a second costly move.

Uncertainty can make waiting valuable. A resident may expect improvement through voice or lack confidence in the apparent advantages of a destination. A legal right to enter does not ensure suitable housing, schooling, employment or health care. Investigating tax residence, business incorporation and asset custody entails further costs, and rules in practice may differ from the advertised rules. Intermediaries such as lawyers, translators and relocation agents can reduce these costs by supplying specialised knowledge. Their fees are part of relocation's resource cost; their contribution can nevertheless increase the net attractiveness of exit.

2.3 Entitlements, dependencies and retained claims

Citizenship combines rights and benefits with obligations. Consular assistance, the right of return and mobility rights attached to a passport may be lost on renunciation. Losing future membership services is distinguishable from an additional penalty for surrendering membership. A processing fee may partly reimburse administration and partly deter exit; waiting requirements may verify informed intent and also impose a burden. A useful classification records these components and the alternatives available, including less burdensome ways to achieve the stated purpose.

Withdrawal of relief is a harder case. If an authority suppresses alternative providers, compels contributions and then conditions access to the resulting entitlement on staying, the apparent loss of a

service can operate as a threat. Contributory pensions, compulsory insurance and professional recognition provide plausible applications, but each requires evidence about vesting, portability and the displacement of alternatives. It would be inconsistent to count every residence-related entitlement as artificial after defining genuine place-dependent benefits as natural.

Pension portability means being able to continue receiving pension payments after moving abroad. For example, the US Social Security Administration generally stops payments to noncitizens after their sixth calendar month abroad, unless an exception applies. Where payments have stopped and no exception applies, resumption requires lawful physical presence in the United States for a full calendar month (Social Security Administration n.d.). Such a residence condition is an artificial restriction on portability, distinct from the practical cost of moving. Its justification remains a separate question; it is not a blanket rule for every former US citizen.

Existing obligations further complicate the distinction. A debt does not cease to exist merely because a debtor emigrates; conversely, difficulty collecting it abroad does not prove that it was illegitimate. Legal enforceability across borders is therefore not an adequate test of its origin. The relevant questions are whether the obligation exists independently of exit, whether departure changes its amount or payment date, and whether enforcement is proportionate to collection. Exit taxes on unrealised gains can preserve a claim to income accrued before departure while imposing a new liquidity cost through accelerated realisation. Section 4.5 examines this mixed case directly.

A related distinction concerns the destination. Immigration restrictions, the non-recognition of qualifications abroad and coordinated tax rules can diminish the available outside option without being departure penalties imposed by the origin jurisdiction. We record these as destination constraints or changes in the returns to exit. They belong in an explanation of endurance, but combining them indiscriminately with origin-country prohibitions would prevent identification of who imposed what. The broader sense of power includes influence and authority; the narrower cratic object examined here is enforceable command capacity (compare Peña Gil 2022).

3. Staying is not consent

Rothbard's (1956) demonstrated-preference approach concerns what may be inferred from choice. Voluntary exchange reveals that the parties expected to gain relative to their available alternatives. It does not license an inference from every observed action to approval of all institutions shaping it. Applied to residence, the question is what a decision to remain can identify about the person's preference for governing rules.

Let a person compare staying under the existing bundle with moving under a specified alternative. Departure entails relocation costs, forgone local benefits and any enforceable departure burden. Choosing to stay reveals a ranking of these complete prospects at the time of choice. It does not reveal how the person would rank the two locations without the additional burden, or how they would choose

between alternative constitutional rules. This is an identification problem, not a claim that coercion removes agency.

A simple counterfactual makes the limit explicit. Suppose a person would prefer relocation if no departure levy applied but prefers staying once a levy is included. Observed residence is consistent with the levy deterring an otherwise preferred move. Another person would stay with or without the levy because family and professional ties outweigh the destination's advantages. The two make the same observed choice. The existence of the levy establishes that the option is burdened, but does not tell us which individual is deterred or how many would leave if it were removed.

The inference remains limited even without artificial barriers. A person who could move freely may stay because of attachment, uncertainty or lack of an acceptable destination while rejecting the governing rules. Natural exit costs can therefore also prevent residence from evidencing consent. Removing an artificial barrier eliminates one source of ambiguity; it does not turn staying into affirmative authorisation. Conversely, the presence of a barrier does not prove that every resident dissents. The defensible conclusion is that residence alone is insufficient to identify consent or the welfare consequences of the governance arrangement.

This point bears on arguments from tacit consent. If residence is treated as evidence of agreement, it matters whether refusing the agreement is feasible, whether its consequences are known, and whether the act is conventionally understood to convey authorisation. An authority cannot establish consent merely by making departure costly and then citing the resulting persistence. The classic disagreement between Locke's treatment of tacit consent and Hume's objection to emigration as a practical alternative already identifies this problem (Locke [1689] 1988, II, §§ 119–122; Hume [1748] 1987). Our contribution is to distinguish the institutional mechanisms that make the inference unreliable, rather than to attribute an unrestricted residence-equals-consent doctrine to the literature as a whole.

The constitutional-choice distinction clarifies the object of consent. Brennan and Buchanan (1980) distinguish choice within rules from choice among rules. Relocation selects among existing bundles of rules and can approximate constitutional choice for the mover, but it does not necessarily authorise how either jurisdiction's rules were made. Continued in-period choice is still less informative. A resident can optimise within a system while wishing to replace it. The conceptual distinction survives even where changing jurisdiction is costly or legally impossible.

Ostrom's (1990) distinction between rules in use and formal prescriptions adds an institutional dimension. A written guarantee of movement may coexist with discretionary permits, delays or informal intimidation. Conversely, an unrepealed statutory permission requirement may be waived in practice. The former case constrains exit more than the formal rule suggests; the latter constrains it less. Informal non-enforcement can make departure easier while remaining insecure if officials can reverse it without notice. Neither statutory text alone nor a successful departure by a privileged foreigner establishes the option available to the ordinary resident.

Bell’s ladder of consent distinguishes stronger from weaker grounds for attributing agreement (Bell 2017, Chap. 2.3). It is useful here as a taxonomy of consent claims, not as a ready-made numerical scale. The present framework adds information about the feasibility of refusal. It does not imply that each additional unit of tax or delay reduces consent by a measurable amount. Thresholds, resources, destination access and prior authorisation differ across persons. Barrier data can challenge unsupported claims of agreement; they cannot measure a latent quantity of consent without an independent account of what the scale represents.

This matters for what the cratic literature calls hidden domination: a system of credible threats may obtain compliance with little visible violence (Author forthcoming). Exit restrictions can reveal an institutional capacity to sanction refusal even where no sanction is observed. However, undocumented practices can remain hidden, and a written restriction need not be effective. Evidence of enforcement, exemptions and feasible alternatives must accompany the text of the rule.

The socialisation objection does not defeat this limited claim. No person chooses the circumstances of birth, and few can replace every inherited commitment. An account of political obligation may therefore appeal to reciprocity, public goods or other grounds besides consent. Those arguments should be assessed on their own terms. They cannot acquire evidence of voluntary agreement merely from a resident’s continued presence. Likewise, a resident’s informed decision to stay establishes knowledge of the available alternatives, not necessarily endorsement of the rules that restrict them.

4. A typology of artificial exit barriers

The typology distinguishes three targets: the person, wealth, and membership status. Each can be constrained through prohibition, price or process. The categories are analytical: one measure can occupy more than one cell. A renunciation procedure may combine a fee, a waiting period and discretion to refuse; a capital control can combine quantitative limits and reporting duties. Table 1 identifies mechanisms rather than asserting that every jurisdiction currently supplies an example of every cell.

Targets and mechanisms of artificial exit barriers

Target	Prohibition	Price	Process
Person	departure bans; compulsory-service restrictions	departure-contingent charges or forfeiture	exit permits; document requirements; discretionary exemptions
Wealth	outflow prohibitions; restrictions on transfer channels	departure-triggered tax or accelerated payment	clearance, valuation, reporting and transfer approval
Membership status	unavailable renunciation	renunciation charges; expatriation liabilities	procedures determining whether and when membership ends

Three further attributes are needed to interpret each entry: the population exposed, the rule's legal status and its administration in practice. General taxation, prudential regulation and international rate coordination enter the explanation only through a specified effect on the outside option. They are not automatically coded as direct departure barriers. The cases below therefore include both clear applications and boundaries where a broader description of fiscal or financial constraints would be more accurate.

4.1 Fiscal incentives, departure charges and coordination

Mobility responds to fiscal incentives in some settings. Kleven, Landais and Saez (2013) follow first-league football players in fourteen Western European countries during 1985–2008. The setting offers unusually observable careers, an international labour market, variation in top tax rates and special tax schemes, and the 1995 Bosman ruling as a major change in recruitment restrictions. The study combines these sources of variation; the before-and-after comparison alone does not identify every reported effect. Highly paid footballers are an unusually mobile group, so the authors regard the setting as informative about high mobility responses rather than representative of the labour force.

Their analysis distinguishes attraction, displacement and equilibrium sorting. Preferential treatment of foreign players can attract high-ability foreigners while displacing lower-ability foreigners; effects on domestic players are a separate margin. The correlation between national tax rates and club performance becomes negative after Bosman, consistent with improved recruitment and retention in lower-tax locations. Potential complementarities among players help motivate interest in such effects, but the club-performance comparison does not by itself identify a causal productivity spillover to incumbent players. The relevance to non-exit is conditional: when other mobility barriers fall, fiscal differentials can become more consequential. An earnings tax is an incentive affecting location, not necessarily a departure-triggered charge. The broader review by Kleven et al. (2020) emphasises that mobility elasticities vary with the population, jurisdiction and institutional setting, reinforcing the need to identify the relevant margin before generalising.

The European Commission's commissioned study *Wealth Taxation, Including Net Wealth, Capital and Exit Taxes* provides a contemporary policy counterpart (European Commission 2026a). Its two-volume assessment covers tax design, behavioural responses and selected country experiences; the Commission announced publication on 15 April 2026. Recommendations in an external study must be distinguished from an adopted Commission proposal or binding Union law. Its discussion of wealth, capital and exit taxes nevertheless illustrates the institutional choices created by mobile tax bases.

The study and its official presentation emphasise valuation, information exchange, beneficial-ownership information, third-party reporting and administrative capacity. They also distinguish evidence on mobility within countries from the more limited evidence on international mobility of the ultra-wealthy (European Commission 2026a, 2026b). This uncertainty matters for the paper's argument. Neither football-player estimates nor domestic relocation responses establish how an international wealth tax would affect

ordinary households or asset owners. Conversely, limited measured international migration does not establish the absence of deterrence where the cost of leaving is already substantial.

Brennan and Buchanan's (1980) revenue-maximising Leviathan provides one interpretation of fiscal coordination: authorities can reduce competitive pressure by limiting the gains from choosing a different tax jurisdiction. Coordination can also pursue stated objectives of limiting avoidance, allocating taxing rights and financing collective services. These explanations are not observationally equivalent in every case, but the existence of coordination alone does not identify which dominates. Evidence about design, exposure and effects is needed. Our narrower claim is that coordination can alter the outside option relevant to endurance even when no one is prohibited from moving.

The OECD's GloBE Model Rules illustrate that distinction. They establish a framework for a 15 per cent minimum effective tax rate for in-scope multinational groups, generally using a EUR 750 million consolidated-revenue threshold, with exclusions and detailed implementation rules (OECD 2021). This is not a universal minimum tax on households, a uniform statutory corporate rate or a personal emigration charge. It can reduce particular gains from profit shifting or choosing low-tax locations within its scope. Physical relocation, incorporation, the allocation of taxable profits and beneficial ownership should be kept separate when assessing that effect.

Direct departure-related taxation takes several forms. The United States generally taxes citizens on worldwide income even when they reside abroad (Internal Revenue Service n.d.b). Lawful permanent residents can also remain within worldwide taxation until their tax residence ends under the applicable rules; this is a distinct residence category, not citizenship (Internal Revenue Service n.d.c). Filing requirements, credits and exclusions mean that a reporting obligation and a positive tax payment are different burdens. Ending citizenship or qualifying long-term residence can trigger the covered-expatriate regime under Internal Revenue Code § 877A, subject to statutory tests and exceptions (Internal Revenue Service n.d.a). Physical departure, termination of tax residence and renunciation are thus three different events.

This combination can have opposing effects. Worldwide taxation and reporting may make renunciation attractive to a citizen abroad, while renunciation costs and potential expatriation liabilities discourage the final surrender of status. The resulting continued membership cannot be interpreted as satisfaction with the fiscal terms. Nor does the existence of the regime establish that every citizen abroad owes an exit tax or that filing is required regardless of ordinary filing thresholds.

Spain supplies a narrower continuing-residence example: its tax authority describes an extension of personal income-tax status for Spanish nationals moving to a non-cooperative jurisdiction in the year of departure and the following four tax years (Agencia Tributaria 2026). Canada treats specified property as disposed of at market value on emigration, with exclusions and arrangements for deferring payment; Australia provides a capital-gains event on ceasing residence and an election that can instead preserve subsequent Australian taxation of relevant assets (Canada Revenue Agency n.d.; Commonwealth of

Australia 1997, §§ 104–160, 104–165). These designs impose different timing and compliance costs. Treating them as identical levies on all wealth would obscure those differences.

Proposals require separate treatment. French National Assembly amendment I-1705 to the 2026 Finance Bill proposed a ten-year nationality-linked extension for specified high-income former residents moving to substantially lower-tax jurisdictions, subject to treaties. It was rejected on 24 October 2025 (Assemblée nationale 2025). Its relevance is evidence of a proposed response to mobility, not of an operative French ten-year rule. At the subnational level, the cases raised by California, New York and New Jersey require distinguishing continuing source-income taxation, disputes over domicile, transaction withholding and proposals for new departure taxes. Appleby's (2023) analysis concerns the case for and design of state exit taxes; it does not establish a general enacted exit tax in each of these states.

4.2 Capital controls and access to financial alternatives

Fernández et al. (2016) construct a dataset distinguishing inflow and outflow controls across ten asset categories in one hundred countries during 1995–2013. Their open, gate and wall groupings describe differences in the prevalence and persistence of controls within that sample, with the United States, Brazil and China illustrating contrasting regimes. The classifications concern the historical sample rather than current country scores. The dataset is based on legal restrictions recorded in the IMF's AREAER, rather than a direct measure of actual capital flight or the number of residents deterred from leaving.

Inflow and outflow controls are positively correlated within asset categories: the reported correlations include 0.86 for derivatives, 0.37 for direct investment and 0.30 for real estate. Controls on outflows are more prevalent than controls on inflows across most categories, with direct investment and real estate as exceptions (Fernández et al. 2016). The relatively low correlations for those two categories do not mean that investments or ownership claims cannot be sold. Their underlying physical assets and the financial transactions relating to them are different objects. The evidence establishes an asymmetry in legal treatment, not a universal preference of governments or a causal effect of controls on migration.

The prospect of an outflow restriction can discourage an inflow before it occurs. A firm considering investment must assess whether it will later be able to repatriate proceeds or dispose of its interest. Hazlitt's (1946) discussion of imports and exports offers an analogy for this interdependence. The analogy usefully warns against treating an outward and an inward flow in isolation, but it is not a balance-of-payments proof: trade and financial flows can be financed over time and do not match transaction by transaction. The relevant mechanism here is the prospective investor's assessment of reversibility. Expected difficulty withdrawing wealth can reduce the attractiveness of entry even if immediate inflows are welcomed.

Access to foreign financial providers introduces another boundary. CRD VI adds Article 21c to Directive 2013/36/EU, requiring third-country undertakings to establish an authorised branch for specified banking activities in the Union, subject to exceptions including a client's own exclusive initiative, interbank services and intragroup services. The main Article 21c requirement is scheduled to apply from 11

January 2027, with separate provisions governing the transition (European Union 2024). Its scope is therefore narrower than a general prohibition on EU residents holding foreign bank accounts. Its supervisory rationale and its possible effects on provider choice are distinct. Restricting a channel can raise the cost of a financial outside option, but the scale of that effect cannot be read directly from the branch requirement.

Digital assets add a related problem of classification. AREAER's country framework includes a section on digital currencies and crypto assets alongside traditional restrictions (International Monetary Fund 2024, sec. XIII; Bergant et al. 2026, appendix C.1). A general prohibition, a restriction on regulated intermediaries, a tax on gains and a reporting requirement have different effects on the capacity to transfer wealth. The Atlantic Council's cryptocurrency tracker is useful for locating such differences, but its broad country labels require verification against the underlying rules and a dated dataset before being used as observations (Atlantic Council n.d.). A legal asset can still be costly to use; an intermediary ban need not amount to a ban on every form of possession.

Crypto-asset taxation also illustrates why the tax base and event matter. Germany's 6 March 2025 guidance describes the income-tax treatment of privately held crypto assets, including the one-year holding-period rule for private disposals under § 23 of the Income Tax Act. Portugal's income-tax code excludes qualifying gains and losses on certain crypto assets held for at least 365 days, with conditions and exceptions (Bundesministerium der Finanzen 2025; Autoridade Tributária e Aduaneira 2026). Neither rule is a blanket exemption for every crypto-related activity. A general tax on realised gains affects the attractiveness of an asset; an additional charge on losing residence affects exit through a different mechanism.

Proposals to remove these holding-period exemptions illustrate how a financial outside option can become less attractive. In Germany, a bill introduced on 5 May 2026 by Bündnis 90/Die Grünen would tax private crypto disposals irrespective of holding duration. In Portugal, Bloco de Esquerda's bill of 10 October 2025 likewise proposed ending the exemption for holdings of at least 365 days (Deutscher Bundestag 2026, art. 1; Assembleia da República 2025, arts. 3–4). These are proposed changes, distinct from the rules described above. Removing an exemption would reduce the after-tax return for affected holders without necessarily preventing them from transferring their assets.

In its 28 April 2026 resolution on the proposed 2028–2034 Multiannual Financial Framework, the European Parliament asked that a levy using a uniform call rate on crypto-asset capital gains be explored as a possible alternative own resource if other proposals failed to gain support (European Parliament 2026, para. 123). This was a conditional request for exploration, not an enacted EU capital-gains tax or proof that national rates had been harmonised. The example remains relevant to the possibility that fiscal coordination narrows differences between destinations. Its legal status prevents it from being counted as a current burden on movers.

4.3 Restrictions on persons and travel documents

Compulsory service and emergency powers supply direct restrictions on persons. Germany offers a particularly useful distinction between statutory authorisation and effective obligation. Its military-service framework contains a permission requirement for certain extended foreign stays by men within the specified age range. Yet the Bundeswehr's guidance of 7 April 2026 states that men aged seventeen to forty-five need not obtain permission or separately notify departure under the applicable exception, and describes the possibility of future reactivation (Bundeswehr 2026). The case establishes a latent legal instrument and its waiver, not an operating blanket ban since January 2026.

Ukraine's Ministry of Foreign Affairs temporarily stopped accepting specified new consular-service applications from men aged eighteen to sixty abroad on 23 April 2024, except applications for return documents, in connection with new military-registration procedures. Its announcement describes a temporary administrative measure (Ministry of Foreign Affairs of Ukraine 2024). The episode illustrates how access to documents affects the feasibility of remaining abroad, with exposure defined by the application type and the period of the temporary measure. Moreover, a measure affecting people who have already departed concerns the sustainability of exit and possible return, not necessarily initial non-departure.

Russia's 2024 law on mandatory military registration concerns persons granted citizenship (President of Russia 2024). This population-specific requirement illustrates a membership condition rather than a general rule about all citizens' freedom to leave. Registration, military summons and a departure prohibition are analytically distinct steps. The link relevant to endurance is an enforceable restriction on the outside option. Compulsory-service rules can make that option unavailable precisely when military risk increases its perceived value. Their stated defence purpose and the population exposed enter the normative assessment separately from identifying the mechanism.

Australia's overseas-travel determination prohibited departures by citizens and permanent residents from March 2020 subject to statutory exceptions and discretionary exemptions. The regime was amended repeatedly; a general exemption for fully vaccinated persons took effect in November 2021, about nineteen months after its introduction (Commonwealth of Australia 2020; Parliament of Australia 2021). Residence abroad and other circumstances mattered to exemption eligibility; possession of a second passport alone should not be treated as an automatic exemption. This episode shows that substantial restrictions can arise in a constitutional democracy and subsequently be relaxed. It is therefore also evidence against treating every restriction as the first step of an irreversible escalation.

China's Exit and Entry Administration Law specifies grounds for restricting departure by both citizens and foreigners, including criminal proceedings, certain unresolved civil cases and security-related determinations (National People's Congress 2012, arts. 12, 28). The statutory case establishes the availability of exit prohibitions, not a measured increase under a particular administration. In individual applications, due process, scope and duration matter. A targeted court order securing a claim and an indefinite restriction used against a dissident should not receive the same substantive interpretation merely because both prevent travel.

Scott's (1998) account of state legibility helps explain the administrative side of these arrangements. Registration, standardised identities and permission procedures make populations easier to monitor and claims easier to enforce. Mobile people are harder to fit into a fixed administrative grid. This can motivate information requirements, but an information requirement alone does not establish an intention to prevent departure. Its effect on processing time, discretion, cost and exposure to sanctions supplies the link to non-exit.

4.4 Membership status and renunciation

A person may exit a territory without exiting membership. Argentina's consular guidance describes Argentine nationality as irrenunciable and provides certificates confirming that status for use in other jurisdictions (Argentine Ministry of Foreign Affairs n.d.). This is a restriction on severing nationality. It need not prevent emigration, and it can protect continued access to membership rights. It can nevertheless complicate entry into a destination that requires surrender of prior nationality, depending on that destination's exceptions. The effect on non-exit therefore depends on both legal systems.

The United States permits formal renunciation subject to procedures establishing voluntariness and understanding, processing charges and, for covered expatriates, a separate tax regime. The State Department's March 2026 final rule reduced the administrative processing fee for a certificate of loss of nationality from USD 2,350 to USD 450 (United States Department of State 2026). This is a concrete reduction in a monetary status barrier. The fee is neither the full cost of renunciation nor the expatriation tax. Potential tax liabilities and procedural burdens have to be measured separately.

The MACIMIDE Global Expatriate Dual Citizenship Dataset documents a long-run move towards permitting citizens to retain nationality when voluntarily acquiring another (Vink, de Groot and Luk 2015). This is specifically an origin-state retention rule, not a complete index of incoming naturalisation requirements, renunciation rights or worldwide tax exposure. Its liberalisation can reduce the cost of acquiring a second membership without surrendering the first. The relevant link to endurance is that some individuals can obtain an outside option with less loss of status-related benefits. It does not establish that all exit costs fell, nor does it demonstrate a coordinated substitution from status barriers to wealth barriers.

4.5 Exit taxation: the strongest objection and the residual burden

Appleby (2023, 62–66) develops a benefit-based argument for subnational exit taxation. Where capital gains accrue during residence but are taxed only on realisation, a taxpayer may move before realisation and remove those gains from the jurisdiction's tax base. He argues that the jurisdiction's contribution to their production supports retaining a claim, and that allowing mobility to extinguish it can shift burdens onto less mobile taxpayers. The discussion also considers neutrality, progressivity and design alternatives, including continued reporting and payment on actual realisation. These are substantive arguments about an accrued tax base, not simply a claim to a former resident's entire future income.

A cratic response distinguishes the disputed entitlement from the mechanism used to collect it. A contractual supplier already paid for a service cannot establish an additional claim on a customer's later income merely by showing that the service was useful. That objection identifies a limit to benefit-based reasoning: receipt of a benefit does not by itself determine the size, duration or terms of an obligation. But public finance is not necessarily organised as a sequence of fully paid private invoices. If an ex ante fiscal rule attributes gains to the period of accrual and defers payment until realisation, departure may threaten collection of a pre-existing claim rather than create a new substantive liability. Rejecting that rule requires an argument about fiscal entitlement; it does not follow just from calling the trigger "exit".

Even accepting a claim to pre-departure accrual leaves questions about the incremental burden. Immediate payment on a deemed disposal can require selling an illiquid asset, borrowing, or paying tax on a valuation that later proves too high. Continuing assessment can preserve payment timing while imposing reporting and security requirements. Credits and basis adjustments affect double taxation; exemptions and thresholds change exposure. A measure can therefore pursue collection of accrued tax and deter departure at the same time. Classification should state which mechanism is present and compare it with feasible alternatives.

The distinction can be made concrete with two hypothetical rules. Under the first, a person owes the same tax on pre-departure accrued gains whether they stay or leave, pays at actual realisation, and receives appropriate cross-border adjustments. The additional exit burden may be largely administrative. Under the second, leaving triggers an extra charge on the person's whole accumulated wealth, independent of prior accrual or an established obligation. That additional charge is a direct price of exit. Actual systems fall between these examples, which is why a binary moral label attached to every exit tax would contribute less than a careful decomposition.

Benefit theory also does not establish consent. A fiscal rule may be defended by reciprocity or distributive justice while remaining compulsory. Conversely, a mobility constraint may protect a legitimate creditor without proving the surrounding governance illegitimate. The paper's claim survives both concessions: observed residence cannot decide the entitlement dispute, and the marginal restriction attached to departure should be made explicit. Whether that restriction is justified is an additional constitutional and normative question.

5. Escalation: exit barriers and the violence cycle

5.1 A conditional mechanism

The violence-cycle literature treats political orders as maintaining claims backed by enforcement capacity that is not continuously tested (Author 2016; Author forthcoming). Cratic capital denotes the accumulated means of making threats credible, including personnel, administrative records, legal powers and reputation. Threat liquidity describes how readily this capacity can be applied across persons and places. A legitimacy discount is the saving in enforcement cost when a command is

regarded as acceptable. These concepts identify mechanisms; they are not independently measured stocks in the present paper.

Exit can test such claims by reducing their reach. A person moving out of a jurisdiction may withdraw taxable activity, labour, compliance or political support. Whether that weakens the governing coalition depends on what leaves and what remains. An authority may retain source-based revenue or claims on citizens abroad; remittances can support the domestic economy; the departure of opponents may reduce political pressure. Some governments may therefore welcome departures. The link from mobility to fiscal or enforcement stress is conditional, not an accounting identity.

Losing existing taxpayers may command more attention than gaining an equivalent fiscal base. Loss aversion offers a possible explanation when governing actors take the existing base as their reference point (Kahneman and Tversky 1979, 279). Whether this asymmetry shapes policy responses is an empirical question; evidence about individual choices does not by itself establish how political actors respond.

A parsimonious version of the escalation mechanism has three conditions. First, a fall in mobility costs or an improvement in destinations makes a valued part of the base more likely to leave. Second, governing actors face political or fiscal obstacles to improving the domestic offer or adjusting commitments. Third, they possess instruments that can raise the cost of departure at an acceptable expected enforcement and political cost. Under these conditions, barriers become a possible substitute for reform. Where any condition is absent, the same increase in mobility can instead induce accommodation, liberalisation or little policy change.

The reserve-ratio analogy concerns the relationship between outstanding demands and the capacity to enforce them. Its application to exit requires identifying the relevant demand and capacity: for example, tax claims and collection resources, or service obligations and personnel able to enforce them. A shrinking fiscal base does not automatically imply diminished border-enforcement capacity. The mechanism predicts increased pressure only where loss of the base weakens the resources or coalition sustaining the claims. An empirical application must use independent indicators of that pressure rather than infer it from the very barriers it seeks to explain.

Escalation can become self-reinforcing. If a new barrier increases resentment or expectations of future restrictions, it may bring forward departure attempts. If enforcement exposes previously accepted commands as threatening, the legitimacy discount may fall and collection become more costly. Investment in a command structure that works only while compliance remains high is the form of cratic malinvestment relevant here. But neither response is universal. Residents may support an emergency restriction, perceive it as legitimate cost-sharing, or be effectively deterred without coordinating resistance. A stable restrictive equilibrium is possible. The claim of a cycle consequently requires evidence of these feedbacks, not merely a succession of restrictive rules.

5.2 Historical contrasts and contemporary fiscal responses

The German cases illustrate different uses of exit restrictions rather than one continuous policy sequence. The Reichsfluchtsteuer was introduced in December 1931 in the context of capital flight and imposed a levy of one quarter of taxable wealth on qualifying departures (German Reich 1931, part VII, chap. III, §§ 1–3). The law of 18 May 1934 lowered the wealth threshold from 200,000 to 50,000 Reichsmark (German Reich 1934, art. 1(1)). Under National Socialism, the lowered wealth threshold and persecution of Jewish emigrants turned it into part of an apparatus of expropriation (Mecking n.d.). Here a departure-related fiscal instrument could extract wealth from people whom the regime was also driving out. That purpose differs from retaining a population and demonstrates why the sign of a migration effect cannot be inferred from a restriction's name alone.

The GDR's closure of the Berlin sector boundary on 13 August 1961 instead directly restricted physical departure. The Bundesarchiv's documentary collection records its coordinated implementation by security and police units (Bundesarchiv n.d.). The protocol of Mielke's 11 August briefing records orders for heightened readiness and the suppression of opposition ahead of impending measures (Ministry for State Security 1961, fol. 233). The Council of Ministers' resolution of 12 August required special permission for border crossings from the following day and justified the restriction in terms of security (Council of Ministers of the GDR 1961). This case makes the link between administrative preparation, enforceable physical barriers and an outside option particularly visible. The eventual closure followed earlier border restrictions and substantial emigration pressure, but establishing the relative causal roles of that pressure, security policy and coalition politics requires historical analysis beyond the typology.

The comparison concerns different regimes, populations and objectives, rather than successive stages of a single government's failure to retain its base. Nor does a present-day exit tax imply a trajectory towards a physical wall. What can be compared is the mechanism by which a departure condition affects persons or assets. Claims about escalation within a regime require evidence from that regime's decision sequence.

Continued use of roads, schools and parks can support a reciprocity argument for taxation during residence; it still does not demonstrate agreement to the fiscal rules. Once a person leaves, claims based on ongoing use and on previously accrued obligations have to be distinguished (section 4.5).

Contemporary fiscal responses provide a more limited comparison. Departure-triggered realisation, continuing claims on former residents, third-party reporting and cooperation among tax authorities can preserve parts of the base that physical migration would otherwise remove. The international exchange of information can increase threat liquidity by making claims easier to pursue at a distance. Harmonisation changes a different margin: it can reduce differences between destinations. These mechanisms can complement each other, but the examples in section 4 do not establish a universal progression from residence taxation to exit taxation to citizenship taxation.

For this reason the framework includes policy reversals. The United States' reduction of its renunciation fee and the waiver described in Germany's military-service guidance lower particular barriers. Dual-citizenship liberalisation expands some membership options. A theory that interpreted these changes

automatically as concealed escalation elsewhere could not be tested. Substitution across targets is a hypothesis requiring linked evidence about the same authorities, affected groups and time periods.

5.3 Voice, fight and collective tests

Hirschman (1970, 16, 30) defines voice broadly enough to include responses from complaint to violent protest. For analytical purposes, we distinguish non-violent voice from fight, meaning an attempt to resist or alter governing authority through force. This is a subdivision of Hirschman's category, not a correction of an omission in his theory. It preserves the observation that individuals may defend a home or community when leaving would abandon something they value.

Madison's *Federalist No. 46* envisages an armed citizenry and subordinate governments as obstacles to an overreaching central authority (Madison [1788] 2003). His argument supplies a historical statement of countervailing capacity, not evidence that armed resistance is generally effective or preferred. The relevant connection to exit is the comparison of available responses. A person may prefer voice because reform would preserve local attachments, exit because it avoids a confrontation, or fight because the other alternatives are unavailable or unacceptable.

Closing an exit can increase the relative attractiveness of resistance, but it can also produce passive endurance. Fight exposes participants to danger and entails coordination, commitment and collective-action problems; a failed attempt may impose costs on non-participants. Conversely, some actors may fight despite an available exit because they value territory, solidarity or political outcomes. Neither universal irrationality of fight under open exit nor inevitable revolt under closed exit follows from the framework.

A run on power describes simultaneous challenges that exceed an authority's capacity to respond. Many individual departures can contribute to such a challenge where they withdraw a common fiscal or organisational base. Secession can combine withdrawal of territory, assets and compliance in one coordinated act. Both differ from a solitary move in their political effects. Whether a barrier disperses, deters or concentrates resistance is therefore an empirical question connecting exit to collective action rather than a consequence of the fight-or-flight metaphor.

6. Falling exit costs: portable wealth and jurisdictional competition

6.1 Competition and the costs of discovering alternatives

Tiebout's (1956) local-jurisdiction model identifies how the ability to choose among public-good bundles can constrain their suppliers. Its simplifying assumptions, including strong mobility and information conditions, isolate a mechanism rather than describe an average household's practical options. Applying it to international migration requires additional attention to legal admission, differences in labour markets and heterogeneous attachments. The possibility of sorting also does not establish the efficiency of every competitive outcome where spillovers or constraints on entry remain.

Vanberg and Kerber (1994) add the Austrian emphasis on institutional competition as discovery. Jurisdictions do more than match fixed policies to known preferences: experimentation and movement can reveal alternative rules and previously unrecognised demand. This perspective makes information costs endogenous. Successful entrants, emigrants, professional advisers and competing jurisdictions can teach prospective movers what options exist. The value of waiting can fall as uncertainty about a destination declines, even if the physical cost of moving stays constant.

Somin (2013, 2020) relates mobility to incentives for political knowledge. The person choosing a location typically has a more consequential individual decision than the voter casting one ballot in a large electorate. Caplan (2007) adds an account of systematic political biases, alongside the familiar problem of rational ignorance. These are related but distinct explanations. Foot voting can strengthen incentives to investigate outcomes; it does not eliminate error, misinformation or unequal access to advice. A household may remain because acquiring reliable knowledge and coordinating a move are themselves costly.

Transport and communication can reduce those costs. The liberalisation of air transport, exemplified by the United States' Airline Deregulation Act of 1978 (United States Congress 1978), expanded the scope for price and route competition. Internet communication makes it easier to maintain relationships, obtain information and sometimes work remotely. These mechanisms reduce some burdens of distance without establishing that aggregate migration costs have fallen for everyone. Housing constraints, entry rules, language barriers and care obligations can outweigh cheaper travel. Dual nationality can preserve membership benefits, while payment and transfer services can make financial arrangements more portable.

The distinction between financial infrastructures matters here. SWIFT is a messaging network; cards, commercial banks and transfer firms provide different services subject to intermediary rules. Bitcoin offers a different settlement architecture. A household may combine them rather than replace one entire system with another. Diversifying residence, incorporation, banking and asset custody can create additional outside options, but it also introduces administrative costs and dependencies. This is the operational content of jurisdiction shopping relevant to non-exit: partial adjustment can reduce the need for a complete move.

6.2 Portable wealth and the limits of monetary exit

Portability matters especially when departure must occur quickly or under duress. High-value goods with limited bulk can preserve more wealth than immovable property. Richman's (2017, 107) discussion of Jewish economic history reviews an explanation linking expulsion and forced migration to occupations with limited fixed investment and portable inventories. The mechanism is broader than any particular group: anticipated insecurity can influence the form in which assets and skills are accumulated. It may make future exit more feasible while imposing an opportunity cost on investment in place-specific activities.

Nakamoto's (2008) Bitcoin proposal describes electronic payments without reliance on a financial intermediary. Its distributed architecture permits a holder controlling the necessary keys to authorise transfers without obtaining a bank's permission. Nakamoto never mentioned Hayek, yet the design answers a problem Hayek had stated. Having argued for competing private currencies (Hayek 1976), he conceded in a 1984 interview that governments would not permit the direct route, and that all that remained was "by some sly roundabout way" to "introduce something that they can't stop" (Hayek 1984). Bitcoin is a roundabout way of exactly that kind: a permissionless, stateless means of transferring value across any border, operating outside the control of central and commercial banks. Read in that light, the controls discussed in section 4.2 of this paper on crypto assets and on the intermediaries that handle them are the response Hayek anticipated. The relevant feature for exit is reduced dependence on a territorially accessible custodian. Digital assets can therefore reduce particular wealth-transfer costs even when the person's physical freedom of movement is unchanged.

The capacity has limits. Bitcoin settlement is probabilistic, not guaranteed finality after a ten-minute interval (Nakamoto 2008, § 11). Public transactions can be traced; key loss, theft, price volatility, access to communications and conversion into spendable local resources all matter. Stablecoins and custodial products can retain issuer or intermediary controls that Bitcoin's base protocol lacks. Physical coercion against a holder and legal obligations concerning assets do not disappear because the assets can be accessed from another location. It follows that portable digital wealth weakens some barriers rather than removing an entire class of restrictions.

Examples of payment exclusion illustrate this difference between monetary and territorial exit. WikiLeaks reported severe losses of conventional donation channels during the 2010–2011 banking blockade. The Canadian Public Order Emergency Commission documents Bitcoin fundraising during the 2022 protests, alongside legal measures and subsequent recovery of some crypto assets (WikiLeaks 2011; Public Order Emergency Commission 2023, vol. 2, Chap. 13). Such cases show both the availability of alternative channels and the continuing relevance of institutions controlling people, intermediaries and conversion. They do not establish that participants emigrated or would otherwise have emigrated. Their narrower contribution is to identify how a financial outside option can sustain activity while people remain in place.

The same logic applies to privacy technologies, including mixers and protocols designed to obscure transaction links. They can alter monitoring costs while provoking responses at exchanges or other points of access; anonymity and effective protection cannot be presumed from a product category. The analogy to the printing press loosening control over communication is useful as a conjecture about dispersed technology and institutional adaptation. It supplies neither a causal estimate nor a prediction that authorities inevitably lose control. The testable claim concerns how changes in asset portability affect enforcement choices and the relative feasibility of staying or leaving.

6.3 Jurisdictions competing for entrants

Residence-by-investment and citizenship-by-investment programmes provide an institutional counterpart to technological mobility. They offer selected access to residence or nationality in exchange for qualifying investment or contributions. Depending on the programme and legal status obtained, this may facilitate residence, property ownership, education, financial services or a later change of tax residence. These consequences are not automatic or identical. Direct contributions and application fees can provide governments with non-tax revenue. A qualifying purchase of privately owned real estate, however, pays the seller rather than the government; any associated property or transfer taxes are separate fiscal receipts. A government-bond purchase provides financing with a repayment obligation. These differences concern who receives the funds and on what terms, not just whether a payment is called a tax (Xu, El-Ashram and Gold 2015, 20). There is no common non-tax-revenue share across these different programme designs.

An applicant who knowingly accepts a programme's published terms gives more explicit evidence of consent to that transaction than residence alone supplies. In Bell's (2017, Chap. 2.3) terms, this moves the transaction up the ladder of consent. It does not establish the consent of existing residents or settle the justice of every programme rule.

Citizenship can add international mobility rights, but visa-free short visits are different from permission to settle or work. CARICOM's mobility arrangements, for example, distinguish categories of beneficiaries and participating states; they do not justify treating every Caribbean passport as an unconditional right to settle anywhere in the region (CARICOM n.d.). The importance for a prospective mover is the concrete package of rights available to that person. High financial thresholds also mean that the option may be inaccessible to those most constrained by poor governance.

Competition can nevertheless change the origin jurisdiction's incentives. An attractive destination may offer a credible alternative to continued residence, and the origin may respond by improving services or reducing burdens. Weingast's (1995) market-preserving federalism identifies institutional conditions under which subnational governments face competitive and fiscal constraints. Bell's (2017) discussion of special jurisdictions extends attention to deliberately differentiated governance arrangements. Competition disciplines suppliers most plausibly where entry is possible, commitments are credible and participants retain feasible exit. The existence of an investment programme alone establishes none of these conditions, but it illustrates how institutional offers can change the return to moving.

6.4 Secession as collective exit

Territorial separation permits a group to change governing affiliation without relocating its members. A movement seeking independent statehood pursues secession; a movement seeking incorporation into another state pursues a different form of territorial realignment, sometimes described as irredentist. Alberta supplies contemporary illustrations of these stated objectives: the Alberta Prosperity Project advocates sovereignty, while a separate statehood campaign advocates joining the United States (Alberta Prosperity Project 2025; Alberta State 51 n.d.). These organisations' platforms establish what they advocate, not population-wide consent, legal feasibility or an impending successful separation.

Griffiths (2021) explains secession through strategic interaction between movements, incumbent states and the international recognition system. A government may resist a particular departure partly because conceding it could encourage others. International recognition and admission to organisations such as the United Nations introduce additional decisions by incumbent states; recognition is not simply identical to a UN membership vote. Concerns about territorial integrity and fragmentation can therefore raise the institutional cost of collective exit even where individual emigration remains available.

Beran (1984) questions the strength of the domino argument, invoking Norway's separation from Sweden in 1905 and Iceland's from Denmark in 1944 as cases that did not produce an automatic cascade. Sorens (2012, 72) distinguishes the organisation of secessionist movements from successful secession. His analysis does not support treating successful secessions in a region as a general cause of more secessionism once other factors are considered. He does find that the organisation of one movement within a country is associated with the likelihood of additional minorities organising. That distinction preserves the precedent concern as a possible incentive for governments without converting it into an inevitable international chain reaction.

The normative debate identifies several distinct costs of collective exit. Beran (1984, 30–31) argues for permitting territorially concentrated groups to secede where morally and practically possible, while identifying six possible grounds for refusal: insufficient capacity to perform basic state functions; refusal to allow otherwise feasible secession by subgroups; oppression of subgroups unable to leave; creation of an enclave; loss of territory essential to the existing state's cultural, economic or military viability; and a disproportionately large share of the existing state's economic resources in the departing area. Preserving these distinctions matters because each points to a different problem of feasibility, reciprocity or distribution.

McGee (1994) challenges restrictions of this kind from a stronger right-of-secession position. On his account, permission from the incumbent cannot be a prerequisite for exercising the right, and there is no theoretical minimum size short of an individual, notwithstanding practical difficulties. The dispute cannot be resolved by defining the departing group's claim as voluntary and the incumbent's claim as coercive. Members of the group, dispersed minorities and holders of claims on common assets may face different alternatives. What counts as a natural transition cost and what counts as an imposed barrier requires identifying the rights and obligations at issue.

Mises ([1927] 1985) grounds self-determination in the inhabitants of a territory, from a village to adjacent districts, rather than an abstract national entitlement. Their freely expressed preference can support independence or a different state affiliation; it does not authorise annexing people against their will in the name of national unity. He extends the principle towards individuals but treats territorial administration as a practical limit. Rothbard ([1982] 1998, 182) presses the implication further: admitting a right of secession requires explaining why it stops at a region rather than a city, neighbourhood or individual. The difference between a theoretical right and its administrable territorial unit is central to their comparison.

These arguments return the discussion to endurance. Individual migration preserves the old jurisdiction's territory but can sacrifice local attachments. Collective exit can preserve those attachments while changing governing affiliation, yet incurs coordination, boundary, recognition and common-liability costs. A majority's successful exit can also leave dissenting minorities under a new authority they did not choose. A liberal assessment must therefore consider both freedom to leave the incumbent and the options available within the successor. Collective exit is a more complex test of governing claims, not an automatic demonstration of unanimous consent to secession.

7. Implications and an empirical research design

7.1 Measuring restrictions without treating them as consent scores

The typology makes an empirical programme possible, but it does not itself supply an index. A statutory percentage, a processing delay and a travel prohibition have no natural common unit. A nominally low fee can be prohibitive to a poor applicant; an apparently high charge may affect few people or be waived. The relevant object is an effective constraint on a specified person's outside option, not a single unqualified "barrier height".

A practicable first step is a jurisdiction-by-year record of restrictions, disaggregated by target, mechanism and exposed group. Each observation should identify the legal instrument, effective and repeal dates, exemptions, liability or asset base, and evidence of implementation. Proposed measures belong in a separate field. Formal restrictions, administrative practice and informal sanctions should also be recorded separately, with uncertain or unavailable observations left missing rather than coded as unrestricted (Table 2). This design operationalises Ostrom's distinction while making the coding open to correction.

Dimensions of effective exit restrictions and limits of measurement

Dimension	Illustrative observation	Principal limitation
Legal availability	right to depart or renounce; approval requirements	a formal right can be obstructed in practice
Monetary burden	fee; additional liability; acceleration of payment	tax bases, credits, wealth and liquidity differ
Time and discretion	waiting time; clearance stages; appeal route	completed applications omit deterred applicants
Exposure	affected nationality, age, status or asset class	aggregate population weights can conceal concentrated burdens
Enforcement	denials, penalties, document retention, implementation guidance	few sanctions can reflect compliance or weak enforcement
Outside alternatives	destination admission, asset portability, recognition of status	origin barriers cannot be inferred from destination conditions

Existing sources provide complementary inputs. AREAER and the Fernández et al. panel describe legal financial restrictions; the Chinn-Ito index supplies a longer aggregate capital-account openness series; MACIMIDE records one dimension of citizenship retention. The Human Freedom Index contains movement-related components useful for comparison. These sources use different units, coding assumptions and time coverage and should not be mechanically merged into one scale (Chinn and Ito 2006; Vásquez et al. 2025).

Bergant et al. (2026) extend this empirical infrastructure with a record of daily changes in legal restrictions on cross-border flows since the 1950s. Their classification distinguishes tightening from easing, inflows from outflows, and price, quantity and administrative instruments across eight categories. This offers a concrete starting point for dating financial restrictions and comparing responses to shocks. It still measures policy changes rather than individual exit costs, and its scope does not replace separate evidence on personal movement, membership or the recently added crypto-asset category.

The United States' quarterly expatriation publication is another potentially useful series, but its statutory reporting population is not identical to all citizens who emigrated during the quarter, and publication timing need not equal the date of a person's decision. Industry estimates of high-net-worth migration, such as the Henley reports, require separate scrutiny of coverage and definitions. Neither completed renunciations nor successful moves includes people deterred before applying. Household or applicant-level evidence would be needed to connect observed procedures to forgone exit.

A transparent dashboard is preferable initially to a composite score. If an aggregate measure is later constructed, weights should be explicit and results reported under alternative assumptions. Financial, physical and status barriers should remain separately visible. Even a well-constructed measure would describe constraints, not overall welfare, the justice of a tax system or the legitimacy of a government. Those outcomes require additional evidence and evaluative premises.

7.2 Hypotheses, comparison groups and rival explanations

The framework generates three conditional hypotheses. First, among otherwise comparable people for whom a particular departure restriction is relevant, reducing that restriction should increase use of the affected exit option when its expected net benefit becomes positive. Effects can be zero where natural costs remain decisive. Changes near an eligibility threshold or phased procedural reforms offer possible comparisons, provided the threshold or reform is not confounded with other determinants of mobility.

Second, improvements in asset portability or destination access should be more likely to elicit new restrictions where governing actors depend on the exposed base and face obstacles to fiscal or institutional adjustment. A test would compare policy responses across different levels of prior exposure and independently measured fiscal or political stress. Declining revenue alone is insufficient, since a recession, war or demographic change can affect both public finances and migration. Policy announcements can also induce anticipatory moves before the effective date.

Third, a restriction that is followed by declining perceived legitimacy may induce greater enforcement expenditure or substitution towards another target. A test would require evidence about legitimacy and enforcement separate from the restriction itself, together with a time sequence linking them. Stable enforcement costs, liberalisation despite comparable stress, or accommodation through better services would weaken the escalation account. The approach must allow such observations to count against the hypothesis.

Selection and endogeneity are central. Authorities may introduce barriers because mobility is already increasing, making a positive correlation between restrictions and departures compatible with deterrence. Observed movers are selected for resources and willingness to bear costs. A cross-country survey of dissatisfaction also generally samples current residents, not the people who have already left, and cannot by itself establish a causal relationship between dissatisfaction and migration. A convincing study would document policy timing, pre-existing trends, enforcement, exposed groups and relevant changes at destinations. The present examples supply neither that panel nor those counterfactual estimates.

7.3 Normative implications and remaining limits

Freedom to exit has normative force because it makes refusal more feasible and can expose governing arrangements to comparison. It is nevertheless one institutional dimension. Low exit barriers can coexist with poor services, violence or exclusion at the destination. High barriers may be defended as enforcement of established obligations or as proportionate emergency measures. The typology clarifies what constrains the person and how; evaluation must still examine rights, proportionality and alternatives.

The club-goods and brain-drain objections illustrate the distinction. Departure may leave common liabilities to less mobile residents, and publicly financed training may generate gains elsewhere. These

are genuine distributive questions, not reasons to infer consent from staying. A contractual repayment obligation, a rule allocating accrued liabilities and a general claim on a former resident's future earnings differ in basis and burden. Possible responses include clearer ex ante funding terms, cost-sharing and improved retention offers, but the relative merits cannot be settled without evidence about the particular institution.

The resulting criterion is limited but useful: an authority invoking voluntary adherence must explain the practical terms on which adherence can be refused. Removing an artificial restriction improves that opportunity, even though it does not establish that the remaining residents approve of every rule. The composition of exit costs thus informs the assessment of institutional claims without substituting for a theory of political obligation or a direct study of welfare.

8. Conclusion

People may remain under governance they consider unsatisfactory because local benefits, attachments, uncertainty and the cost of relocation outweigh the alternatives. Loyalty and the prospect of effective voice can reinforce that choice; sunk-cost reasoning can also contribute, although it must be distinguished from the continuing value of past investments. These explanations remain central even where formal emigration is available.

Artificial barriers add a different mechanism by restricting departure, pricing its exercise or limiting the gains from an outside option. Separating these mechanisms clarifies why observed residence alone cannot establish consent. It also permits a more precise analysis of fiscal claims, capital controls, membership rules and the opportunities created by portable wealth or collective exit. The moral status of a restriction does not follow merely from its classification.

The escalation account is conditional. Greater mobility may induce better offers, adjustment or restrictions, depending on governing incentives and enforcement capacity. Restrictions may then generate feedback through legitimacy and resistance, but the illustrative cases do not establish that sequence as a general law. A disaggregated empirical record, linked to clearly specified behavioural outcomes and comparison groups, is the next step. The paper's contribution is a framework for making those questions examinable while preserving the diversity of reasons people endure.

Declarations

Author Contribution

R.T. and E.P. conceived the paper together. E.P. proposed the topic and wrote the first drafts of the typology of artificial exit barriers, the escalation cases and the sections on falling exit costs, portable wealth and collective exit. R.T. wrote the theoretical sections on offers and threats, consent and measurement, and integrated the manuscript. Both authors revised the full text and approved the submitted version.

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