

A Growing Trend of Leaving America

By some estimates 3 million citizens become expatriates a year, but most not for political reasons

By JAY TOLSON

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PANAMA CITY, PANAMA—Dressed in workout casual and sipping a soda in one of the apartment-style rooms of Los Cuatro Tulipanes hotel, Matt Landau appears very much at home in Panama. One might even be tempted to call him an old hand were he not, at age 25, so confoundingly young. Part owner of this lovely boutique hotel in Panama City's historic Casco Viejo, he is also a travel writer (*99 Things to Do in Costa Rica*), a real estate marketing consultant, and editor of *The Panama Report*, an online news and opinion monthly. Between fielding occasional calls and text messages, the New Jersey native is explaining what drew him here, by way of Costa Rica, after he graduated from college in 2005. In addition to having great weather, pristine beaches, a rich melting-pot culture, a reliable infrastructure, and a clean-enough legal system, "what Panama is all about," he says, "is the chance to get into some kind of market first." Landau cites other attractions: "There is more room for error here," he says. "You can make mistakes without being put under. That, to me, as an entrepreneur, is the biggest draw."



Long a business and trade hub, Panama has been booming ever since the United States gave it full control of the Canal Zone in 1999. But as Landau says, it is precisely because so much of Panama's economy has been focused on canal-related activities that opportunities in other sectors, from real estate to finance to a host of basic services, have gone largely untapped. And among the many foreigners coming to tap them—as well as to enjoy the good life that Panama offers—are a sizable number of Americans.

These Yankees, it turns out, are part of a larger American phenomenon: a wave of native-born citizens who are going abroad in search of new challenges, opportunities, and more congenial ways of life.

In his recent book *Bad Money*, political commentator Kevin Phillips warns that an unprecedented number of citizens, fed up with failed politics and a souring economy, have already departed for other countries, with even larger numbers planning to do so soon. But that may be putting too negative a reading on this little-noticed trend. In fact, most of today's expats are not part of a new Lost Generation, moving to Paris or other European haunts to nurse their disillusionment and write their novels. Some may be artists and bohemians, but many more are entrepreneurs, teachers, or skilled knowledge workers in the globalized high-tech economy. Others are members of a retirement bulge that is stretching pensions and IRAs by living abroad. And while a high percentage of expats are unhappy with the rightward tilt of George Bush's America, most don't see their decision to move overseas as a political statement.

Southward trend. Europe still draws many of these American emigrants, but even more have relocated in Canada and Mexico. Others are trying out Australia, New Zealand, or one of the new economies of Asia, while a growing stream flows southward to Central and South America. John Wennersten, author of *Leaving America: The New Expatriate Generation* and a retired historian who has taught for many years abroad, says Panama is the "new new thing" for those who are part of what he calls "a long-term trend."

Exactly how many people are part of this trend is hard to say. Precise emigration figures have never been easy to come by in the United States. "It's been an implicit assumption that people come here to stay, not to come and go," says Mike Hoefer, head of the Office of Immigration Statistics at the Department of Homeland Security. The government's last trial effort to count Americans overseas, in 1999, was deemed inordinately expensive. Elizabeth Grieco, chief of immigration statistics at the U.S. Census Bureau, puts it bluntly: "We don't count U.S. citizens living abroad."

But if the government is not counting, others are. Estimates made by organizations such as the Association of Americans Resident Overseas put the number of nongovernment-employed Americans living abroad anywhere between 4 million and 7 million, a range whose low end is based loosely on the government's trial count in 1999. Focusing on households rather than individuals (and excluding households in which any member has been sent overseas either by the government or private companies), a series of recent Zogby polls commissioned by New Global Initiatives, a consulting firm, yielded surprising results: 1.6 million U.S. households had already determined to relocate abroad; an additional 1.8 million households were seriously considering such a move, while 7.7 million more were "somewhat seriously" contemplating it. If the data collected in the seven polls conducted between 2005 and 2007 are fairly representative of the current decade, then, by a modest estimate, at least 3 million U.S. citizens a year are venturing abroad. More interesting, the biggest number of relocating households is not those with people in or approaching retirement but

those with adults ranging from 25 to 34 years old.

According to Robert Adams, the CEO of New Global Initiatives, the motives of relocators are almost as hard to pin down as the numbers. "The only Americans who understand what's going on are those living abroad," he says. "There is no movement, no leader. It's just millions of people making individual decisions to do it."

Now living mostly in Panama City, Adams finds that the reasons people give for moving abroad often change, particularly among those who stay overseas for any length of time. In fact, he says, those who claim they came for a specific reason—for example, dissatisfaction with American politics—tend to be least happy with what they find in the new settings. By and large, most successful Americans abroad "are running *to* rather than running *from*," Adams stresses.

A new "West." Some observers even wonder whether words such as migration, emigration, and expatriation accurately describe most Americans' ventures abroad. Today, moving from the States to a place like Panama is almost tantamount to moving from the East Coast to the West Coast 50 years ago. And the Internet, Skype, and satellite television make it easy for people to stay in touch with the homeland. "While people are looking for something new, they're not giving up their citizenship," says Adams, who prefers the word relocation to emigration.

While American relocators are in some ways typical pioneers looking for a new "West," they are also participants in a larger, international development, "a global economic shift," Wennersten writes, "that is fostering real economic growth in heretofore-neglected areas of the world, like Latin America, Eastern Europe, and Southeast Asia." U.S. citizens are certainly not the sole beneficiaries of this shift, but they are active players in countries where the privatizing of former state-run industries and the opening of new capital and trade markets are creating an array of opportunities. "From computer consulting firms in Hong Kong to bagel shops in Budapest," Wennersten notes, "Americans are helping to revitalize or sustain economies that are receptive to Western entrepreneurship."

Talk to some of the successful American relocators around the world and the broad generalizations about them tend to hold up—though not so much as to overwhelm the huge variety of experience and achievement that distinguishes their lives. Michael Sheren, 45, who worked for Chemical Bank in New York in his early career, came to England in 1997 primarily to apply his background in leveraged buy-outs to the European market. Now working in the London office of Calyon Crédit Agricole, a French bank, he credits his American training and drive for giving him a leg up in his work. America's image abroad has suffered during the Bush years, he acknowledges, but he finds that Europeans still value the can-do spirit of Americans. "People equate America with success, even now," he says.

While business is what initially drew him to England, Sheren is now deeply attached to the British way of life. That includes everything from a generous government-backed system of social supports for all citizens to a mentality that is more comfortable with leisure. "I consider the quality of life here significantly better than what I would have over there," he says.

Sheren acquired British citizenship and has at times been tempted to abandon his American one, but he attaches relatively little importance to nationality. His closest friends are an international lot, and he greatly values the freedom of movement that comes with a European passport. "I feel more like a sovereign individual," he says, using the label coined by authors James Dale Davidson and William Rees-Mogg in their book, *The Sovereign Individual: Mastering the Transition to the Information Age*.

Immersion. Cynthia Barcomi, a Seattle-born artist, writer, and entrepreneur who came to Berlin in 1985 to launch her professional dancing career, stresses how different the expatriate life is from that of Americans who have been sent abroad by the government or private business. To her, it involves a much deeper immersion in the new culture. Like many of the relocators that Adams and Wennersten have dealt with, Barcomi says her motive for moving was more a deep hunch than a single, clearly articulated reason. She had seen a lot of German dance while a student at Columbia University, but she calls her final leap "a blind decision." She didn't even speak German.

After eight years with a professional dance troupe, Barcomi decided on another leap, this one into a new career as the founder and operator of what is now one of Berlin's most prominent coffee and baked goods stores. So successful did that venture prove that she later opened a deli under the Barcomi name. And between raising her children, she has written two respected cookbooks.

Barcomi's reflections on her expatriate life are nuanced: "I feel like the longer I live in Germany, the more I identify with being an American. It takes a while to realize how different we are from the Germans." But Barcomi also says that she has no intention of returning to the United States, even though she would never give up her passport. "I can't imagine living in the American rat race, even though I love America. I wouldn't leave here. I'm at the top of my game."

Like Sheren, Barcomi feels that her American attitudes and education, including her Girl Scout training, prepared her well for a successful life abroad. "I think perseverance is a distinctly American quality."

One big question is whether America is ultimately gaining or losing from this movement of bold, talented Americans into other countries. The answer is not simple. Wennersten cites what he estimates is a loss of about \$30 billion in payroll, but he considers the outflow of expertise an even bigger potential drain. "It's not the average guys who are going," he says. "It's these 'creative' who will be establishing the paradigm of the future."

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Whether the relocation trend is heading toward a zero-sum outcome is something that you can't help pondering when you meet young American expatriates in Panama. If what they bring here in terms of skills, knowledge, and energy is Panama's gain, is America necessarily a loser?

Not if you look at what Jon Hurst is doing. Before starting the New York Bagel Café in the Cangrejo ("Crab") neighborhood of Panama City, the 38-year-old Arkansas native had spent a good part of his life helping others, from working with disabled adults in California to stints in the Peace Corps and the Crisis Corps in Central America. In fact, he sees the business he launched in 2006 as an extension of what he had recently been doing for an organization that focused on sustainable development in Panama and nearby countries. "One of the reasons I opened this place is to create a sustainable business that would help the local community," says Hurst.

Coupling hard work with idealism, Hurst has built a store that has become a hub in this oldish, artsy quarter. His eight Panamanian employees are well paid and are learning about all aspects of the food business. The free WiFi and all-you-can-drink coffee, in addition to bagels and sandwiches, draw a lively mix of customers who conduct business, check their E-mail, or simply meet with friends. And while there are great challenges to life in Panama City, from appalling traffic to difficulty in getting equipment repairs, Hurst finds the Panamanians friendly and the local conditions (particularly the free trade zone and a modest regulatory regime) especially hospitable to small business. The Panamanian government encourages foreign entrepreneurs by giving microinvestor visas to those who put up at least \$50,000 and employ at least three Panamanians. "I couldn't have opened this type of business in the States," says Hurst, who makes the same point that Landau does: "Here there's no one competing against me."

It may not be much of a stretch to say that today one of America's strongest exports is its skilled, energetic, and often idealistic relocators. If America's information-driven economy is the engine of globalization, it is fitting that Americans are working in those parts of the world that are being transformed by the process. They make up an entrepreneurial "peace corps"—establishing businesses, employing, instructing, setting examples, and often currying goodwill. It is a cliché, but still largely true, that many foreigners say that they distrust America but like Americans. These relocators have something to do with this.

And America itself is also learning something from those Americans abroad. "We're developing a breed of Americans who won't find it easy to go back home," says Adams, stating a truth that is not as negative as it sounds. Two Americans who exemplify that breed are Coley and Allison Hudgins, a couple with backgrounds in political and corporate consulting who now live in a small Pacific coast community about two hours from Panama City. She and a partner run a small short-term rental agency, while he and an associate head Latin American Venture Partners, locating investors for assorted building projects in the country.

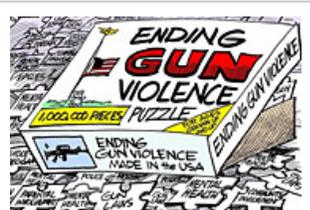
Escaping "sameness." Doing most of their work out of their condo, the Hudginses have two young children whose education at a local Spanish-language Catholic school is supplemented with materials that their mother downloads from the Internet. Describing themselves as libertarians, the Hudginses went abroad out of discontent, not with American politics but with a dull sameness they found in American suburban life. Even though they did extensive planning for the move, they admit that the challenges of the new life are considerable. (Some of the greater ones are imposed by the U.S. government, which, though it grants an exemption of close to \$86,000 of earnings, is the only developed nation that taxes citizens who are living abroad and paying foreign income taxes.) But both are quick to say that the rewards far outweigh the difficulties. In addition to valuing the warm weather, the idyllic setting, a close family life, and a busy social schedule, both are clearly invigorated by days that that are demanding but not stressful in a culture that blends the modern and the traditional in a comfortable way. They appreciate the irony that American know-how and technology (largely the Internet) make it possible for them to enjoy what is in many ways a very un-American lifestyle. But they are doubtful whether they can go home again. "We may decide to pack up and move on one day," Allison says. "But it's more likely that we'd find some new port of call than move back to the States."

Even if they don't return home, though, it is unlikely that what the Hudginses and other creative American relocators do will be lost on their compatriots back home. These relocators are part of a vast, generally benign cultural exchange, channeling different mores, attitudes, and ways of life back to America, even while bringing some distinctively American skills and attitudes to the wider world. Globalization may still seem like a grand abstraction, involving vast, impersonal forces, but the millions of Americans living and working abroad are part of its very human reality.

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