

Burger King and the 'Economic Patriotism' Whopper



Earlier this week, Burger King confirmed plans to acquire Tim Hortons, an Ontario-based doughnut and coffee chain. Upon the announcement that the corporate headquarters of the combined firm would be based in Canada, many critics within the U.S. cried foul.

You see, Canada's corporate tax rate of 26% is significantly lower than that of the United States which is 40% (the highest of all of the world's developed countries). Therefore, the presumption is that Burger King's decision to put their headquarters in Canada was made to substantially reduce the company's tax burden – a move that would result in less tax revenue for the United States. Burger King denies that tax avoidance was the reason for their decision.

Regardless, the move has sparked calls for a boycott of the fast-food chain (including one from Democratic Senator Sherrod Brown of Ohio), and has fueled more talk of *economic patriotism*.

The term "economic patriotism" has held a number of different political meanings over the years, as Philip Bump pointed out in a piece he wrote for the *Washington Post*. People within the Obama administration have been using it lately to justify what they see as a need for additional taxes to be placed on American companies that incorporate outside of U.S. borders.

"Corporate deserters" is what President Obama has been calling

those companies in recent months while likening them to people who renounce their U.S. citizenship.

Earlier this month, Democratic senators Dick Durbin, Elizabeth Warren, and Jack Reed even introduced the *Stop Corporate Inversions Act* to put these penalty-taxes into law. They think it's so important to get this done quickly that they don't even want to include Congress in the process. The letter that accompanied the act stated, "The coming flood of corporate inversions justifies immediate executive action."

It truly is stunning what the modern day liberal movement finds patriotic and what it finds unpatriotic.

Think about the irony for a minute. The Revolutionary War, which led to the signing of the Declaration of Independence, was perhaps the most patriotic act in our country's history. And it began in large part because the English parliament kept placing more and more taxes on the colonists in America. Our country was founded on a resistance to overbearing taxation – taxation without representation. Now, our leaders are calling U.S. citizens, who use *legal* methods to avoid paying the highest tax rate in the world, *unpatriotic*? They're calling for boycotts against them? They're trying to punish them with new taxes without letting our elected representatives even vote on the matter?

They're the ones who are being unpatriotic. Not the corporations.

They're also being pretty inconsistent when you think about it. Hasn't the Democratic Party been telling us for years that Americans should embrace people who cross their northern border in search of a better life? Sorry... I couldn't resist typing that.

If our leaders in Washington are concerned about "the coming flood of corporate inversions justifies immediate executive action," wouldn't you think they'd bother to take a couple of

seconds to ask themselves *why* there's a *coming flood* in the first place? If they thought a little harder, maybe they'd even be able to identify ways of proactively preventing that flood.

The obvious solution to the problem of American countries incorporating outside of our borders is to lower our corporate tax rate and give them an incentive to stay here – not a punishment for leaving.

Texas Governor Rick Perry certainly gets this. For the past decade, he's used the "deal-closing" *Texas Enterprise Fund* along with other cash incentives and tax breaks to attract large companies to Texas from other states. The strategy has been very successful. A good portion of the companies Texas has *poached* have come from the state of California where taxes and the other costs of doing business are significantly higher.

Texas is now the top job-creating state in the country with low unemployment and positive job growth across all of its major industry groups. Earlier this month, it was reported that without the Texas's creation of 1.1 million jobs so far this year, the *rest* of the United States would show a *loss* of 350,000 jobs during that same time. Yes, that's a NEGATIVE 350k.

Just imagine if the federal government created incentives relative to other countries, as Perry has relative to other states. Lowering this country's corporate tax rate should be a no-brainer, especially at a time when our nation's labor force participation rate is the lowest it's been since the late 1970's.

Our leaders choosing to pursue proven policies that actually create jobs would be a great patriotic act; it would be of tremendous benefit to the country. Unfortunately, they'd rather vilify and question the patriotism of tax-payers and

job creators who are making smart business decisions. Why? Because growing government – not the labor force – is the priority of the liberal establishment in Washington.

For that, they're not in a position to judge *anyone's* patriotism.