

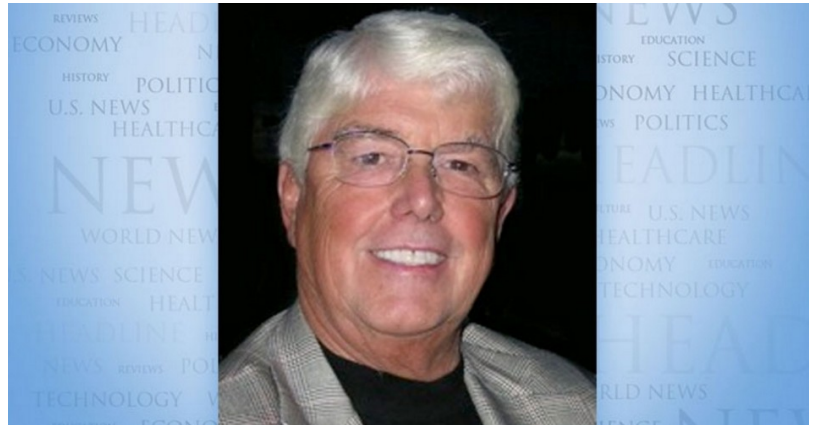


Written by [Wallis W. Wood](#) on August 1, 2014

## Don't Fall for This "Patriotic" Smokescreen

Wouldn't you know it? Barack Obama and his cohorts have found yet another way to blame those greedy, bloodsucking profit-seekers (otherwise known as American businesses) for tarnishing the American dream.

What's the latest sin of those dastardly companies? It's having the unmitigated gall to move their headquarters out of this country in order to save on taxes. How dare they! Aren't they supposed to put their country's need for more money ahead of their shareholders' desire for more profits?



"My attitude is, I don't care if it's legal, it's wrong," the President thundered during a recent speech. He called on Congress to fast-track legislation to make such relocations (known as "inversions") illegal. In the meantime, he and other Democratic officials said companies should demonstrate their "economic patriotism" by resisting the lure of moving abroad.

So now the "patriotic" thing for a company to do is to pay more in taxes than it needs to, so our bloated Big Brother government can increase in size and power. That sure makes sense, doesn't it?

Before you jump on this leftist bandwagon and accuse some American companies of putting profits before patriotism, please consider the following:

- First, the U.S. tax rate on corporate profits is the highest in the developed world. American companies must pay a combined corporate income-tax rate of 39.1 percent. At 35 percent, Federal taxes represent the lion's share of that amount.
- But here's an even bigger kicker: Our government insists on collecting those taxes on every dollar of profits a company makes anywhere in the world, if they are foolish enough to bring their gains back to the United States. How much money have U.S. companies left overseas, just to avoid to paying those usurious U.S. taxes? Estimates are that the grand total is somewhere in the neighborhood of \$2 trillion. Ladies and gentlemen, that is a very expensive neighborhood.

Here's an idea: How about granting a tax holiday to any company that will bring some of that money home? Reduce the tax grab to, say, 10 percent. And then make it the patriotic thing to repatriate a bunch of those funds.

Hey, 10 percent of a few hundred billion dollars is a lot better than 35 percent of nothing! And think how many jobs a trillion or two dollars could create here at home. Oh, and think how many additional taxes those new wage earners would pay. Not to mention all of the additional tax dollars Uncle Sam would collect from those corporations over the years.

Now there's a tax reform that makes sense, doesn't it? Too bad the Democrats won't consider it for a second.

The U.S. tax rate on corporate profits is more than three times higher than the rate in Ireland, which is



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a rock-bottom 12.5 percent. The United Kingdom has made plans to reduce its corporate tax rate again, lowering it from an already-competitive 28 percent to an extremely attractive 20 percent. No wonder many companies are eager to add those savings to their bottom line.

Even Jack Lew, the secretary of the Treasury, has acknowledged that the smartest thing this country could do is to change the law. In a letter to Dave Camp (R-Mich.), the chairman of the House Ways and Means Committee, Lew admitted that the “best way to address this situation is through business tax reform that lowers the corporate tax rate, broadens the tax base, closes loopholes, and simplifies the tax system.”

If lowering the corporate tax rate is the “best way” to deal with the situation, what are the chances that that is what we will do? Sadly, with a demagoguing Obama in the White House and with Harry Reid (D-Nev.) controlling what happens in the Senate, I’m afraid the answer is pretty close to zero.

No, the Democrats would rather try to win some votes this November — and protect some of their vulnerable Senate by bashing those greedy American businessmen — than cooperate with Republicans in passing tax reform.

Until next time, keep some powder dry.

**Chip Wood** was the first news editor of *The Review of the News* and also wrote for *American Opinion*, our two predecessor publications. He is now the geopolitical editor of *Personal Liberty Digest*, where his column appears regularly. This article first appeared in [PersonalLiberty.com](#) and has been reprinted with permission.



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