The Centre for
Cross Border Studies

MEDIA WATCH

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'Food on sticks is not a meal': Brexit, the first time it happened

Everybody knew we were in trouble. This fragile European project of ours had already shown signs of unhappiness and unrest. But nobody really expected the UK to leave. And then, bitterly and suddenly, she did - with an imperious complaint about the food.

Eight years ago, during the French presidency of the European Union, 27 cultural journalists were assembled from each member nation (minus France) to attend a week-long programme of arts and culture. From exhibitions nestled in the chilly Pommery champagne cellars, in Reims, and gastronomy demonstrations held on a boat on the Seine, to an open-air opera in Aix-en-Provence, experimental theatre in Avignon and a photographic exhibit in Arles, it was, as you might expect, seven days of unremitting torture.

I'm not joking. Programmed by a cabal of French primary-school teachers who had been inexplicably elevated to cultural curators, the Saison Culturelle Européenne was, like the European project itself, conceived with high ideals and integrationist optimism. In practice it all turned out to be erratic, ineffectual, divisive and baffling.

By day three, journalists who had been subsisting on finger food snatched during an infinity of launch events were close to mutiny. In a defiant speech, Churchillian in tone and stance, the British rep voted to leave. "Food on sticks is not a meal," she said. And, with that, she Brexited. It was hardly lost on the remaining 26, trapped together on a converted school bus, that we were living in a metaphor.

After Britain left, however, things quickly improved. The remaining countries banded together; the organisers became more attentive to our needs; flabbier elements of the programme were trimmed away; even mealtimes were reinstated. And, with that, we breakfasted.

Here's some food for thought. The EU has long understood itself not just as a political or monetary community but as a cultural one - "essential for creating emotional bonds to Europe", as the European Cultural Foundation recently affirmed in a typical pre-Brexit encomium: "because it is a cornerstone to building Europe".
It's a nice idea, sure, with generous funds to back it up, and you see its evidence everywhere in arts centres, **cross-border** initiatives and junkets for cultural journalists. But how secure can anyone remain in this belief? When different cultures encounter one

another, emotional bonds do not always grow stronger. They are often tested by barriers more impenetrable than language. Responses range from fascination to incomprehension to rejection.

Take the European Theatre Prize, which is sponsored by the European Commission and hosted (in its most recent iterations) by a different post-communist city every other year. This year's event, in Craiova, in Romania, recognised a diversity of international heavy hitters, including the Swedish choreographer Mat Eks, the Spanish writer Juan Mayorea and the National Theatre of Scotland.

The prize was founded to "promote understanding and the exchange of knowledge between peoples". It honours that remit but, in its generous and gloriously good-spirited mess, perhaps not exactly in the ways it intends. This year, just as National Theatre of Scotland was experiencing a funding crisis and an organisational heave, it brought a huge delegation to Romania to celebrate its 10 years in business and explain "a theatre without walls" to people whose theatres rarely come without columns. Such huge disparities in funding, aesthetics and infrastructure promote understanding while buttressing differences.

I was in Düsseldorf at the Impulse Theater Festival when the result of Brexit emerged. German responses initially leaned towards faint bemusement; reaction from British and Irish artists living there was one of shock and disbelief. What, now, was the status of collaboration, co-operation and mobility between these interconnected cultures? (A company such as Gob Squad - half British, half German - must feel the rift profoundly.) Impulse itself skirted close to its own controversy when a far-right German party was invited to contribute to a debate on arts funding with little challenge, and an experimental artistic summer school, high in liberal ideals but short on structure, seemed to devolve into *Lord of the Flies*.

Still, even in that "radical pedagogy" were instructive lessons: when a course moderator said something broadly offensive to international students, young Germans shut down the racist argument with force, spurred by a bitter history of division towards absolute vigilance.

That student intervention, in essence, shared the spirit with which the EU first came to life: a determination to increase respect and co-operation between its members because the alternatives, we know, are too awful to bear.

As for the 2008 Saison Culturelle Européenne, its remaining participants persisted long after Brexit, reforming our own European union, building lasting friendships and even leading to at least one marriage (my own).

So not everything is a metaphor.

Source: The Irish Times

July 10, 2016

Brexit: George Osborne targets Ireland’s corporation tax regime

The power of corporation tax policy to drive inward investment and retain existing investment is an article of faith in most developed economies. It has been part of Irish economic policy since the 1950s – we practically invented the notion. It was inevitable that, in the chaos following Brexit, the issue would rear its head in Britain. And it did at the start of this week, with chancellor George Osborne announcing that, in the future, Britain would have a corporation tax rate of "15 per cent or less". Is this for real?

Single market

At first glance, Osborne's announcement seems driven primarily by concerns that businesses would leave Britain following that nation's departure from the European Union. Something dramatic would be needed to persuade companies to remain in Britain, and that dramatic gesture would be the prospect of very low tax in the future. Will it work? I don't think so. There's no point offering lower taxes on profits if it's harder to make those profits in the first place.

Companies operating in Britain won't have access to the single market after Britain leaves the EU, unless Britain manages to extract itself from the decision it has already taken to leave. I say this with the greatest respect to the decision of the British electorate. Referendums are decided on many things, not just economics. Clearly there were social and political reasons for British voters to decide to leave the EU, and those reasons ultimately trumped the compelling economic reasons to stay. But a straight departure by Britain without some negotiated settlement arrangements from the European Union means that companies operating in Britain will find it harder to generate earnings. Britain could have a zero corporation tax rate and it still probably wouldn't compensate for the reduction in after-tax earnings that many of its companies will suffer because of Brexit.

Vague

Another problem with the Osborne promise is that it's vague. We don't know when or where this "15 per cent or less" will actually land. We do know that there will be a 17 per cent rate in Britain from 2020 – that's already been specified. We also know that subject to appropriate terms and conditions (made all the more difficult to achieve by Brexit), a 12.5 per cent corporation tax rate will prevail in the North from April 2018.

But companies make decisions on medium- to long-term prospects. The promise of an unspecified low rate at an unspecified time in the future is not going to materially affect the decisions many organisations make either to invest in Britain or, perhaps more importantly, to stay in Britain. Osborne's promise isn't specific enough. Irish corporation tax policy has been long-term, and we have a track record of sticking with it. Britain hasn't.

Exchequer cost

Then there's the question of affordability. In some ways, Britain's economy is in a more precarious position than ours. Plans towards achieving a balanced budget in Britain by the end of the decade are already postponed, but Ireland is looking to achieve a balanced budget by 2018. Corporation tax accounts for about 9 per cent of the total tax take of the British Exchequer. If the economic circumstances for the country are becoming less certain, can the British Exchequer actually afford to reduce corporation tax rates?

Britain's tax system, in comparison with ours, is colossal. In Britain, approximately half a trillion pounds is collected in taxes each year. That compares with approximately €50 billion in tax and PRSI collected by the Irish system. This difference in scale means that the British system is a lot less nimble when it comes to changing tack. Usually in Britain, a tax change has to be well signalled in advance. It's like the difference between turning a canoe and turning an oil tanker.

Speed, or lack of it

This is one of the reasons why tax law changes in Britain happen more slowly than in other jurisdictions, our own included. For example, the chancellor announced last year that a preferential regime for individuals holding shares in companies and receiving dividends on those shares was to change.

Draft legislation was prepared and produced for public comment, but it is unlikely to be enacted until the coming autumn, almost 15 months since the initial announcement. Other proposals announced this spring, including the very high-profile sugar tax, have not even been legislated for yet. The levy itself won't even come into effect until 2018.

No matter what the future shape of its government, there's going to be much negotiation on the terms of Britain's departure from the EU.

In what circumstances is it sensible or practical for Britain to be making domestic promises in politically and economically sensitive areas in advance of exit negotiations with their EU counterparts? Post Brexit, Britain will have greater flexibility in how it conducts its tax affairs as it won't be subject to the EU rules of engagement with the single market. This means that the promised "15 per cent or lower" rate could, perhaps, apply only to the financial services sector, with the higher 17 per cent rate still applying to the retail sector.

Envy

Such flexibility would arouse the envy of many other EU countries still burdened with maintaining the single market. Many of the remaining 27 will still be smarting from the imposition of last month's EU tax directive to limit **cross-border** tax planning by companies, a directive which Britain will be cheerfully able to ignore. I wouldn't have thought either sentiment would be a positive influence on the tone of exit negotiations from Britain's perspective. It's hard to negotiate a good deal with someone who envies you.

No policy announcement by any British chancellor can be disregarded or overlooked. However, if Irish tax policy becomes guided by this kind of statement, we are on a hiding to nothing. The key external influence on future Irish tax policy should not be what the British do or say now, but the outcome of the Brexit negotiations on their departure from the EU. The only clear consequence of the "15 per cent or lower" promise is that those negotiations will now be more difficult.

Brian Keegan is director of taxation with Chartered Accountants Ireland

Source: Sunday Business Post

July 15, 2016

All-island Brexit forum could go ahead, says Kenny

An **all-island** forum to respond to Brexit - dismissed out of hand by the North's First Minister Arlene Foster - could yet proceed, the Taoiseach told Opposition leaders yesterday.

The Government remains keen to pursue an "**all-island** dimension" in response to the Leave result, Mr Kenny said, and the idea could be revisited, perhaps in a different way.

Mr Kenny met the leaders of all Opposition groups in Government Buildings yesterday. He said the Government still wanted to "progress an **all-island** dimension in an inclusive way".

Opposition leaders suggested a **cross-Border** forum be set up, regardless of whether unionist parties would participate. However, it is understood the Government's preference is for full participation and it will pursue different avenues to see if it is possible.

Mr Kenny told leaders he has instructed Ministers and senior officials to increase the number of trade missions to European countries.

Every avenue

Mr Kenny has insisted his Government will use every avenue to engage with European leaders to ensure Ireland has significant support at the EU.

Green Party leader Eamon Ryan and Independent TD Michael Harty told the Taoiseach there were significant opportunities for Ireland from Brexit and those must be explored.

Mr Kenny said the steps to reorganise his own Department of the Taoiseach to allow the setting up of an effective "Brexit" division were well advanced, as were plans for the Cabinet committee chaired by him, and the negotiating team, which will be in place ahead of the first formal meeting in Slovakia in September.

The Department of Foreign Affairs will also have a crucial role in the negotiations with the European Parliament and the EU Commission.

Highest ranking

The Irish Times understands Rory Montgomery, the second secretary general at the Department of the Taoiseach and one of the highest-ranking civil servants in the State, is to return to the Department of Foreign Affairs as a second secretary general to lead the Brexit preparations.

The Department of Foreign Affairs will lead on the Irish participation in the UK-EU negotiations, while the overview - including on domestic matters and Northern Ireland - will remain in the Department of the Taoiseach, a source said. Another second secretary general is to be recruited to replace Mr Montgomery in the Taoiseach's department.

"The direction will come from the Department of the Taoiseach while implementation will come from Foreign Affairs," said another source.

Strengthening key missions abroad - including Brussels, Berlin, Paris and London - is likely to proceed in autumn.

Mr Kenny also consulted with the leaders about progress in the Commission of Investigation into transactions by the IBRC. He said he expected Mr Justice Brian Cregan would report back on the Siteserv sale by the end of 2016.

Source: The Irish Times