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As the EU undermines Ireland over Apple and tax, Britain is in the right place to benefit

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Apple HQ in Cork CREDIT: -/VIA IRISH EXAMINER

We are getting out in the nick of time. The keepers of the European Union's dying project have gone beyond the denial phase of mourning and are now utterly deranged. A historic bridge was crossed last week when the European Commission, in the person of its competition commissioner Margrethe Vestager, announced that Apple's tax arrangements with Ireland were illegal and, as a consequence, the company would have to pay £11 billion pounds in back taxes to the Irish government – which it does not want. Indeed, so adamant is the Irish coalition government on this point that it is now appealing against the EU ruling.

The question is not whether huge multi-national corporations might avoid paying the same rates of tax which smaller companies, with less mobile assets, are required to pay. That is a legitimate moral and political debate but it cannot be confused with the argument that concerns us here. Whether you hate the power of corporate giants, or even global capitalism itself, is neither here nor there.

What is shocking about the EU fiat is that it overruled the taxation policy of an elected government, and it did this not by enforcing existing law as understood and agreed by member states, but by relabelling this particular agreement so that it could be considered under a different category. In other words, because the Commission cannot (yet) demand that a national government change its internal tax rates, it decided that Ireland's arrangement with Apple was not a tax rate problem as such, but a special concession to a particular company which contravenes EU competition law.

This is a bit of semantic jiggery-pokery which effectively finds a way to undermine the right of individual member countries to determine their own fiscal priorities and to do what they believe is best for their own populations. What the Commission is trying to do is institute fiscal union – enforced uniformity of taxation policy across the EU – by the back door. It has been attempting for some time to browbeat Ireland into raising its official level of corporation tax which is lower than that of its EU partners, on the grounds that this is "unfair" competition for business. It is not too far-fetched to surmise that this latest EU stunt over Apple has been done in impotent fury over Ireland's refusal to conform on corporation tax.

So what, you may say, if a global megalith like Apple is being stung for back taxes, whether the charge is legitimate or not? But think about what is at risk here. If a democratically elected government cannot determine its own taxation policies, then it is scarcely a government at all – and its democratic mandate is pretty much meaningless.

What, after all, determines how most people vote if not the proposals of the various parties for how they intend to tax and spend? Parliaments, prime ministers and secretaries of state become nothing more than functionaries: the local managerial branches of a central authority which holds all the real power. In effect, they are like colonial outposts of an empire, administering the decisions which come down to them from unelected policy-makers outside their borders.

Ireland has fought to maintain its low corporation tax precisely because it wants to compete for inward investment against larger, aggressively successful countries. This strategy of cutting business taxes is one of the most efficient ways a small economy can grow. In America, some of what had been the poorest states of the union revolutionised their economic status by drastically cutting their business taxes (which the Constitution guarantees to be within their own control) thus drawing in greater investment to provide jobs and prosperity. Indeed, the only way to help the poor members of a federation like the US or the EU is either by providing them with endless central funding – which creates a kind of inter-state welfare dependency – or by permitting them to adjust their tax policy to encourage investment and growth.

The economy of southern US states (such as Georgia, state capital Atlanta) was aided by setting lower differential tax rates CREDIT: -/WALLPAPERANK.COM

Without the power to create a competitive tax regime, poor places are locked forever into either poverty, or dependence on hand-outs from richer neighbours. Which path would the EU Commission prefer? Actually, it seems to prefer not to think about the problem at all. Nor does it seem concerned that its precious “free movement of people” rule is ensuring that the most talented and ambitious young people among the poor populations of the EU are flocking to the richer countries whose growing economies offer the opportunities that may never be available at home – thanks to Brussels’ insistence that governments not compete “unfairly” for business.

Meanwhile the UK, were it not for the wisdom of its population in the referendum, might have been in line for the same treatment as Ireland in the not-distant future. This country has, after all, a notable history for making radical fiscal decisions when it needs to save itself and serve the interests of its own people. Over the coming months and years, we will be re-discovering the joys of such independence, and that liberation will be particularly striking if Brussels gets its way and succeeds in shutting down the self-determination and accountability of EU puppet governments. Well, goodbye to all that. The world is soon to be open to us for bi-lateral trade agreements with our old Commonwealth friends – with Australian Prime Minister Malcolm Turnbull keen to be first to start talks – and with the Asian tiger economies.

Ironically, the great explosion of technological enterprise from which Ireland has hitherto been in a position to benefit will now be quite likely to shop for a new home – and the UK will be a perfect candidate with the same advantages of transatlantic connections and English language that Ireland had. But the kind of bilateral trade deals with us which

Ireland, as a small independent economy, might once have enjoyed will not be possible so long as it remains an EU member.

There will be limitless opportunities for an industrious, entrepreneurial country no longer bound by the parochialism of the EU with its obtusely outdated post-war view of economics. An infinitely adaptable tax structure and a frankly competitive approach to encouraging investment – perhaps with a serious cut in corporation tax and a further lowering of National Insurance contributions for start-up businesses – could allow partnerships to be formed with eager, equally adaptable, emerging powers as well as the possibility of instantaneous response to new technologies and markets. If ever there was a moment to throw off hidebound assumptions and ideological restrictions, this is it.

Talk of adopting the Norway (or the Swiss) model is absurdly self-limiting. Our circumstances as a large, variegated and flourishing economy are unique. Without the encumbrance of Brussels protectionism and perverse anti-competitiveness, our new arrangements can be bespoke and endlessly flexible – surely the keys to survival in a globalised economy.

The dream of a European union was seen from the outset as a way of undermining the nation state with its dangerous tendency to evoke febrile nationalism. The war crimes of the 20th century were to be repudiated forever by deconstructing that demonic vision. Almost entirely forgotten has been the lesson of an earlier century: that the concept of self-governing nationhood, with a government accountable to its own people and free to set its own economic goals, was one of the most progressive ideas in human history.

It may be time for the British to offer a new version of that model which was once their gift to the world.