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# Starbucks in talks on paying more tax in UK

Despite £1.3bn UK sales over the last three years, coffee giant paid no corporation tax

House of Commons committee report will condemn multinational tax avoidance

MARK HENNESSY  
London Editor

Multinational coffee giant Starbucks is in talks to pay more corporation tax in the United Kingdom following bitter attacks by MPs, complaints by customers and falling sales.

The declaration comes as the House of Commons public accounts committee issues a report today sharply condemning tax avoidance by multinationals.

"We have listened to feedback from our customers and employees, and understand that to maintain and further build public trust we need to do more," said Starbucks.

Despite sales of £1.3 billion in the UK over the last three years, Starbucks has paid no corporation tax, while it has paid just £8.6 million in its 14 years of trading.

The Starbucks move will increase pressure on Google - which reduces its UK tax bill by diverting advertising revenues through an Irish subsidiary - to pay more tax to the treasury.

Chancellor of the exchequer George Osborne will today announce extra funding for Revenue and Customs to combat tax avoidance by multinational firms operating in the UK.

Meanwhile, the chancellor is press ahead with efforts involving France and Germany to toughen rules for multinationals, which could affect Ireland's attractiveness to those firms.

Starbucks cuts its UK tax exposure by paying premium fees for coffee beans bought through a Swiss subsidiary, along with a 4.7 per cent levy to one in the Netherlands for roasting and licensing fees.

Calling for "a change in mindset" from British tax officials, the committee's report accuses them of displaying "a pervasive acceptance of the status quo".

In particular, the report condemns transfer-pricing rules, where multinationals move revenue to lower tax jurisdictions, such as Ireland.

However, the chancellor has warned that his room for manoeuvre on tax rates is not limitless.

**John McManus, Business + Innovation**



## Scientists find that the course of true love can run smoothly - but timing is everything

PETER CLUSKEY  
in The Hague

Scientists in the Netherlands have developed a mathematical model which shows for the first time that couples can actively promote stability in their relationships by learning to time their emotional responses to one another - precisely.

The team at Radboud University in Nijmegen says the research not alone confirms that the course of true love can be tracked in a series of sinus-wave graphs, but shows for the first time that responding with just the right delay to your partner's emotional cues is the secret of long-term harmony.

The appropriateness of the delay, however, is not easy to master, according to Polish neuroinformatician Natalia Bielczyk, who led the research on the cup of applied maths and cognitive psychology, published in the Elsevier journal, *Applied Mathematics and Computation*.

On the other hand, those who get it just right will apparently find they can have a positive effect on the computational "oscillations" which represent the dynamics of their relationship - without ever trying to "change" their partners' more annoying tendencies.

"Responses that are either too prompt or too delayed may cause trouble," says Bielczyk. "Below a certain value, delays cause instability and above this value they lead to stability, showing that some minimum level of delay can be beneficial for a relationship."

"The fact that emotional reactions which are too fast can lead to destabilisation shows that simply reflecting one other's moods is not enough for a stable relationship. A certain minimum length of time is necessary for compound emotions to form."

The dynamics of a love affair, she says, usually look like a pretty perfect sinus wave - a smooth repetitive oscillation of highs and lows. For some couples, the departure of that initial glow and the subsequent failure to pay enough attention to "efficient communication" means the sinus wave loses its smoothness and veers out of control. Perfect harmony, however, is that special moment when "both partners reach a

stable level of satisfaction - and the sinus wave disappears".

In 1989, Steven Stragatz of Cornell University was the first to show that romantic relationships could be tracked using two-dimensional models - famously modelling the trials and tribulations of Romeo and Juliet to support his thesis.

Now the finding that "unstable" relationships were not pre-destined and could be "stabilised" has led to a new tongue-in-cheek discipline in the Netherlands - "mathematical relationship counselling".

**Claire Danes and Leonardo DiCaprio in *Romeo + Juliet*: trials and tribulations were endured throughout the affair of these star-crossed lovers**

# Hitch would have liked Hillary's blond ambition



Maureen Dowd  
America

Alfred Hitchcock's fascination with his leading ladies is being put on screen

Alfred Hitchcock was a bit of a sadist. Certainly, the master of the dark side had a "murderous fascination with blondes", as the British Film Institute once noted in a tribute.

And now comes Hollywood's murderous fascination with Hitchcock's murder-ous fascinations.

HBO's *The Girl* depicts the making of *The Birds* and *Marnie*, with Toby Jones playing Hitch and Sienna Miller as Tippi Hedren, fighting off rapacious birds and rapacious director at the same time.

In theatres, *Hitchcock*, with Anthony Hopkins as the auteur and Helen Mirren as his wife and collaborator Alma Reville, depicts the making of *Psycho*, with Scarlett Johansson taking Janet Leigh's place in the shower to be stabbed by that crazed mama's boy Norman Bates.

Next spring, A&E will run *Bates Motel*, a prequel series to *Psycho*, featuring a young, creepy Norman, with Vera Farmiga as his (blond) mother.

her hunches are unerring. She doesn't care about fashion and seems to have only one go-to black sequined top to wear when she wants to relieve stress by going to a jazz bar to pick up guys.

Maybe America's other blond obsession, however, could qualify as a Hitchcock leading lady. Hillary Clinton is quick-witted and cool and we never know exactly what she is plotting as speculation froths about 2016.

While Republicans continue their full-cry evisceration of Susan Rice, the acting secretary of state has eluded blame, even though Benghazi is her responsibility. The assault happened on Hillary's watch, at her consulate, with her ambassador.

Given that we figured out a while ago that the Arab Spring could be the Arab Spring as well as promising, why hadn't the state department developed new norms for security in that part of the world? After 200 years of expecting host countries to protect our diplomats, Hillary at didn't make the adjustment when countries were ditching.

In the best tradition of *The Lady Vanishes*, Hillary sagely dodged the Sunday talk shows

**Hitch's blondes came in two shades: sexy and duplicitous victims or sexy and sneaky survivors**

that September morning. She knew it would get messy, given that those killed included an ambassador who had written his diary about being on an al-Qaeda hit list and about two former Navy SEALs who worked for the CIA.

Some have charged GOP senators are picking on Rice because she is a black woman, but a black woman has already been secretary of state. It is more likely that the Republicans lambasting Rice (some neo-cons much prefer her interventionism to John Kerry's brand of diplomacy) see to punishing her as an antidote to their recent routing, a chance to convey that they still have juice against a president who has the whip hand in fiscal cliff negotiations.

They regard Rice as the staffer she was before he ascended to the United Nations - too political, not big enough for the lofty post of secretary of state.

On Thursday, a day after meeting with Rice, Senator Bob Corker of Tennessee told Chris Matthews that he liked her but "I've always sensed her to be more of a political operative".

There are suspicions in political circles that negative press about Rice might also be coming from Clintonworld, where some still resent her. Rice was an assistant secretary of state in Clinton administration but defected to Obama's 2008 campaign, accusing Hillary of getting "critical judgments" about Iraq and Iran wrong.

It took Hillary a month to defend Rice on Benghazi and it took until Wednesday - more than two months after the attacks on Rice began - for Hillary to utter the tepid endorsement: "Susan Rice has done a great job as our ambassador to the United Nations."

Washington mandarins marvel at the cool blonde of Foggy Bottom and wonder whether she is enjoying watching Rice talk the plank.

As one put it, comparing the smooth Hillary and the rough-elbowed Rice: "Hillary's smart enough to know not to jump on board a damaged vessel. It's a good contrast between a woman who knows how to navigate the power structure and the Washington and someone who is not quite there."

A blonde who is a canny survivor, cool under pressure, Hitchcock would approve.

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## Merkel strategy holds firm against criticism within ruling party

Derek Scally  
Analysis

Malcontents within Germany's Christian Democratic Union unlikely to rock boat

When the great and good of Germany's ruling Christian Democratic Union (CDU) arrive for their party conference in Hanover today, Stephan Wernham will not be among them.

The grandson of Konrad Adenauer, the CDU's first leader, joined up as a student but left last March in protest at what he calls its "political rape" under the current leader, chancellor Angela Merkel.

It makes issue with crisis-era measures from conditional euro zone bailouts to ECB sovereign bond-buying. Dr Merkel defends these measures as *alternatives* - without alternative - to stabilise the euro zone. Mr Wernham accuses her of hiding the true risks from German voters while "steammrolling" internal party critics.

"Anyone who presents any opposition is personally attacked; some become sick," he told *The Irish Times*. "This is not the tradition of my grandfather." Mr Wernham comes from a conservative camp that sees the ESM bailout fund as one of many "monster structures" created by crisis-era EU institutional creep.

"After 20 or 25 [crisis] summits we have a kind of Central Committee thinking: there's no freedom, just bureaucratic socialism," said the 59-year-old lawyer, who has defected to the Free Voters (FW). Already strong in Bavaria, the FW is planning its first nationwide election campaign in 2013.

"Europe will fall if the euro is forced upon these countries instead of letting them go and devalue their currency," he said. Though the proposals are designed to tap into growing uncertainty among German voters, particularly CDU supporters, political analysts say Mr Wernham and the FW face an uphill challenge.

"Any dispassionate over European politics inside the CDU is, at best, a small flame that is easily extinguished," said Prof Werner Weidenfeld, political

scientist at Munich's Ludwig Maximilian University. "European politics is part of the CDU's founding mythology, part of what defines the party, and one feels that to this day."

He points to a similar attitude among German voters: their criticism of bailouts morphs into grudging support when individual measures are placed in a wider context of German solidarity with Europe.

**Political striptease**  
Berlin political analyst Gero Neugebauer agrees. Dr Merkel remains challenged on European affairs, he suggests, because of her mastery of political striptease, revealing only a bit at a time.

"This is the woman who said there'd be no [public] haircut as long as she lived," said Prof Neugebauer of Berlin's Free University. "But if you begin to imply that one's prosperity depends on his individual measures are placed in a wider context of German solidarity with Europe."

"Right on cue, Dr Merkel warned CDU delegates heading to Hanover yesterday that leaving the current path on Athens is his chief fear: more money... and damage our economy."

She promised to do "what is best for Germany and Europe" and promised to tell voters "again and again what the situation is" while refusing to be pinned down on possible losses on public loans to Greece.

**Chancellor Angela Merkel: promised to do what is best for Germany and Europe**

"If Greece can manage its [state] revenues without new debt, then we have to look at the situation and re-evaluate," she told *Bild am Sonntag* newspaper.

"But that's not the case before 2014/15, if everything goes according to plan."

After seven years in office, Dr Merkel enjoys a record two-thirds public support and is far more popular than her party. Her conservative critics, meanwhile, have yet to present a credible challenger to the leader and her policies. If the euro zone crisis stays calm in 2013 she can claim political credit, suggests Prof Neugebauer; if not, voters are unlikely to risk a FW experiment.

But he concedes that a German economic chill next year - rising unemployment or a dramatic collapse in exports - might dent the chancellor's political credibility.

Why the fresh fascination with the man with the famous profile? Perhaps the more Hollywood churns out racy movies, the more it appreciates Hitch, who never got an Oscar.

Hitchcock's fetish for "Nordic" women, as he called them, started in his 1927 silent film *The Lodger: A Story of the London Fog*, about a Jack-the-Ripper-style lunatic. He had his brunette lead actress don a blond wig and he made all the serial killer's victims blondes.

As Donald Spoto wrote in his book *Spellbound by Beauty*, Hitch preferred blondes because he saw them as "easier and more dramatic to photograph in monochrome, and he considered their 'coolness' and elegance appropriate contrasts to the kind of passion he wanted to reveal beneath the surface."

Hitch's blondes came in two shades: those, like Leigh in *Psycho* and Kim Novak in *Vertigo*, who were sexy and duplicitous victims doomed to die in spine-tling ways, and those, like Ingrid Bergman in *Spellbound* and *Notorious*, Grace Kelly in *To Catch a Thief* and *Rear Window* and Eva Marie Saint in *North by Northwest*, who were sexy and sneaky survivors.

It is illuminating to consider Hitchcock's obsession with luminous blondes because Americans are obsessed with a pair of them at the moment.

One is Carrie Mathison, the bipolar CIA agent on *Homeland*, played by Claire Danes. *Homeland* exerts the same hypnotic pull as *The Godfather* or *The Sopranos*, a violent, sexual netherworld with casual immorality but its own code of honour.

In the upcoming Kathryn Bigelow-Mark Boal movie *Zero Dark Thirty*, about the hunt for Osama bin Laden, Jessica Chastain portrays a driven CIA analyst named Maya. Like Carrie, Maya is a tough, attractive woman, but her sex is largely irrelevant.

Maya is monomaniacally consumed with capturing bin Laden, not hooking up with agents or sources. Carrie, on the other hand, has braided her life and work life so completely, it is impossible to tell whether she is working for love or loving for work.

She is not a Hitchcock blonde. Rather than icy, she is red-hot, prone to frequent meltdowns.

She is frantic that she is not being heeded, and rightly so -

**Part of me is proud of the low score. There is something distinguished about being such a spectacular dud on social networks. Lucy Kellaway**