

SEANAD SPECIAL SELECT COMMITTEE ON BREXIT

WITNESS STATEMENT BY ANTHONY COUGHLAN, THURSDAY 1 JUNE 2017

Most of the problems the Special Select Committee has been considering in previous hearings as resulting from Brexit would be avoided if Ireland left the European Union at or around the same time as the UK, for five principal reasons:-

(i) Leaving the EU would save the State money, as we are now net contributors to the EU Budget rather than net recipients from it;

(ii) It would give us back control of our valuable sea fisheries, the annual value of catches by foreign boats in these being a several-times multiple of the money we have got from the EU over the years;

(iii) It would give us back control of our law-making, free us from the rulings and sanctions of the EU Court of Justice, and therefore restore our State sovereignty and national democracy;

(iv) It would give us back a national currency - one of the two pillars of any independent State - and with it the capacity to run the independent exchange rate policy that is vital for our economic competitiveness, especially in the context of Brexit; and

(v) above all, leaving the EU along with the UK is the only way to save the Irish Government and the parties that support its policy from the guilt before future generations of implementing in our time a new Partition of Ireland.

These reasons are expanded on in the accompanying annexed documents, ANNEX 1: "Taking Back Control: the logic of accompanying the UK out of the EU", and ANNEX 2: The Report of a Private Study Group of Irish economists and lawyers which this witness and his colleagues was responsible for convening during the past year and whose report he drafted - "Why Brexit should be accompanied by Irexit -Ireland Exit".

It is hard to point to any significant advantage for the Republic of remaining in the EU when the UK leaves. Because of this it is probable that at the end of the day Brexit will be accompanied by Irexit, as the adverse consequences of us seeking to stay in the EU become evident to the Irish public and to the major Irish interest groups over the coming two years. Even if we do remain members of the EU without the UK for a period post-Brexit, we are likely to find that experience so painful that it will induce us to leave - except that to wait until then would mean that we were leaving from a position of considerable weakness. That is why we should start preparing for leaving now, and especially prepare for leaving the Eurozone.

Consequently the course of action of the Government that is most in the Irish People's interests is to use the East-West and North-South strands of the Good Friday Agreement to concert a joint approach with the UK Government aimed at both States leaving the EU simultaneously and to work towards a UK/Ireland agreement and an Ireland/EU agreement embodying that policy. The contrary course, which is for the Irish Government to seek to stay in the EU and Eurozone as part of so-called "TEAM Europe", would be one of extreme folly and if persisted in will come to be seen as such in time.

May I add some points re the North-South aspects of the matter? The UK leaving the EU and the Republic remaining in it would greatly strengthen Partition and make eventual Irish reunification more difficult for the following three reasons: -

(a) It would add several new dimensions to the existing Border: food and EU veterinary checks on milk and animals moving North-South, customs posts, possible passport controls, growing divergence between EU-harmonised law and justice provisions in the South and British ones in the North etc.

(b) London's statement that it has "no strategic interest" in staying in Ireland if the majority in the North should wish otherwise underpins the 1993 Downing Street Declaration and the 1998 Good Friday Agreement. But if the South remains in the EU when the UK leaves it, any future Irish reunification would mean that the whole of Ireland would become part of an EU security/military bloc under German hegemony. That can never be in Britain's - or even England's - security interests. It would give London a new strategic security interest for holding on to the North, and give future UK Governments good reason from their point of view to discourage rather than welcome future moves towards a United Ireland.

(c) The South staying in the EU when the UK leaves would give Northern Unionists a whole series of new and objectively valid reasons for opposing a United Ireland. For them Irish reunification at some future date would mean that they would have to join the EU, with its 123,000 supranational rules, international agreements and legal acts - which is hardly real freedom. They would have to adopt the dysfunctional euro-currency. They would have to take on the burden of helping to pay for the private bank debt that the Troika imposed on the Republic when it decided in 2010 that no Irish bank should be let go bust. And they would have to agree to be bound by all the new EU laws and regulations that will be passed between now and whenever Partition might go. It is hard to see significant Unionist consent to Irish reunification occurring in those circumstances. And as the Good Friday Agreement recognizes, Partition can never be ended without that consent.

The Irish Government and all the Irish political parties ought therefore to support and work towards a policy agreement with the UK Government and the EU that would bring about Irexit alongside Brexit on the following desirable lines: -

(A) That the relevant UK governmental powers that will be repatriated by London from Brussels would be devolved to the Northern Ireland Executive in Belfast. These would include (i) control of Northern Ireland sea fisheries and other underwater resources; (ii) a comparable rate of corporation profits tax being introduced for the North as exists in the South so as to encourage foreign investment on an All-Ireland basis; (iii) generous direct payments to be provided by the UK Exchequer for Northern Ireland farmers to compensate them for the loss of current CAP payments and the impact of cheap food imports to the British market post-Brexit. Northern Unionists would presumably support these demands.

(B) That the UK would cooperate with the Irish Government to secure a mutually advantageous agreement post-Brexit between the UK, Ireland and the EU that would ensure free trade, including in agricultural products, between these parties, and that the

UK would/might maintain comparable direct payments for a period for the Republic's farmers as for those in Northern Ireland to recompense them for the removal of the EU's CAP payments in the interests of North-South and Anglo-Irish cooperation.

(C) That the UK Government would cooperate with the Irish Government, the European Central Bank and the governments of the 19 Eurozone countries, in particular Germany, in facilitating Ireland's leaving the Eurozone and re-establishing an Irish currency in as constructive and least disturbing a manner as possible for the Eurozone as a whole. It was the highly competitive exchange rate that an independent Irish currency made possible which gave the Republic the 8% annual average economic growth rate of its "Celtic Tiger" years 1993-2000. This was the only period since its foundation in 1922 that the Irish State followed an effectively floating exchange rate policy. At present Dublin is stuck with an overvalued euro-currency which is hitting its exports and encouraging competing imports. The Republic desperately needs to get its own currency back to restore its economic competitiveness and prevent Southern customers streaming North for their shopping in face of a regularly falling British pound sterling. A restored Irish pound will need to be devalued to restore the South's competitiveness, and the support of the Bank of England would be helpful to prevent that devaluation going too far in its initial days and weeks.

(D) That the UK Government would cooperate closely with the Irish Government in negotiating joint trade agreements and foreign investment deals with third countries post-Brexit and Irexit, aimed at benefiting both parts of the island of Ireland in cooperation with the Northern Executive in Belfast.

These provisions or variants of them would bring major benefits to both parts of Ireland. The politicians who advocated them would get public support for their realism, their public-spiritedness and the genuine national leadership they were showing in face of the challenges of Brexit.

SIGNED:

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