

Should the Republic of Ireland Stay in the European Union? —A Response to ‘After Brexit, Will Ireland be Next to Exit?’

Nat O’Connor MA PhD FHEA
Institute for Research in Social Sciences¹

Introduction

Former Irish ambassador Ray Bassett has written a detailed report for the UK think-tank Policy Exchange entitled *After Brexit, Will Ireland be Next to Exit?*² He argues that Ireland should seriously consider whether or not it stays in the European Union, and he appears to favour an Irish exit.

The issues raised by Bassett certainly deserve serious deliberation. As shown in the UK’s referendum, those in favour of continued EU membership were found wanting when it came to articulating the benefits for remaining within the EU. It would be highly risky to assume that Irish voters will continue to support Ireland’s EU membership if a referendum was held five or ten years down the road, once the future UK-EU relationship is clearer and potentially major changes have occurred in the European Union itself. After all, Ireland has already voted ‘no’ to two referendums on EU treaties.

The structure of this analysis is based on a set of themes. Most of the themes emerge from Bassett’s report, whereas others relate to the wider context that frames his argument. In each section, the main points of Bassett’s argument are summarised in bullet points, followed by my own analysis, which is essentially from a social democratic perspective that is in favour of a reformed, more democratic EU.

The themes are:

1. Trade and the economy
2. British-Irish ties
3. The future direction of the EU
4. European identity
5. Small countries in a globalised world
6. Defence and security
7. Social and environmental protection

¹ This document is the opinion of the author and does not necessarily reflect the policy or position of either Ulster University or its Institute for Research in Social Sciences.

² Ray Bassett, *After Brexit, will Ireland be next to exit?* Policy Exchange, June 2017, available from: <https://policyexchange.org.uk/wp-content/uploads/2017/07/After-Brexit-will-Ireland-be-next-to-exit.pdf>

1. Trade and the economy

Impact on Trade and the Economy

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- Negative effects of Brexit on the Irish economy will mean job losses, lower wages and loss of economic output. The ESRI's conservative estimate 'put the number of potential job losses at 49,000 and estimated that the exchequer would lose €600m over 3 years.' (pp. 12-13).
- Ireland's exports to the UK are in employment rich sectors and spread across Ireland, such as SMEs, tourism, food and drink. This is in contrast to high-tech foreign direct investment (FDI), which tends to be concentrated in certain areas.
- 'Any retaliatory action against the British is likely to disproportionately affect Ireland.' (p. 31)
- 'In a hard Brexit environment, import duties on agricultural products under simple World Trade Organisation rules could be up to 50% and would essentially end the centuries' old trade between Ireland and Britain in food.' (p. 11).
- Certain industries are particularly vulnerable, such as fishing and racehorses.
- If UK fishing grounds are no longer accessible, Irish fishers will lose access to previously common stock, and EU fishers will seek new quotas in Irish waters.
- Ireland has no alternative to the UK racehorse market.
- Ireland trades heavily with the UK, and is almost entirely reliant on the UK for vital goods, such as gas and oil.
- The all-island Irish electricity market would be difficult to untangle, and could leave Northern Ireland with a significant electricity deficit.

There is no doubt that Brexit is going to cause massive problems for the Irish economy. The agri-food and tourism sectors have already been negatively affected through the drop in the relative value of sterling, and employment in these sectors will probably be lower for a sustained period of time. Certain industries, such as fishing and horseracing, are in a bad position, and the Irish government will need to argue for sector-by-sector concessions from the EU in order to mitigate some of the negative impact. Likewise, Ireland is and should argue for the most open possible trading arrangements between the UK and EU.

At the same time, physical proximity still plays an indisputably central role in trade between countries, despite the importance of Internet industries, finance and other services that can be delivered globally. As trade is vital to the UK economy, it is inevitable that proximity will bring the UK into some kind of close trading relationship with its European neighbours. Even if the outcome of the formal Brexit negotiations was to see the UK trading with the EU on WTO terms, the inexorable pull of geography combined with British self-interest makes it almost certain that better and more open trading arrangements would be put into place in the years that followed.

An early example of this is likely to be the all-island Irish energy market. It would be damaging for Northern Ireland's economy to withdraw from this, Northern Ireland's regulator has already identified risks and costs, and it would be a relatively minor concession for the EU and UK to agree to allow this aspect of open trade to continue beyond Brexit.

The Border with Northern Ireland

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'The EU has included in its negotiation mandate that future Irish/British arrangements must maintain the "integrity of the Union's legal Order", which includes the customs union. This

clearly spells out that there will be no open border in Ireland and between the Republic of Ireland and Britain, should the UK leave the Customs Union.' (p. 13)

- 'Where the EU Customs Union meets a third country, there is inevitably considerable bureaucracy which costs time and money.' There is no such thing as a 'frictionless' border with the EU. The Norway-Sweden border 'requires considerable paper work and often results in days of hours in the clearance of goods [...] There is simply no mechanism in the EU customs regime at present that can cope with an Irish/British trading relationship post Brexit without massively damaging economic relations between the two countries.' (p.13).

The border is a complex issue and has been given due recognition from the outset of the Brexit negotiations. The concept of a 'frictionless' border is a euphemism for the use of ICT to minimise the physical presence of border checks and border security installations. There will undoubtedly be extra costs for businesses if the UK does not remain within the EU's customs union.

There is a big difference between the UK remaining in the single market and custom union and the UK seeking to replicate most of these trading arrangements. In the latter scenario, which seems more likely, there will be countless small differences and increased time and monetary costs as a result.

Ireland's Peripherality

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- Geographically, 'the departure of the UK will greatly enhance Ireland's peripherality, relative to the remaining member States.' (p. 15) 'Irish trade with mainland Europe overwhelmingly travels through Britain via ports in western England and then through the English motorway system to the Channel ports. It arrives in mainland EU through Rotterdam, Antwerp, Rouen etc. In fact, 80% of Ireland's total exports pass through the UK transport system.' (p. 16)

If the UK exits the single market and customs union, any transport vehicles from the UK to continental Europe are going to have to be checked and to be part of an electronic tracking system. This system will also have to be set up to accommodate sealed Irish transports crossing the UK. Such systems are already established elsewhere. There will be extra costs and delays, but these can be reduced by good use of technology. Ideally, spot checks of transport vehicles could be done while trucks are at sea or in the channel tunnel transport train, as this would reduce time delays. There are health and safety issues to be overcome to do this, but its worth investigating this option.

The Euro Currency

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'In retrospect, it was a mistake for Ireland to join the Eurozone. The country's two largest export markets are the UK and the USA, both outside the Zone. [...] The net result is that Ireland is unable to have any influence on the value of its currency nor has any control over its interest rates. The ECB, like all EU wide institutions, must keep the bigger picture, namely Germany, primarily in mind. [...] Hence, during the period of the Celtic Tiger, while Irish house prices were undergoing massive inflation, the Irish Central Bank could not use the interest rate lever to slow the economy down because the German economy was very sluggish at that time. Ireland had to endure wholly inappropriately low interest rates. The net result was a disaster and thousands of young Irish people had to emigrate as the economy subsequently crashed.' (pp. 20-21)

- 'In the immediate post-Brexit referendum period, the value of sterling fell heavily. Since Ireland had no control over the value of its currency, it suddenly found whole industries, which relied on the British market, in deep trouble.' (p. 21)
- 'The principal argument advanced by economists today against Ireland leaving the Euro is the difficulties and cost of relaunching an Irish independent currency. There is no cost-free scenario but given the problems Ireland has in having any influence over its currency, it might be a price worth paying in the longer run.' (p. 21)
- Various political movements across Europe are questioning the Euro currency.
- 'history has clearly demonstrated that a multi-national currency cannot survive unless there is a political union. Since there is no real desire in Eurozone States for full political union, the longer-term prognosis for the Euro is grim.' (p. 22)

The Euro currency is an incomplete project, and the ECB's monetary policy did damage Ireland during and after the housing market bubble. However, an alert government and central bank could have ameliorated the damage by imposing taxes or charges that were under its control, even in a context of inappropriately low interest rates. However, during a period where few economists were employed by central departments, government policy was that 'the boom times are getting even more boomer'. The Irish government needs to invest in much more analysis about how centralised European monetary policy affects the Irish economy and sometimes moves out of synch with it. This in turn implies that atypical fiscal policies and other counter-measures may be required to smooth out irregularities.

In the medium term, some kind of fiscal transfer within the Euro zone is one possibility to fix flaws in the currency area's design. This does not necessarily imply the full political union that Bassett is suggesting, and taxes levied on a Euro zone basis—such as a financial transaction tax (FTT)—could be used to finance fiscal transfers to where they are needed within the Euro zone.

The argument for Ireland to have a separate currency is weak, as it would be very vulnerable to currency speculation. The likely pegging of any new Irish punt to the pound sterling would also lock Ireland in to trends in the UK, which could be undesirable as the two economies do not always move in synch any more than the members of the Euro zone. Those questioning the euro currency at a political level tend to be populist nationalist movements, although there are also economists critical of how the Euro zone currently operates.

Ireland's Business Model

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'Ireland does not look like it is a leading contender to take a major share of the financial businesses which may leave London.' (pp. 15-16)
- 'free and unfettered access to the EU single (internal) market has been an essential element' of Ireland's business model. (p. 23)
- 'Companies flocked to Ireland to use it as a European base to export, tariff free, to the rest of the EU and also back to the US.' (p. 23) Ireland's ability to attract FDI through accommodating tax arrangements may be under pressure and some of them are anyway 'hard to justify ethically' (p. 23). 'Already Ireland has been forced to change some of its more brazen tax dodging schemes in the face of international pressure' (p. 24)
- 'the European Commission is determined to introduce some form of common consolidated corporation tax base (CCCTB) for companies inside the EU. [...] There are varying estimates of the cost to Ireland of a CCCTB, with the EU Commission claiming that it would only reduce

revenue to Ireland by 0.2%, while the Irish Business and Employers Confederation (IBEC), [...] believe, more realistically, that the cost would be around 7.7% of total tax revenue or €3.9bn.' (p. 24)

- 'While Ireland, in theory, could continue to resist granting the EU more powers in the tax area, without its key ally the United Kingdom, it is doubtful whether Ireland and the Netherlands will be able to resist this pressure from France, Germany and the EU Commission in the longer run.' (p. 24)
- 'There is every prospect of the emergence of an Anglophone North Atlantic free trade area, encompassing the USA, Canada and Britain.' (p. 26) This could be a Plan B for Ireland.
- 'The immediate question then arises as to whether an Irish withdrawal from formal membership of the EU would destroy the basis on which Ireland achieved its recent economic success, namely its ability to attract American FDI, to service the EU market. [...] access to the Single Market remains of vital importance.'(p. 34)
- 'Canada has concluded the Comprehensive Economic and Trade Agreement (CETA) with the European Union, which allows over 98% of its goods tariff free access to the Single Market. Surely, the EU would offer at least the same terms to a former Member State, Ireland, which had been forced by circumstances, outside its control, to depart from formal membership.' (p. 34)

Brexit has accelerated the decline of Ireland's reliance on aggressive tax competition to attract foreign direct investment. This model has been in decline for some time, with various reports pointing to the need to boost indigenous enterprise and support a more varied set of industries, particularly those in job-rich sectors of the economy like agri-food. For example, it is striking that Ireland still exports a great deal of unprocessed food products and even live cattle, rather than adding value through the manufacturing and marketing of finished food products.

The economic problems associated with Brexit are likely to be exacerbated by the *laissez faire* approach to industrial strategy preferred by Ireland's civil service and public agencies. Similarly to the UK Conservative Party's recent pronouncements, Ireland's policymakers need to re-awaken to the importance of having a comprehensive set of industrial policies. This in turn is linked to the policies necessary to ameliorate economic inequality and to foster job growth in the areas most vulnerable to a downturn due to Brexit.³

The idea of a North Atlantic free trade area or an equivalent to CETA for Ireland would almost certainly be worse than full membership of the EU's single market and customs union. As noted above, socio-economic forces are likely to bring the UK into a close trading relationship with the EU (including Ireland) sooner or later. If nothing else, securing more open trade with the EU will manifest as a major electoral issue in the UK for the foreseeable future. As such, the case has not been made for why Ireland should take pre-emptive action to dislocate itself from the EU, even though there will be a rough period of several years during which UK-EU trade will be disrupted.

³ See, for example, David Jacobson (editor 2014) *The Nuts and Bolts of Innovation*. TASC <https://www.tasc.ie/publications/the-nuts-and-bolts-of-innovation/>

2. British-Irish ties

Political and Cultural Ties

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- Rapprochement between Ireland and the UK was helped by common membership of the EU.
- 'in an opinion poll, 56% of those questioned regarded relations with the UK as more important than with the Remaining 26 countries.' (p. 35)
- 'The Irish/British relationship is one of the closest between two sovereign countries.' (p. 9)
- 'The excellent working relations in the Northern Ireland Peace Talks have been mirrored by work in the EU. At the Council of Ministers and in EU working groups, the two countries have found that there is a huge commonality of interests between Britain and Ireland. This has become more pronounced as issues relating to the Common Agriculture Policy (CAP) became less dominant in Brussels.' (p. 9)
- 'The two countries share English as their main language, Ireland inherited its Westminster style Government and public service from the British, as well as its use of Common law, its University structure, etc. [...] Any impediment to these links, which are at all levels of society, would be extremely disruptive and, given their scale, almost impossible to calculate.' (p. 12).
- 'The disruption and difficulty in accommodating Brexit and a severing of the century old relationships certainly looks to be a lot more deleterious to Ireland than an agreed and non-confrontational withdrawal from the EU.' (p. 34)
- 'Ireland should first prioritise its future relationship with Britain. It would mean starting direct Irish-British negotiations, setting down what both countries want - essentially a continuation of the present arrangements, both between the Republic and Northern Ireland and between the Republic and the United Kingdom. This would take the form of a comprehensive bilateral agreement.' (p. 32)
- The British-Irish Intergovernmental Conference, set up under strand 3 of the Belfast Good Friday Agreement, provides a vehicle to organise such negotiations.

British-Irish political relations are still at an all-time high, and Bassett correctly identifies that the Strand 3 institutions established under the Belfast Good Friday Agreement, which in turn build on earlier inter-governmental institutions, are an ideal vehicle to build stronger British-Irish ties in a wide range of economic, social and cultural dimensions. The British Irish Council (BIC) and British Irish Intergovernmental Conference (BIIC) could have a new importance post-Brexit, not least to ensure continued co-operation between Ireland and Northern Ireland.

The 'love that dare not speak its name' in Ireland—in the context of an openly gay Taoiseach and a referendum where two-thirds of the population voted in favour of marriage equality—is in fact the love of Britishness. Many people in Ireland are highly informed about British sport, popular entertainment and politics. Language and family ties cause Ireland to remain culturally close to the UK. Not least, the massive penetration of the Irish market by British media has a significant effect in shaping Irish perspectives on the UK and EU. Despite all of this, Irish identity sometimes exhibits a reflexively anti-British or anti-English streak, despite the obvious contradiction between this and the massive consumption of British culture by the Irish.

It was not economically viable for Ireland to join the European Economic Community (EEC) without the UK, but Ireland is now entirely capable of remaining in the EU in its own right. Rather than being something to divide Ireland and the UK, the extra resources and confidence that Ireland gets from EU membership could help ensure a more evenly balanced inter-governmental

relationship between Ireland and the UK despite the size difference between the countries.

Northern Ireland

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'serious doubts must arise about the compatibility of the GFA [Belfast Good Friday Agreement] and a hard Brexit' (p. 27)
- After peace was secured, there was 'no need for any fixed and/or permanent installations along the border. [...] This was psychologically very important' (p. 28)
- 'Fixed customs/immigration structures on the border will also raise tensions within the Nationalist community just north of the border who will feel that they are again being cut off from what they regard as the rest of their own country.' (p. 29)
- 'Brexit also poses huge dangers for Unionists. The British Government in its zeal to close off immigration routes will undoubtedly also have to look at ports/airports in Britain where passengers land from Northern Ireland, as well as from the Republic. We could see a return to security checks there.' (p. 29)

As discussed above, the likely border will be dominated by ICT and border checks are likely to be random and away from the actual geographical border. The chances of a militarised border being reinstated are very low. Bassett is probably overstating the likely consequences of the border when he describes Brexit as a 'huge danger'. All the signs are that Ireland, the UK and the EU negotiating team are alert to the history and risks associated with the border and will seek to ameliorate them in people's day-to-day lives.

It is businesses that will deal with the otherwise 'invisible' border and pay its costs, as they will carry the burden of the additional 'red tape' created by Brexit.

The Common Travel Area

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'Irish and British settlers have moved between the two islands for millennia and this continues to this day. [...] more than 35 times the number of Irish live in Britain than in any other EU country,' (p. 11).
- 'it might be a better approach for the two governments to first draw up a bilateral agreement under the GFA and then approach the EU to see how the agreement can be facilitated, hopefully while Ireland remains a member of the EU. This would require the EU to agree to a special status or position for Ireland within the EU.' (p. 33)
- 'if the EU cannot accommodate free Irish-British trade outside the EU customs union, then Ireland would have to negotiate a completely new set of arrangements with the EU, which could involve a formal withdrawal from membership,' (p. 33)

Brexit requires the political arrangement known as the Common Travel Area (CTA) to be written down for administrative purposes. This risks making a flexible political compromise into a rigid system that is not as effective. The CTA is less about travel—which is unlikely to be greatly hindered by any version of Brexit—but about the right to reside, work, access services and vote in each other's countries, which is essentially a form of shared British-Irish citizenship that pre-dated Ireland and the UK's shared EU citizenship. The CTA arrangements are certainly worth preserving, and both the UK and Irish governments have indicated that doing this is a policy goal.

The CTA and other economic British-Irish ties are potentially damaged by Brexit, but there are opportunities to strengthen them too. As shown by the strength of Nordic co-operation, strong inter-governmental partnership can be maintained, even when several members are outside the EU, and when those inside the EU have differing opt-outs. 'Official co-operation between the Nordic countries is one of the most comprehensive regional partnerships anywhere in the world'.⁴ There is no reason why British-Irish co-operation cannot be equally strong, involving not just Dublin and London but all of the devolved governments.

3. The future direction of the EU



Figure 1: Degrees of Separation from the European Union

KEY	
Black	= UK and EEA countries (Iceland, Lichtenstein, Norway and Switzerland; of which, only Switzerland is not in the EFTA).
Dark grey	= EU member states in the euro zone (Austria, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain)
Medium grey	= EU member states with own currencies (Bulgaria, Croatia, Czech Republic, Denmark, Hungary, Poland, Romania and Sweden). Of these, Denmark has an opt-out from the euro.
Lighter grey	= Candidate countries (FYR Macedonia, Montenegro, Serbia and Turkey)

As illustrated in the above map, there are already degrees of separation within the European Union. Not illustrated is the fact that Ireland and the UK were not

⁴ <http://www.norden.org/en/om-samarbejdet-1>

part of the Schengen Area, and that Denmark, Ireland, Poland and the UK have various opt-outs from EU policies. Luxembourg's Prime Minister, Xavier Bettel, succinctly captured the UK's EU relationship in one line: 'Before, they were in and they had many opt-outs; now they want to be out with many opt-ins.'

Based on geography and its own self-interest, the UK is likely to end up in an open trading relationship with the EU. However, close relations and open trade does not require full EU membership. The concept of a 'variable geometry' Europe is already well established. 'It acknowledges that, particularly since the EU's membership almost doubled in under a decade, there may be irreconcilable differences among countries and that there should be a means to resolve such stalemates. It would enable groups of countries wishing to pursue a given goal to do so, while allowing those opposed to hold back.'⁵

The central question is whether Europe will be gripped by an idea of 'manifest destiny' in the same way that the expansion of the United States of America was based on the idea of a single union stretching between North America's east and west coasts. General de Gaulle spoke of a unified Europe stretching from the Atlantic to the Urals. At the present time, the potential for a unified Europe in the sense of a single super-national organisation seems highly aspirational. Yet the aim of unity has perhaps been partially fulfilled. After all, European countries (with the exception of Belarus and Russia) are now united in their support for democracy, human rights, rule of law and market economies, albeit with some weakening of this support in present-day Hungary and Poland.

What seems likely to arise in the coming decades is an institutionalisation of variable geometry. The Bruegel think-tank has proposed the idea of a Continental Partnership based on trade and other inter-governmental co-operation, wrapped around a more closely integrated European Union.⁶

Another version of this idea envisages the European Free Trade Association (EFTA) developing a more balanced partnership with the EU. At present, the EU population is 40 times larger than EFTA's, and the EU's economic output is 18.8 times larger. 'But when the UK is taken out of the EU and moved across to EFTA, the numbers change significantly. The EU (-UK) will have a population of 444 million and GDP of 14.1 trillion USD PPP, and EFTA (+UK) would have a population of 76.8 million and combined GDP of 3.6 trillion USD PPP. In this new context, the EU population would be less than six (5.8) times larger than EFTA-Plus and the EU's economic output would be less than four (3.9) times larger. The difference between the two sides would be far less asymmetric than the current EU-EFTA relationship. (Add Turkey to EFTA and the balance is even more even.)' If the power balance between the EU and EFTA was more even, it is more likely that both sides would agree to a partnership approach; as opposed to the current arrangements where EEA countries have no formal voice in deciding EU directives to which they must nonetheless adhere.⁷

⁵ http://eur-lex.europa.eu/summary/glossary/variable_geometry_europe.html

⁶ <http://bruegel.org/2016/08/europe-after-brexit-a-proposal-for-a-continental-partnership/>

⁷ <http://efta4uk.eu/a-new-uk-eu-relationship/>

The inevitability of open trade between the UK and the EU, combined with the variable geometry of European inter-governmental politics, makes it likely that Ireland will eventually face a genuine choice about whether or not to opt for full political integration into the EU. However that choice does not arise in the immediate aftermath of Brexit, as the EU is unlikely to rapidly centralise or federalise without a series of smaller steps occurring beforehand, which would provide the opportunity for Ireland (or other member states) to opt out of greater political unity.

The Lack of an Irish Strategy about EU Membership

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'The Irish policy in Europe has been very short sighted and gives the impression that it is solely about extracting the maximum short term monetary value from membership.' (p. 18)
- There has been no official Irish response to EC President Juncker's five possible scenarios for the EU.
- 'With so many negatives attached to disrupting the centuries old connections within our islands, why is official Ireland so wedded to staying inside the EU? Is the EU option attractive enough to overcome these disincentives? Any decision making must also examine where the EU is heading and if Ireland wants to be part of these potential developments. It may well be that there is currently a lack of understanding and discussion within the country as to what Ireland is really signing up to.' (p. 17)
- There has been a lack of debate in Ireland about developments at EU level. The National Forum for Europe (2001-2009) 'never really caught the public attention and while well intentioned, did not result in the type of fundamental debate that was needed about the future direction of Europe.' (p. 18)

Bassett is correct to identify the lack of leadership in Ireland about EU membership, and the lack of public deliberation on some of the politically sensitive issues such as the possibility of a federal EU at some point in the future.

There has been discussion of the Senate taking up the role of an interlocutor on European affairs, but senators have yet to make any significant headway with this suggestion. Some NGOs such as the European Movement and IIEA seem to benefit from public financial support, but they tend to operate on an elite level rather than engage the general public, and they are strongly pro-EU. Rather than re-establishing a National Forum on Europe, there might be merit in the government funding a diversity of NGOs to engage the public on Europe, in order to foster a more dynamic and challenging public discourse on Ireland's interests in international affairs.

Potential EU Costs to Ireland

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- The loss of the UK will increase Ireland's contribution to the EU budget, even if there is a scaling back of EU programmes.
- Ireland may see greater East European migration once the UK is not in the EU, due to the attraction of the English language. 'To date, there has been relatively little opposition to immigration in Ireland, where it is still seen as beneficial. However, a large increase in new arrivals could change attitudes.' (p. 14).

Contributions to the EU budget and the possibility of greater migration to Ireland are both legitimate topics for public debate. Once Ireland is a net contributor to

the EU, it should be discussed what we are generating with that investment. There is a clear self-interest for Ireland in paying into European programmes, as the development of poorer regions opens up markets for Ireland within the EU, as well as enhancing the EU's overall capacity in the world. But what exactly the EU is doing with its members' money needs to be examined and debated.

Despite the severe economic downturn, Ireland has been fortunate to not have any significant politicisation of migration unlike many other European countries that have populist nativist parties like the French *Front National*. Despite the attraction of moving to an English-speaking country, Ireland is an expensive place to live for migrants, especially with its chronic housing shortage and exorbitant rents. Nonetheless, in common with many other countries, Ireland needs to ensure that there are real opportunities for everyone in society and that migration is not being used to suppress wages or to avoid investing in people from deprived communities.

Centralisation of the EU and Potential Federalism

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- The role of the European Central Bank (ECB) and European Commission (EC) in Ireland's bailout further lowered Irish sentiment about the EU. 'It was a wholly despotic manoeuvre and one that showed no real interest in the welfare of the citizens of Ireland [...] For many who had previously been pro EU, it was a painful lesson on the true nature of the EU and its power structure. Any notion that the EU comprised of 28 equal States was lost in that episode.' (p. 9).
- 'Federalists within Europe could not leave well enough alone and proceeded to make ambitious plans for a greater concentration of powers in Brussels. New Treaty after New Treaty all pushed in one direction, namely the transference of power from the National Governments and Parliaments to a central EU authority. A whole raft of new areas became subject to majority voting in the Council. This has coincided with a growing alienation of sections of the European population with Brussels. As this concentration of power grew in the centre, and with the Enlargement process bringing in a host of new members, Ireland's ability to influence decision making in Brussels waned considerably.' (pp. 17-18)
- Federalists are seeking to centralise more fiscal powers.
- Irish people have rejected moves towards European federalism, in referendums on EU treaties.
- Many countries are pulling away from Europe, on a variety of issues.
- 'The concept of a directly elected European Parliament makes no sense unless the aim is a United States of Europe. The democratic element in the EU is provided for by the individual governments and their parliaments. For a country like Ireland to agree to transfer powers to an institution like the European Parliament where it has little or no say, given the relative sizes of the Member States, is bizarre to say the least. However, Ireland has been enthusiastic about giving up its powers to this unwieldy body.' (p. 18)

One of the possible future scenarios for the EU is increased centralisation of powers and a federal political structure. However, there are other possibilities and there is by no means a majority in favour of European federalism even within the EU's own institutions; and the fact that countries are pulling away from central control of some policies is an example of countervailing forces in operation. Moreover, the EU remains relatively small and weak in terms of its budget or staffing, compared to the scale at which national governments operate. The perspective of the EU as a dominant force needs to be tempered with an

analysis of where power really lies in Europe. Nonetheless, these are the kinds of issue that should be subject to public debate in Ireland.

The argument against the European Parliament (EP) is weak and anti-democratic. Modern democratic states are liberal and pluralist; that is, individual rights are protected and power rests in a number of sites including government, elected assemblies (at regional and local level as well as national parliaments), courts and other public agencies. Informal power also rests with representative bodies from different sectors of the economy and sections of society. The directly-elected European Parliament adds to the diversity of Irish voices and the balance of power at EU level. It is hard to see how it is anything but a reinforcement of liberal pluralism and democracy. National governments of a given political persuasion can be outnumbered in the Council of the EU, but the EP provides a counter-balance to any ideological bias that may arise in the Council. Moreover, as a parliament, it carries out functions such as scrutiny and investigation, which national governments are not equipped to do at EU level. The EP is better placed to hold officials from the European Commission to account than national governments.

Bassett's argument also relies implicitly on the idea of nationalism. His argument assumes that Ireland has a singular national interest, which is best reflected by its government. However, a pluralist perspective acknowledges that there are competing views on what is in Ireland's best interest. These views manifest as the different political ideologies that are common across Europe. And the EP provides a forum for these views to be expressed and debated. Even though there are only 11 Irish MEPs out of 751 in total, they mostly belong to the main groupings within the EP, where colleagues largely share their values and perspectives. Co-operation within the groups requires their leaders to acknowledge the importance of national concerns, and to give them due weight. The EP seems as capable of carrying out these roles as any parliament that represents such a large population (such as the 535 Members of the US Congress, representing 50 states and 326 million people).

4. European identity

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- The Irish political elites are much more Euro-centric than the general population. Evidence for this is in Irish people's patterns of migration, much more to Anglophone countries than to continental Europe.
- Ireland's relationship with the EU 'was essentially based on material gain and not on any emotional or symbolic attachment.' (p. 6) Public support weakened once Ireland became a net contributor to the EU budget.
- Ireland is outside the 'interest groups' within the EU, such as Benelux, the Nordic co-operation, the Visegrad Group and NATO (Table 1, p. 39). As a result, Ireland exhibits 'strict adherence to Team EU' (pp. 6-7).
- 'in a post Brexit EU with only 5 million native English speakers, the English language will no longer have a strong case to be the language of the institutions.' (p. 15)

In the UK, 'British' identity has sometimes been a welcome compromise, which allowed people from black and ethnic minorities as well as people from the UK's smaller nations to be at home in England without claiming to be 'English'. In a

similar way, 'European' offers a shared identity that helpfully blurs boundaries. On a practical level, the EU blurs political and administrative borders in a way that softens the day-the-day concerns of separatists and national minorities, of which Europe has many. As populations across Europe continue to intermingle, everyone can become 'European' without having to give up other national or regional identities. A version of European English will soon play the role of a European language, although there is much less of a cohesive European culture than there is a British one. The idea of 'European' identity is still a work in progress, much as 'American' identity took centuries to overshadow identity linked to individual US states or country of origin.

Despite a history of antagonism towards England, Ireland in the EU clearly belonged to an informal British-Irish 'interest group', similar to the Nordics, Benelux and the Visegrad Group. The British-Irish Council (BIC) and British-Irish Intergovernmental Conference (BIIC) help to institutionalise this relationship.

Bassett is wrong to suppose that English language will not dominate the EU. The simple reason is young people and the Internet. English is the global language, and it will be the shared language of future generations of EU citizens. It would be self-mutilation for the EU's institutions to try to resist this trend. On the contrary, post-Brexit, European English will be a more culturally and politically neutral *lingua franca*.

5. Small countries in a globalised world

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- Ireland's 'profile in international relations has declined heavily as the country has simply followed the EU line on many specific issues.' (p. 8).
- Attitudes are changing in the USA to FDI and off-shoring.
- 'The whole concept of globalisation is under sustained scrutiny as governments weigh the benefits to ordinary citizens of the freeing up of trade arrangements that have mainly benefitted multi-national companies.' (p. 25)

Missing from Bassett's analysis is an acknowledgement of the many ways in which the world has changed in recent decades. Illustrative examples include the pace of technology change; the rise of sizeable middle income groups across the developing world; the scale of global movement of capital; the multi-polar nature of the post-Cold War world; and climate change and environmental degradation.

These socio-economic forces are changing national economies and pushing countries towards more elaborate forms of inter-dependency and co-operation. For example, with technology change, the production lines for physical products—from research and design through to manufacturing of parts, assembly, packaging, transport, advertising, sales and after-sales service—form complex networks across the planet. Many aspects of even 'traditional' manufacturing have been separated out as intangible services that can occur anywhere. The scale required for some products mean that many European 'national' industries are no longer at a sufficient scale to be globally competitive. Conversely, small open economies have new opportunities to contribute to some aspect of these complex production processes.

Global co-operation is needed to cope with climate change and other challenges, which means that 'sovereignty' is increasingly pooled in inter-governmental initiatives. No country can 'go it alone' to the extent that they could fifty or sixty years ago.

The multi-polar world, and the rise of developing nations' wealth, means that co-operation is more necessary for small and medium states than ever before if they are to attract globally mobile capital. And every single European state qualifies as small or medium (or indeed tiny in the case of Malta or Luxembourg). In this context, Ireland is the quintessential small open economy. Very little Irish 'sovereignty' can be salvaged by withdrawing from the EU, as the political co-operation at EU level would have to be replicated in other international agreements in order to retain access to mobile capital and to co-operate on global challenges.

Viewed from this perspective, many of Bassett's arguments lose some of their force. While there will be negative trade and economic impacts from Brexit on Ireland, any economic gain from leaving the EU would have to be offset against additional costs associated with replacement international agreements and other compromises necessary to retain open trade with as many other countries as possible.

6. Defence and security

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'there is a danger that post Brexit those seeking to immigrate illegally to the UK may see Ireland and the land border with Northern Ireland as a potentially weak link in the UK Immigration control system.' (p. 14)
- The Irish public would have little support for an EU army and EU sponsored military conflict.

David Davis, the UK's Minister for Brexit, has already downplayed the migration fear. He remarked that the low cost of air travel means that most illegal migrants enter the UK as tourists and over-stay their visas. According to this logic, taking the long route via Ireland is simply not necessary. The stricter policing of residency throughout the territory of the UK is likely to replace the need for watertight border checks given that the UK will continue to encourage tourism and business travel.

More importantly for Ireland, in a world with continuing conflict and terrorism—and the potential for greater conflicts over water resources and other dwindling resources in a context of climate change—is the question of Ireland's security alliances as a 'neutral' country outside of NATO, albeit a member of NATO's 'Partnership for Peace' co-operation programme.

Ireland's geography provides two great security advantages. By being an island at the Western extremity of Europe, Ireland does not face any proximate military threats. And by being close to the UK (and not too far from the USA), Ireland is essentially protected by the military capacity of these states. Nonetheless, the nature of asymmetric warfare (terrorism and cyber attacks) makes sharing of

information and technology more important than ever to ensure citizens' security. With the transfer of the competencies of the old Western European Union into the European Union, Ireland has moved from being an observer of the former to a member of a security and defence alliance in the form of the contemporary EU. Despite some opt-outs to do with defence, Ireland's only formal security alliance is the EU. The EU also assists with counter-terrorism through Europol and its other programmes of police and intelligence co-operation.

Ireland's theoretical option of going it alone in terms of security and defence is weak and risky. As such, if Ireland were to step back from full integration with the EU, the alternative may be to join NATO or a bilateral security treaty with the UK. If Ireland left the EU, the UK and the USA would be more likely to want Ireland to contribute more towards its own defence, if it was felt that the Irish were getting a 'free ride'.

7. Social and environmental protection

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- Ireland has benefited socially from EU membership.
- Very few people doubt the real benefits for Ireland of joining the EEC since 1973. Ireland 'has grown much richer, more liberal and more confident.' (p. 7)
- Even if Ireland left the EU, it could remain close to EU norms in environmental protection, food standards, etc.

The weakest part of Bassett's argument is the near silence on social and environmental standards, which have been greatly enhanced in Ireland through membership of the European Union.

One of the risks of the UK's departure is a 'race to the bottom' in terms of worker protection and other standards. The spectre of the UK becoming a radical enterprise economy like the USA has already been raised by the UK Chancellor of the Exchequer, and any Anglophone North Atlantic free trade area involving the USA, Canada and UK is likely to be built on *laissez faire* market principles rather than robust regulation of business activity.

The strongest argument in favour of retaining EU membership for Ireland is the hope of stronger social and environmental protection. The Nordic and West European social democratic and social market economy models are preferable to the liberal markets found in the Anglophone world (Australia, Canada, New Zealand, USA and UK). They have been just as robust in terms of economic output, productivity, innovation and they are generally superior in terms of social solidarity, workers' protection and environmental standards. That is not to say that northwest Europe cannot learn things from the liberal market economies, but if Ireland's choice is to lean more towards the European social market model or the USA's liberal market model, I have a clear preference for the social model. The EU itself is hardly an exemplar of the European social market or social democratic economic models. However, there is more of a chance that a reformed and democratic EU can deliver for society and the environment compared to liberal free trade.

Conclusion

Arguments from *After Brexit, Will Ireland be Next to Exit?*

- 'For Ireland, there is really no upside to Brexit.' (p. 3)
- 'The huge choice facing Ireland is whether, given the circumstances, the country can live with the likely post Brexit arrangements and so stay a full member of the European Union; or whether a radically different relationship with the EU is required, including the possibility of an Irish departure from formal membership, an Irexit.' (p. 3).
- 'The question to be raised is what price is Ireland willing to pay to stand in solidarity with the remaining 26 EU countries? If the Irish Government is willing to pay that price, will the Dáil, and possibly the population in a referendum, be equally willing to do so?' (p. 3)

This analysis offers some guide to what makes sense for Ireland in the post-Brexit world.

Under the heading of **trade and the economy**, Ireland will be a net loser from Brexit no matter what kind of UK-EU trade deal is agreed. However, geographical proximity and British self-interest suggest that the UK will move towards an open trading relationship with the EU over time, even if that is not the immediate result of the Brexit negotiations. In this scenario, Ireland will suffer economic damage for a period of years, but the EU would have incentive to support those sectors that have to make major adjustments post-Brexit. Much needed investment in indigenous industries in order to foster higher value add by Ireland's SME sectors could be a beneficial effect of Brexit if the Irish government re-discovers the importance of having a comprehensive industrial strategy.

However, there is no reason to allow Brexit to damage **British-Irish ties** in politics and culture. On the contrary, the British-Irish Council and British-Irish Intergovernmental Conference offer the possibility of counter-balancing weakened economic links with greater co-operation in other domains.

The future direction of the EU is a known unknown, and it is difficult to predict the outcome or to establish what influence Irish governments will have on that direction. A federal Europe still appears to be a remote possibility, although closer fiscal and political union is certainly plausible, not least to make the euro currency work more effectively for all its members. Ireland needs greater public debate about this issue, but the mere possibility of federalism is not cause for Ireland to leave the EU.

Most people in Ireland do not have a **European identity**, and this is all the more reason to ensure both governments pro-actively strengthen British-Irish political and cultural relations. Nonetheless, Ireland's government would do well to encourage its population to develop language competency and to foster more cultural exchanges with EU member states.

Ireland is one of many **small countries in a globalised world** and is buffeted by major changes in technology, capital flows, climate and resources. Every small country needs to co-operate and share sovereignty with others through a variety of inter-governmental mechanisms. Ireland has strong incentives to remain in the EU in order to benefit from the scale at which a unified Europe can respond to these challenges.

Defence and security is a topic that is rarely high on the agenda for public discussion in Ireland. The EU has delivered seventy years of relative peace on the European continent, although the wars in the Balkans and in Ukraine, Syria and North Africa show that conflict on Europe's doorstep is far from over. All things being equal, Ireland has strong incentives to remain fully inside the EU in order to benefit from security co-operation, not least to benefit from shared information and technology that is essential to defeat threats like terrorism and cyber warfare.

The best outcome for Ireland would be to have its cake and eat it. On purely trade grounds—in particular in terms of sectors of the Irish economy employing most people—there is a strong argument for Ireland to remain close to the UK market even if that means becoming semi-detached from the EU. In terms of identity, the Irish are more British than European, but they will never admit it. However, under every other theme discussed above, the balance of the argument favours Ireland remaining within the EU.

As a small country, in terms of defence as well as the economy, Ireland needs the scale of belonging to a much larger union—and the UK is not sufficiently large to take on the challenges of the 21st century on its own (with or without Ireland). Irish people will almost certainly be much better off under European social and environmental market approaches to these challenges than under an Anglophone *laissez faire* market economy.

It is mistaken to identify the cost of EU membership as a price to be paid for solidarity with others. The membership fee is an investment that can be strongly identified as Ireland's self-interest, although there does need to be greater scrutiny of European politics and greater effort put into stimulating debate about EU affairs among the Irish population.

ABOUT THE AUTHOR

Nat O'Connor MA PhD FHEA is a Lecturer in Public Policy and Public Management and a member of the Institute for Research in Social Sciences at Ulster University. He was formerly director of the Irish think-tank TASC.

Ulster University has a strong commitment to making a Civic Contribution. 'As Northern Ireland's civic university we will focus our efforts on global societal issues relevant to Northern Ireland. Collectively our impact will contribute towards the wellbeing and economic prosperity of our society.'

<https://www.ulster.ac.uk/fiveandfifty/civic-contribution>

Ulster University has taken a leadership role in relation to the analysis of Brexit. <https://www.ulster.ac.uk/brexit/home>

This document is the opinion of the author and does not necessarily reflect the policy or position of either Ulster University or its Institute for Research in Social Sciences.