

Why Brexit should be followed by Irexit

By Anthony Coughlan

The Republic of Ireland joined the then European Economic Community in 1973 primarily because Britain and Northern Ireland did so. Now a group of Irish economists and lawyers of which I was *rapporteur* have produced a report advocating that Brexit should be accompanied by “Irexit” (Ireland Exit), for a number of decisive reasons.

If the UK leaves the EU customs union while the Republic stays in the EU, the North-South border within Ireland will become an EU land frontier, with customs controls being inevitable and possibly passport controls too. EU-based laws and standards, for example in relation to crime and justice, will prevail in the South and UK-based ones in the North. The only way for the Republic’s politicians to avoid adding new dimensions to the North-South border within Ireland is therefore for them to leave the EU along with the UK.

Since 2014, the Republic has become a net contributor to the EU Budget. This is a big change from the previous 40 years, during which it was a major recipient of EU money, mainly through the EU’s Common Agricultural Policy. In future, money from Brussels will be Irish taxpayers’ money recycled, as is already the case with the UK. This removes what up to now has been the principal basis of Irish Europhilia, official and unofficial – namely, easy EU cash, not any ideological enthusiasm for Eurofederalism or “the EU project”.

If the Republic seeks to remain in the EU when the UK leaves, it will henceforth have to pay more to the EU Budget as its proportionate contribution to help compensate for the loss of Britain’s contribution. On the other hand, a bonus for Ireland

of leaving the EU along with the UK is that it would get its sea-fisheries back – the value of annual fish-catches by foreign boats in Irish waters being a several-times multiple of whatever money Ireland has got from the EU over the years.

As regards trade and investment, the Republic sends 61 per cent by value of its goods exports and 66 per cent of its services exports to countries that are outside the continental EU26, mostly English-speaking. It gets two-thirds of its imports from English-speaking countries. The USA is the most important market for the Republic's foreign-owned firms and the UK for its Irish-owned ones – the latter being particularly important for employment. These two markets together are comparable in importance to that of the EU26 post-Brexit. Taking other English-speaking markets into account makes the English-speaking world much more important for the Republic than the EU minus Britain. This is also so for foreign investors coming to Ireland. Economically and psychologically, Ireland is closer to Boston than Berlin, and to Britain than Germany.

It is not of course a question of the Republic having to choose between one export market and another if it should decide to leave the EU along with the UK. If common sense prevails in the negotiations, there should be continuing free trade between the UK, Ireland and the EU in the context of Brexit and Irexit occurring simultaneously.

Without Britain as an ally beside her in the EU Council of Ministers, the Republic will be in a much weaker position to defend its low rate of company profits tax, which is the principal incentive that it uses to attract foreign capital investment to the country. Germany and the Brussels Commission are already gunning for this. It would also be in a weaker position to defend its fishery interests, its trade interests, its distinctive Anglo-Saxon-based traditions in the area of law and justice, which the EU aims to harmonise, and its military neutrality.

The main argument for the Republic staying in the EU when the UK leaves is the negative one that it is a member of the Eurozone while the UK is not. When the euro was established in 1999, Dublin's ultra-europhile politicians were so foolish as to adopt the currency of an area with which Ireland does only one-third of its trade. They thought at the time that the UK would be bound to adopt the euro-currency too, and that Dublin would show how "*communautaire*" it was by going first! The Republic now desperately needs to get its own currency back so that it can devalue it along with sterling and the dollar, and not be stuck with an implicitly overvalued euro that is now crucifying its exports.

That is why Dublin should aim to leave the Eurozone in a planned, concerted manner, negotiating its departure with Germany, the ECB, the UK and the Bank of England in private behind the scenes as part of its move to leave the EU along with the UK, rather than be forced to abandon the euro anyhow in the next Eurozone financial crisis.

The EU plans closer military cooperation when the UK leaves. From Britain's point of view, can it be happy with the thought of the Republic participating in EU security and defence policy and implementing ever-closer integration with an EU/Eurozone that is likely to come under greater German hegemony following Brexit?

Germany, like the other 27 EU States, will seek to prevent Brexit if it can but, if it is unable to thwart it, it will accept it, as will the others. This and other considerations may possibly encourage Germany to support Irexit alongside Brexit if that should become Irish Government policy. Germany could more easily aspire to greater hegemony over the continental EU Member States if Ireland as well as Britain cease to be EU members. This should appeal to influential sections of Germany's current political elite.

It is only since Theresa May's speech in January that

Ireland's ultra-europhile political Establishment is beginning to realise that Brexit really does mean Brexit, and the case for it being accompanied by Irexit is starting to be heard in Irish business circles. Irish public opinion is in advance of élite opinion on this. An opinion poll last October showed that almost four in ten Irish people would choose open borders and free trade with the UK over the EU. This was before there was any realisation of the hugely adverse effects on the Republic if it is so foolish as to seek to remain in the EU when Britain and Northern Ireland leave it.

That realisation is now growing in Ireland. Both public and élite opinion is likely to move in the direction of Irexit over the coming two years, and UK policy-makers should do all they can to encourage it.

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