

Irish Socialist Party pamphlet against Irish membership of the European Economic Community (January 1972)

Caption: In this pamphlet, published in 1972, the Irish Socialist Party strongly emphasises the dangers that pose a threat to Ireland should it join the European Economic Community (EEC).

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Ireland and the EEC

The 26-County government's application for EEC membership was closely linked with Britain's, reflecting the dependence of the Irish economy on trade with Britain.

This dependence, deepened and formalised by the 1800 incorporation of Ireland into the United Kingdom, was largely unaffected by the emergence of a semi-independent state in the 26 Counties in 1921. The first Free State government pursued a policy of free trade with Britain and made no attempt to disturb the economic relationship between the two countries. This was not surprising, as the Free State government was dominated by cattle-ranching and merchant interests whose prosperity depended on easy access to the British market.

The coming to power in 1932 of the small-capitalist/small-farmer/worker alliance (as it then was) of Fianna Fáil led to a change of direction and a brief period of economic nationalism. Behind new tariff barriers an attempt was made to establish an independent capitalist economy in the 26 Counties. At one time the Fianna Fáil leaders boasted that they would put an end to the cattle trade with England. The cattle trade survived. Fianna Fáil's nationalism did not. It was ironic indeed that the dominant position of the cattle trade in 26-County exports was one of the main reasons for Fianna Fáil's application for EEC membership in the wake of Britain's first bid in 1961.

The industrial base established in the thirties and forties had a moderate amount of success. Shortage of capital investment remained a problem as Irish investors and banks tended to prefer investment in safe British government stocks and the higher returns from the British economy generally. In an attempt to remedy this, a new Fianna Fáil government under Seán Lemass abolished the Control of Manufactures Act in 1958. This act required 51% Irish control of companies established in the 26 Counties, and its abolition marked the formal end of Fianna Fáil's economic nationalism. A new era began of inviting foreign capital from various sources to invest in the 26-County economy. With the help of tax concessions and generous government grants, a large variety of new foreign-owned industries were established.

As it turned out, British capital made the greatest penetration into the economy and gained control of over 80% of industry in the 26 Counties. The logical follow-up to this situation was the Anglo-Irish Free Trade Agreement of 1966 providing for further integration of the 26-County economy with Britain's. In return for free access for certain agricultural products (mainly livestock and meat) to the British market, the Lemass government exposed Irish small-scale industry to withering competition from Britain's monopolies. The British monopolies considered the Irish market to be a small region of the UK 'domestic' market, and with the steady removal of tariff barriers were able to 'rationalise' their operations in the 26 Counties in favour of their main production units in Britain. Thus, the result of the Free Trade Agreement was a contraction of Irish industry as British subsidiaries and industries taken-over by British interests either closed down altogether or reduced their operations to warehousing and distributing imports from Britain.

The prospect of EEC membership had receded into the background when the negotiations between Britain and the Six broke down in 1963, but was revived again when the Labour government re-applied for membership in 1967. This move was backed by the British monopolies, and their Irish subsidiaries followed suit. In the intervening period the 26-County economy had become even more dependent on Britain, and continued access to this market was the motive for the Fianna Fáil government's re-activation of their application for EEC membership.

The 26-County economy was functioning as a neo-colonial appendage of the British economy and it was only in the interest of the elements who gained from this fact (Fianna Fáil/Fine Gael big-business, landlords, bankers and cattle-ranchers) that full membership of the EEC was sought.

26-County governments (with the exception of the 1930s and 40s) have never attempted to follow a genuinely independent economic policy, but merely accommodated themselves to changes and fluctuations in Britain's policy. They have wasted the opportunities arising from the political independence of the state gained in 1921, even in capitalist terms. The results of their gross mis-management and incompetence enable the EEC protagonists to declare brazenly that the 26 Counties has no alternative but to follow Britain into the EEC.

After a decade of so-called 'economic expansion', the total number of people employed has risen by only 1%; unemployment at 78,000 is at its highest level since the 1950s; loss of jobs through free trade induced redundancies doubled in 1971 reaching over 8,000; the *balance of payments deficit* (what we owe other countries for imports) at £86 million is the highest ever. This is the economy which the government claims is ready for full membership of the EEC!

Outline of the effects of membership

INDUSTRY

Full membership of the EEC would compound the difficulties of the 26-County economy already resulting from free trade with Britain. Some industries would cease to exist altogether — car-assembly for instance. In the case of car-assembly the EEC has offered a ten-year period within which protection of the industry would be phased out. The government has presented this as some kind of 'victory' which should be hailed by the car-workers. In other words: "Be grateful to the EEC for agreeing to postpone the destruction of your industry for ten years". The car-workers have no intention of accepting this death-by-installment for their industry, and are organising a militant campaign against EEC membership.

Other industries which would be hard-hit include textiles, footwear and light engineering (electrical, etc). Irish industry's small-scale units could not compete with the industrial giants of Britain, France, West Germany and Italy combined in EEC free trade. The Confederation of Irish Industry have already admitted publicly that the Anglo-Irish Free Trade Agreement has seriously harmed its members. How much more harm will be done if the other West-European giants join in the free access to the Irish home market? It is utterly stupid to suggest, as the pro-EEC spokesmen have done, that losses on the home market will be made up by gains from our industries' access to markets in EEC countries. They admit that Irish industry will suffer losses as a result of increased competition *here*, but go on to say that the same industry can compete successfully against the EEC giants *on their home ground!*

Protection of industry: In the EEC, the government would lose the power to impose protective tariffs on imports (recently used in defence of the textiles industry).

Trade agreements: The government would be prevented by EEC rules from negotiating trade agreements with countries outside the bloc. After 1972, the Brussels Commission takes over the negotiation of trade agreements for the EEC as a whole.

State economic policy: The government would be unable to continue state aids to industry as provided at present by the Industrial Development Authority.

No new state industries could be set up. No state control of capital in favour of investment here would be allowed. The state could be prevented from restricting foreign purchases of Irish land or urban property. Foreign workers (if they chose to come here) would have to be allowed in without restriction.

AGRICULTURE

Big agricultural producers, with enough resources to organise their own exports, would gain from the high prices now paid in the EEC. But the high-price policy cannot last forever, as the pro-marketeers suggest it will. It is only a temporary expedient which will be jettisoned after the Mansholt plan has reduced the farm

population from 10 million to 5 million. Then, with their political power proportionately reduced, the farmers can be ignored. In addition, the entry of Britain is bound to lead to an immediate struggle to reduce food prices, with West Germany lining up with Britain against France. To base the future prosperity of the state on such a shaky foundation would be sheer folly.

Fisheries: After a few years 'transition period' our rich coastal waters would have to be opened to the predatory trawlers of the EEC countries which have long ago over-fished the waters around their own coasts, and which would destroy our fishing grounds in a very short time. The 'transition period' agreed by Dr Hillery with the EEC is not acceptable to Irish fishermen, who have announced their intention to oppose EEC membership.

LAW AND SOVEREIGNTY

In the EEC, the Brussels Commission (made up of non-elected civil servants) has power to make laws and regulations for running the community and have these enforced through the courts and legal systems of the member countries. In order to accept this, the Leinster House Dáil and Supreme Court would have to be deposed from the position of supreme authority given to them by the 1937 constitution. The constitution would have to be changed to give the Brussels Commission power to make laws for this state which could not be challenged by either Dáil or Supreme Court.

NEUTRALITY

The long-standing policy of military neutrality of the 26 Counties would disappear. All the EEC countries and all the other applicant countries are members of the North Atlantic Treaty Organisation (NATO), the aggressive anti-socialist military bloc dominated by the USA. Membership of the EEC is incompatible with neutrality, according to Herr Dahrendorf, the EEC foreign relations commissioner. The government denies that neutrality is threatened by EEC membership; but who believes them?

It can be seen therefore that in the EEC a small state like ours would become the vassal of the monopolies, its small-scale industries ruined by free trade, reduced to the status of a colonial food-supplier, its people scattered as wage slaves in the big industrial centres of France, West Germany and Italy, its limited natural wealth plundered, its coastal waters fished out by the giant trawlers and factory-ships of Western Europe. This development, however, is not inevitable. *There are workable alternatives.*

The White Paper

The government White Paper on EEC membership repeats the stale arguments of the pro-EEC lobby. These arguments can be summarised as follows: (1) we must have continued free access to the British market which currently takes over 60% of our exports, and this access can only be assured by joining the EEC along with Britain; (2) in the EEC, Irish farmers could avail of the high prices paid for agricultural produce, and their resulting increased income would be spent at home to the immense benefit of our production and service industries; (3) in an enlarged EEC, Irish export industries would have access to a market of 250 million people.

Emphasis is continually laid on the first-mentioned by government and other pro-EEC spokesmen, reflecting the domination of the government and Fine Gael by vested interests involved in Anglo-Irish trade. For these interests, full membership of the EEC is the easy way out. They have suggested that the 26 Counties has no bargaining position. This is untrue. A wise government could have sat tight and forced Britain to negotiate special terms for Anglo-Irish trade as she did for New Zealand (whose trade with Britain is less than half that of the 26 Counties). There would have been no question of Britain foregoing her trading position in the 26 Counties. Britain needs agricultural supplies from here as a guarantee against any possible disruption of her food supplies. In the interests of national security Britain would not, and could not, depend solely on EEC countries for food supplies. The suggestion, therefore, that Britain would forfeit her agricultural imports from the 26 Counties if she entered the EEC without us, is totally unrealistic.

The promise of a bonanza for Irish farmers is based on the myth that the present high prices in the EEC will continue forever. No sane person could guarantee such a thing. The burden on Britain's balance of payments of helping to maintain the high-price policy will force her into a position of opposition to the policy. This is what France has always feared would happen if Britain joined the EEC, and this was why France previously opposed British entry. At present Britain has said that she accepts the agricultural policy, but once inside the EEC she will assert her own interests. There can be no compromise between the British and French positions, only surrender of one or the other. It is quite possible that this contradiction between Britain and France will lead to the eventual break-up of the Common Market.

While the price system lasts, however, the bigger Irish farmers would gain. But their gains would be reduced year by year as a result of inflation, and eventually when the price system collapsed their losses would wipe out the gains made in the earlier period.

The White Paper bases its predictions for industrial prosperity on the right of free access which our industries would have to the markets of the other members of the EEC. *Access is free but sales are not.* Industry has no guarantee that its share of the EEC countries' markets would increase as a result of membership of the community. The predictions are based on the exaggeration of the effect of one factor of EEC membership in a totally unscientific manner.

Why is the government insisting on full membership of the EEC as a requisite for prosperity, despite all indications to the contrary? It is not always correct to assume that capitalists know what they are doing or know fully what the long-term effects of their decisions may be. Neither are they always aware of the defects in their system. Their miscalculation of the effects of the Anglo-Irish Free Trade agreement is an example of this. It is probable that Irish capitalists (not noted for a high level of intelligence) have not yet grasped the fact that the establishment of an independent capitalist economy here is impossible. They seem to be relying on the EEC to do this. The White Paper accepts the EEC at face value and ignores the objective reality of the monopoly-capitalist system on which it is founded. Monopoly-capitalism concentrates labour and capital in a few favoured areas. All official EEC activities are directed to this end. The geographical position of the 26 Counties and its lack of resources compared with the EEC giants precludes it from taking part in this process other than as a supplier of labour and cheap food to the centre.

It must be stated, therefore, that membership of the EEC would be against the interests of the *majority* of the Irish people, workers and small farmers. Fortunately, this majority has a legal instrument which can be used to prevent the sell-out of its interests. This is the constitutional referendum which must be held before the government can legalise their acceptance of the Treaty of Rome. The people can vote against EEC membership, and thus end the Fianna Fáil/Fine Gael plan for entry.

It is interesting to note that the people of the Six Counties, claimed as citizens by Jack Lynch and his government, are not being offered a chance to participate in the referendum.

The alternatives

The first alternative is, of course, simply to remain outside. This could be forced on the government if the people vote against EEC membership in the referendum. A defeat for the government on this issue would have to be followed by a general election. In such a situation, the two pro-EEC parties would have lost credibility, giving the progressive forces in the country a unique opportunity to gain political leadership of the people. A united Labour and trade union movement could provide the backbone of an anti-EEC government.

A progressive government remaining outside the EEC would have to make radical changes in economic policy in order to survive. Apart from establishing a fully socialist economy, which is not an immediate prospect, the following are the minimum measures which would be necessary in order to remain independent of West European monopoly-capitalism: (1) retention and extension of tariff protection, as necessary, to protect home industry; (2) state controls on export capital; (3) state control of the mining industry, profits from which would provide new capital for investment in new state industries in every sector

of the economy; (4) state control of credit; (5) repatriation of external reserves: these now amount to over £350 million, the highest, in proportion, of any country in Western Europe: at least half this amount could be brought back immediately without harming the external financial position of the country; (6) diversification of trade by negotiating trade agreements with every country willing to reciprocate, particularly the socialist countries in Eastern Europe and Asia. These measures would stabilise the economy and reduce its dependence on export-type industries.

Trade relations with EEC countries, including Britain, would not come to an end as the pro-marketeters like to predict. Britain would still find it necessary to import beef and other agricultural products from Ireland, and the British monopolies are hardly likely to cut themselves off completely from the market here. At present the 26 Counties ranks as Britain's third-best customer, way ahead of any Commonwealth or EEC country. The EEC is likely to have a beef shortage for many years to come which would be of advantage to Irish farmers, tariff barriers notwithstanding. In any case, the tariff barrier now stands at only 8½% and has to be further reduced in the coming years under international agreements. This is hardly an insurmountable difficulty.

Expanding trade relations with the socialist countries is likely to be of greater benefit to us than any association with Britain or the EEC. These countries — the Soviet Union, Poland, German Democratic Republic, Hungary, Czechoslovakia, Romania, Bulgaria and Mongolia — within the framework of the Council for Mutual Economic Assistance (CMEA) operate a system in complete contrast to that of the EEC. Each CMEA country is developing *its own industrial base*: this is exactly the opposite to the EEC policy which concentrates industrial development in two or three countries to the detriment of the rest.

The CMEA countries mostly do business by means of five-year bi-lateral trade agreements which are related to their five-year economic plans. Association with the steadily developing economics of the CMEA countries would provide us with stable and guaranteed markets impossible with the haphazard gambles of the EEC. Unpalatable as it may be to the ideologues of 'free enterprise', the Irish people can only achieve real prosperity and stable development by taking the non-capitalist road leading eventually to the establishment of a fully socialist economy.