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Where will we get the money for the Secret Treaty?

Ireland has been committed by the Government to pay €11 billion to the European Stability Mechanism Secret Treaty that they won't tell us about: €1.3 billion up front and €250 million of that by July 2011. €11 billion is the equivalent of a third of the total tax take for 2011.

This is the ESM Treaty, which describes itself as being "complementary" to the Permanent Austerity Treaty that will be put to the vote on 31 May. No wonder there is no mention of this burden and the secret treaty on which it is based!

The Government propose to have us signed up to the ESM by July. The ESM Treaty would commit us to "irrevocably and unconditionally" making contributions to an ESM fund of €700 billion. That sum can be increased by mutual agreement of the ESM Board. Ireland could veto an increase—but then the Government never likes to say No!

It is now widely accepted that if Spain's banks fail, as they are beginning to, the entire ESM will be cleaned out. Result? Our entire €11 billion may rapidly go to Spain. Some insurance policy! We're the ones doing the insuring.

The Government promised the other sixteen euro-zone governments that it would have the ESM Treaty ratified by July—but without the necessary constitutional referendum being held on it and the article 136 amendment of the EU treaties that authorises it.

A referendum would open up a real possibility for an agreement on the private bank debt, the Anglo-Irish promissory notes, and the now widely recognised need for a euro-zone growth strategy to replace the failed austerity policies, as the other sixteen euro-zone states would have to persuade us to vote Yes in such a referendum—because we have a veto on the article 136 amendment, which must be approved by all twenty-seven EU member-states "in accordance with their respective constitutional requirements." It is the only real leverage that we have.

This is a one-off opportunity to escape from our present economic and financial troubles. To be able to grasp that opportunity we must vote No on 31 May.

Where will we get the money if we vote No?

In the unlikely event that we have difficulty gaining access to credit following a No vote, any of the following measures would bridge the deficit in the short term. Of course medium-term structural changes would also have to be implemented, such as taking our oil and gas into public ownership, and setting up a state bank to assist enterprises and invest in infrastructure, etc.

But even if we don't ratify the EU Permanent Austerity Treaty on 31 May and we can't access the ESM, we are small but important enough for the EU financial system, and so funds will be found elsewhere outside the ESM structures for lending to us. This would certainly be the case if such assistance was, in the words of the ESM, "indispensable to safeguard the financial stability of the euro area as a whole." Remember "contagion"!

And if the EU doesn't come up with the money, we are entitled to apply to the IMF —as confirmed recently by its director of external relations—and their interest rates and conditions were more favourable than those of the EU and ECB. This is the same fall-back that all EU countries are entitled to as members of the IMF. After all, more EU countries have obtained support from the IMF than from the EU in the last decade: Latvia, Lithuania, Poland, Bulgaria, Romania, Hungary, and Estonia.

Remember that Sweden, Denmark and Britain all advanced loans at a favourable rate to supplement our first bail-out. Norway has a pension reserve fund of more than €500 billion and might be similarly inclined. When Argentina defaulted it was kept afloat by a number of countries until it re-entered the markets.

But in the unlikely event that we get no loans and have to close the deficit we can do so through instituting a progressive tax system, including a wealth tax (we have more than 20,000 declared millionaires) to finance government.

Finally, the remaining money can be found through renegotiating (partially defaulting on) foreign debt and, in particular, the bank debt. This would take

courage and resolve but would ultimately be successful. The debt will have to be renegotiated in a few years' time anyway.

What others say

Ireland's continuing access to institutional funding beyond the present bail-out scheme has been guaranteed not once but twice by the EU heads of state and heads of government: firstly on 12 July last year, when the establishment of the European Stability Mechanism was agreed, and most recently on 30 January this year, after the Fiscal Treaty was signed.

★Last July the EU leaders announced that "we are determined to continue to provide support to countries under programmes until they have regained market access, provided they successfully implement those programmes. We welcome Ireland and Portugal's resolve to strictly implement their programmes and reiterate our strong commitment to the success of these programmes."

This is what the EU agreed, and it was reiterated as recently as the EU summit of 30 January 2012, when the agreed statement said: "We welcome the latest positive reviews of the Irish and Portuguese programmes which concluded that quantitative performance criteria and structural benchmarks have been met. We will continue to provide support to countries under a programme until they have regained market access, provided they successfully implement their programmes."

This statement was issued after the Austerity Treaty was agreed and the so-called "blackmail" clause had been introduced. The "blackmail" clause reads: "It is acknowledged and agreed that the granting of financial assistance in the framework of new programmes under the ESM will be conditional, as of 1 March 2013, on the ratification of the Austerity Treaty." But it only applies to "new" programmes from 1 March 2013. Ireland is already in a programme that has been altered. The fact that the "blackmail" clause applies only to "new" programmes leaves plenty of scope for the current Irish programme to be extended.

★Regardless of the vote on the treaty, Ireland is guaranteed funding under the current programme as long as it meets its targets. Michael Noonan said recently: "There is a commitment that if countries continue to fulfil the conditions of their programme the European authorities will continue to supply them with money even when the programme is concluded . . . The commitment is now written in that if we are not back in the markets the European authorities will give us money until we get back in the markets."

★At the end of April the ratings agency Standard and Poors issued a statement maintaining their BBB+ rating of Irish government bonds. They said: "This is based on our expectation that even if the electorate were to reject the constitutional amendment in the May 31 referendum, political negotiations with Ireland's European partners could lead to official funding continuing beyond the current program that ends in 2013. If we were to conclude that Ireland would be effectively excluded from future official funding . . . we could lower the rating to speculative grade."

There is no reason to resort to terrorising people with doomsday scenarios that are based on spin and plain deceit. Those who claim that Ireland would be denied access to EFSF funding—or any other funding sources—should provide hard evidence to this effect. It is evidence they have so far failed to provide.

The People's Movement campaigns against any measures that further develop the EU into a federal state and to defend and enhance popular sovereignty, democracy and social justice in Ireland.

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