

# **Ireland and the European Union: Mapping Domestic Modes of Adaptation and Contestation**

John O'Brennan

## **INTRODUCTION**

When Professor Joe Lee wrote his magisterial history of twentieth century Ireland in the late 1980s one of the most important issues he addressed was the apparent economic failure of the Republic of Ireland. The main reasons advanced for this failure included slow and erratic patterns of economic growth, low productivity in key economic sectors, high and persistent levels of unemployment, exceptionally high emigration rates and a preponderance of enduring social problems. That this remained the case after more than a decade of EU membership seemed to call into question the wisdom of the Irish decision in 1973 to join the then European Community (EEC). Two decades later Ireland's membership of the EU was thrown into serious question by the Irish electorate's rejection in June 2008 of the Lisbon Treaty. This was the third such referendum on Europe held in Ireland since the millennium and the second referendum in three to result in a rejection of an EU Treaty following the failed Nice poll in 2001 (O'Brennan, 2003, 2004). The debate on the Lisbon Treaty offers the opportunity to look back at and reflect on Ireland's membership of the EU, to examine whether and to what extent membership has been good for Ireland, and the fundamental changes which European integration has wrought. And although the No to Lisbon was reversed in a second referendum held in October 2009, it remains the case that European integration is now seriously questioned in Ireland. This chapter examines the Irish experience of European integration. It assesses the impact of the EU on key aspects of Irish economic and political life and the different modes of adaptation and contestation which have characterised the Irish experience of membership.

## **ECONOMIC ADAPTATION**

It is in the economic sphere that one can most readily attest to the striking changes which Irish membership of the EU has produced. The Irish economic journey in the period in

question has been somewhat of a rollercoaster with bouts of significant growth (1970s, 1990-2007) and equally periods of retrenchment and stagnation (1980s, 2008-10). For better or worse it is undoubtedly the case that the European integration process has had more impact than any other factor (internal or external) on the shape and performance of the Irish economy. This in turn has had a pronounced impact on the Irish social and political landscape.

The most significant indicator of economic performance is the rate of annual economic growth or Gross Domestic Product (GDP) achieved by a country. When one examines Irish GDP growth (1973-2010) the most striking characteristics are both the rise in the absolute level of GDP and the extent to which, over time, Irish prosperity increased because of that growth. It is worth examining the figures in some detail. When Ireland joined the EU in 1973 it had a GDP per capita of 53 per cent of the EU average, the lowest of the then 9 member state Community. By 2008 Irish GDP per capita had reached 140 per cent of the EU average, the second highest level of wealth after Luxembourg. And although one can point to 20 years of strong growth between 1987 and 2007, it is really the period 1994-2007 which stands out as impressive. Economic growth averaged a very high 7.4 per cent in those years, reaching as high as 12 per cent in some years (O'Toole and Dooney, 2009:392-3). By any standard this change represents a fundamental shift. It is especially impressive when compared with the performance of states which were similarly poor and under-performing in the 1970s - Greece, Portugal and Spain – which all advanced much more slowly than Ireland even though in receipt of similar levels of EU subvention. And although the financial and fiscal crisis of 2008-10 undoubtedly presented major difficulties for Ireland there is no denying that Ireland's membership of the EU has coincided with a historic increase in wealth and prosperity. To what extent can that change be attributed to membership of the EU?

It seems clear that EU membership alone cannot explain the Irish economic renaissance (nor indeed the periods of crisis). Other significant reasons advanced for Ireland's changed position include: investment in secondary and higher education, a flexible labour force, low rates of corporate taxation, demographic advantages, relatively low interest rates, a commitment to fiscal discipline, increased productivity, and a social partnership model which delivered a benign industrial relations climate; all these help to explain why Ireland's position within the EU changed so dramatically during the course of membership. But it is worth noting that when Professor Lee made his criticisms of Irish economic under-performance the country had been a member of the EEC for more than a decade. It would be another 10 years

before the economic upswing which would become known as the Celtic Tiger became a reality.

But the European dimension is also noteworthy. During the negotiations on the Single European Act (SEA) in the mid-1980s, Ireland aligned itself with the poorer Mediterranean states to argue that a deepening of market-based integration should be accompanied by redistributive measures which would help them better compete with the wealthier member states of the EU. The aim of economic and social cohesion was there from the beginning of the EEC in 1957 but had only become salient after successive enlargements had made the Community less homogenous. The Delors Package of 1988 significantly expanded the existing redistributive arrangements, and Ireland - as a so-called Objective One country - became a high priority for regional subvention as the enlarged aid programme became operational. Similar pressure during the Maastricht negotiations yielded the Cohesion Fund, which provided financial assistance for projects in the fields of environment and transport to member states whose Gross National Product (GNP) per capita was less than 90 per cent of the overall EU average.

Over the next 20 years Ireland would benefit from a supranational transfer of wealth unprecedented in history: there was a doubling of resources in the EU budget for the structural funds between 1988 and 1992, and a doubling of the transfers to the Cohesion states, including Ireland, by 1993 (Laffan and O' Mahony, 2008: 139). EU structural and cohesion funds effectively delivered a mini-Marshall Plan to Ireland, precisely at a time when the Dublin government was being forced to cut capital spending as an imperative in tacking a bloated budget deficit and challenging fiscal climate. Between 1989 and 1999 regional aid to Ireland amounted to approximately 3 per cent of GDP per annum; in some years the receipts amounted to in excess of 5 per cent of GDP (O'Donnell, 2001). Comparison with aid distributed to the other cohesion states suggest that the money was relatively well spent in Ireland, in developing the country's physical infrastructure, notably the road system and telecommunications, and - through the European Social Fund - in re-training workers who had been made unemployed in the harsh economic landscape of the late 1980s. Irish negotiators were very successful in arguing their case during successive EU budget negotiations, with the result that as late as 2008, Ireland was still a net recipient from the EU budget, despite years of impressive economic growth (O'Toole and Dooney, 2009: 392). The consensus amongst economists is that although EU structural aid was not sufficient of itself to contribute decisively to recovery, the timing of the programmes combined with indirect

effects on public policy-making all played a part in changing the fundamentals of Irish economic performance. Measuring the exact impact on the economy of this subvention is difficult, not least because of the influence of other macro effects. Research conducted by the Economic and Social Research Institute (ESRI) concludes that EU funds added a long-term 2 per cent growth to the economy above the level it would have reached without them (O'Donnell, 2001). This was significant but only an element in the overall strong economic performance after 1987.

A second significant area for economic analysis lies in the Irish trade performance since 1973. Ireland's adjustment to European market integration involved striking changes in the level, composition and geographic concentration of trade (McAleese, 1998) and - notwithstanding the financial hurricane of 2008-10 - contributed to a quantifiable leap in prosperity. Most commentators agree that EU membership provided the bedrock for enduring Irish economic success in a volatile global economic arena. Because of the small scale of the home market and a lack of natural resources, Ireland is heavily dependent on trade. Nevertheless there has been a remarkable increase in the openness of the economy, to a point where Ireland is regularly cited as one of the most open economies in the world. Ireland's trade performance has benefited most crucially from participation in the Single European Market (SEM) and, more recently, membership of Economic and Monetary Union (EMU). From a position in 1973 where exports represented 38 per cent of GDP and imports 45 per cent, by 1993 exports represented 63 per cent and imports 52 per cent. During the Celtic Tiger years the Irish export performance continued to astound commentators with a growth rate of up to 3 times that of European partners. In 1995 Ireland was responsible for just over 2 per cent of all EU-15 exports. By 2008 this had increased to 3.28 per cent. Remarkably the Irish share of overall EU exports continued to increase during the recession, up to 4 per cent in the second quarter of 2009. There are many important factors that might explain this. But EU membership, including crucially Ireland's attractiveness as a location for inward foreign direct investment (FDI) underpinned by secure access to an expanding EU market of 27 member states and 500 million consumers has to rank as very significant.

It is clear that Ireland has benefited disproportionately from the surge in FDI evident worldwide from the late 1980s: FDI going into Europe rose substantially in this period and FDI going into Ireland increased by substantially more again. One of the great advantages of the Single Market Programme was that it put an end to the stultifying and bewildering regime of state aids prevalent in Europe up to the late 1980s, and created (at least potentially) a level

playing field for all member states regarding incentives and disincentives to inward investment. Prior to 1992 some member states would literally do anything to prevent other member states selling into 'their' home markets. As Peter Sutherland (2008: 16) argues, the 1992 Programme created the conditions under which Ireland was as good a place as France for selling goods into the French market. Irish policy over the last two decades has been to target specific sectors for investment: Information and Communication Technology (ICT), pharmaceuticals, engineering, international financial services and consumer products. Immediately prior to the recession in 2008 there were almost 1,000 foreign multinational companies in operation in Ireland, employing 153,000 people directly and many more indirectly. This compared with a workforce of less than 90,000 in the early 1990s. Amazon, Apple, Boston Scientific, Dell, IBM, Intel, Google and Microsoft are amongst then household names which set up in Ireland after 1987 and all cite access to the largest single market in the world as central to their investment decisions. Pharmaceutical companies in Ireland include Wyeth Merck, Pfizer, Allergan Wyeth, GlaxoSmithKlein and Bristol-Myers Squibb; today six out of ten of the world's top-selling drugs are produced in Ireland including Lipitor and Viagra (Sweeney, 2008: 208-9). Ireland has also become a destination for FDI in the medical technology sector and attracted eight of the world's top ten companies including Abbott, Johnson and Johnson and Tyco Healthcare. By the mid 2000s the stock of inward FDI in Ireland (in investment in factories, plant and offices) stood at almost €200 billion, or 106 per cent of Irish GDP. This constituted the highest relative level of FDI in Europe and almost triple the EU average; the Netherlands came in second with 74 per cent, Sweden and the Czech Republic followed with 48 per cent and the UK lagging behind with 37 per cent (Sweeney, 2008: 169). And although the eastern enlargement of the EU in 2004 heralded a shift in the preferences of some multinational corporations (confirmed by the decision of Dell in 2008 to switch most of its manufacturing activity from Limerick to Łódź, Poland), Ireland continued to remain an attractive location for FDI within the EU. One other interesting result of eastern enlargement has been the greater propensity of Irish companies to invest in Poland, Hungary, Bulgaria and other new member states. Thus Ireland has also become an external agent of FDI in the developing economies of Central and Eastern Europe.

As the analysis of FDI patterns indicates, the commodity or product composition of Irish exports has also changed markedly during the period of EU membership (McAleese, 1998). In 1961, at the time of the first (unsuccessful) application for membership, 61 per cent of Irish exports consisted of food and 20 per cent of manufactures. By 1995, the relationship had

been reversed: 16 per cent food as against 64 per cent manufactured goods. By 2008 agriculture's share of Irish GDP had reduced to about 5 per cent, although the agri-food sector was recognized as a global leader. In 2009 manufacturing accounted for 46 per cent of GDP while the services sector ballooned in size to account for almost half of GDP output, particularly after the establishment of the International Financial Services Centre (IFSC) in 1987 (Sweeney, 2008: 168-9). Ireland is now home to half of the world's top fifty banks and one of the main European locations for insurance and the funds industry. Examining the overall balance of Ireland's trade profile in 2010 it is clear that it is now a very diverse one: pharmaceuticals and chemicals account for 30 per cent of the export base, computer services 15 per cent, business services 15 per cent, food and beverages 5 per cent and electronics 5 per cent. Thus the period of Irish membership of the EU has coincided with a historically unprecedented expansion in and diversification of the country's underlying trade patterns.

The geographical pattern of exports has also changed radically (McAleese, 1998). From accounting for 75 per cent of Irish exports in 1960, and 61 per cent in 1971, the UK market share has fallen steadily to under 20 per cent in 2009. In parallel with this we have seen exports to EU states (excluding the UK) rise from just 13 per cent in 1970 to almost 47 per cent in 1999, and 51 per cent in 2009. Market diversification away from the UK and toward other continental partners has continued apace. But whilst almost 70 per cent of the total value of exports is to the EU (including the UK), the UK remains the single largest export destination for Irish goods, accounting for almost twice the value of exports to our second largest markets (Belgium and Germany). And crucially, many indigenous Irish firms are particularly dependent on the UK market. In 2008, for example, the UK accounted for fully 45 per cent of exports from the Irish agri-foods industry. This was one element of the debate on whether Ireland should enter the Single Currency (the Euro) without the UK also doing so; it was feared that Irish companies which were much more exposed to the UK market would be particularly vulnerable to currency volatility. Entry into the Single Currency was facilitated by a hugely significant landmark in Irish economic history - the break with sterling in 1979. Analysts tend now to view the break as significant primarily in a psychological sense. It seems certain, however, that without the historic rupture it is highly unlikely that Ireland would have had the know-how and institutional self-confidence to contemplate EMU without the participation of the UK. Abstention from EMU might also have weakened governmental commitment to fiscal responsibility and a lower debt/GDP ratio as recovery

took off in the 1990s (McAleese, 1998). At the very least one can argue that EU membership has resulted in a dramatic geographic recalibration of Irish exports.

A third significant area deserving of attention is the extent to which European integration has changed the dynamics of competition within the private sector in Ireland. Safeguards for 'sensitive' sectors threatened by the prospect of foreign competition absorbed an inordinate amount of diplomatic energy at the time of accession when there was a real fear that Irish companies would not be able to compete effectively against their leaner continental rivals. The same fears were present during the negotiation of the SEA in the mid-1980s. Despite the spilling of vast quantities of negotiating blood, import-substitution industries such as motor assembly, footwear, and textiles were effectively destroyed by competition from cheaper foreign-owned entities. Irish policy toward safeguards and toward intra-sectoral competition has tended to be rather conservative and cautious, perhaps a legacy of the highly protected economy of the pre-EU period (McAleese, 1998). The Irish authorities in the 1970s and 1980s repeatedly sought extended transitional periods and exemptions from Brussels as new legislation was introduced. In this sense Ireland tended to side with the more protectionist stance of the Mediterranean member states than with the liberalism of the UK. With the passing of time, these safeguards have diminished greatly in importance.

The liberalisation of the services sector was forced upon Ireland by Brussels. Irish policymakers were not inclined to rock the boat in protected public utilities where producers' priorities, mainly the trade unions and management, ruled supreme. Brussels initiatives tended to be resisted and liberalization labeled 'Thatcherite' and automatically condemned (McAleese, 1998). This was no more than an extension of the dominant logic within Ireland's domestic political economy, one in which the "possessor principle" had historically trumped the "performance principle" as Professor Lee memorably put it. Competition was introduced reluctantly into airline transportation, telecoms, banks, and insurance under EU pressure. One clear example can be cited: the enormous increase (fivefold) in air passenger traffic between London and Dublin, at one-fifth the price, as evidence of the huge impact of EU-inspired liberalisation of the transport sector. Actions taken to enforce competition have tended to be undertaken rather apologetically - because Brussels requires such measures rather than because they benefit the economy. The first Irish legislation to combat anti-competitive practices came into force only in 1991, almost 100 years after the equivalent law, the Sherman Act in the United States. Essentially the 1991 Act extended the principles of EU competition law to the domestic economy and established a competition authority. The level

playing field also required restraints on state aids (McAleese, 1998). Thus although Irish governments retained complete autonomy over much of the economy it can be demonstrated that in some crucial areas EU membership provided Dublin with the instruments necessary to provide a more competitive and pluralistic impulse within previously bounded and state-dominated markets.

## **CAP AND AGRICULTURE**

Prior to accession the most important reason advanced for membership was the anticipated benefits to be accrued through membership of the Community's fledgling Common Agriculture Policy (CAP). For the Irish government this held out the prospect of unlimited market access leading to substantial price increases and a rise in farm incomes. As important was the denationalization of agricultural spending. At the time of accession the agricultural sector accounted for 50 per cent of net exports and 25 per cent of all employment (McAleese, 1998). In the 1970s the CAP guaranteed markets for unlimited output of Irish agricultural produce at relatively high prices (considerably higher than Irish agricultural prices of the period). An added bonus was the fact that Irish farmers would no longer be dependent on selling into the British market where prices were lower than the Community average and indeed world prices. Increased production could easily be accommodated within the CAP intervention schemes and price rises would aid farm incomes.

Access delivered an unprecedented and historic transfer of income to the Irish farmer, from both the European consumer and European and Irish taxpayers. Although the massive boom in agricultural land prices at the time of accession proved short-lived (as in other later entrant states also), the farming sector has been the recipient of massive transfers ever since. Over the period 1979-1986, Alan Matthews (2005) estimated net CAP receipts ranging in value from 5.2 per cent of GNP in 1982 to 9.8 per cent in 1979. In 1996, EU transfers amounted to 2388 million IEP, equivalent to 6.5 per cent of GNP. In 2003 the EU contributed €1.9 billion to Ireland's total public expenditure on agriculture of €2.8 billion (Laffan and O' Mahony, 2008:160). On average therefore Irish agriculture receipts account for two thirds of Ireland's net EU transfers of circa €56 billion since 1973.

CAP receipts have resulted in a complete transformation in living standards in rural areas. But, like protection of so many sensitive sectors, it has not led to the regeneration of economic activity in agriculture. By 1998, employment in agriculture had declined to only 8 per cent of the total labour force, and this reduced again to about 5 per cent of the labour



force over the next decade. So why has Ireland continued to experience such a dramatic ‘flight from the land’ if receipts from the CAP have remained so buoyant? The most telling statistic reveals that about 30 per cent of Europe’s farmers receive about 70 per cent of CAP payments, an indication of the trend toward concentration of agricultural land in larger (more productive) units. When the Department of Agriculture finally published the figures for dispersal of CAP funds in Ireland (in September 2009) it was revealed that 550 farmers and companies received more than €100,000 each in 2008. But what is remarkable about the list is that it is completely dominated by agri-food companies rather than individual farmers. Greencore group topped the list with payments of €3.4 million; the Irish Dairy Board Co-op came second with payments of over €6.5 million and Kerry Ingredients Ireland third with over €5 million. Other companies listed as CAP beneficiaries were Dublin-based RA Bailey, which was paid €2,861,538. Glanbia Foods Society Ltd, based in Dungarvan, Co Waterford received a total of €58,182. Commercial Mushroom PRS Co-op in Co Monaghan was listed as having received €2,851,824. Ashbourne Meat Processors received €1,164,792, while Rosderra Irish Meats Group was paid €715,218. A total of €98,123 went to Wyeth Nutritionals Ireland in Co Limerick, Co Cavan-based Abbott Ireland received €80,898 and Oliver McAvinia Ltd in Drogheda Co Meath €64,911 (*the Irish Times*, 4 September 2009). At the other end of the scale small farmers were increasingly forced to take employment away from the farm as their annual farm income amounted to only €16,000. Thus it seems clear that in the Irish context the CAP has disproportionately benefited very large production units and accelerated the flight from the land.

From the early 1990s the CAP system came under significant pressure; to some extent it proved the victim of its own success. The EU’s main paymaster, Germany, became increasingly preoccupied with absorbing its eastern regions, whilst World Trade Organisation (WTO) pressures also contributed to new thinking about the wasteful and protectionist elements of the CAP. EU enlargement to the east in particular acted as a catalyst for significant change, with a reduction in price supports and compensation through a direct payments instrument. By 2002 direct payments accounted for up to 70 per cent of farm income in Ireland (Matthews, 2005). This decoupling of payment from farm production was accompanied by a growing emphasis on rural development policies and agri-environmental measures such as the Rural Environment Protection Scheme (REPS) which sought to induce farmers to pay as much attention to the environment as to production priorities. Further reviews of the CAP made compliance with REPS a condition for receipt of the single farm

payment. It must be pointed out that of all the ‘successes’ enjoyed by Ireland in Europe agriculture remains the most significant. Irish ministers for agriculture and their officials proved very savvy negotiators in successive rounds of CAP talks and the Irish Farmers Association (IFA) and the ICMSA developed sophisticated lobbying arms to protect agricultural interests. More often than not Ireland aligned with France and other more protectionist states to defend national prerogatives and protect CAP receipts from the more reformist member states such as the UK and the Netherlands.

## **THE LISBON REFERENDUMS**

The debates on the Lisbon Treaty referendums in 2008 and 2009 produced evidence of new economic dividing lines in Ireland’s relationship with the EU. The protection of Ireland’s corporate tax regime assumed a central place in the campaign of those on the right of the political spectrum such as C  ir and Libertas (but also curiously Sinn F  in, which styles itself as a socialist party) who were particularly eager to stress the competitive threat facing Ireland if Lisbon were to be ratified. It was frequently asserted that a large number of EU states, but particularly France and the Benelux countries, would push for a Common Consolidated Corporate Tax Base (CCCTB), on the basis of enhanced cooperation procedures which would effectively circumvent an Irish veto on corporate tax. With fiscal autonomy constrained by Ireland’s membership of the Eurozone, tax policy was presented as the key contemporary instrument of sovereign economic power (O’Brennan, 2008). The impact of these arguments can be gauged in the government’s decision to seek a legally binding protocol prior to the 2009 referendum asserting the primacy of national decision-making on taxation.

In marked contrast the left critique of the European integration process focused in both campaigns on the alleged neoliberal bias of the EU and the ongoing attacks on ‘Social Europe’ by the European Commission, corporate Europe and the European Court of Justice (ECJ), whose policy agenda invariably produces negative distributional asymmetries in Ireland. But whereas in France in 2005 social and economic issues dominated the campaign and arguments about EU market failure penetrated thoroughly through different sections of society, in Ireland this remained difficult for the Left. After all the Irish social model is a much more minimalist one than the French and so there is much less to ‘defend’ than in France when arguing against EU competition policy or open markets. Nevertheless for a good part of the left opposition to Lisbon in both 2008 and 2009, resistance to the rampantly neo-liberal ideology of ‘Brussels’ - said to become even more entrenched with new articles in the

Lisbon Treaty - was a key element in the propaganda battle with the spectre of Commission-led globalisation presented as an existential threat to the interests and welfare of Irish workers. A particular target of attack was the ECJ, which despite its record of robust interventionism on the side of workers rights, was routinely presented as a friend of the market rather than the worker (O'Brennan, 2009: 264).

What the economic elements of the Lisbon Treaty debates reveal is that after a long period of agreement on the economic benefits of Irish membership of the EU, there is now significant contestation from both right and left of the supposed pole of the attraction which the EU is said to constitute. Despite the fact that the great majority of trade unions and business groups align themselves with the pro-European side, the space in which contestation of EU economic norms takes place has broadened considerably. If indeed the Lisbon referendum was 'rescued' second time around by the collapse in the Irish economy experienced since September 2008, it may prove a pyrrhic victory for the Yes side. Clearly the circumstances in which the second referendum was held were exceptional and it may be that the gap between exponents and opponents of the integration process is much closer than the 2009 referendum result demonstrated. What is clear is that the old cosy consensus in the economic sphere – EU membership as an unvarnished economic good for Ireland– has gone forever and we will now see a more 'normal' dividing line between right and left as the economic dimension of membership is contemplated in the future.

## **POLITICAL INSTITUTIONS – EXECUTIVE AND BUREAUCRATIC POLITICS**

Membership of the EU brought considerable change to the domestic political order in Ireland, and, in particular, to the executive and bureaucratic functions of government. Adaptation to a dynamic and evolving rule system required a great degree of flexibility and adaptability; compliance with EU directives and regulations would place great pressure on individual government ministries and the civil service as the deepening of the European integration process really gained momentum after the enactment of the SEA.

The 'European' layer of governance in Ireland has over time become a domestic layer as the boundaries of what previously were thought of as discrete national and supranational areas of competence have gradually dissolved. This phenomenon of a 'Europeanisation' of Irish public policy has been managed from the centre, by what Professor Brigid Laffan terms the

'Holy Trinity' of Irish government – the Department of Foreign Affairs (DFA), the Department of Finance and the Department of An Taoiseach (Laffan and O' Mahony, 2008: 64). From the earliest days of membership the day-to-day business of managing Ireland's relations with Brussels fell to Foreign Affairs, which relied to a great extent on the Irish Permanent Representation in Brussels. Over time we have seen a subtle re-balancing of responsibilities between Foreign Affairs and Finance, which, from the beginning of formal statehood in 1922, had been the pre-eminent government department. The twin processes of deepening and widening of the EU triggered a significant change within the relationship between the two departments, with DFA taking on more responsibility (and status). For example, one important element of DFA's response to the successive enlargements of the EU is that Ireland now has direct diplomatic representation across all 26 partner states: eastern enlargement in 2004 was the catalyst for the most significant expansion on DFAs's scope and influence since the post-war period. This is important because in the enlarged EU of 27 member states, alliances and coalition-building takes on a whole new significance which simply was not there in the 1970s and 1980s. The Department of Foreign Affairs is thus at the hub of a network of relationships critical to Irish success in Brussels. When in 2009 the McCarthy report proposed a significant reduction in Ireland's diplomatic representation abroad there was considerable disquiet at the suggestion that some of the new embassies in Central and Eastern Europe would be targeted for closure. Embassies in the other 26 member states provide important information and intelligence on the policy positions and potential bargaining stances of partners and rivals within a fluid system of inter-governmental relations. This is particularly significant where policy proposals of particular interest to Ireland are being debated and framed as legislation: coalition-building becomes an imperative in the effort to defend the national interest. This dynamic is also in evidence during Inter-governmental Conferences (IGCs) where constitutional reform is discussed in advance of possible treaty changes, and, on a day-to-day level where disputes threaten the overall cohesiveness of EU policy-making. Knowledge and information are everything in the diplomatic arena and especially so in a Union as diverse and interest-driven as the EU is.

The Irish Permanent Representation in Brussels is the pivotal institution amongst the constellation of DFA entities involved in EU policy-making. It is the key site for gathering intelligence on the policy process, and, more generally, on the broad thrust of politics and decision-making within the European integration process. The importance of the Permanent

Representation is reflected in its budget, which is one of the largest enjoyed by any Irish diplomatic representation abroad, and by the calibre of officials posted to Brussels as Permanent Representative (Perm Rep for short). Amongst the officials to serve as Permanent Representative outstanding individuals like Noel Dorr and Bobby McDonagh have performed with particular distinction and been acknowledged as world class diplomats. Within DFA the EU Division coordinates Ireland's approach within the EU. The Political Division is responsible for international political issues and has responsibility for managing Ireland's participation in the EU's Common Foreign and Security Policy (CFSP) and defence structures. This separation of responsibilities reflects the fact that security, defence and foreign affairs remain policy areas where an inter-governmental approach to policy prevails. That is to say that the member states themselves zealously protect their prerogatives in the foreign policy arena and remain masters of their own destiny, with the right to veto any proposal they find contrary to their national interests. This is in marked contrast to the economic realm of the European integration process where, after the enactment of the Lisbon Treaty in late 2009, collective decision-making norms mean that majority voting has replaced unanimity as the default mode of decision-making.

Although it played second fiddle to DFA during the first two decades of Irish membership of the EU, the Department of Finance has become much more important to Ireland's EU decision-making since the late 1980s. This is because the deepening of the European integration process through the Single Market Programme and, later, EMU, brought national finance ministries much more influence over collective EU decision-making; the importance of the Council of Finance Ministers (ECOFIN) has been greatly enhanced as the Euro has become established as a global reserve currency to rival the dollar. Similarly management of the accelerated programme of structural funding from the early 1990s also enhanced the power of Finance within the domestic policy-making structure.

Finally, one should note that the Department of An Taoiseach has also assumed enhanced responsibilities within the domestic sphere of EU policy-making, though its role is more of strategic coordination of government departments and the civil service than a hands-on management of EU business. The office of An Taoiseach is especially important in the context of European Council summits, which have become more frequent over the last two decades, and taken on a significance not envisaged in the original institutional structure of the EU. The importance of the European Council as a locus of debate and strategic decision-making was acknowledged when its institutional position and status was given formal

recognition for the first time in the Lisbon Treaty; the introduction of a new post – President of the European Council – is also an indication of its new elevated status within the pecking order. In the Irish case the office of An Taoiseach has been especially important during Ireland's periods as President of the rotating Council of the European Union. The office first assumed importance during the Presidency of 1990, when Taoiseach Charles Haughey acted as an intermediary between France and Germany in talks on German Reunification. At the same time Haughey played a key role in shaping the twin IGCs on political union and economic and monetary union which paved the way for the Maastricht Treaty. A similarly intensive six month period of diplomacy followed in 2004 when Bertie Ahern engaged in an extended bout of trans-European diplomacy in order to get agreement on the EU's Constitutional Treaty. Ahern's office, in conjunction with DFA also took responsibility for the symbolic enlargement ceremony at Aras an Úachtaran on 1 May 2004 which welcomed ten new member states into the EU.

## **POLITICAL INSTITUTIONS – POLITICAL PARTIES AND THE OIREACHTAS**

There are two distinct dimensions to Irish parliamentary party participation in EU politics. The first takes place at the national level where 'Europe' has become an important part of the domestic political order, not least the work of the Oireachtas. The second level is the European level, where Irish parties compete with each other for seats in the European Parliament, and formally attach themselves to the political groupings (or 'Euro-families') within the Parliament's institutional and organizational structure. The key question here is whether these different vehicles for participation in 'Europe' have led to an internalization of the EU within the parliamentary system in Ireland. Have Irish political parties changed their identities as a result of prolonged exposure to EU modes of decision-making? Can we evince a process of 'socialization' whereby over time Irish parliamentarians have engaged intensively with the EU? Have the attitudes and behaviour of Irish public representatives towards Europe changed much in the period of Irish membership of the EU?

We can state quite emphatically that despite almost 40 years of membership of the EU the Irish political landscape remains resolutely focused on local and national issues and attached to more or less exclusively national modes of behaviour and engagement. Direct elections to the European Parliament, formally instituted in 1979 as a vehicle for enhancing the legitimacy of the EU, have made little difference to this pattern of apathy and disengagement,

despite the fact that the European Parliament has accrued more and more formal powers since the SEA of 1987. Political scientists indeed refer to European Parliament elections in Ireland as so-called 'second order elections', meaning that they are electoral contests dominated by local and national issues; EU issues, to the extent that they feature at all, tend to be of a secondary nature. Campaign literature and rhetoric pays little attention to Brussels and Strasbourg, and where candidates incorporate Europe in their campaigns, it tends to be in a materialist/utilitarian framework where the candidate promises to 'deliver for the constituency' by bringing back financial and material rewards.

There is little evidence of Irish political parties being socialized into more 'European' modes of behaviour. This is despite the fact that all the main political parties belong to specific 'Euro-groups' within the European Parliament. Fine Gael has been a long-time member of the centre-right European People's Party (EPP) and Labour resides within the Party of European Socialists (PES). Fianna Fáil, however has had a much more difficult time finding a natural home within the ideologically framed EP political groupings. Because Fine Gael was first to claim a place within the EPP, Fianna Fáil was forced to seek a place within an alternative grouping. In the early 1980s it joined with the French Gaullists to form the European Democratic Alliance (EDA) and later the United European Nation (UEN) group. But after the Gaullists departed in 2002, Fianna Fáil was left with a less than wholesome range of partners, including Italy's neo-fascist National Alliance and Poland's Law and Justice Party. Later Fianna Fáil would depart for the Alliance of European Democratic Liberal (ALDE) grouping but this has proved an extremely uncomfortable arrangement for many Fianna Fáil MEPs. In October 2009 Taoiseach Brian Cowen had to suffer the indignity of being harangued by the ALDE leadership after a number of Fianna Fail MEPs voted against the ALDE block in a plenary vote within Parliament.

In a broad context parliaments are central institutions in European systems of government. They elect and control the government, approve legislation, and as the bodies responsible for amending the constitution hold the ultimate power in society (O'Brennan and Raunio, 2007: 12). Parliaments also represent the most important checks on the power of untrammelled executive authority, especially when they exercise functions of oversight and scrutiny. Yet such constitutional perspective is arguably increasingly divorced from reality in the European context. National parliaments are almost without exception portrayed as reactive institutions,

as ‘victims’ of the European integration process, casting rather modest influence on policy initiatives coming from the executive. Understanding the role of the Oireachtas seems particularly compelling in the light of the rejection of the Lisbon Treaty in the referendum of 12 June 2008, even if that decision was reversed in October 2009. Although it is frequently alleged that the failure of the first Lisbon referendum can be attributed to a so-called ‘democratic deficit’ at EU level, I argue that there exists a much more important *domestic democratic deficit*, in that the political representatives charged with the responsibility of holding executive authority to account seem disengaged from the European integration process and unable or unwilling to properly scrutinise governmental action in the EU sphere: ‘Europeanization’ has coincided with ‘deparliamentarization’. According to the so-called deparliamentarization thesis, the development of European integration has led to an erosion of parliamentary control over executive office-holders. Powers which previously were under the jurisdiction of national legislatures have been shifted upwards to the European level.

In the Irish case, as previous sections of the chapter make clear, EU policy-making has been dominated by the executive and, over time, a process of centralization of authority within the ‘holy trinity’ of the DFA, office of the Taoiseach and Finance has come to dominate European affairs. In combination with top officials within the civil service and the Permanent Representation in Brussels the executive arm has left little room for any substantive engagement by the Oireachtas which has become increasingly reactive in its stance toward Europe. It was only in the early 1990s that the Oireachtas finally set up a Joint Committee on European Affairs (JCEA) and for much of its life it has played second fiddle to the executive. In particular the Committee has failed to insist on the introduction of a robust system of oversight and scrutiny of executive activity in European affairs. TDs remain completely detached and disengaged from EU policy-making; indeed the vagaries of Ireland’s PR electoral system are such that any TD that voluntarily seeks to play a role in EU decision-making is taking a risk of a backlash within his/her constituency where the real emphasis lies on representation of citizens local concerns rather than control over executive power (O’Brennan, 2009: 276).

The institution of a Sub-Committee on Scrutiny of legislation after 2002 was supposed to bridge the gap between Ireland and other member states such as Denmark where Parliament has much more significant control over Danish decision-making in Brussels. But in truth the



sub-committee has neither the resources nor the capacity to carry out this demanding role in a way which would help reverse the deparliamentarization pattern. TDs seem to know very little about the EU institutions nor the EU legislative process; recent referendum campaigns have clearly demonstrated the paucity of knowledge on Europe which exists within the Oireachtas, emphasising how Europeanization has had a perverse impact on the national parliament's ability to contribute to the policy process.

Finally, the transformation of Irish foreign policy during the period of EU membership also warrants analysis (Tonra, 2006). Amongst the most important changes those relating to the EU Presidency stand out. For small states the responsibility of representing the EU globally has offered the possibility of achieving visibility on the world stage and strengthening their positions in the European power structure. Irish presidencies have been identified as particularly successful over the years. Membership has also broadened the horizons of Irish diplomacy, moving it away from the traditional post-independence fixation with the United Kingdom, and led to a distinctive process of modernization of the bureaucratic machinery which supports the diplomatic arm of government. The foreign policy dimension of membership has not been uncontroversial however. The issue of an emerging European defence and security policy has featured strongly in Ireland's European debates since at least the Maastricht Treaty and was a significant concern among voters in the 2001 and 2002 Nice polls and again in the 2008 and 2009 Lisbon referenda. A number of political parties, including Sinn Féin, along with a range of civil society groups such as PANA, have coalesced around this theme and argued that Irish neutrality has been steadily eroded by successive treaties. In effect the No side has sought to paint a picture of untrammelled 'movement' in the area of defence and security policy; arguing that the Government and 'establishment' could not be trusted to protect neutrality and indeed was suspected of colluding with other EU member states in the 'creeping militarisation' of the EU. Those making the militarisation argument continually seek to link the EU to a militarist agenda and - despite all the evidence to the contrary - specifically to an American militarisation agenda. Yes campaigners have struggled in recent years to convince voters that Ireland's veto on foreign and security policy remains and that the EU constitutes no threat to Irish sovereignty and institutional autonomy.

## **CONCLUSIONS**

Membership of the EU has been good for Ireland, but not quite perhaps in the ways expected in the early 1970s. It has produced distinct patterns of adaptation and contestation at the domestic level as the European integration process has both deepened and widened over the years. In the economic sphere foreign investment played a more vital role than anticipated, and most of it came from the United States, not from the affluent countries of Europe (McAleese, 1998). Even so it is clear that access to the SEM proved of enduring importance. Another unexpected turn was that bad domestic policy went near to wrecking the Irish economy's capacity to utilize the advantages of market access provided by integration in the 1980s: the EU could not of itself constitute a panacea to poor domestic economic management. EMS and then the Maastricht criteria, however, acted as a fiscal lodestar, an acceptable target to both left and right of the political spectrum, around which politicians could rally popular support for otherwise unpalatable economic measures. EU membership provided very substantive support for Irish agriculture, and, at a critical period in the 1990s, structural funding helped ease the Irish economy on to a firm growth trajectory. Later the Celtic Tiger era would see the Irish economy reach a similar level of development to those of partner countries within the EU, before the destructive crash of 2008-10 induced a new path of austerity. In sum, there are few who would argue that EU membership has not been good for Ireland in almost every aspect of economic life.

The outcome of recent referendums may seem paradoxical to some in that Eurobarometer opinion polls of attitudes to the EU continue to demonstrate that Irish people are strong supporters of the integration process. Whilst the decisive 'Yes' vote in the second Lisbon referendum in October 2009 seemed to herald a return to normal voting patterns on EU issues, one cannot ignore the fact that two of the three previous referendums were rejected by the Irish people. Thus the latest referendum result may constitute an aberration, reflecting as it did the very unusual economic circumstances in which the referendum was held. Eurobarometer polls also demonstrate an Irish attachment to an overwhelmingly exclusivist national identity rather than a more open and fluid (including 'European') identity. This means that a space exists where issues such as neutrality, sovereignty and Ireland's relative influence in the EU institutional matrix can be readily exploited by opponents of the European integration process and where any changes in the EU constitutional order can be emotively presented as an existential threat to Ireland's values and interests. The absence of any effort by government to provide and promote a civic education programme or sufficient

information channels which explain how and why Ireland's EU membership matters means that EU 'debates' within Irish political culture are frequently characterised by apathy, confusion, and ignorance, with an increasingly wide chasm in elite-popular opinion. Thus 'lack of knowledge and information' emerge as a key variable in explaining voting behaviour across recent referendums (O'Brennan, 2009: 276-7).

In this sense the rejection of the Nice Treaty in 2001 can be viewed as a watershed in Ireland's relationship with the EU. What it signalled was not just the end of the era of 'permissive consensus' on EU issues, but that in the absence of substantive welfare-enhancing measures which can be effectively communicated to citizens, the EU space in Ireland is one where the pro-integration side finds it increasingly difficult to persuade voters to match the overwhelming support for Ireland's EU membership with active consent for changes to the EU constitutional order and policy agenda. Irish citizens and even committed political party members are now quite prepared to disregard party loyalty when confronted with EU referendums. An increasingly confrontational (largely British-based) Euro-hostile media fan the flames of anti-integration sentiment at every opportunity and provide a valuable platform for the Euro-sceptic lobby to disseminate their views. Thus although victory for the pro-European side in the October 2009 referendum seems to have settled the question of Irish commitment to the European integration process for the foreseeable future, it may turn out to have been a pyrrhic victory for the 'Yes' side: we will undoubtedly witness many more twists and turns in the Irish relationship with the EU in the years to come.

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