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**THE 2004 PRESIDENCY**

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## FOREWORD

"On the first of January 2004, Ireland will assume the Presidency of the European Council for the sixth time". Brigid Laffan opens her report with this phrase in her usual cursory and succinct way. Rarely will a European Presidency have begun with such a stark contrast between the obviousness of the subjects to be tackled and the uncertainty as to how to approach them. Enlargement to ten new countries will take effect as of 1st April 2004, and it is not easy to identify precisely what this major, but widely anticipated, event will change in terms of the Union's day-to-day life. The text transmitted by the Italian presidency leaves out the "Constituent process" as a blank page, and then is nothing, at least not for the time being, indicating that then is the will to surmount this failure. The financial framework for the 2007-2013 period is set to become the subject of public debate, and it is unclear whether the Union will tackle this issue with ambition or short-sightedness.

Unsurprisingly, these are the three main priorities of the Irish Presidency. I would add governance for the euro zone to the list. This has become an unavoidable issue, and, to my knowledge, no solution able to remove the imbalances arising from the revaluation of the Stability Pact has been put forward. Reiterating the fact that these issues should fuel the campaign for the European Parliament elections to be held at the end of the six months more or less completes the picture. Unless an external event reminds Europe of its international responsibilities in the meantime.

Ireland's history in Europe reflects the uncertainties that are currently hanging over the largely predictable schedule of its Presidency. Brigid Laffan clearly explains that this history contains two contrasting movements. The first was the five successive economic modernisation programmes implemented since 1987. These programmes were based on a solid social consensus and underpinned by an unprecedented move towards European cohesion – the "Delors packages" – and they spectacularly moved Ireland away from its peripheral position and enabled it to become the stage of an emblematic economic miracle.

The second movement, however, saw Ireland shift gradually from wanting to be a model student in the European class (*small communautaire member*) to adopting an attitude focused on its immediate interests. The country's gradual move away from certain aspects of European

integration, in particular in fiscal, social and environmental terms, was demonstrated clearly with the failure of the referendum in June 2001.

This dual movement of economic success and a declining appetite for integration is not specific to Ireland. It reflects a deterioration in the desire of Europeans to live together, which I believe to be the most worrying feature of the current state of the Union. This current mood is abhorrent, and I will be careful not to blame those countries that we sometimes refer to as the "cohesion countries".

Nonetheless, Ireland has the opportunity to leave its mark via its handling of several issues that are crucial to the cohesion of the enlarged Union. It could draw inspiration from its experience in this matter. It could also voice its more recent reservations about pursuing integration in areas that are decisive for internal cohesion, in which case the outcome would clearly be different.

My attachment to the strong personality of this country, the memory of the considerable role it has always played in Europe and the friends I have there mean I can look beyond this uncertainty with hope.

Jacques Delors

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## INTRODUCTION

On the first of January 2004, Ireland will assume the Presidency of the European Council for the sixth time. Presidencies have played an important role in Ireland's evolving relations with the Union. The first Irish presidency in 1975 ended Ireland's two-year apprenticeship in the EU. During their six months at the helm, Irish government ministers and officials were exposed to the then European Community in all of its dimensions. Dr. Garrett Fitzgerald, the incumbent Foreign Minister, highlighted the psychological benefits of Irish membership in the early years as follows:

For those of us who have in one way or another the task of representing Ireland's in the Community, there is, of course, the exhilaration of finding ourselves, at last, participating fully and on an equal footing with our partners in efforts to organise, run and develop the Economic Community itself. (Fitzgerald, 1974)

Thirty years of membership may well have dimmed that early exhilaration but as a member of the European Union, this small and geographically peripheral state found a regional environment that enabled it to develop and prosper. The objective of this paper is to analyse the domestic sources of Ireland's European policy and to provide a brief overview of the strategy Ireland is likely to adopt during its Presidency.

The paper is divided into seven sections. Section one explores the motivations behind Ireland's choice for Europe in the late 1950s and the degree to which EU membership was bound up with a national project of modernisation. Section two analyses the manner in which the Irish political class and public administration positioned Ireland in the Union. Their aim was to go with the flow of integration and to portray Ireland as a small *communataire* state. Section three highlights the key policy areas of interest to Ireland. This is followed by an exploration of Irish attitudes towards the evolution of the Union and the key institutional choices. Section four analyses the problems of domestic adjustment in the 1980s which left Ireland with the weakest economic performance in the Union and traces the way in which the governing class found the cultural and institutional capacity to turn this around in the 1990s. Ireland emerged from this period with per capita incomes that had converged with the core economies. Ireland remains the only poor member state to complete the process of catch-up. Section five addresses the political dimension of Ireland's engagement with the Union,

notably, the attitudes of the political parties and public opinion. Section six examines the most significant critical juncture in Ireland's relations with the Union since 1973, the defeat of the first Nice referendum in June 2001 and the successful re-running of the referendum in October 2002. Section seven looks forward to the Irish Presidency in the first half of 2004. This is likely to be the last traditional Presidency run by Ireland given the prospect of change following the Convention and the Intergovernmental Conference.

## **I-WHY THE CHOICE FOR EUROPE?**

Up to the end of the 1950s, the prevailing idea or ideal of Ireland was that of a rural and preferably Gaelic-speaking society committed to spiritual rather than material values. The Ireland of the 1920s, '30s, '40s and '50s was an Ireland fearful of the consequences of economic modernisation, urbanisation and growth. With the foundation of the state in 1922 an alliance, between the Catholic Church and the new state erected powerful defences against the perceived enemies, notably, 'liberalism, cosmopolitanism and non-Catholic, commonly British, freethinking' (Garvin, 1998, 144). Social and cultural conservatism interacted with anti-materialism to limit and stifle economic development. Consequently, in the post-war era, Ireland failed to participate in or benefit from a golden period of economic expansion in Western Europe. Non-involvement in the war, non-membership of NATO and late membership of the United Nations (1955) served to reinforce Ireland's isolation from the main stream of West European developments during this period. The seeds of change were, however, sown in 1958.

Within the Irish public administration, an intense battle was waged in the 1950s about the future direction of Irish economic policy. The battle was not just related to economic policy but was at its core about the future development of Irish society and the young Irish state. The battle, fought in well-crafted ministerial memos and letters, was a battle between protectionism and free trade, between economic conservatism and liberalisation. At issue was whether or not the Irish State and its people would or could embrace the post-war liberal political economy. The clear evidence that Irish freedom had failed to deliver prosperity and well being for its people undermined the prevailing political, cultural and economic conservatism. Domestic governments could no longer ignore the oppressive effects of low incomes, high emigration, unemployment and low productivity. However, embracing international liberalisation carried with it the seeds of deep societal change and challenge. In the 1957 OEEC negotiations on a European wide free trade area, Ireland was categorised as a less developed country together with Greece, Iceland and Turkey. For the duration of the talks, these four states were collectively labelled the 'peripherals'. Was Ireland destined to remain a 'peripheral' or could it find the cultural and political strength to fundamentally shift its 'policy paradigm' and find an alternative path of economic development? Was the Irish State capable of steering Irish society and the Irish economy in a new direction?

Within the civil service, the key ministries attempted to craft an Irish response to developments in Europe. The debate revolved around the privileged position of Irish exports (both manufacturing and agricultural) in the UK market and the Irish response to trade liberalisation. In addition to the pervasive dependency on the British market, there was the challenge of abandoning the protectionist policies of previous decades. Ken Whitaker, the secretary of the Finance ministry, was the main advocate of economic liberalisation. Throughout the 1950s he decried the policy of sheltering permanently behind tariff barriers and sought to move the economy in the direction of free trade. The ministries of Industry and Commerce and Agriculture were conservative on external economic policy, more concerned with protecting exports to Britain than exploring how Ireland might escape from dependency. In 1958, Whitaker was responsible for penning the Grey Book on *Economic Development*, a report that set out the strategy Ireland would adopt in search of economic modernisation. The report strongly advocated the abandonment of protectionism and an acceptance of free trade and liberalisation. The strategy contained in the report, together with its endorsement by the new Fianna Fáil Prime Minister, Sean Lemass, ensured that this policy shift was a critical juncture in Ireland's relations with the outside world. Lemass proved capable of mediating between Ireland's past and its future.<sup>1</sup>

The desire for membership of the EU was a logical consequence of the change in the dominant policy paradigm. The Irish government made its first application for EU membership on the 31 July 1961 and Ireland joined on January 1, 1973. The first and second Irish applications were stalled due to French opposition to British membership. Throughout the 1960s, successive governments remained wedded to Ireland's membership of the Union. The choice for Europe was a highly conscious one. The 1972 Government White Paper on membership, boldly stated that:

There is no realistic alternative to membership of an enlarged Community which is compatible with the national objectives of increasing employment and improving the standard of living (Ireland, Government White Paper, 1972, 66)

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<sup>1</sup> For analysis of Ireland's road to Europe see Keatinge P. 1978.

In the early 1960s, the Prime Minister and key domestic ministers established contact with the emerging EU institutions and continued to prepare Ireland for membership of the Brussels club. Preparations included a unilateral reduction in tariffs and the signing of the Anglo-Irish Free Trade Agreement in 1966. Inward investment began to change the face of Ireland as incomes grew and more and more people migrated from the land to urban areas. Extensive investment in education prepared the Irish for the opportunities of a growing economy. When the Hague Summit opened the way for the first enlargement in 1969, it was for Ireland the culmination of a strategy embarked on in 1958. In the period 1958-1961, the foundations of a more open, dynamic and liberal Ireland were laid. Those committed to modernisation won the battle of ideas and political action. Although portrayed largely in economic terms, EU membership interacted and intersected with profound changes in Irish society. The anticipated economic benefits included financial transfers to agriculture and the prospect of changes in Ireland's traditional dependence on the British market. Moreover, the discussion on the establishment of a Regional Development Fund provided some basis for anticipating financial transfers although not on the scale that emerged in the late 1980s. The Irish people enthusiastically endorsed the choice for Europe in 1972 when 83 per cent voted in favour of accession in Ireland's first EU referendum.<sup>2</sup>

Of the three states (the United Kingdom, Ireland, Denmark) that joined the Union in 1973, Ireland had the smoothest political transition to membership. The overwhelming 'yes' vote and the lack of serious conflict within and between Irish political parties on the European question, enabled the representatives of successive Irish governments and its public administration to promote Irish preferences in Brussels unfettered by serious political problems and constraints back home. Although there are party political differences on particular European issues, a broad consensus on Europe and a relatively good fit between the Union's policy regimes and domestic preferences characterised Ireland's engagement with the Union. The 'goodness of fit' rested on the link between membership and the national project of economic modernisation, a supportive public opinion and the fact that EU membership could help resolve Ireland's relationship with its significant 'other', the United Kingdom. Moreover, the renewed link with continental Europe resonated in Catholic Ireland. The choice for Europe represented a conscious re-joining of Europe. It appealed to the old concern of

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<sup>2</sup> This was the highest 'yes' vote recorded in a membership referendum until the 2003 referenda in East Central Europe.

Irish nationalism— ‘how to deal with Britain’, and the new concern— how to make Ireland prosperous.

## II - POSITIONING IRELAND IN THE UNION

The senior officials who undertook the detailed assessment of Ireland's relationship with the EU in the period up to accession developed a sophisticated understanding of how the EU operated and how to position Ireland in the evolving Union. The strategy was summed up by Halligan when he claimed that Ireland from the outset 'would be a psychological insider within the integration process' (Halligan, 2000, 29) Put simply, Ireland would attempt to swim in the mainstream of integration and would help build the Union as a Union of states and peoples. During successive Presidencies, Irish governments attempted to portray Ireland as a *small communaautaire* member state. Over time, Ireland found its niche as a constructive member state. Irish representatives tended to distance themselves from the extreme attitudes and positions of the UK and appeared most comfortable if aligned with the emerging consensus in the Union. This was confirmed in 1985 at the Milan European Council, when Ireland was the only new Member State to vote with the 'inner six' on the question of treaty change. The desire not to create unnecessary diplomatic waves with one's partners was emphasised in a statement by the then Prime Minister, Dr. Garret Fitzgerald when he argued that 'only when our case is so strong-so overwhelmingly strong-that in logic others should objectively accept it, should we press our interests in a way that can create problems for other people. We must avoid pinpricking our partners and thus losing the goodwill that we need on certain relatively few crucial occasions' (Fitzgerald, 1985, p.24). The Irish approach was to concentrate high level attention on the history making decisions, big bargains and key sectors while trying to solve the five or six key issues in any set of negotiations.

The Irish system's effectiveness in managing Europe rested in large measure on size, socialisation and shared norms.<sup>3</sup> Size influenced perceptions of how the Brussels game should be played. First, there was a clear understanding of the constraints of size. Irish delegations were smaller in number than is the norm for most other member states and many Irish delegations at working party level consisted of only one official. This placed considerable responsibility on the shoulders of the one delegate and required them to work out a strategy for dealing with the substantive issues of the meeting. The strategy tended to be defensive and was compared to 'shooting ducks in an arcade game' by one interviewee. (Quoted in Laffan

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<sup>3</sup> For an analysis of Ireland's management of European affairs see Laffan 2001 a and b. Laffan 2001 (a) was based on extensive elite interviews of senior civil servants in the key ministries.

2001a) Put simply, you shoot down the problems in the negotiations one by one but have little to say about the wider thrust of policy. Individual officials tended to work on the basis of trying to shape or re-shape the problem areas in any proposal for Ireland. This was achieved by using an informal checklist of the kinds of issues that needed watching. Those that were cited most frequently by Irish civil servants were— existing national law/policy, impact on the exchequer either in terms of costs to the national budget or erosion of the tax base, administrative capacity to implement, impact on industry or public bodies, departmental policy and when relevant, the constitutional licence. This problem solving approach to negotiations meant that Irish delegates tended to intervene only on specific issues. Second, there was a clear sense that Ireland had a limited negotiating margin. Consequently, Ireland had to use its negotiating capital carefully. One interviewee illustrated this by arguing that ‘Ireland has fewer guns, and not many bullets’ so that it must pick its fights carefully’ (Quoted in Laffan 2001a). Another Irish official suggested that in negotiations an Irish official will not raise issues unless they have a real problem. (Quoted in Laffan, 2001a)

In central government, there is an ease of contact within and between ministries on EU business. The system is sufficiently informal to allow for ad hoc meetings at short notice. While hierarchy matters, the need to get business done engenders considerable contact across different levels. Membership of the EU has led to the emergence of a cadre of officials at senior administrative level and in the operating core who have developed a deep knowledge of the EU and how it works. Their knowledge relates to substantive areas of EU policy and the ‘rules of the game’ in Brussels. Understanding of the procedures and positions of the other member states is an immense resource in the Irish system. Although small in number, this cadre constitutes an important group of *boundary managers* between Dublin and Brussels. Those who have spent time in the Permanent Representation, in EU institutions, or have worked on EU matters at national level form this cadre. Given the intensive nature of the big package deal negotiations, the officials involved develop very strong ties with each other.

There are a number of well-entrenched norms in the Irish system that influence and guide action on EU business. First, there is a norm that Irish delegations should ‘sing from the same hymn sheet’ and should not fight inter-ministerial battles in Brussels. Second, there is a norm, not always observed, of sharing information about developments during key negotiations across the system. By and large information is a resource to be shared not garnered by individual departments. Third, there is a norm of collegiality within the Irish service with relatively high levels of trust between officials in different departments. The high levels of

trust are particularly prevalent among the cadre of EU specialists. The boundary managers see themselves fighting for ‘Ireland Inc.’. Fourth, there is a norm that Ireland should be as *communautaire* as possible within the limits of particular negotiations. Consequently Irish negotiators tend not to oppose for the sake of opposing. If at all possible Irish negotiators do not want to find themselves in a losing coalition. See table one on the Irish voting record. This is based on their assessment that if a state is part of the winning coalition, it will tend to get a concession at the closing stages of negotiations whereas it can be ignored if it votes ‘no’ or abstains. In promoting domestic preferences and protecting national space, Irish politicians and administrators engaged in coalition building with like-minded states. Unlike other small states, such as the Nordics or the Benelux, Ireland does not have a natural grouping of like-minded states and must thus seek allies on a case-by-case basis— with the French on agriculture, the UK on taxation, and the other cohesion countries on regional funds.

### III-KEY POLICY PREFERENCES AND CONCERNS

There is remarkable consistency in the policies that are accorded high priority by Ireland in the EU (Coombes 1983, Drudy and McAleese 1984, Keatinge 1991, O' Donnell 2000). For the first twenty years of membership policy preferences were moulded by a number of structural economic factors. First, Ireland's level of economic development was low relative to the core economies in the Union. In 1973, Ireland's per capita GDP was 65 per cent the European average making Ireland the poorest country in the Union. Second, in 1973 21.7 percent of the labour force was employed in agriculture at a time when the average for the EU was 7.3 per cent. Thus agriculture was much more important to Ireland than to any other member state. Third, Ireland's level of unemployment, notwithstanding high levels of emigration, was 6 per cent in 1973 at a time when the average for the EU was 2.5 per cent.<sup>4</sup> Fourth, Ireland was very dependent on mobile foreign investment for job creation and exports. These four factors were critical in moulding the policy preferences of successive Irish Governments.<sup>5</sup> The key policies and priorities for Ireland were:

- the EU's common agricultural policy which enabled Irish agriculture to escape from the traditional cheap food policies of the UK. The emphasis in relation to the CAP was to maintain or improve farm incomes. The main interest organisations representing Irish farmers continue to have a major influence on agricultural policy. Ireland remains one of the key members, together with France, of the CAP supporters club.
- High priority was accorded to the development of cohesion policies at EU level to assist Europe's peripheral regions catch up. Ireland's relative underdevelopment was recognised in its Accession Treaty in the form of a special protocol on economic development. Post membership, successive Irish governments deployed considerable diplomatic effort in ensuring that the EU would develop a cohesion policy and that Ireland would benefit from financial transfers from the European budget. The Irish Government set out to shape the Single European Act title on economic and social cohesion. Following reform of the structural funds in 1988, Ireland experienced a significant increase in financial transfers from the EU budget. The volume of transfers will be reduced progressively to 2006 given

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<sup>4</sup> The statistics in this section are taken from NES 58, 1981.

<sup>5</sup> For an analysis of key policy areas see Keatinge P. 1991 and O'Donnell R. 2000.

Ireland's higher level of economic growth in the 1990s. That said, Ireland remains a net beneficiary of the EU budget.

- Successive Irish governments protected domestic space and policy autonomy by carefully vetting sectoral policies and EU regulations that were likely to have an impact on Ireland's competitive position and on regulatory frameworks at national level. The aim was to try to ensure that developments in social and economic governance at EU level could be accommodated by Ireland. One area of domestic space that remains sacrosanct is fiscal policy. Irish administrations have adamantly opposed the harmonisation of taxation policy in Europe. The internal market programme was accorded a high priority because of the weight of EC legislation and the need to prepare Irish industry and the service sector for the competitive shock of the 1992 programme. During the 1980s, there was a pronounced share-out of jobs in Ireland's traditional industries with unemployment rising to 20%. With the advent of the internal market there were fears that this would accelerate (Bradley, 2002, 59). In response, the EU deepened its cohesion policy and greatly increased the financial flows to the periphery. This facilitated adjustment to the internal market.
- The Treaty of European Union (TEU) marked a further deepening of integration with the inclusion of provisions on a single currency, the common foreign and security policy and pillar three on justice and home affairs. Rather than dislodging the high-priority policies of the past, the TEU simply added additional priorities and concerns. Irish governments in the 1990s displayed considerable commitment to the public debt philosophy and targets set out in the Maastricht Treaty and supported the full observance of the convergence criteria across Europe. In practice, the Irish political and policy system was converted to the sound money/tight budget philosophy of the German Bundesbank following the economic crisis of the 1980s.
- Successive Irish governments endorsed EU social and environmental regulation provided such regulation did not impose an undue burden on Irish industry or the exchequer. While accepting the broad outline of the Union's regulatory strategy in most fields, Irish policy makers argued against the imposition of rules that would impose a heavy burden on industry and services in Ireland. The need for job creation, the policies of the state agencies and the preferences of multinational companies loomed large in the calculations

of the Irish negotiators. Maintaining Ireland's attractiveness to foreign mobile investment, particularly American capital, was a key priority.

- Notwithstanding the desire by Irish officials and political leaders to be at the core of the EU, foreign policy co-operation was and remains a controversial and sensitive area for Ireland (Keatinge 1996, Tonra 2001 a and b). Ireland's non-membership of NATO and a traditional policy of military neutrality made successive Irish governments cautious and constrained concerning the development of a security dimension to the EU's external action. The absence of any direct external security threat to the island of Ireland ensured that normative considerations rather than perceptions of threat dominated public discourse on security. The collapse of communism in 1989 and the changing geo-politics of the continent forced security issues up the EU agenda. The weak EU response to developments in the Balkans led to pressures for an enhancement of the Union's capacity. Ireland was much slower than the other EU neutral states to adjust its security policies to the new developments in Europe. It was the last EU state to join the partnership for peace and it is now faced with the rapid development of the EU's European Security and Defence Policy (ESDP) and the fall out from the Iraq war.
- The Schengen *acquis* and the free movement of people also proved problematic. Because of the common travel area with the United Kingdom, Ireland together with the UK sought opt-outs from the free movement provisions of the treaty of Amsterdam and neither state is a member of Schengen although Schengen became part of the Union *acquis* in the form of a protocol, appended to the Treaty of Amsterdam. Since the Treaty of Amsterdam came into operation, both the UK and Ireland have sought to become party to elements of the Schengen system. Increasingly, the EU is the framework through which Ireland is attempting to deal with asylum and immigration control although it continues to have reservations about co-operation in the field of criminal law.

Up to the mid-1990s, Ireland's profile in the EU was that of a small relatively peripheral member state, a major net beneficiary of the Union budget, protectionist on agriculture, an outlier on security and poor relative to the majority of member states in the Union.

Ireland's strategy in relation to the Union's constitutional and institutional architecture displays a number of persistent concerns. First, since it voted for Treaty reform at the Milan European Council in 1985, Ireland has not opposed the iterative process of treaty change. Second, like all small states there is a desire to ensure that the representation and voice of small states in the Union is protected. Third, a commitment to the Commission as a necessary institutional filter in the system is apparent. An independent Commission is viewed as an important feature of the overall institutional balance. For the first twenty-five years of membership, the Commission was viewed as one of Ireland's 'best friends' in the Union. This led to a policy favouring the retention of national representation on the Commission right up to the Nice Intergovernmental Conference (IGC). The policy at Amsterdam was to propose internal reforms in the Commission and a strengthened role for the Commission president as a response to the efficiency demands of an enlarging Union. Under pressure in the Nice negotiations, the Government conceded on one Commissioner per member state in return for a guarantee of equality of the member states in relation to the composition of the Commission. Fourth, although Ireland did not actively oppose the strengthening of the powers of the European Parliament in successive IGCs, it was not to the fore in promoting a parliamentarisation of the EU system. With just 15 members of the EP, successive Irish governments felt more comfortable promoting Irish preferences in the Council. That said, there was broad political acceptance that an expansion of the powers of the EP was justified on legitimacy grounds. Fifth, successive governments have endorsed an expansion of the use of qualified majority voting (QMV) while at the same time refusing to contemplate such a move concerning taxation. The Irish position in successive IGCs on major institutional questions was neither 'maximalist' or 'minimalist'. Rather it was characterised by a commitment to pragmatic adaptation of the system rather than its transformation.

The work on the Convention on the Future of Europe coincided with the re-running the Nice referendum in Ireland. Consequently, there was an acute awareness among Irish participants of the need to ensure that the outcome of the Convention and the subsequent Intergovernmental Conference can be sold to the people. Ireland will have a referendum on the Constitutional Treaty in 2005/2006. The Government has signalled those areas where it will seek changes to the Constitutional Treaty during the course of the IGC. The most important area relates to defence and security. The Prime Minister has suggested that 'the detail of the security and defence proposals were not properly discussed by the Convention and further clarification is required by the Member States (Ahearn B., 23 October, 2003). The

second priority is to retain unanimity in relation to taxation and the criminal law aspects of justice and home affairs. While broadly satisfied with the institutional package, the Government is open to new institutional proposals provided they can garner support. Finally the Government will support a reference to God or Europe's Christian heritage in the preamble of the Constitution (ibid).

#### **IV-THE FAILURE OF DOMESTIC ADJUSTMENT FOLLOWED BY RECOVERY**

Domestic adaptation to the challenge of economic competition was problematic and Ireland's vulnerability as a small open economy remained. Irish adjustment in the 1970s, notwithstanding the oil crises, was relatively smooth. However, by the end of the seventies, Ireland entered a vicious circle of weak economic performance. Ireland had the worst economic indicators in Europe during most of the 1980s, as a result of international recession, which was reinforced by a dramatic domestic adjustment to reduce public finance and balance of payments deficits and reduce inflation. In the period, the unemployment and inflation rates were among the highest in the Union and by 1988, Ireland had the second highest public debt to GNP (118%) after Belgium (127.4 %). By the mid-1980s, 'Ireland's economic and social strategy was in ruins and its hope of prospering in the international economy was in considerable doubt' (Laffan and O'Donnell, 1998, O'Donnell, 2000,177). There was a widespread sense of Ireland's failure, not unlike the prevailing mood in the 1950s. One historian concluded in 1989 that the 'Irish economic performance has been the least impressive in Western Europe, perhaps in all of Europe, in the twentieth century' (Lee, 1989, 521). The state and its society found itself at a second critical juncture, over twenty years after it joined the Union. Ireland had to find the institutional and cultural capacity to overcome the failure of the 1980s. Without this, the opportunities offered by the internal market and the deepening of integration would have been lost. Ireland would have reclaimed the title of 'peripheral', but this time inside the EU.

Faced with a deep economic crisis there was a recognition by Government and the key representatives of the two sides of industry that 'membership of the Community does not reduce the need for clear Irish policy aims and methods. In particular, membership of the Community does not diminish the need for a national ability to identify solutions to national problems- even where these required Community policies or action (NESC, 1989, p. 218). Thus a key objective was to ensure that Ireland's domestic policies were congruent with membership of a highly competitive and liberalising market. Irish efforts to manage internationalisation and respond to the economic crisis, in this period, evolved through a form of neo-corporatism known as social partnership. This began in 1987 with the Programme for National Recovery (1987-1990) and was followed by four subsequent programmes - the Programme for Economic and Social Progress (PESP 1990-1993), the Programme for

Competitiveness and Work (PCW 1994-1996), Partnership 2000 (1997-2000) and Sustaining Progress (2003-2005). The programmes involved agreement between employers, trade unions, farming interests, the voluntary sector and the Government on wage levels in the public and private sectors and on a wide range of policies, including fiscal, social, economic and competitiveness policy. Social dialogue assisted the key players to establish trade-offs and to ease distributional conflicts. The Irish economic miracle was characterised by a distinctive mixture of economic liberalisation, US capital and managed social dialogue. The content of the programmes was negotiated in the context of EU developments and the need to ensure that Ireland adjusted to the demands of economic integration. The partnership approach and an expansion of EU spending programmes in Ireland, contributed to the much-needed recovery following a disastrous early and mid-1980s. Fiscal retrenchment brought the public finances under control as the debt GDP ratio fell rapidly. As American FDI flowed into Europe in response to the internal market programme, the proportion coming to Ireland rose significantly. From 1992 onwards, Ireland consistently out-performed its EU partners in terms of economic growth, employment creation and the growth of exports. As a result, per capita incomes in Ireland converged rapidly with the Union. EU finance was critical in helping Ireland create the human and physical infrastructure, which fuelled economic growth and recovery. See table 2. Ireland was no longer the poor peripheral state that joined the Union in 1973. It had become a successful competitor for growth and employment with a distinctive model of economic governance (Barry, 1999).

## V – DOMESTIC POLITICAL DYNAMICS ON EUROPEAN ISSUES

The Irish party system consisted of one large party Fianna Fáil (FF), that has dominated Irish politics since 1932, a medium sized party Fine Gael (FG), and the Labour party (LAB), which was traditionally the smallest party in the parliament. Since the end of the 1980s, the Irish party system has fragmented with the emergence of a number of small parties with parliamentary representation, the Progressive Democrats (PDs), the Green Party (GP) and Sinn Fein (SF).<sup>6</sup> The overwhelming ‘yes’ vote in the accession referendum in addition to the absence of divisions in Irish political parties on Europe meant that integration was not a particularly contentious issue in Irish politics. Within one year of membership, the Irish Labour Party having opposed membership joined in a coalition government with Fine Gael, a strongly pro-membership party. Europe was not a controversial issue in the coalition negotiations. The Labour party, while retaining concerns about neutrality and economic peripherality, accepted the will of the Irish people. The two largest Irish political parties, supported membership in 1972 and have continued to support the ratification of every European treaty since then. Their discourse on Europe differs somewhat one from the other. Fine Gael, arising from its membership of the European People’s Party (EPP) in the European Parliament tended to favour a stronger political Europe, at least at the rhetorical level, than Fianna Fáil. In the European Parliament Fianna Fáil was a member of a grouping with the French Gaullists until the latter moved to the European People’s Party. The departure of the Gaullists left Fianna Fáil in a group called the *Union for Europe of the Nations* (UEN), a conservative grouping consisting of the Pasqua-Villiers list from France and the Italian *Allanza Nazionale*, a conservative and some would say neo-fascist party. Fianna Fáil’s partners in the EP are very critical of a deepening of integration. The Progressive Democrats, a party founded in 1985 is pro-integrationist but would position itself on the neo-liberal side of left-right arguments concerning economic governance in the EU. The PDs favour a neo-liberal Europe rather than an interventionist Social Europe. All four parties support Ireland’s membership of the Union and active engagement with the EU. All Irish governments since 1973 have consisted of these four parties in one formation or another.

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<sup>6</sup> In the 2002 election, FF won 81 seats, FG 31 seats (their worst ever electoral performance with the loss of 23 seats), Labour 21 seats, the PDs 8 seats, GP 6 seats, SF with 5 seats and the Socialist party with 1 seat. There are 166 deputies in the Irish Parliament. The pre-election FF/PD coalition were re-elected.

Two parties characterised by what might be defined as ‘soft Eurosceptism’ gained representation in parliament. The Green party gained parliamentary representation for the first time in 1989 when they won one seat. Since then, the Greens opposed every round of constitutional change in the Union by advocating a ‘no’ vote in the national referendums on Maastricht, Amsterdam and Nice. Their concerns revolved around neutrality and the quality of democracy in the Union. The Green Party persisted in their opposition to successive treaties notwithstanding the fact that EU membership played a crucial role in strengthening environmental protection and conservation in Ireland. Sinn Féin achieved parliamentary representation in 1997 and continued to pursue an anti-EU strategy in parliament. They supported a ‘no’ vote in the Amsterdam and Nice referendums. Their opposition revolved around traditional nationalist concerns about sovereignty and independence in addition to a desire to preserve Irish neutrality. Neither party has participated in government. They would have to soften their position somewhat on Europe, if they were to join one of the larger pro-European parties in power.

Trends in Irish public opinion on integration and Ireland’s membership of the European Union were tracked in the twice-yearly Eurobarometer surveys carried out in all member states. In terms of long term trends in public opinion, Ireland was located in the group of countries most favourable to integration when measured by the standard ‘support for integration’ questions.<sup>7</sup> However, in Spring 2003 (Eurobarometer 59), responses to a number of questions recorded a third successive decline support for membership, which fell from 83 per cent in Autumn 2001 to 67 per cent in spring 2003. This was accompanied by a decline in perceptions of benefits from membership which fell 90 per cent in autumn 2001 to 77 per cent. See table three for the comparative figures on the benefits question in 2003. Responses to a number of other questions suggest according to one analysis ‘a significant alteration in the overall orientation of Irish people to European Integration’ (Eurobarometer 59, National Report Ireland, 2). The trends suggest that although Irish people remain positive about the EU, more positive in fact than the majority of other states that the gap has narrowed (Eurobarometer 59, National Report Ireland, 2). Notwithstanding a positive attitude towards engagement with the EU, the Irish public is not that knowledgeable or well informed about

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<sup>7</sup> The Eurobarometer surveys ask a number of questions that provide an insight into attitudes towards membership of the EU. One of these questions asks ‘Generally speaking, do you think that your country’s membership of the European Union is a good thing, a bad thing or neither good nor bad. A second question asks ‘Taking everything into consideration, would you say that your country has on balance benefited or not from being a member of the European Union. These questions are has your country benefited from membership’.

the EU. In Eurobarometer 59, Ireland is one of the four states whose citizens perceive a widespread lack of knowledge about the EU (Sinnott, 1995, Eurobarometer 59, National Report Ireland, 3). This knowledge gap contributed to the Nice shock in 2001.

## VI -THE NICE I SHOCK AND NICE II

Ireland ran a very successful Presidency of the Union in 1996. Prior to the Presidency a Government White Paper on foreign policy asserted that:

Irish people increasingly see the European Union not simply as an organisation to which Ireland belongs, but as an integral part of our future. We see ourselves increasingly as Europeans. (Ireland, 1996, p.59).

This statement illustrated the confidence of Ireland's administrative and political class in Ireland's engagement with the Union and public attitudes towards the EU. The Presidency was followed by a very intensive set of negotiations on Agenda 2000 and the future financial perspective. Having secured a very good budgetary deal at the Berlin European Council (March 1999), the EU slipped off the political radar screen. Among a section of the state elite there was a growing sense that the EU might not be as important to Ireland as it once was. Ireland was entering a new phase in its relationship with the Union. There were a series of tough negotiations on state aids, corporation tax and environmental regulation. In all of these areas including Agenda 2000, Ireland managed to get outcomes that suited it. In March 2000, the Prime Minister, Mr. Bertie Ahern, described the Union as 'A Place We Belong' (IEA, Address, 21st of March 2000). His entire Cabinet, however, did not share these sentiments.

During the summer of 2000, two Government ministers made speeches about the Union and Ireland's European policy that were different in tone to the traditional official discourse on Europe. These speeches would not have been made in the lead-up to the Agenda 2000 negotiations. Neither the Foreign Ministry nor the Prime Minister's Office vetted the speeches. In July 2000, deputy prime minister, Mary Harney, in an address to the American Bar Association ended by saying 'I believe in a Europe of independent states, not a United States of Europe'. (Harney M., 21 July 2000) Notwithstanding this rhetorical statement, the key to the minister's speech was her unease about the prospect of 'key economic decisions being taken at Brussels level' and the possibility that Ireland would be subject to excessive regulation. (Harney, 21 July, 2000) The July speech was followed by an opinion piece in the Irish Times in September 2000 in which she posed a number of questions about the prospect of a European government, a United States of Europe, and she raised the spectre of all major social and economic decisions being taken by qualified majority voting. Again the tone of the

article was that of support for an enlarged and liberal Europe but rejection of excessive integration. In sum, the minister said, ‘we believe the future of the EU lies not in a United States of Europe, but in a Union of independent sovereign states’. (Harney, M., September 20, 2000) The latter statement was reminiscent of De Gaulle’s ‘L’ Europe des patries’ or Margaret Thatcher’s celebrated Brugge speech in 1988. The Minister Arts, Culture, Gaeltacht and the Islands, Síle de Valera, in an address in Boston College in September 2000 adopted a pronounced Eurosceptical tone. She made reference to the fact that ‘directives and regulations agreed in Brussels can often seriously impinge on our identity, culture and traditions’ without being specific about which directives or offering any evidence. The minister called for a more vigilant and questioning attitude towards the European Union and for more diligence in protecting Irish interests. (de Valera S., 18 September, 2000) The emphasis in this speech was on the impact of the EU on Irish identity. It resonated with a discourse of traditional nationalism rather than neo-liberalism. The Prime Minister and Foreign Minister were the custodians of Ireland’s traditional *communautaire* approach to integration. By the end of 2000, the Irish Government did not have a coherent or consistent policy on Europe. The mixed messages to the electorate were underlined by a very public dispute between the Irish Minister for Finance and the Commission concerning Ireland’s budgetary policy. The Commission was concerned about sizeable increases in Irish public expenditure and wanted the Eco-fin Council to issue a recommendation against Ireland. Given that Ireland had a large budget surplus, the Minister considered the Commission stance inappropriate. Traditionally in such circumstances, Ireland’s policy style would be to deal with the issue through intensive but quiet diplomacy but this minister was happy to have a very public row with the Commission. The treatment of the issue in the Irish media gave the impression of a bureaucratic monster bearing down on little Ireland. Moreover, more lenient treatment of Germany one year later did nothing to assuage public annoyance about Ireland’s treatment. Thus, the lead-up to the Nice I referendum was not auspicious for the Government. The electorate was hearing mixed messages from the Government and the Commission was no longer portrayed as Ireland’s best friend.

The Government, particularly the prime minister, Bertie Ahearn, wanted to run the Nice referendum in June 2001 so that Ireland would be the first state to ratify the Treaty by popular assent. This would get the referendum off the agenda before the national election due by summer 2002 and before he had to tackle a contentious referendum on abortion. From his perspective, the Nice Treaty was a housekeeping treaty designed to facilitate enlargement.

Given that the Irish electorate had ratified more significant treaties in the past, a 'yes' vote was anticipated. See table 4. The two Government parties were delusory in their approach and ran what could only be called a lack lustre campaign. It was left to the Prime Minister and the Foreign Minister to engage with the media and public on the issue. Other senior Government ministers and the main opposition parties were inactive. Political actors were more concerned with the national election that was likely to take place in mid-2002. Just three weeks were allocated to the Nice campaign, which was clearly not enough to engage in public education or persuasion. By the time the Government realised that it had a problem, it was far too late for remedial action. The opinion polls signalled support for the treaty albeit a declining 'yes' vote. Although there were signs in the last week of the campaign that it might be defeated, most commentators felt that it would be passed because of the decisive majorities in previous EU referendums. When the ballot boxes were opened on Friday 5th of June, a shock awaited the Irish Government, EU institutions and the candidate states. In a turnout of 34.5 per cent, 53.9 per cent of those who voted rejected the Nice treaty. The main reason for the defeat of the Nice referendum was the low turnout. However, a survey that was conducted after the referendum showed that voters had concerns about the functioning of the Union. The most important influence on those who voted 'no' was concern about how decisions were made. Over 50 per cent of respondents felt that the large states had too much power in the Union. On the question of enlargement, 41 percent said they were in favour, with 15 percent against and 43 percent undecided (Sinnott, 2001).

### *Managing A Difficult Domestic and Internal Agenda*

Following the 'no' vote, the Government was faced with a very difficult internal and external agenda. Its European policy was loose of its moorings and Ireland's presence in the Union endangered. The Government immediately sought to reassure Ireland's partners that Ireland remained a committed member of the Union and that the vote of the Irish electorate was not a rejection of enlargement. The Government was aware that there was no possibility of re-negotiating Nice nor did it want to; it considered the outcome an acceptable deal given its preferences.

Domestically, the Government sought to create the conditions that would enable it to run the referendum a second time. There were three main pillars to the Government's strategy for re-running the Nice referendum. These were:

1. The establishment of a National Forum on Europe;
2. Enhanced parliamentary scrutiny;
3. Seville declarations on Irish neutrality.

A strategy of re-engaging the public with European issues and dealing with their concerns, began immediately after the Nice I defeat. In autumn 2001, the Government established the Forum on Europe involving all political parties with representation in the Irish parliament. The Forum began its work with the aid of a small Secretariat and a steering committee. In addition to the plenary Forum, an observer pillar was established consisting of interested civil society groups. The Forum opened up space for debate on Europe outside the confines of the Parliament. It held sessions on different topics with invited speakers who brought different perspectives to bear on the issues. In addition to plenary meetings in Dublin, the Forum held a series of meetings throughout the country. This widened the geographical spread of the Forum's deliberations. The debate generated in the Forum were highly stylised characterised by opposition to or support for the Nice Treaty. There was limited deliberation on substance and no evidence that any of the parties were changing their positions. The public meetings were often rather partisan. Nor was there any mechanism in the Forum to judge the veracity of the claims that were made by various speakers. The Forum tapped into a number of concerns that were clearly out there among the electorate about the European Union and Ireland's engagement with it. There were fears of large state domination and a number of EU directives, notably the habitats directive, were deeply unpopular in certain parts of the country. In addition to highlighting concerns, the Forum brought MEP's, prime ministers, foreign ministers, officials, national parliamentarians, civil society groups, and academics from other European states into the Irish debate. The active engagement of fellow Europeans in an internal Irish debate was welcomed and legitimised. The Forum contributed to the preparation for a second Nice referendum as the Government could legitimately say that it was listening to the people. It also contributed to increasing the salience of Europe for Irish politicians. It helped educate Irish domestic parliamentarians on the nature of European governance. The Forum continued its deliberations post-Nice with a particular focus on the Convention on the Future of Europe and the 2003 Intergovernmental Conference.

### *Enhanced Parliamentary Scrutiny*

The second pillar of the Government's response was enhanced parliamentary scrutiny of European affairs. Traditionally, the Irish parliament was a weak parliament in relation to European issues and was dominated by the executive. New procedures were put in place in July 2002 to alter this. The parliamentary focus for the new procedures is the Joint Oireachtas Committee for European Affairs, now called the Select Committee for European Affairs. All EU related documents are deposited in the EU Coordination Unit of the Department of Foreign Affairs and passed on by the Unit to the Select Committee. On receipt of these documents (estimated at approximately 10,000 per year), the clerk of the Select Committee, together with a sub-committee of the Select Committee (informally termed the 'sifting committee') sifts, on a two-weekly basis, through these documents and identifies EU legislative proposals that are significant enough to merit parliamentary scrutiny (according to certain criteria). If the sifting committee so decides, a request is made for the drafting of an explanatory memorandum or 'note' concerning the EU proposal from the relevant department. The EU Coordination Unit of the DFA must receive the note within one month of the sifting committee's request and this unit sends the note on to the Select Committee Secretariat.

On receipt of these memoranda, the Committee secretariat passes the proposals on to the relevant sectoral committees for consideration. The relevant committee then produces a report on its deliberations, which is laid before the Oireachtas. While the proposals make provision for extensive engagement between the Oireachtas, ministers and officials, a binding scrutiny reserve has not been put in place. Instead, Ministers are honour bound to take the opinion of the relevant committee into account when negotiating in the Council of Ministers. At the same time, committees are obliged to give an opinion on a proposal within a tight deadline and in advance of negotiation at Council of Ministers' level, otherwise approval of the proposal is taken as given. Ministers must be available to give oral briefings and reports of EU meetings on an agreed basis and the committees deliberating on proposals may meet in private if a proposal is of a particularly sensitive nature. If the Committee concerned so desires, the Chief Whips of the political parties are in agreement and depending on the

parliamentary timetable, proposals may be debated on the floor of the *Oireachtas* (Irish Parliament) itself.<sup>8</sup>

The need for Government departments to prepare notes for the parliamentary committee will ensure that within each department formal systems must be put in place to ensure that such notes are prepared. Management within each department will have a far better idea of just how much EU business they handle and how best to deploy their resources. The preparation of notes will also make the identification of priorities far more systematic as judgments must be made of just how important an EU proposal is. Following the original circular on the management of EU business in 1973, the guidelines on Parliamentary Scrutiny are the most significant formalisation of the management of EU business in Ireland since membership. Enhanced parliamentary scrutiny will alter the management of European affairs within the Irish parliament.

### *The Seville Declarations*

The third pillar in the response to Nice I was a number of declarations made at the Seville European Council in June 2002. The first was a declaration by Ireland and the second, a declaration of the European Council. Both dealt with the common foreign and security policy. Although fears about neutrality were not the main reason for the defeat of the first referendum, the Government felt that it needed something on neutrality as a flanking measure for the Nice II referendum. The Irish declaration outlined what the Government argued was the position on the common foreign and security policy, namely that Ireland was not bound by any mutual defence commitment. This was reiterated by the Irish Prime Minister in October 2003 when he asserted that ‘The proposals drawn up by the Convention do not change the present situation as regards common defence, Ireland’s position on the question is clear.

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<sup>8</sup> See Laffan and O’Mahoney for an analysis of the new parliamentary procedures.

While we have said that we would not stand in the way of others, Ireland cannot participate in EU common defence without the prior consent of the people in a referendum' (Ahern B., 2003, 4). The Seville declaration specified three conditions, a triple lock, for the deployment of Irish troops overseas:

1. UN Security Council or General Assembly authorisation;
2. Agreement by the Irish Government;
3. Approval by the Irish parliament.

The declaration re-stated the *status-quo* but it was regarded as necessary to re-assure a section of the Irish electorate. The declaration of the European Council re-stated the key tenets of the Irish declaration while recognising that it was up to Ireland to decide on the participation of its troops. Following agreements on the declarations, the constitutional amendment that was put before the Irish people in the Nice II referendum provided for an opt-out for Ireland from a EU common defence.

*What is your final answer?*

Having successfully won the May 2002 election, the Government was ready to put the Nice Treaty to the Irish electorate for the second time. Winning the Nice referendum was the new Government's top priority. The referendum was called for the 19<sup>th</sup> October 2002. Because it was widely anticipated that there would be a second referendum, there was continuous debate on Nice from the defeat of the first referendum in June 2001 to the end of the campaign in October 2002. The Nice II campaign itself lasted five weeks. The result was a resounding 'yes' vote of 63 per cent to 37 per cent against, with a turnout of 49 per cent, which was significantly up on Nice I. See Table 4. This was a remarkable turnaround. The increase in turnout was a major factor in the successful outcome of the second referendum.

The second campaign was characterised by far higher mobilisation on the part of the government parties, the pro-EU opposition parties and civil society groups. The 'yes' campaign was well-researched using quantitative and qualitative data. The two Government parties, Fianna Fáil and the Progressive Democrats ran effective campaigns. Fianna Fáil, in particular, ran a general election style campaign with a major investment of human and material resources. In effect, Fianna Fáil put its 'A' team in charge of NICE II. The mobilisation of civil society on the 'yes' side was a distinctive feature of the second Nice

referendum. The employers' organisations, trade unions and farming groups ran far more intensive campaigns. A group of young students and professionals established an 'Ireland for Europe' group that added energy to the campaign. In addition, a new civil society umbrella group, the 'Irish Alliance for Europe' was created. The Alliance was a 'coalition of the willing' involving organised civil society (the employers, chambers of commerce, farmers and trade unionists) and a series of additional nodes, such as 'Women for Europe', 'Greens for Europe', 'Lawyers for Europe' and the 'Disability Alliance'. Public meetings were organised throughout the country by the pro and anti campaigns. The country was festooned with posters, some very controversial. A 'no' poster warning that 'You will lose money, power and freedom' was considered very influential during Nice I, as was the preponderance of 'no' posters. The 'yes' campaign was determined not to be out-postered this time by the 'no' side. Following the successful outcome of Nice II, the Prime Minister, Bertie Ahearn, was free to assume the mantle of President of the European Council in January 2004 having re-claimed Ireland's European policy.

## VII THE 2004 PRESIDENCY

Preparations for the sixth Irish Presidency of the Union began in 2001 with the establishment of two inter-ministerial committees, a policy committee and a logistics committee under the auspices of the Foreign Ministry. The policy and logistical planning was accompanied by extensive presidency training. The policy committee has been transformed into the Senior Officials' Group on the Presidency chaired by a senior official in the Prime Minister's Department. Its role is to prepare the policy dimensions of the Presidency, especially the two European Council meetings. A detailed programme of visits, involving all members of the government, to other member states, acceding states and third countries was undertaken. The approach to the 2004 Presidency built on the institutional memory and experience of previous presidencies (Humphreys 1997). In the 1996 Irish White Paper, the main obligation of the Presidency was identified in the following terms: 'to ensure that the European Union's business is discharged in an efficient, effective and impartial manner' (Ireland, 1996, 60). Given that Ireland is a small state with a small bureaucracy and limited human resources, the conduct of the Presidency will be the Government's top priority for the first half of 2006. The Cabinet sub-committee on European Affairs receives regular up-dates on the Presidency preparations and takes decisions on the focus and priorities for Ireland's six months in the chair. Ireland is the first country holding the Presidency under the reforms of the European Council and Council of Ministers agreed at Seville. The new system involves three planning documents:

- Irish Presidency Work Programme (first half of 2004);
- The Irish-Dutch Annual Work Programme (2004 calendar year)
- Multiannual Work Programme.

The objective of these reforms, particularly the annual and multiannual programmes, is to strengthen the coherence of the work of the Council and to ensure continuity from one presidency to another. The key priorities identified in the Irish-Dutch Presidency programme are, (1) the IGC and institutional reform, (2) making a success of enlargement, (3) the future financial perspective, (4) developing and strengthening existing policy with a particular focus on three policy areas, the Lisbon agenda, the Tampere programme in Justice and Home Affairs and the Union's foreign policy (Council of Ministers, Irish/Dutch Draft, 12.11.2003)

The Presidency Agenda is an admixture of the continuing sectoral work of the 16 Councils and key events such as the European Council meetings. During the first half of 2004, Ireland will host at least two European Councils, the Spring European Council on the Lisbon Agenda and the end of the presidency Council in June. The Spring European Council has become part of the annual cycle with its focus on the Lisbon Agenda, an agenda that set out an ambitious goal of making Europe the most competitive and dynamic knowledge based economy and society in the world by 2010. The Lisbon Agenda is promoted by a new mode of governance, the open method of coordination (OMC). It operates on the basis of European level analysis and discussion, agreement on indicators and benchmarks and the establishment of specific targets for the EU and the member states. The strategy behind the Lisbon Agenda is to promote and trigger domestic adjustment in the member states in a wide range of areas. The open method complements the Union's legislative and budgetary arms. The Irish Presidency has opted to focus on four areas for the Spring European Council and the wider Presidency. These are:

1. Promoting Growth Oriented Economic Policies;
2. Fostering Competitiveness;
3. Delivering more and better employment;
4. Ensuring Sustainable growth.

There is concern that the Lisbon Agenda has slipped and that there is a developing gap between the ambitious targets and what has been achieved. The Presidency will lay the groundwork for the 2005 mid-term review of the Lisbon Agenda and will focus on the delivery gap in this area.

The Presidency planners are conscious that the dynamic of the Spring European Council will be influenced by the evolution of the Intergovernmental Conference (IGC) under the Italian Presidency. It is the objective of the Italian Presidency to complete the work of the IGC by December. Whether this can be achieved will only become apparent in the lead-up to the December European Council. The Presidency is holding an intensive round of bilateral meetings in addition to the formal IGC events. A final package is not yet apparent. If the IGC is not concluded in December, it will become the major priority of the Irish Presidency as the aim is to conclude it before the accession of the new member states in May and the European Parliament elections in June. The preference for the Irish Presidency would be to see a

successful conclusion of the IGC by December. Agreement on a 'yesable' package might not become easier in the first half of 2004 with national elections in a number of states.

Although the accession treaties have been ratified and the terms of membership decided, the Irish presidency will want to celebrate formal membership on May 1. Just how this will be done has not yet been decided. The Presidency has already begun to work on the smooth transition of the new member states into the Union. The Irish Foreign Ministry held a seminar in Dublin in October 2003 for senior officials from the Foreign ministries and the prime ministers offices of the new member states. The focus was on the transition from a bilateral relationship with the EU to full participation in the Council. Considerable emphasis was placed on ensuring that the domestic ministries in the new member states and not just the core ministries are prepared for all that membership entails.

In addition to the Lisbon Agenda, two key sectoral areas are Justice and Home Affairs and the external relations of the Union. The Treaty of Amsterdam made May 2004 the deadline for the adoption of a range of measures in Justice and Home Affairs. The Irish presidency will focus on an extensive range of issues in this field, asylum, immigration, civil law, police and judicial cooperation in criminal matters. It will also begin the process of evaluating achievements since Amsterdam. A major conference on drugs is being held in Dublin in May. The agenda on the external relations of the Union takes place against the backdrop of the severe interstate tensions in the Union during the war of Iraq. It will fall to the Irish Presidency to begin follow-up work on the EU Security Strategy as part of the European Security and Defence Policy (ESDP) and to review the experiences of the three ESDP operations launched in 2003. It is envisaged that a Conference on Conflict Prevention will be held in Dublin during the Presidency.

## CONCLUSIONS

This paper explored the domestic foundations of Ireland's European policy and the 2004 Presidency. The key feature of Ireland's engagement with the EU prior to accession in 1973 was the relationship between the desire for membership and the domestic search for economic modernisation and liberalisation. Not unlike the countries of East Central Europe, the choice for Europe was a highly conscious one made in the early 1960s following a shift in foreign and domestic economic policy. A broad political consensus on the desirability of membership was reinforced by a sizeable 'yes' vote in the 1972 referendum, the absence of splits in the main political parties and a good fit between key European policies and Irish preferences. The strategy of successive Governments was to position Ireland as a small *communitaire* state that broadly went with the flow of integration. Successive Irish Governments were conscious of the need to protect some domestic space in the economic sphere to enable Ireland to catch up with the core economies. Ireland's policy style for managing European business was adaptative, tactical, and informal with an emphasis on finding solutions to the four or five problem areas in any set of negotiations. Constrained by a small central administration, the Irish strategy was to focus attention and negotiation capacity on a number of key policies, the CAP and structural funds, while attempting to retain domestic space and autonomy in key economic areas such as taxation. Ireland supported EU regulation in the social and environmental spheres but within the constraints of an economy that was attempting to catch up. A tradition of military neutrality meant that Ireland was somewhat of an outlier in the common foreign and security policy and constrained in the development of an EU defence capability.

Central Government and the civil service adapted well to the demands of a multileveled system of policy making. The economy, on the other hand, faced significant challenges particularly in the 1980s when it appeared that Ireland was unable to prosper in the EU. A combination of American investment, budgetary discipline and transfers through the structural funds enabled Ireland to overcome its economic problems. The crisis of the 1980s was transformed into the success of the 1990s. High growth rates and an expansion of employment transformed the Irish economy and the wealth of the society. The economic promise of EU membership was delivered. The Irish experience holds important lessons for the new member states because it shows that sound domestic management of the economy is vital in a highly

competitive market like the EU. Paradoxically EU membership makes the domestic more not less important.

Irish public opinion was broadly supportive of the European Union and there was a consciousness of benefits of EU membership to Ireland among the population. The Irish electorate endorsed developments in the EU in a series of referendums on European treaties. However, in 2000-2001 Ireland's European policy came loose of its moorings when members of the then Government began to send mixed messages about the EU to the wider public. A lacklustre campaign on the Nice Treaty led to low turnout and a defeat in the referendum. Confronted with a crisis in its European policy, the Government set about creating the domestic conditions that would enable it to re-run the referendum. The second time round was characterised by a high level of mobilisation from the main political parties and civil society. They succeeded in transforming the debate and the second Nice referendum was won. A further referendum will follow on the Constitutional Treaty.

The Irish Government takes over the Presidency in January 2004 with its domestic European policy back on track. The National Forum on Europe, which was established as a result of the Nice I defeat, continues to promote domestic debate on the future of Europe and Ireland's place in that Union. The key priorities of the Presidency are the Spring European Council on the Lisbon process and the smooth accession of the ten new member states on May 1. The Constitutional Treaty could also become a priority if the Italians fail to get agreement by mid-December. Preparations for the presidency have been as thorough as Ireland's five earlier Presidencies. As a small state that has benefited greatly from membership, the Irish see the presidency was a way of giving something back. There is a keen sense that the presidency is an office of the Union rather than an occasion to promote Irish preferences. The aim will be to conduct a business like and effective presidency before handing over to the Dutch in July 2004.

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## ANNEX

**Table 1: Voting in the Council of Ministers (1995-98)**

Member State	'No' Votes	Abstentions	Total
Germany	40	12	52
UK	27	14	41
Italy	22	8	30
Sweden	20	2	22
Netherlands	16	3	19
Denmark	15	3	18
Spain	9	7	16
Portugal	8	7	15
France	6	6	12
Greece	9	1	10
Austria	8	2	10
Belgium	7	4	11
Ireland	7	2	9
Finland	7	0	7
Luxembourg	2	5	7

Source: European Voice, 15-21 October 1998 (January 1995-July 1998)

**Table 2: Ireland's Economic Performance (1995-2002)**

	1995	1996	1997	1998	1999	2000	2001	2002
Economic Growth Volume GDP%	10.1	7.7	10.7	9.0	11.1	10.0	5.7	4.5*
Economic Growth Volume GNP%	7.3	7.2	6.9	8.1	8.8	10.7	4.6	1.8*
Employment Growth	5.1%	3.9%	3.5%	4.8%	-	-	-	-
Debt/GDP ratio	81.5%	73.3%	59.9%	49.5%	49.3%	39.3%	36.8%	34%

Source: Department of Finance, Monthly Economic Bulletins, August 1996, August 1999 and for 1999-2003 , Budgetary and Economic Statistics, Finance Ministry, <http://www.finance.gov.ie/documents/publications/other/bes03.pdf>, 2 December 2003. \* Departmental estimate

**Table 3: Perceived benefits of EU membership among public in EU member states, 2003, in percent**

	<b>Austria</b>	<b>Belgium</b>	<b>Denmark</b>	<b>Finland</b>	<b>Germany</b>	<b>Greece</b>	<b>France</b>	<b>Ireland</b>
Benefited	41	57	70	46	45	74	50	77
Not benefited	43	23	15	40	34	19	26	10
Don't know	17	19	15	14	21	8	24	13
Total	101	99	100	100	100	100	100	100

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	<b>Italy</b>	<b>Luxembourg</b>	<b>Netherlands</b>	<b>Portugal</b>	<b>Spain</b>	<b>Sweden</b>	<b>UK</b>	<b>EU 15</b>
Benefited	52	74	65	68	62	31	32	50
Not benefited	22	18	19	20	19	50	44	29
Don't know	26	9	16	12	19	19	24	21
Total	100	101	100	100	100	100	100	100

*Note:* The figures represent responses to a question as to whether respondents believe that their country has benefited from EU membership. *Source:* Eurobarometer 59, Jun3 2003, at [http://europa.eu.int/comm/public\\_opinion/archives/eb/eb59/eb59\\_en.htm](http://europa.eu.int/comm/public_opinion/archives/eb/eb59/eb59_en.htm)

**Table 4: Irish Voting Patterns at European Referenda 1972-2002**

	<b>Percentage Votes in Favour</b>	<b>Percentage Votes Against</b>	<b>Voter Turnout</b>
1972 EC Membership	83.1	16.9	70.9
1987 Single European Act	69.9	30.1	43.9
1992 Maastricht Treaty	69.1	30.9	57.3
1998 Amsterdam Treaty	61.7	38.3	54.9
2001 Nice Treaty	46.1	53.9	34.8
2002 Nice Treaty	62.9	37.1	49.5

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