

British and Irish Relations within a Changing EU

Britain – unparalleled standing post war

When the three great powers met at Yalta and Potsdam to decide the fate of post-war Europe, Churchill, empire and her sacrifices during the war assured Britain's place at the top table, not equal to but on a plane with the emerging superpowers of the United States and the Soviet Union. The empire on which the sun never set then comprised a quarter of the world's population, was the second most important power in the Far East, the predominant power in the Middle East from Iran to Libya and from Iraq to Aden and with commensurate interests, responsibilities and military presence.

Denied victory in the first post-war general election, Churchill bestrode the western stage urging a 'United States of Europe' in Zurich, presiding from its foundation in the Hague in 1948 the European Movement which commended inter alia the creation of the Council of Europe and the European Convention on Human Rights and in the United States identifying the Cold War and the Iron Curtain as the great preoccupations of the age. For Britain he enunciated three circles of influence; the transatlantic relationship with the United States, the Commonwealth and Empire and Western Europe.

Britain in Europe at that time had unparalleled standing, prestige and potential for influence. Yet for a decade after 1945 Britain remained aloof from emerging schemes of greater European unity, confident in her strength compared to European neighbours, rejoicing in the 'special relationship' with the United States and imbued with a deep seated belief that they could not succeed without us, wonderfully captured at that time by the Financial Times which described the establishment of the European Coal and Steel Community (ECSC) as a **"cross between a frustrated cartel and a pipe dream"**.

Opportunity lost?

For continental Europe this was a turning point in its post war history. It was a new accord between states spurred on by the exhaustion of war and determined to make a fresh start. It marked the beginning of a new partnership between France and Germany. Jean Monnet, as known and respected in London and Washington DC as he was in Paris, tried but failed to engage British interest. The full British cabinet never even dealt with the ECSC question. Reportedly the Prime Minister, the Foreign Secretary (due to hospitalisation), the Chancellor of the Exchequer and the Lord Chancellor were absent when the cabinet decided. The Messina conference held in 1955 and the negotiations preceding the Treaty of Rome proved no different. Britain chose to observe but loftily to disdain. David Hannay, a retired diplomat and then a key British negotiator in the period from 1965 to 1970, notes: **'...that no one involved in those negotiations ever underestimated the massive burden imposed on the negotiators by the by the failure of our predecessors in the 1950s to have joined the Community at the outset'**, in what he characterises as **'that fatal misjudgement'**.

As with the ECSC, the common market project proceeded apace marked by British self-exclusion. Unable to beat them in terms of strategy and unwilling to join them as a matter of choice, Britain was instrumental in establishing the European Free Trade Area (EFTA). The Stockholm Convention, establishing the EFTA, was signed in January 1960 by seven states (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom). Its aim was to promote closer economic cooperation between the countries of Western Europe and free trade as a means of achieving growth and prosperity. Its strategic goal from a British point of view was to serve as a counterweight

to the EEC (of the original founding six member states, France, Germany, Italy, Belgium, Luxembourg and the Netherlands) and to offer a **'bridge building'** opportunity to the EEC on British terms.

Britain applies

Harold Macmillan applied for membership of the common market in August 1961 in an application rich in ambiguity. General de Gaulle vetoed this application with his 'non' to Britain on 14 January 1963, preferring to leave the transatlantic and commonwealth spheres to the UK while guarding the European space more closely for France. Pointedly, just eight days later Charles de Gaulle and Konrad Adenauer signed the Élysée Treaty cementing the Franco-German alliance at the heart of European integration.

But the wind of change was blowing, ushering in an eclipse of empire and a new post imperial age for Britain long before Prime Minister Harold Macmillan's famous speech on African decolonisation delivered in Cape Town in February 1960. Indian independence after the war changed the face of the British Commonwealth for an entire sub-continent. The Suez crisis in 1956 at once precipitated and ruthlessly exposed the decline of British power in the eastern Mediterranean. Tensions emerged within the EFTA over the UK government's unilateral imposition, without any prior consultation, of an import surcharge of 15% in October 1964. Strains arose within the Commonwealth over the handling of Rhodesia's Unilateral Declaration of Independence from the UK in November 1965. While relations with the United States deteriorated over Britain's unwillingness to commit troops to Vietnam.

Consequently, by the mid-1960s Britain was short of attractive or viable alternatives to seeking membership of the EEC. Withdrawal from east of Suez finally was hastened by the devaluation of sterling against the US dollar in November 1967. The persistent sterling crisis during his second term as Prime Minister contributed to a policy shift by Harold Wilson and led to a decision in May 1967 to re-apply for EEC membership. Charles de Gaulle quickly renewed his veto but this time the UK was determined not to take no for an answer. It fell to de Gaulle's successor, Georges Pompidou, to clear the way for British accession.

In his valedictory despatch on retirement from the foreign service, Sir Nicholas Henderson, on 31 March 1979 elegantly described the dilemma in Britain's search for a post war role as her empire was in decline: **'Although we were victorious we were only marginally victorious: we did not have the spur that defeat might have provided, nor did we have the strength with which victory should have endowed us'**.

Ireland - politically independent but economically unfree

For Ireland, politically independent but economically unfree, bound to the UK through strong post-colonial economic dependency Britain's application for EEC membership presented an enormous challenge. For decades Irish economic policy was founded on protectionism, relying on high tariffs and quotas. This was in part a response to the Great Depression and its associated beggar-my-neighbour policies; in part a political emphasis on self-reliance by the new Fianna Fáil de Valera-led government. In the 1930s Ireland's crisis was greatly exacerbated by an economic war with the UK over the non-transfer of land annuities. Ireland remained neutral during the Second World War but in the post war period clung steadfastly to an outdated and ultimately futile policy of protectionism.

The Taoiseach, Séan Lemass, took advantage of Harold Macmillan's European initiative and submitted Ireland's letter of application to join the EEC in July 1961. Though blocked by de Gaulle's veto on UK membership in 1963, for Lemass and for Ireland, it marked a decisive policy shift away

from economic autarky. The Anglo-Irish Free Trade Area (AIFTA) agreement was concluded in 1965 between Ireland and the United Kingdom marking a growing maturity in Anglo-Irish relations and helping to pave the way for eventual European Communities' (EC) membership.

By 1970 almost five decades into its political independence Ireland remained exceptionally tied to the UK economy. Ireland in effect was one of the poorest regions of the British regional economy. Sixty six per cent of Irish exports went to the UK, fifty four per cent of imports came from there. Ireland was tied to the pound sterling and in essence was a monetary policy taker from the Bank of England. She had a common labour market with the UK which took large numbers of Irish surplus emigrant labour. Ireland's agricultural sector which accounted for 20% of national output and 27% of the labour force was almost totally dependent on a UK market dominated by a cheap food policy.

Britain's European applications were simultaneously a dilemma and an opportunity for Irish sovereignty. Accession to the EC meant a pooling of sovereignty under Treaty specified conditions. Though both states set out on the same journey four decades ago there was a marked differentiation in appreciation of one key dimension of EC membership. Judged as the effective capacity to act in one's interests, from the outset, for many in Britain the perception was that sovereignty shared was sovereignty surrendered. While as a smaller state with a highly UK-dependent economy, for most in Ireland, sovereignty shared was seen as sovereignty gained. In terms of role, perhaps even identity, there is a certain sense where Britain with its receding imperial past was downsizing into Europe, one of Churchill's three circles; while for Ireland the dynamic was one of national advancement and growth. This latter sense of Irish optimism, a journey from isolation to partnership, was captured in a speech by Dr Garret Fitzgerald to the Commonwealth Studies Institute in London in May 1971 when he observed that **'The size disparity between Ireland and the UK makes it impossible to tackle issues through bilateral negotiations. In the EEC this would give way to multilateral partnership'**.

The new status quo – accepted in Ireland – challenged in Britain

On Saturday January 22 1972 in the Palais d'Egmont in Brussels, Britain, Denmark and Ireland signed their treaties of accession; Edward Heath and John (sic) Lynch, signing for the UK and Ireland respectively. Britain ratified the accession treaty by parliamentary vote, Ireland by referendum. Both states acceded to the EC on 1 January 1973. Weeks later, at the end of February, a general election led to a change of government in Dublin. The new government comprised a Fine Gael–Labour coalition. The Labour party had actively campaigned against Irish EC entry in the 1972 referendum but the political transition was marked by an unquestioned acceptance of Ireland's new EC status quo. By way of contrast in 1974 a minority Labour government came to power in the UK challenging the new status quo and leading to a demand to renegotiate Britain's EC terms of entry and to the holding of a referendum. Thus began a long and so far unbroken period of consensus among the main governing parties on Ireland's place in Europe as compared to the more delicate and fraught party and parliamentary balances in the UK, irrespective of who was in government in either jurisdiction.

David Hannay, then a Chef de Cabinet in the European Commission, recalls of 1974: **'A group of pro-Europeans led by Roy Jenkins had voted for the terms of accession and were strongly opposed to the holding of a referendum on British membership; Harold Wilson and James Callaghan, Prime Minister and Foreign Secretary respectively, wanted to renegotiate the terms of accession and put the issue to a referendum; and another group of ministers, led by Tony Benn and Peter Shore, wanted to use the referendum to take Britain out of the Community. It was hardly a recipe for an effective British input to Community policymaking in Brussels'**. This three way split is endemic and

sustained not just in both the Labour and Conservative parties but also in British public opinion. It's more volatile centre constituency ebbs and flows and holds the key to any future referendum outcome, though it appears at present to incline more to the soft eurosceptical side of the debate. Helen Wallace observes: **'These developments beg the question as to whether it is the stances of the political parties which frame and drive public opinion or the constraints of public opinion that box the parties into their defensive positions on EU policies'**

Different instruments – different choices

Whereas, with the single exception of the referendum in 1975, Britain always has ratified new European treaties through parliamentary democracy under its unwritten constitution, Ireland has ratified such treaties only by plebiscitary democracy because of its written constitution. Ireland has held nine European referenda over the past four decades:

1972 (the Accession Treaty), **1987** (the Single European Act), **1992** (the Treaty on European Unity), **1998** (the Treaty of Amsterdam), **2001** (the Treaty of Nice 1), **2002** (the Treaty of Nice 2), **2008** (the Treaty of Lisbon 1), **2009** (the Treaty of Lisbon 2), **2012** (the Treaty on Stability, Coordination and Governance in the EMU)

While Britons may and many do complain of inadequate popular consultation on successive European treaties, a more popular Irish complaint is that of referendum fatigue.

Ireland broke the link with sterling in 1979 and subsequently from the outset joined the Euro. Since then public policy both in good and bad times has amply demonstrated a determination to remain at the heart of the EU's inner economic core, witness the successful campaign for the fiscal stability treaty in 2012 in especially challenging economic circumstances. The UK chose otherwise as regards the single currency and those who counselled against Euro entry, feeling vindicated, have been emboldened in their scepticism. Their critique and the backing of key elements of the media, Mr Blair's **'feral beast'**, constitute key differences with the prevailing mood in 1975.

Thus a series of distinctive constitutional, institutional, party political and policy elements serve to differentiate the perspectives of both states as regards their positioning in the EU and its current debates.

Next steps

Doing all that it takes to save the Euro is dominating EU debate. The arguments in favour of a Genuine Economic and Monetary Union (GEMU) are a belated but necessary recognition of systemic flaws in the original design of the Eurozone. Among these, centralised monetary policy with decentralised, if theoretically constrained, fiscal policy and the absence of common systems of bank supervision and resolution have been identified as priorities. The talk is of a GEMU with banking, economic, fiscal and political union components. Of these the least advanced and the most sensitive and unsettled elements relate to the fiscal and political unions. It is not possible to say at this stage with any certainty what will be the form, the substance and the pace of change, whether, how and if its rhythm will be spurred by spikes in the crisis and how much and if its self-expression will be found in ambitious or limited treaty change.

The British Prime Minister, Mr Cameron, has set out his stall with a referendum signalled for the first half of the lifetime of the next parliament. He calls for a new settlement in which nothing should be off the table and promises a balance of competences review in anticipation of seeking to negotiate some policy repatriation. To date nothing specific is on the table. Indeed it is not clear from the caution in many member states regarding wholesale treaty reform when or if there will be a table, as

such. Safeguarding British interests from the outside as the Eurozone reforms itself is perfectly legitimate and already has been reflected in the revised voting rules for the European Banking Authority as between euro 'ins and outs'. What the state of British and European politics will be two or three years hence remains to be seen. Reasonable dialogue is likely to beget a reasonable response. Whether this could sustain itself against a sceptical onslaught in the UK during a referendum campaign is a matter for conjecture. Britain has the added complication of its internal constitutional debate on the Scottish referendum which whatever its outcome is likely to be impacted ultimately by its eventual settlement with the EU.

British Irish relations

British Irish relations have probably never been better. Their transformation began with the process of entry to the EC, have deepened in the common search for peace in Northern Ireland and reached a symbolic high point with the Queen's visit to Ireland in 2011, the first by a British monarch since the foundation of the state. Historic, cultural and economic ties bind the two states. A market oriented sense of openness characterise their common positions in the EU. They both strongly compete, not least with each other, for mobile foreign investment. Irish small and medium enterprise and the food and agriculture industries in particular still manifest a heavy reliance on UK markets. Avoiding any EU related unravelling of the Northern Ireland peace process will be a paramount Irish concern. In short, Ireland's interests straddle both her British and European dimensions and ideally would be served best by a lasting settlement and reconciliation between both parts.

Conclusion

Should, at the limit, there be a parting of ways between the UK and the EU, there is nothing in the posture of Irish public policy to suggest that as happened with Britain's EEC applications in the 1960s that a British lead again would be followed by Ireland. On the contrary, Ireland's key interest as a core EU insider would be to seek to harness the goodwill of its multilateral partners to forge a special relationship with the UK that respects its historic legacy, open bilateral borders and deep economic links with Britain. In the end, if there is a referendum in the UK, it will be for the British people themselves to decide their destiny and whether or not to choose the road less travelled. Based on consistent public policy, public opinion* and enlightened national interest one may predict that Ireland is not for turning.

Henry Grattan Lecture

Embassy of Ireland London

2 May 2013

Pat Cox

* If the UK were to leave the EU, Ireland should leave too?

2:1 against (Red C Poll January 2013)

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