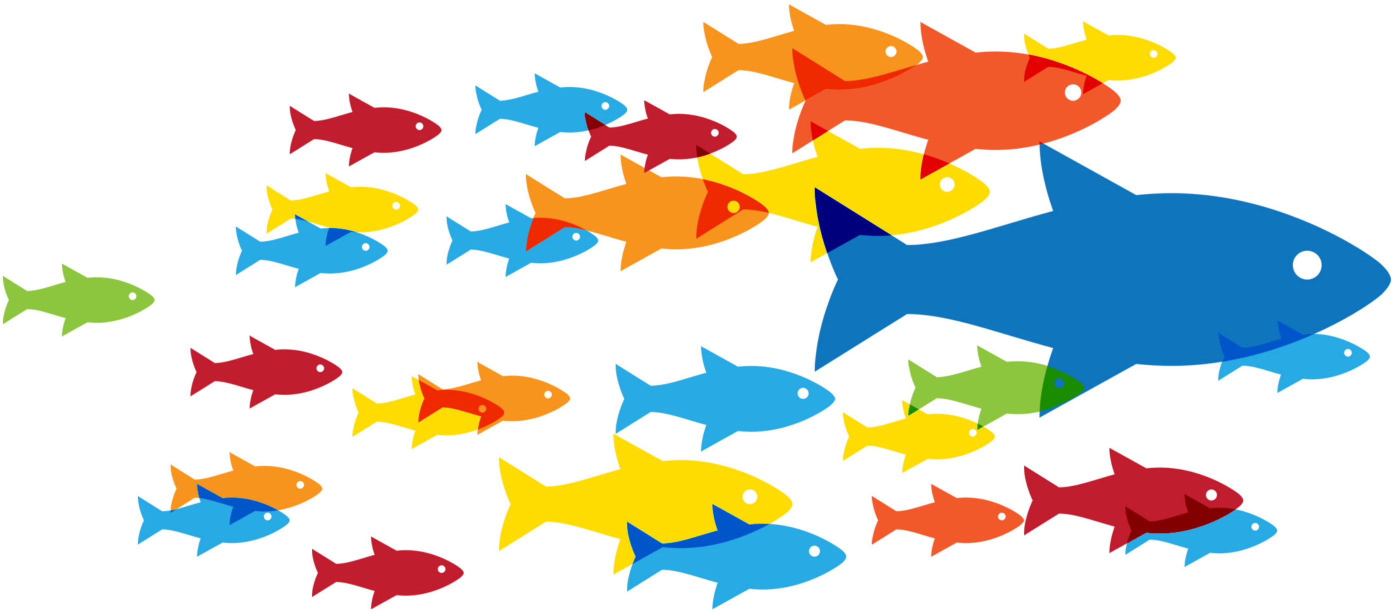
A SMALL STATE IN A LARGE UNION

THE IRISH EXPERIENCE

Paper by Brendan Halligan, Chairman of the Institute of International and European Affairs, Dublin to The Europa Institute, University of Edinburgh

1 September 2014



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The Institute of International and European Affairs
8 North Great Georges Street,
Dublin 1,
Ireland

Tel: (353) 1-874 6756 : Fax: (353) 1- 878 6880
www.iiea.com
e-mail: reception@iiea.com

"A Small State in a Large Union - The Irish Experience"

Written by Brendan Halligan, Chairman of the Institute
of International and European Affairs. Dublin

Paper designed by Brian Martin, Creative Director, IIEA

SUMMARY

This lecture on "A Small State in a Large Union: The Irish Experience" was delivered to the Europa Institute at the University of Edinburgh on 1 September 2014.

It focuses on the political strategy employed by Ireland throughout its membership of the European Union and analyses the principles upon which it is based. While the experience of each state is unique to itself it is suggested that lessons applicable to small states in general can be drawn from the Irish experience.

The evolution of the European Economic Community into the European Union over the forty-year period from 1973 is traced for its impact on Irish strategy. The emergence of a "Core Europe", consisting of the Eurozone, and the emergence of the "Union Method" of decision-making are both examined for their long run implications for the Union as a whole and for small Member States in particular.

The author is the Chairman of the Institute of International and European Affairs, Dublin, an economist and a former Irish and European parliamentarian. He has lectured and written extensively on European affairs. He founded civil society organisations that campaigned in various referenda on Irish membership of the European Union.

INTRODUCTION

On 1 January 1973, fifty years after gaining independence, Ireland became a member of the European Economic Community in the company of the United Kingdom and Denmark. The decision to join had been an exercise in realpolitik, just as it had been for Denmark: if the UK chose to join the EEC then Ireland had no option but to follow suit.

It was a case of economics driving politics. After half a century of political independence the Irish economy was still a region of the British: two thirds of exports went there, mainly in the form of agricultural products. The economic logic for membership was clear: free access to that market for agricultural products had to be safeguarded, which could only be done by following Britain into Europe. Moreover, membership was a gateway to the high guaranteed prices provided by the Common Agricultural Policy, which far exceeded the low world market prices Irish farmers were forced to accept in Britain.

For Irish industry, it meant the elimination of tariff barriers and the means of getting free access to both the British and wider European markets.

In short, the economic arguments for membership could be condensed down to one word: exports. High guaranteed prices for agriculture and market access for industry was an attractive formula and, in a referendum on membership in early 1972, led by the two main parties born of the independence movement, the electorate had come down emphatically in its favour and voted “Yes” to entry by a margin of 83% to 17%, a pretty convincing margin which left no room for argument. Consequently, membership has never since been an issue in mainstream politics.

Ireland had first made its application for membership in 1961 but had been granted a ten-year grace period because of General De Gaulle’s veto on British entry. This turned out to be a stroke of good fortune for, during the succeeding decade, Ireland prepared its industry for membership by concluding a Free Trade Agreement with Britain which gradually exposed it to open competition, a prelude to EEC membership as it were.

In addition, the political implications of membership were analysed and the conclusions set out by the government in a series of official speeches and White Papers which left no doubt about the effects on national sovereignty, a sovereignty which had been so hard won in arms and which was enshrined in a constitution adopted by the people themselves in 1937, and which had great emotional attraction.

Because of this research, conducted mainly by the quaintly named Department of External Affairs, Ireland went into the European Economic Community with its eyes wide open and with no illusions about the long-term political goals of European integration; there was no attempt to fudge the meaning of ‘ever closer union’ as set out in the first preamble to the Rome Treaty.

POOR AND UNDERDEVELOPED

Neither were there any illusions about Ireland itself. Policy makers accepted that in European terms Ireland was puny, peripheral and poor.

The population was just over three million and falling; geography had positioned the country on the western periphery of Europe and the society was poor, with income levels around two thirds of the EEC average. This reflected the fact that the economy was seriously underdeveloped, being predominantly agricultural with little value being added to primary production. There were few developed industries apart from brewing and distilling and some small manufacturers who only survived because of a high protective wall of tariffs and quotas.

For reasons of history, the industrial revolution had by-passed Ireland. To compound that disadvantage, the first fifty years of independence had been the least propitious for developing a modern economy from scratch; there had been a great depression in the twenties, an economic war with Britain in the thirties, a World War in the forties and economic isolation in the fifties. It was only in the sixties that a programme of economic development was initiated.

Arising from this history, Ireland was politely described in the literature as 'an economy in the course of development', while society was described as "pre-industrial". The culture was insular with little contact with the outside world apart from the UK and the Irish diaspora scattered around the anglophone world, such as the US.

In retrospect, it can be said that the main political preoccupation of that first half-century of independence had been national survival.

It is little wonder that Ireland's original application for EEC membership in 1961 had been received with little enthusiasm and considerable disbelief on the part of the six founding members of the Community. Indeed it had provoked a certain degree of antagonism because Ireland had refused to join NATO on its inception and professed itself to be neutral, even non-aligned, involving itself with a non-European group of countries at the UN, mainly former colonies like India and sub-Saharan Africa.

To add to the problem, Ireland was little known to either the politicians or peoples of Western Europe, by whom, in so far as it figured at all, it was mostly regarded as part of Britain. It was the forgotten man of Europe, forgotten even by the "Father of Europe", Jean Monnet, who had to be gently reminded that Ireland existed and should be included in his grand plans, which he did eventually.

Institutionally, the country was poorly equipped for membership. Its diplomatic corps was small and its overseas representation only half that of Denmark, with the focus more on London, Washington and the Vatican than on Paris, Bonn or Brussels. The political class was introverted and parochial and ill prepared for what lay ahead.

These then were the economic, cultural, institutional and political handicaps which weighed heavily on Ireland as it embarked on EU membership forty years ago and this background is intended to serve as a benchmark against which Ireland's EU experience can be evaluated and best understood.

THE SITUATION TODAY

Four decades on, Ireland is among the richer countries in the Union with a GDP per capita at 126% of the EU average, GNP has quadrupled in real terms, the population has grown by 50% to over four and a half million and is at its highest point since independence, the labour force has doubled in size to two million, the economy has been transformed from an agricultural economy into one dominated by services and high tech manufacturing, exports have multiplied by a factor of sixteen in real terms and, along with Belgium, Ireland has the most open economy in the EU, productivity is among the highest in Europe, it has long been a favoured destination for FDI and is classed as one of the best places in the world in which to do business.

Politically, Ireland is at the centre of things in the Union, engages in the grand projects and plays on the big stage. It takes a progressive attitude towards integration, is a member of the Eurozone and participates fully in all the common policies, with the exception of the Schengen Agreement. Two years ago, for example, Ireland signed on to the Fiscal Stability Treaty, which the UK and the Czech Republic rejected, and it currently participates in the Banking Union, from which the UK has excluded itself.

It will participate in the next phase of integration should further treaty changes be deemed necessary to underpin the Banking Union, facilitate the emergence of a Fiscal Union or strengthen the Economic Union now in course of construction.

BEING SMART

Given the starting point just described, these achievements might appear surprising or even improbable. They need not have occurred and the story could have been very much different. That it is not bears out the wisdom of an Irish proverb "An t-é nach bhfuil láidir ní foláir dó bheith glic", which is best translated into Americanese as "The guy who ain't strong had better be smart".

For the past forty years Irish policy makers have set out to be smart in overcoming the legacy of history, the disadvantages of peripherality and the limitations of size.

The motivation was simple; fifty years ago Irish policy makers saw EEC membership as a way of overcoming these disadvantages and of avoiding the threat of isolation, a prospect that haunted Seán Lemass, the Taoiseach who lodged the membership application in 1961, and Jack Lynch, the Taoiseach who renewed it in 1967.

About that time, Dr. FitzGerald, later to be Foreign Minister and Taoiseach, forecast that membership would be a psychological liberation from what he called 'a neurotic relationship with Britain'. And so it was a psychological liberation, and this explains why the Irish took to membership with a sort of giddy enthusiasm, so much so that when in 1974 it appeared the UK might leave the EEC the government informally decided that Ireland would stay in even if the UK left, a position strongly supported by public opinion, and that remains the position to this day.

In retrospect it's clear that membership unleashed a communal energy that had been suppressed until then, restored national self respect and encouraged entrepreneurial activity across the board. Taken in conjunction with the huge inward flows of funds from the EEC, which amounted to 6% of GDP annually in the ‘80s and 4% throughout the ‘90s, the preconditions were set for economic take-off, which is what happened. At one point the economy was growing between 9% and 10% per annum and was dubbed the “Celtic Tiger”.

This transformation from an agricultural to a knowledge-based economy within the space of fifty years has attracted attention from many quarters because the process of economic development is little understood by policy makers and economists. The Irish experience provides some clues and suggests that changes in social attitudes, customs and modes of behaviour are part of the explanation why growth occurs in an economy and in the case of Ireland those changes were triggered by joining Europe.

Nevertheless, changes in circumstances did not guarantee economic success; there also had to be a strategy to turn them to advantage – and some good fortune.

THE ECONOMIC STORY

Napoleon, it is said, looked for lucky generals and luck is important in politics no less than in war. From an economic perspective Ireland was lucky in entering the EEC at the best time possible from the perspective of launching economic development.

First of all, the CAP was well established by 1973 and was of immediate benefit to the economy and the exchequer. Irish farmers immediately had access to the high guaranteed prices they had envied from the outside. Their incomes increased rapidly, farm modernisation began and rural Ireland was released from what can best be described as a state of permanent stagnation.

For the exchequer, the benefit lay in the fact that the farmers were taken off the national payroll – to the great relief of politicians – and the savings were immediately diverted to social welfare reforms and improving the status of women in a budget framed only two months after entry.

Secondly, the Regional Fund was being established as Ireland joined the Community. This happy coincidence meant that Ireland benefitted from a second flow of funds, much of which went to rural areas, thus reinforcing the transformation of rural communities. Then there was the Social Fund which came on stream a few years later and, finally, the Structural and Cohesion Funds completed a suite of grants by the 1990s that exceeded the wildest expectations of those who had argued for entry. The transfers were mainly devoted to three broad purposes: the modernisation of agriculture; the investment in infrastructure, especially in roads and telecommunications; as well as in up-skilling the labour force via the expansion of education and training.

Thirdly, access to a large continental market acted as a spur to the flow of Foreign Direct Investment, mainly from the US, which had been encouraged by under the economic development programme initiated in 1960. The arrival of the Single Market in the 1980s increased the attractiveness of Ireland as a base for American corporations selling into Europe and led ultimately to the emergence of a high tech economy specialising in pharmaceuticals, health care, agribusiness and IT. Ireland now has its own Silicon Valley along the Liffey Valley just outside Dublin. In addition, indigenous manufacturing businesses were set up with some developing into major multinationals.

While the development story is a complex one it can be said that EEC membership acted as a three-stage booster rocket to the economy, effected a rapid take-off and then sustained the upward trajectory at growth rates no one had foreseen, with the economy growing by 9% at some points in the nineties. By 2000, exports had gone global and were nearly thirty times higher than industry itself had forecast back in 1970.

DIPLOMATIC STRATEGY

Up to this point, the account of Ireland's experience has been descriptive but from here onwards it might be helpful to offer some analytical insights into the diplomatic and political strategies employed over forty years and which sustained the rapid economic growth. It should be said by way of introduction that these strategies have been applied by all governments irrespective of their political composition and this consistency of approach is key to understanding what the transformation which was crammed into just four decades.

First of all, Irish diplomatic strategy was based on the reality that the "European Adventure", as Altiero Spinelli described it, is a joint enterprise by France and Germany. They founded the Community, they set the agenda, they determine the pace and direction of integration and all others are, as it were, guests in the house of their creation. It follows, to quote Orwell, that while all Member States are equal some are more equal than others. Being engaged in a Franco/German enterprise demands that a Member State accommodates itself to the Franco/German agenda and so must adapt its own national interests to the greater European interest, mainly as defined by France and Germany.

Paradoxically, this is easier for a small Member State than for a large; small countries usually have few illusions about their influence on the world or their capacity to change events, and generally speaking are not troubled by memories of past granduers. They are more inclined to go with the flow.

Accommodating to France and Germany posed no problems for Ireland. After all, France had been an ally for centuries and the Irish Republic was based on the French Republic even down to the flag, national anthem and political institutions, such as a President, an Assembly and a Senate. Germany too had been an ally in the past, albeit for a much shorter duration. In practical terms, accepting the premise that France and Germany were the core of the Union meant that from 1973 onwards the central focus of Irish diplomacy had to be shifted from London to Paris and Bonn, and more latterly to Berlin.

From the outset, this adjustment was carried out effortlessly because the first Foreign Minister to represent Ireland within the General Affairs Council, Dr. Garret FitzGerald, was a Francophile with a strong admiration for German economic policy, the perfect CV for the post, and he crafted a strategy which applies to this day. Irish strategy is anchored on the Franco/German agenda and if it comes to a choice between British policy on the one hand and Franco/German policy on the other then Ireland automatically opts for France and Germany.

Secondly, diplomatic strategy from the outset was framed in the context of sharing sovereignty with the other Member States. This is the very essence of the Union but it is a self-imposed obligation that some countries, like Norway and Switzerland, find unacceptable and which some others, like Denmark and the Czech Republic, find uncomfortable. Yet the requirement to pool sovereignty is an every day fact of political life in the Union and is the one characteristic which distinguishes it from traditional forms of intergovernmentalism.

Irish ministers and diplomats recognised that sharing sovereignty had profound implications for the psychological stance to be adopted towards the goal of ever closer union. Devoid of any illusions about the extent to which it enjoyed real economic independence, Ireland regarded the pooling of sovereignty in specified policy areas as an enhancement rather than a sacrifice of its sovereign powers. This insight was forcefully developed by Dr. FitzGerald in the seventies and was accepted by policy makers in all parties, and still is.

The role of the Commission as the guardian of the treaties and the sole initiator of legislation meant that no state could force its own national agenda on others. The weighting of national representation in the Council voting system was designed so that small states could not be outvoted by the large, a situation that largely pertains to this day. The Single European Act introduced in the mid-1980s was intended to facilitate decision making in respect of the Single Market and, as intended, this form of decision making changed the dynamics of negations in Council, moving it from confrontation to consensus, with the Commission acting as broker and catalyst. Ireland understood this inner dynamic towards a majority position and always sought to be on the side of the argument as presented by the Commission.

This explains why Ireland has always been a strong advocate of the Commission and so resolute in preventing the emergence of a directoire in the Council, a temptation to which the large Member States occasionally succumbed, and still do.

Ireland's experience is that a small state gives up sovereignty in order to gain sovereignty. The key to this paradox lies in the distinction between real and nominal sovereignty. A good case study is Ireland's decision to join the Economic and Monetary Union under the Maastricht Treaty establishing the European Union. This involved a complete break with history because, on independence, Ireland had chosen to link its currency at par with sterling and to become part of the Sterling Area. Consequently, while it had nominal sovereignty over monetary policy the reality was that for fifty-six years Ireland had no say over its exchange rate or in interest rate policy and had to live with whatever the British Chancellor of the Exchequer decided. In other words, no real sovereignty at all.

Having earlier joined the Exchange Rate Mechanism, Ireland was a founder member of the EMU which established the European Central Bank. Ireland now had a seat at the table where monetary policy was made and a voice in decisions from which it had previously been excluded. It had gained some element of real sovereignty as against a situation which the Governor of the Central Bank, Professor Patrick Honohan, has described in an academic paper as a 'master and slave relationship'. The change was more than symbolic; it had sufficient substance to make a difference when it mattered two decades later.

Thirdly, diplomatic strategy was predicated on the premise that the integration process would be both iterative and open-ended in terms of time and scope. When a country elects to be a member of the EU it is signing on to an open contract with other countries without knowing what is ultimately entailed. It is both an act of faith in the future and a commitment to stay the course. To be a member of the European Union is to be engaged in what Andrew Shonfield famously described in his BBC Lecture, delivered on the eve of UK entry in 1972, as a 'Journey to an Unknown Destination'.

This journey to the unknown destination has involved many halts and restarts and for the first twenty years of membership deepening integration meant extending the use of qualified majority voting and, conversely, reducing the scope of the veto. Ireland was never wedded to the veto for reasons outlined earlier and has never used it or even threatened to use, on the grounds that small Member States can't hold up the integration process. Instead, at each successive stage of integration it consistently supported the expansion of majority voting in the Council.

Because of this approach to the integration process, Ireland has been a "psychological insider" from the very beginning of its membership, that is, a 'Member State which, generally speaking, willingly supports and participates in each move towards sharing sovereignty'. This contrasts with the "psychological outsider" who is instinctively antagonistic to deepening the integration process by extending the competences of the Union. The default position of the psychological outsider is to oppose any additional moves towards further integration, as the UK and Denmark did at Maastricht in respect of EMU, and as the UK did on the Fiscal Stability Treaty two years ago.

The difference between being an insider and an outsider has a profound effect on the conduct of relations with other Member States, or, if you wish, on the style of diplomacy to be pursued. For the insider, the purpose of negotiations at the Council table is to produce win/win solutions. For the outsider, it is a zero sum game where the aim is to protect the national interest at the expense of the common European interest.

THE INSTITUTIONS

In 1973 Ireland joined what was popularly called the "Common Market" which had a relatively simple institutional framework: the Commission proposed and the Council decided. This was called the "Consultation Procedure" because Parliament was restricted to consultative role in the process decision making.

Consequently, Irish strategy initially focused on the role of the Commission as the initiator of policy and each government set out to turn the Commission into an ally, which was successfully done, reaching its apogee under Jacques Delors during the 1980s when the foundations for national economic development were being laid.

There was as sharp edge to this strategy. In the scheme of things, the Commission could heavily influence the direction and content of Community policy, such as on the formulation of the CAP and creation of the Social, Regional and Cohesion Funds, and in some instances had discretion over their allocation. By working closely with the Commission, and by aligning national economic objectives with those of the Community, Ireland secured the maximum available in respect of transfers and as a result Irish gross receipts per capita were the highest in the Community.

With the arrival of the Single Market in the mid-1980s, the institutional architecture became more complex consequent on the new powers conferred on Parliament via the creation of the Co-operation Procedure and its evolution into the Co-decision Procedure. These constitutional changes gradually transformed the dialogue between Council and Commission into a trilogue involving the Parliament, which eventually exercised joint control over the budget and became a co-legislator with the Council.

This necessitated a gradual change in strategy by putting the Parliament on par with the Commission. But managing relations with Parliament proved time consuming because of its sophisticated committee system, different ideological groupings and nationalities and so required new techniques and additional resources. The task was accomplished and was made somewhat easier by the history of Ireland's support for strengthening Parliament's powers and by the election of Pat Cox as its President in 2002, whose initiatives had a profound impact on its positioning within the governance system.

The next change in the constitutional order was the gradual emergence of the European Council as a separate Treaty-based institution, which yet again changed the institutional architecture of the Union by modifying the trilogue and dividing it into a high European level involving Heads of Government, where the Commission has a minor role, and the sectoral level involving government ministers, in which the Commission retains its prerogatives in the traditional trilogue.

This higher level decision-making became more frequent and led to the appointment of a President for the European Council, which again changed the dynamic of decision-making in the Union and created a new hierarchy in terms of political influence. The success of Herman Van Rompuy over the past five years confirms that a permanent shift in power relationships has occurred, away from the Commission towards the European Council.

The Irish response was to work closely with the new President and to accord him the honour and respect to which he was entitled. It was a stroke of good fortune that Ireland held the EU Presidency in the first half of 2013 and for the first time in seven Presidencies the Taoiseach did not preside over meetings of the European Council.

The changes introduced by the Lisbon Treaty require the European Council President and the Prime Minister in office to work together as a team and if the chemistry is right the new arrangements can be beneficial all round, as turned out to be the case between Taoiseach Enda Kenny and President Herman Van Rompuy. The Irish Presidency was regarded as a great success and helped to undo much of the reputational damage done by the banking crisis by proving yet again that small Member States run the best presidencies.

The last development of note in the ongoing evolution of the institutional architecture arose from the creation of the European Central Bank in 1998. It was difficult at the time to predict what role it would play in the political life of the Union although it was widely assumed it would model itself on the Bundesbank. Circumstances have demanded it work out its own role in reaction to the financial crisis that began in the US and which quickly engulfed the European banking industry and some sovereign states, including Ireland.

The ECB provided exemplary leadership in managing the crisis along with the Commission and the IMF, the so-called “Troika”. As for the Irish banking crisis, it was of our own making, the product of all the systemic failures that bedevil the financial system worldwide. A solution was beyond our capacity as a sovereign and without the aid provided by the ECB, in conjunction with the IMF and some friends like the UK, Ireland would have been engulfed in a financial catastrophe of unimaginable proportions.

Membership of the EU, and of the Eurozone in particular, saved Ireland because it could not have saved itself. Quite obviously, the bailout must rank as one of the central experiences of Ireland’s forty years with the EU and illustrates the advantage of being part of a large family which, whatever the motivation, comes to your aid in a moment of extreme crisis.

THE UNION METHOD

Before concluding, it is necessary to reflect on the consequences of creating a permanent President of the European Council. This was a pragmatic response by the Member States to the growing complexity of the agenda confronting Prime Ministers who, without being fanciful, now constitute the collective presidency of the Union. That response was no more than a recognition that the European Council had become the “primus inter pares”, the first among equals, among the institutions of the Union, and the place where the present is managed and the future is planned.

Some have condemned this as a reversion to old-fashioned intergovernmentalism and an abandonment of the Community Method and hence a danger to small Member States but this ignores the fact that the Union has become more of a union, if you permit the pun, in which a range of governmental activities have been elevated from the national to the European level either because that is where they are best managed or else because that is the only place in which they can be handled. The Member States are simply doing more together and, as is always the case with integration, necessity led to innovation. In this instance, an ever more complex agenda demanded greater coherence of response and that in turn necessitated new decision making structures and support systems. A permanent President of the European Council was the outcome.

The consequence of the European Council's new format is that the Union has become a complex mix of interdependence, in which the Community method is still employed, and enhanced intergovernmentalism, in which consensus prevails. This unique combination of interdependence and enhanced intergovernmentalism still lacks a name but the "Union method", as distinct from the "Community Method", is an acceptable working title, and seems to find favour in Germany. It poses challenges which frankly have not yet been fully internalised but are clearly changing the character of the Union where the core sphere of action has switched from legislation regulating economic behaviour to high-level policy making shaping political action. This evolution was inevitable if "ever closer union" was to have real meaning and small states will have to think this through so as to ensure that the ethos of the Union, with its emphasis on solidarity and formal equality, remains unchanged.

Experience to date with the Union Method indicates that the ethos, far from bring weakened, will be strengthened by the need to devise common policies across a range of issues, such as Russia, Islamic terrorism, climate change, the international financial system and, of course, the resurgence of Asia.

CORE EUROPE

The other definitive change determining the future of the EU is the emergence of a core Europe centred around the Eurozone. In reality, a core Europe already exists and it will be progressively enlarged as the remaining Member States outside the euro fulfil their treaty obligation to join the common currency, with the possible exception over the medium term of Sweden and the Czech Republic.

The reason for saying "medium term" is because there are inescapable institutional consequences for those who elect not to join the euro. The Ecofin Council already consists of an inner and an outer grouping, as does the European Council on occasion, while the European Parliament will probably follow suit, as has been proposed in some quarters. It is inevitable that the management of the euro will require ever stronger solidarity between the Eurozone members and it would be patently inappropriate for non-members to be intimately involved in their internal affairs. That has driven a wedge between the ins and the outs, one that will only get wider with the passage of time, as the more the "insiders" cohere the more the "outsiders" will be marginalised, an inexorable fact of political life.

Furthermore, it seems inevitable that, at some point, a refusal to join the euro will be deemed incompatible with participation in the Single Market; the logic for EMU was that Member States participating in the Single Market could not use competitive devaluation as a substitute for trade barriers and the logic was then extended to creating a common currency with a common monetary policy. This logic still holds true and at some point will force a divorce between the Eurozone and the "refusniks", if they can be so called.

Clearly, this will be an issue for the UK should it remain in the Union but it will also be an issue for Ireland because of the continuing need to work closely with Britain on sustaining the peace in Northern Ireland and on maintaining free access to a main export market.

REFLECTIONS

Which brings this presentation full circle. In reflecting on the Irish experience the main conclusion about a small state in a large Union has been the requirement to be smart, particularly on the most effective use of scarce human resources in the political and diplomatic fields so to overcome the handicap of being small and peripheral, and hence to avoid the danger of being ignored.

Mainly under the guidance of Dr. FitzGerald, Ireland has consciously opted to overcome the handicap of being small by going for big ideas and to compensate for being peripheral by becoming a player on the centre stage. It has employed a statecraft
based on the projection of soft power, which is self-evidently essential as Ireland has no hard power to project, whether it be political, economic or military.

That statecraft has been based on the following principles which sum up the experience of forty years:

1
Accept that the European Union is essentially a Franco/German enterprise, that they set the direction, content and pace of the integration process, and operate accordingly.

2
Do not become a satellite of another Member State; create and sustain a national brand for independence of mind and action.

3
Be politically central to the life of the Union by working closely with France and Germany.

4
Manage the relationship with a large neighbour so as to avoid binary choices between it and France and Germany, but if a choice has to be made then decide in favour of the Franco/German alliance.

5
Maintain a positive working relationship with each of the common institutions and adapt to their agenda so that they adopt yours.

6
Become a psychological insider and use that strategic positioning to advance the national interest as part of the overall European agenda.

7
Support moves towards enhancing the supra-nationality of the Union so as to enlarge rather than diminish national sovereignty.

8
Be selective in the choice and frequency of demands on other Member States i.e. hesitate before becoming a demandeur.

9
Position demands within a general framework designed to produce win/win outcomes for the whole of the Union.

10
Identify the national assets that can be brought to the service of the Union and make them available as and when required.

11
People the administrations of the common institutions with high calibre functionaires.

12
Think big, be relevant, be street smart – and be fun to be with.

CONCLUSIONS

In addition, Irish policy makers have learned three enduring truths after forty years in the Union, which can be used by small states as guides for strategy.

Firstly, the European Union is still in its infancy and will mature over the century ahead. It will not implode, neither will it fragment nor will the euro disappear. The Union is here to stay. Consequently, strategy should be consistent and focussed on the long-term.

Next, the Eurozone is the core of the Union around which the integration process will proceed. To be outside this core is to be a second-class member of the Union, to be within the core is to be central, relevant and valued.

Finally, the Union will continue its journey to that unknown destination. The three vectors along which it will progress are, an expanding policy agenda, deepening integration and widening geographic scope. In short, more competences, more shared sovereignty and more members. In sum, more Europe.

These three enduring truths mean that the European Union represents a complete break with the past in which self-interest is to be replaced with the common European interest. The Palmerstonian principles of foreign policy no longer apply. To be in the European Union is to be in a family of friends with certain interests in common. Because the European Union is an alliance of like-minded states in which multilateral negotiations are the order of the day this too represents a break with the past. The shift from bilateral to multilateral negotiations is a shift from the claustrophobic to the expansive – and liberating for a small state with a large neighbour.

Above all, the EU is a multinational organisation and to succeed in that environment a small state must develop a distinctive branding based on the use of its political assets. If that can be done it will prove to be a benign environment, as it has been for Ireland. If the next forty years are as benign for Ireland as the last four decades then the experience will have exceeded all the expectations expressed in 1973. Dr. FitzGerald once said that Europe was the friend Ireland had always waited for, and membership has proven to be the psychological liberation he predicted. It has been a positive, even exhilarating, experience that vindicated the decision of Seán Lemass to go for membership even when Ireland was not wanted as a member.

Through his foresight and leadership the isolation he feared has been avoided and Ireland has been the better for it, and so too Europe. Hopefully, Ireland's experience as a small Member State in a large union will provide encouragement for those who are contemplating a similar future. A small state in a large union can survive and thrive. It is an experience we Irish would not have missed, and one worth trying.

Ends

The Institute of International and European Affairs
Tel: (353) 1-874 6756.
Fax: (353) 1- 878 6880.
E-mail: reception@iiea.com.
Web: www.iiea.com

8 North Great Georges Street,
Dublin 1,
Ireland

iiea.com
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