

Highlights

- ★ Despite the difficult economic crisis Ireland has experienced and the implementation of a far-reaching bailout programme, the Irish continue to believe that their EU membership has been positive in political and economic terms. As a small state in the EU, Ireland hopes to continue to be able to shape policy outcomes and remain actively involved in the core of the EU.
- ★ Ireland is an open economy, which requires a favourable climate for exports and inward investment. This explains its support for decreasing barriers to the free movement of services, especially in the digital realm where Ireland has a competitive edge, and in trade.
- ★ Ireland is pragmatic with regard to the degree of integration it deems necessary, but has always striven to remain at the core of the EU. Nonetheless, most Irish people wish to see the Economic and Monetary Union advance to a level where stability can be guaranteed alongside a budgetary and financial system.

Building Bridges project

This paper is part of the Building Bridges Paper Series. The series looks at how the Member States perceive the EU and what they expect from it. It is composed of 28 contributions, one from each Member State. The publications aim to be both analytical and educational in order to be available to a wider public. All the contributions and the full volume *The European Union in The Fog* are available [here](#).



About the author

Marie Cross is a Senior Fellow and member of the Board at the Institute of International and European Affairs in Dublin. She is a former Irish ambassador to the Czech Republic, to Ukraine and to the Political and Security Committee of the EU.

About Building Bridges

Called “Building Bridges Between National Perspectives on the European Union”, the project aims to stimulate the public debate around national experts on the relationship between their Member State and the EU and on the future of the Union. This project confronts their visions with others’ from different member states, but also those of people from different horizons via workshops in Warsaw, Madrid, Paris and Brussels, which took place in 2015 gathering experts and local citizens.

The project is coordinated by the French Institute of International Relations (Ifri) with three major partners: the Polish Institute of International Affairs (PISM), Real Instituto Elcano and EUROPEUM—European Institute for European Policy. The project has also benefited from the support of institutes in each Member State.

You can find all the information and publications about the project at this address: <http://www.ifri.org/en/recherche/zones-geographiques/europe/projet-building-bridges>.



This project is supported by the Europe for Citizens programme of the European Union.

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

What does your country hope to gain from its membership to the European Union?

On 1st January 1973, fifty years after gaining independence, Ireland became a member of the European Economic Community, joining with the United Kingdom and Denmark to raise the European Economic Community (EEC) membership to nine. In European terms, Ireland was a small, peripheral and poor country. The industrial revolution had bypassed Ireland and the economy was seriously underdeveloped with a heavy dependence on agriculture.

Over four decades later the country has been transformed into a modern, dynamic and open economy. The population has increased to four and a half million, the workforce has doubled and in the third quarter of 2015 annual GDP growth stood at 6.8%. That said, agriculture still plays an important role in the Irish economy, particularly with regard to processing and exports.

There is widespread agreement that membership has been positive for Ireland in economic and political terms, and that developments over the previous four decades are due, in very large measure, to Ireland's membership of the EEC, later the EU. This view is widely held among the population (an all-ages survey in May 2015 showed that 84% of those surveyed believed that EU membership had been good for Ireland).¹ Recent difficulties experienced in Ireland during the economic crash, have raised the question as to whether the regime imposed by the EU via the Troika was unnecessarily harsh. However, this does not seem to have had a long term effect on the strongly held acceptance that the future of Ireland lies as a member at the heart of the EU. As a small state in the EU, Ireland hopes to continue to have a voice in shaping policy

outcomes in the EU and to remain actively involved at the core of the EU.

Ireland hopes to pursue further the gains made so far by being part of the largest and most important economic and political bloc internationally at a time when globalisation dictates that no country, not least a small one, can prosper on its own in a world of global markets and unmanageable uncertainties. Ireland sees itself building on the gains already achieved as a result of its EU membership - social and economic solidarity, free trade and the single market.

Ireland has one of the most open economies in the world. It is hugely dependent on a favourable world climate for our export led economy and for inward investment. There are over 1,200 foreign firms with a base in Ireland, many in the high tech and pharmaceutical areas. Ireland wishes to take advantage of its membership to press for the further development of the single market and hopes to gain from addressing outstanding measures in this area, which are deemed essential for further development of the Irish economy. The Irish business representative body (IBEC) in a report from October 2015 calculated that an enhanced single market in goods and services could add up to 520 billion euros per annum to the EU economy.² At national level for Ireland, this would mean an estimated increase of 2.67% in GDP.

Ireland supports a targeted approach that addresses barriers to the free movement of services in sectors of significant economic importance which have the potential to further develop the single market. In particular, business and professional services, construction and retail are sectors in which Ireland sees potential in this regard.

Innovations in digital technology and the use of digital tools could add immeasurably to economic progress in the Union. Ireland, which is a very important base for a wide swathe of digital technology companies, can envisage significant gains from EU membership in developing the Digital Single Market. Ireland hopes that a functioning Digital Single Market will encourage more investment in digital infrastructure and quality content, improve access and connectivity for consumers and work to promote the development of digital skills, talent and innovation. A high level of awareness of these issues in Ireland has led to pressure for advances at EU level in these areas.

As part of a major trading bloc, Ireland sees itself gaining from the trade liberalisation policies of the EU, and welcomes the ongoing negotiations on the Transatlantic Trade and Investment Partnership (TTIP) and other trade agreements. As a country which relies heavily on exports, both from multinational firms based in the country and from indigenous firms, such agreements are very important for Ireland. As evidence of this, a recent poll showed support for an EU-US agreement at 77% and for TTIP specifically at 67%.³ Close Irish-US relations may be a factor in this high level of support, but it is also evidence of the belief that EU trade agreements are positive for the Irish economy.

Ireland also wishes to derive benefit from the Union in relation to social progress and human security through support for job creation policies. For example, youth unemployment is a significant issue within the EU and reached an all-time high of 31% in Ireland in 2012, but has since been reduced to 19.2% in the last quarter of 2015. EU support for training programmes, further education and research is a very visible indication of the EU's commitment to improve the living standards of

sectors of society that have found themselves marginalised in communities across the EU.

Politically, membership of the EU allowed Ireland to assert its independence from the UK, by aligning itself directly with the EU in 1973. The ties between the two countries have, however, remained extremely close, both economically and politically. On the political front, Ireland and Britain have worked together over the past thirty years to end the violence in Northern Ireland, which had, during those years, spilled over into the UK and the Republic of Ireland. Joint membership of the EU since 1973 contributed significantly to this process, where Irish and British representatives could meet in the EU context. The peace process in Northern Ireland has also been receiving financial support from the EU since 1995 via the PEACE fund.

With this in mind, the Irish Government views the prospect of a UK exit from the Union with considerable alarm. The Irish Prime Minister Enda Kenny described the prospect of a UK exit as "a major strategic risk to Ireland". The concern stems from the close economic ties between the two states. The UK is by far the largest trading partner for the Republic, accounting for 43% of exports by Irish firms (excluding multinational exports) in 2012.⁴ In addition, the two countries energy networks are deeply entwined. Ireland imports 89% of its oil products and 93% of its gas from the UK. The most tangible effect of a Brexit for most people in the two countries would be the constraints on the freedom of movement between the two countries and, given that the EU's only land frontier with the UK would be in Ireland, it could mean the introduction of customs check points and passport controls at the border with Northern Ireland.

Ireland contributes to international security through participation in the EU Common Foreign and Security Policy, while still maintaining military neutrality. The country has a long history of participation in peacekeeping missions, with the UN since 1958, and more recently in peace enforcement and training missions with the EU and the NATO Partnership for Peace. It perceives an advantage for the Union, and for Ireland, in its participation in EU civilian and military missions, which help to spread security, development and the basic EU values of human rights, freedom and democracy.

Do you think that the European Union appears to be a clear project in your country?

The European Union does not appear to be a clear “project” in Ireland. Project, however, would not seem to be the correct word to describe the Irish view of the EU. It has become more a part of Irish life since Ireland’s entry into the EU in 1973, and the country has prospered significantly from EU membership. This has been very visible to people living in Ireland. With a population of only four and a half million people, almost all sectors of society have been touched by EU membership, specifically through financial transfers as well as EU laws and standards. In the agricultural area, the improvement in living standards and development of the sector has been enormous and countrywide, with a number of large Irish agri-business companies operating internationally. In the social and cohesion area and in the area of environmental protection, the gains have also been significant. In general these advances are understood and appreciated by the population.

The challenge now posed relates to the present. It has become more difficult to

communicate the tangible benefits of membership to younger people. For example, free movement of students, tourists and workers is taken for granted (although Ireland remains outside Schengen) and many young people consider themselves European. This attitude may also be viewed as positive insofar as the population feels comfortable, confident and secure with the country as a member of the EU and with its objectives.

The emergence of the migration crisis in the EU and the scale of the challenge in relation to the numbers arriving has raised awareness in Ireland of the responsibility of the EU and of the individual Member States to find solutions to the refugee crisis. Ireland accepts that the situation requires a shared response and, while not a member of the Schengen Area, has opted to take part in the relocation proposals of the EU, recently joining the Schengen Information System II (SIS II). Ireland supports proposals for a humanitarian response to the crisis. The current refugee crisis and the threat of terrorism resonates with the Irish population due to the legacy of terrorism in Ireland over 30 years from the 1960s to the Anglo Irish agreement in 1995. There is an understanding that the situation, with its threat to freedom of movement within the EU, could cause an existential crisis within the Union. The outcome of the EU’s response to the migration crisis will influence Irish opinion on the EU.

The near collapse of the banking system in Ireland and its devastating effect on the Irish economy resulted in the bailout programme by the EU, via the Troika. The extensive publicity that accompanied the rescue, with almost daily pictures in the media of Troika officials entering the Irish Department of Finance, as well as the soul searching that is still ongoing, led to a deeper interest among the population

concerning the EU. This also led to critical questioning as to how the rescue was carried out and whether the country was made to pay excessively to protect European banks; a degree of blame for the austerity imposed on the Irish people has been ascribed to “Brussels”. This is countered by reminders from economists and commentators that the crisis was largely of our own making⁵ and that the EU rescue saved the country from financial catastrophe. In spite of this debate, support for the EU in Ireland is very high - at 84% in a poll in May 2015.⁶

It is also of interest to note that, despite the anxiety in Ireland regarding the possibility of a UK Brexit – as outlined in detail in a publication from the Institute of International and European Affairs entitled *Britain and Europe: The Endgame – an Irish Perspective* – a large majority of citizens (74%), in a poll in November 2015,⁷ favour Ireland remaining within the EU, even if Britain leaves. In that poll only 11% were in favour of leaving if Britain left. The fact that Irish people are of this view is of considerable significance, given the very close economic and political ties which the country shares with the UK (as outlined earlier). It can be seen as a strong affirmation of Irish commitment to the Union that, despite the potential difficulties posed, Irish people still see their future in the EU. However, the debate in the UK and the close linkage between British and Irish media may have a destabilising effect on public opinion in Ireland.

Which degree of integration seems adequate to the position and ambitions of your country both politically and economically?

Ireland is pragmatic with regard to the degree of integration but has always striven to remain at the core of the EU. There is no clear “end state” for the EU in the Irish

consciousness. Enlargement to 28 has clearly increased the complexity of the EU; it is easier to integrate policies among 6, 9, 12 countries than among 28. Meanwhile, there is strong support for the community method of decision making, which Ireland believes has served the Union well. Furthermore, it is accepted, as of now, that there will be differentiation between Member States on certain EU positions. Moreover, there is not any expectation in Ireland of a 28 member Eurozone in the near future, although that would be welcomed for economic reasons. The view, generally, seems to be that the present degree of integration is adequate. It is therefore difficult to gauge, at this stage, whether the population is ready to accept a further pooling of sovereignty. This issue is complicated by the many challenges which face the EU directly, such as the Eurozone crises, Russian aggression, the Middle East and the refugee crisis, which, in the public mind, push the idea of further integration to the background.

For a country that is very supportive of the Union there is a perceptible anxiety that too much differentiation within the EU could lead to stagnation or indeed break-up. This feeling is compounded by the Brexit discussion. As already outlined, Ireland is supportive of the UK in its efforts to secure changes with a view to remaining a member of the EU, and has indicated that it will be of assistance to the UK in this regard, although not where it means compromising basic EU rights or adopting special measures for the UK which would impact negatively on other Member States. A further cause for concern is that the Brexit debate could give rise to cherry picking by other Member States on Union policies. Ireland will be supportive, therefore, of the British request to maintain strong coherence between the

Eurozone and non-Eurozone members to preserve the overall unity of the Union.

Where negotiations are conducted by a small number of Member States, Ireland feels strongly that all of the members must be kept informed and consulted in the Union format. There is a perception that such consultation has not been as assiduous recently as in previous years. Ireland would not wish to see the development of a trend of intergovernmentalism, where the interests of the smaller Member States would be diminished. Of course, the prospect of fragmentation is not just a matter of concern for small countries, but can also concern the euro “outs” in terms of being informed of developments in the EMU.

With regard to economic integration, there is a view in Ireland that the process of Economic and Monetary Union needs to be advanced and deepened to reform economic governance in the Eurozone. There is disappointment in some quarters that the Five Presidents’ report produced a lacklustre set of proposals envisaging little of real substance for Stage 1 (up to mid-2017) or Stage 2 and with no deadlines, except for the Final Stage, which is to be completed at the latest by 2025. While this view is most prominently held in economic and administrative circles, there is an uncertainty among the general population regarding ceding greater authority to “Brussels” in the budgetary and financial area. This latter view has been fuelled by the recent Parliamentary inquiry into the banking crisis⁸ and a number of interviews given by members of the Troika and Irish central bankers regarding the role adopted by the ECB in the crisis. It is argued that the alleged threat by the ECB to cut off liquidity if losses were imposed on holders of senior bank bonds in financial institutions has cost the Irish tax payers dearly.⁹ This direct linkage between

Frankfurt (aka ECB) and the cost to the taxpayer has, despite the bailout, been unhelpful in terms of advancing the EMU in the public eye. However, this is balanced by the opposing view in public discourse that EU oversight of the banks is favourable.

According to you how could we strengthen the idea of belonging to a common European public sphere among your national citizens?

While there is support in Ireland for membership of the EU and a fairly clear-eyed view of the advantages of being a member of a powerful and influential bloc, there is scope to create a deeper feeling of proximity to or ownership of the European project. The geographic distance from mainland Europe and lack of significant interaction with other EU citizens has meant that foreign language skills, other than French, have been relatively slow to develop and Irish people who have migrated have tended to go to English speaking countries. However, cultural exchanges, the Erasmus Programme, the Blue Star initiative, town twinning, and school partnerships between Member States are all playing a very positive role in spreading knowledge regarding other Member States and the role of the EU in this regard.

In order to embed a deeper knowledge of the EU it is important to have modules in the school curricula, from an early age, regarding the EU, its aims and how it functions. This has begun to happen in Ireland. Greater exposure to EU personalities on TV and radio would be particularly informative, including debates regarding EU policies, of which there is very little. Such public debate of issues under discussion would bring the topics closer to the people. The difficulty is to harness the interest of politicians and public representatives in

promoting greater understanding of Europe, when domestic issues tend to predominate and where there seems to be no pressing demand to take initiatives in this regard.

As a consequence of the various referenda on EU issues in Ireland (there have been nine) most Irish citizens have a general understanding of EU structures and the mechanisms of EU decision making. However, there is still a lack of understanding regarding the close involvement of all levels of Government, and of business and interested bodies, in the decision making apparatus of the EU.

Which policies would you deem essential to conduct at EU level in order to better legitimise the European project?

One of the main policy areas which would be seen as important from an Irish point of view would be to address measures outstanding under the current Single Market Act in order to boost growth, competitiveness and employment. These measures would be practical demonstrations of solidarity at the European level to promote progress in these areas. In line with the extraordinary developments in the technology area, it will also be important for the EU to be seen to work actively to promote the digital economy and the Digital Single Market. The decision to abolish roaming charges was a good step in this regard. As a base for many of the major technology firms in Europe, as well as serving as an important centre for digital start-ups, Ireland wishes to see further development of the potential of e-commerce, which can deliver considerable advantages for European business and consumers, contribute to general growth and spur job creation.

Ireland would also deem it necessary for the EU to improve access to public procurement in

the single market for example, by increasing access to electronic bids and opening public services to public-private partnerships.

Further development of the EMU rules to restore stability and confidence to the financial services sector and guarantee a more efficient and effective functioning of the Eurozone, such as enforcement of the banking union regulation and development of a true Capital Markets Union, is also important in Ireland.

Most Irish people wish to see the Economic and Monetary Union advance to a level where stability can be guaranteed, and a budgetary and financial system introduced, which will act as a bulwark against future economic shocks and profligate spending policies. In this context, Ireland has supported the Fiscal Compact (endorsed in a referendum) and other fiscal rules. It supports the completion of the banking union and its enforcement as well as the development of a Capital Markets Union. Last year, the IIEA published an analysis of the banking union which is a useful guide for incumbent institutions and for interested citizens wishing to understand the nature of banking within a banking union.¹⁰

One area of policy which has the potential to contribute to a negative perception of the EU in Ireland is the proposal regarding a Common Consolidated Corporate Tax Base (CCCTB), which seeks to harmonise EU tax bases, although tax remains an exclusive competence of the Member States. Ireland remains opposed to the idea of a CCCTB. The Government is committed to transparency and to clamping down on tax avoidance, but there is a strong commitment to the continuation of our corporate tax regime as an essential pillar of our industrial development.

The key issue for small Member States is the difficulty of combining supranational rules, which promote growth and stability within the EU, with policies that allow those states to develop their economies in the ways which best suit their particular characteristics. In this way, each economy seeks the right structural features to help it prosper within the monetary union.

A more effective role for the national parliaments would also help to legitimise the

European project and bridge the divide between national and EU politics. Ireland, as a small Member State is supportive of, and reliant on, well-functioning EU institutions – the Council, Commission, European Parliament and External Action Service. Any weakening of these institutions, or any further slippage towards inter-governmentalism, would result in a lack of confidence among citizens in the shared project that is the European Union.

Endnotes

1. European Movement Ireland, Red C Poll, 29 May 2015, <http://www.europeanmovement.ie/>.
2. IBEC, "A Single Market that works", October 2015, <https://www.ibec.ie/>
3. European Movement Ireland, *op. cit.*
4. David Purdue and Hansi Huang, "Brexit and Its Impact on the Irish Economy", *NTMA Report*, July 2015, <http://www.ntma.ie/>.
5. See for example, writings from David McWilliams or Morgan Kelly. For example David McWilliams, "Early Warnings, Divergent & Contrarian Views", Testimony before the Joint Committee of Inquiry into the Banking Crisis, 26 February 2015, <https://inquiries.oireachtas.ie/>.
6. European Movement Ireland, *op. cit.*
7. Stephen Collins, "Irish Times poll: Most Irish voters want UK to stay in EU", *The Irish Times*, 27 November 2015, <http://www.irishtimes.com/>.
8. See Houses of the Oireachtas, "Report of the Joint Committee of Inquiry into the Banking Crisis", January 2016, <http://inquiries.oireachtas.ie/banking/>.
9. See Sarah Bardon, "Trichet 'very clear' he would not be happy if bondholders burned", *Irish Times*, 19 June 2015, <http://www.irishtimes.com/>; Sarah Bardon, "Chopra: ECB refusal to burn the bondholders burdened taxpayers", *Irish Times*, 11 September 2015, <http://www.irishtimes.com>
10. Pat McArdle, *Banking Union: Progress and Prospects*, Dublin, Institute of International and European Affairs, October 2014, <http://www.iiea.com/>