Ireland's Participation in European Integration: A Lesson for Peripheral Candidate Countries

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Abstract. For most candidate countries of the European Union, the prosperity of Ireland is always an inspiring example for similar developing countries. However, Ireland was once the poorest and least developed member of EU and has undergone twists and turns as a peripheral country decades before its economic lift-of. Yet, Irish achievements cannot be separated from the advances of European integration. This paper aims to review the Ireland's participation in European integration and conclude some Irish experience that could be probably employed by other peripheral countries in its participation in EU. By analyzing significant historical events in a chronological order, this paper explores Ireland's political change, economic transformation along with cultural development through its membership of EC/EU at different junctures and seeks lessons of development. Overall, it is necessary to develop sustainable indigenous industries in the face of international competitions, and to retain a unique path of development that could allow for public advocacy, national features and international relations.

Keywords: Ireland, European Integration, Peripheral Countries, EU

1 Introduction

June 23, 2022 witnessed the approval of Ukraine and Moldova as EU candidate countries, sparking heated discussions on the process of European integration, especially in terms of the peripheral countries on the 'waitlist'. Turkey, for example, has remained as a candidate for decades since its application dating back to 1987. The Turkish president, Recep Tayyip Erdoğan, addressed the EU on March 1st, that the EU should lay comparable importance on Turkish application as it does on Ukraine. Undoubtedly, the resolution of EU summit on June 23 marked a great shock on all applicant and candidate countries. With the continuous political enlargement of the EU, it is noteworthy that most of the prospective members are, in general, peripheral countries in Europe. Against such backdrop, this study attempts to explain and analyze the potential pros and cons for peripheral countries after joining the EU based on the case of Ireland, which is universally acknowledged to have risen from a marginal member state to a great winner in European integration. By exploring important historical junctures of Irish participation and transformation in the regards of economics, politics and culture,

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the paper intends to advise that despite tremendous prospective boon brought about by the EU, there could probably exist lurking perils, and hence offer reasonable suggestions to the candidate countries.

2 Ireland: the boon of joining the European Union

Before Ireland joined the European Community, the country's economy was dominated by agriculture and animal husbandry, with the level of social development lagging behind the average level of European countries. Ireland remained quite conservative in strategic orientation until the late 1950s and early 1960s, when the country was confronted with payment difficulties, economic regression and problems regarding emigration and thus decided to 'switch from protectionism to outward orientation' [1]. (O'Donnell, 2000) By this way, Ireland was inclined to foster indigenous industries and attract inward foreign investment in order to achieve an exporting economy. Indeed, Ireland applied to the European Community in 1961, but only had the formal accession (to the European Union) in 1973, during which period the country made a variety of adjustments in political, economic and cultural preparation for the coming modernization.

2.1 Economic Transformation in Ireland

Ireland's economy has rocketed as a whole, perhaps far beyond the country's expectation when its government adopted an outward strategy of development. Since its membership, Ireland had a great access to European and international market, which conduced to its agricultural export with booming output. As agriculture marks an important portion of Irish economy, the country's economic development thus bloomed correspondingly with an extended market. To be specific, between 1970 and 1978, agricultural product prices rose 35 per cent in real terms and real incomes per head in agriculture more than doubled [1]. (O'Donnell, 2000)

Additionally, another significant factor that contributed to Ireland's development with regard to its EU membership, was the tremendous amount of foreign investment in industrial sectors, which significantly propelled the country's modernization. Benefiting from the membership, Ireland boasted an increased attractiveness as a base for manufacturing investment, both to extra-EU firms, in search of a base from which to penetrate the enlarged market, and to EU firms looking for a cheaper manufacturing base within the EU [2]. (Görg & Ruane, 1999). As Ireland was a peripheral country in the European Monetary Union, the unification of currency in 1990s indicated an elimination of devaluation risk and currency liquidity risk (Fagan & Gaspar, 2007), leading to a great and permanent reduction of the cost of holding real estates and firms, hence fostering an expenditure boom, which exactly fascinated multinational companies and attracted their investment [3]. Therefore, those firms were able to manufacture commodities whose transportation costs were low. Plus, the elimination of trade barriers deriving from economic integration rendered it lucrative to locate the mass production in the peripheral countries, where raw materials were also cheaper with more friendly tax policies. In addition, as Ireland is a major English-speaking country in Europe, it has a natural advantage for attracting investment from the United States, which conduced to rapid growth of both exports and employment in high-tech industries, say, chemicals, pharmaceuticals and engineering, facilitating modernization. Due to such spurs, Ireland's average annual growth rates of real gross domestic product (6.1 per cent between 1990 and 1997), outstripped the growth rates of the US (2.1) and the European Union (1.8), over the same period [2]. (Görg & Ruane, 1999)

Ireland joined the European Monetary System in 1979(the year when EMS was established), thereby abandoning sterling that bounded Ireland's economy with Britain for approximately 150 years, which added up to Ireland's economic independence. After recovering from the economic crisis in the 1980s, Ireland accomplished the miraculous 'Celtic Tiger' output boom in 1990s. Whereas it is important to note that during the transition Ireland made a range of domestic adjustment and coordination. First, 'social partnership' stabilized the economy after the crisis. The partnership programs embraced integral support for a tremendous improvement in the public finances. In return, the authorities admitted that the value of social welfare payments would be retained. In addition, they established agreement regarding a spectrum of economic and social policies—including tax reform, public sector reform and of utmost significance, the Maastricht criteria [1]. (O'Donnell, 2000) Second, Irish completion of an internal market bolstered attraction of foreign investment as well as paved a way for gaining competitiveness in international trade in the long run, which both account for Ireland's overall successful social transformation. In 1990s, the Ireland's annual growth of GDP is 7% on average, and from 1997 to 2001, the figure peaked at 9.2%, marking the fastest developing country in the European Union at that time and indicating a complete transformation from agro-pastoral economy to knowledge economy of Ireland.

By virtue of open opportunities since its membership, Ireland's industrial structure has shifted from traditional farming and animal husbandry to one with comparative advantages in high technology and financial industries. The UK's share of Irish exports dropped from 55% in 1973 to 18% in 2004, indicating Dublin's rising independence from London. Then in terms of GDP per capita, despite rounds of economic crises, Ireland has risen from the poorest country in the EU to the second place in the world in 2021. In brief, Ireland's economic miracle should be ascribed to its active participation in European integration as well as effective domestic coordination.

2.2 Social Development of Ireland in Its Early Years of European Integration

Conventionally, the national trait of the Republic of Ireland, i.e. the 'Irishness', connotated the conservative Catholic doctrines, rural ways of life, and protectionism in economy and politics, etc. As Brown (2004) depicted in his book, Irish people view the material world, say, the pastoral lifestyle, the farming routine and beautiful natural landscape, as necessary elements in culture and spiritual life [4]. As for the social regard, Ireland adopted the liberal market model following Britain, whereas the Catholicism had great impact on domestic politics and social life, leading to the severity of gender discrimination in employment and other social issues. In the year 1957, up to

60,000 people left Ireland mainly for Britain, in pursuit of better standards of living as well as employment. Despite the grim drain in labor, unemployment in Ireland remained among the highest in western Europe with drastic rivalry in labor market. As the finance minister, T. K. Whitaker claimed, according to Lane (2009), that it was owing to the lack of political independence that confined Ireland to develop despite the country's great achievements in economic and social respects, and the struggle for which was the fateful cause to further development of Ireland [5].

Fortunately, principles endorsed by the EU such as freedom, democracy, equality and the rule of law, promoting peace and stability, echoed Irish need of relieving domestic cultural conflicts and propelling social development. On adapting to those principles, Ireland gradually inhibited the national conservatism and coordinated domestic conflicts in ethnical and religious identities. In addition, Ireland was imprinted with British system of government owing to historical reasons, and according to Laffan & Mahony (2008) was deemed as a European country with the highest degree of centralization when it joined the European Union [6]. Whereas the EU listed clear requirements urging the redistribution of power between the central government and provincial administration, particularly in European structural and investment funds and some environmental policies, which technically stimulated municipal function and region government. In addition, according to Callanan and Keogan (2003), the EU encouraged member states to set office of local governments in Brussels to help achieve the coordination of transnational policies [7].

Therefore, Ireland as a typical peripheral country has advanced in political reform and social transformation by participating in the European integration, and has made remarkable progress with the help of EU.

3 Ireland: twists and turns in social development

Despite that Ireland has benefited conspicuously from European integration, it does not necessarily mean that its path of development is smooth and clear. Indeed, crises did exist and there were continual ups and downs throughout Irish modernization, revealing economic difficulties and social issues.

3.1 Economic Downturn

The first fifteen years of membership (1972-1987) also witnessed a dramatic decline in indigenous manufacturing industry. In brief, the output of agricultural products was evidently increasing, but the Irish policy makers did not fully assess the role of agriculture in its economy. The Irish minister of agriculture reported that his endeavors to justify this case, as part of the overall EU policy co-ordination process, was largely ignored. 'As so often happens in politics, short-termism prevented any serious discussion of long-term strategy' [1]. (O'Donnell, 2000) Meanwhile the Irish government underestimated international competition and failed to protect indigenous industry from rivalries in the European market. The scale of Irish firms was not as large as foreign counterparts, and had less experience in the European market. Therefore, confronted with competitive pressure, the indigenous industry had to contract output and employment, thus dwindling without support from the government. When there was an economic recession in the 1980s caused by Irish fiscal policy correction, the collapse of indigenous industry escalated the rate of unemployment to unprecedented levels, thereof incurring a new round of emigration.

Admittedly, Ireland's economy flourished most of the time in 1990s, but as what have been stated, the imbalance between indigenous industry and multinationals were always a lurking foible. Ireland reached the EU average GDP per capita in PPS in 1997, and in 1998 reached the average regarding GDP at market prices [8]. (O'Connor, 2003). Yet it was not until 2001 that Ireland's GNP per capita reached EU average GDP per capita in 2001. As what was disclosed by the OECD in its economic surveys, 'the concentration of economic activity in multinational high-tech companies and the relatively high level of external debt means that GDP, the normal indicator of output, overstates both the level and growth of Irish incomes' [9]. (OECD, 1997, p.18) Consequently, the level of GNP, which was over 12 percent less than GDP in 1995, would be a more reasonable indicator.

In 1999 when the EMU was formally founded, Ireland commenced its participation at its peak of the so-called Celtic Tiger output boom. At that significant juncture, the Irish domestic full employment was lately achieved and there existed shortages in the labor market like never before. However, the revaluation of Irish pound, given the scale of the boom, was inadequate, such that the exchange rate between the Irish pound and euro was undervalued, resulting in the upcoming burden of inflation in Ireland in its early years of EMU [5]. (Lane, 2009)

By and large, the given proofs are to indicate that even Ireland achieved a tremendous success in economic development, there still existed some possible junctures where the country's economy was not merely propelled during the process of integration.

In addition, it is necessary to clarify that the 'Celtic Tiger' boom should not be fully attributed to the European Monetary Union, but much to Irish uniqueness. For instance, the period between 1999 and 2002 witnessed the collapse of the technology bubble, the 9/11 recession and the major depreciation of the euro against the dollar [5]. (Lane, 2009) However, since Ireland shared strong economic relations with the U.S. due to their language and culture, as well as prior fund and investment, the country's competitiveness was boosted by more than the rest of the Europe. Plus, as Britain has always been swaying its stance of European integration, Dublin has gained more influence than ever for its relatively stable and sustainable status from the European market, as well as obtained independence from the British market, emerging as a potential economic center. Such opportunities could hardly be replicated for any other peripheral country that is in, or on the waitlist, of the EU.

3.2 Political and Cultural Setbacks

Ireland was always an active participant in European integration, in light of the Single European Act, the Treaty on European Union, and the Amsterdam Treaty. Accordingly, Ireland benefited from integration in terms of economics, politics and culture. However, the plausibly sustainable friendship of Ireland and EU was challenged on June 7th, 2001, as the national referendum rejected the Nice Treaty, which brought about great shock and uncertainties to the originally smooth path of integration. This incident was largely believed to stem from the Irish people's lack of information (Laffan & Mahony, 2008), because the voters were not fully aware of the benefits of accepting the Nice Treaty [6]. The Irish authorities immediately initiated political discourses to convince voters of the upcoming boon of the agreement, and so it passed. Whereas the underlying question was that the political elite might not understand or represent the exact attitude of their supporters. Since Ireland is a rather conservative nation considering its history and religious convention, the study is not intended to imply the latent populism, but to advise that effective communication is entailed when a country participates in regionalization, particularly for peripheral ones like Ireland where the broad masses of the people might not perceive the boon of distant political decisions.

Indeed, the Irish governments were inclined to take a plausibly over-enthusiastic attitude towards the EU. As other member states may be concerned with the lurking threat to national sovereignty, conversely, Irish policy makers believed European integration was a means to achieve it (Hay & Smith, 2005), as Ireland asserted its social independence from Britain. In addition, European integration was proclaimed in a highly positive and enthusiastic tone [10]. As the Taoiseach of Ireland, Bertie Ahern, addressed EU Heads of Mission in 1998,

"By any criterion … the European Union has been a resounding success … In the twenty-five years since Ireland joined the European Community, we have made unprecedented economic strides … By opening up to the outside world in the 1950s … We have carved out a presence in Europe and in the world, which far exceeds the normal expectations of a country of our size … Our continued participation … along with membership of Economic and Monetary Union, is absolutely vital to our further economic growth and to maintaining international confidence in the Irish economy". [10]

Nevertheless, the 2001 referendum's rejection of Nice Treaty evidently embarrassed the Irish policy makers. In view of Irish pastoral culture that advocates serenity and peace, it is not surprising that the voters were not as zealous as their political representatives to embrace European integration and following change. Hence a good lesson could be that the government, in the process of European integration, must not betray the people and the indigenous culture. As the political elite assumed that a deeper level of integration might conduce to efficient coordination in response to common issues concerning climate change and energy market, the public were frustrated by bureaucracy, with the impact of their decisions and votes diminished by European-level institutions. As Micheál Martin (2008), Ireland's foreign minister, put it, there appeared to be "a disconnect between Europe and its people, between European Union institutions and the people", when Irish people put another veto on Lisbon Treaty [11].

It is a problem for all members in the EU, that how to adapt to and identify as a part of the integration, and then, how to render nationals identify as European citizens. Through twists and turns, Ireland has given its unique answer. The Irish governments have realized that it is essential to retain national features in European integration. For instance, Ireland adopted an aggressive tax regime since the recovery of the 2008 crisis, allowing multinationals to pay a relatively fewer tax in Ireland within the EU, thus attracting a large quantity of foreign investment, which was sharply criticized [12]. (Hession, 2019) Nevertheless, Irish clang to defend the pillar of its outward economy and serve as a shelter for tax avoidance. It was controversial, and finally through 4 years of debate and negotiation, the EU Court overturned the EU Commission's decision in penalizing the Apple, and thus admitted the legitimacy of Irish tactic.

Nowadays, Ireland is never an ideal peripheral participant as it was in the last century. It has more chances and power to mediate among the U.S., the U.K., and the EU in pursuit of national interest. The country has apparently embraced its own method of development and evolved from a laggard to an influential member in the EU. It is noteworthy that Ireland was once passive when confronted with issues arising from the integration, but is now active in achieving its national goals on condition of incurring controversies and criticism. It is thus important for a member state to assess its role in the large union and adopt flexible strategies, ultimately contributing to national development.

It is indeed the inclusiveness of the European Union that enables any peripheral country like Ireland to explore its own way of development. While some critics may accuse Ireland of 'selfish diplomacy', O'Donnell (2000) argues that the constitutional and institutional architecture are the very condition in which it is possible for diverse states and societies to see that their interest is advanced by integration [1]. Throughout rounds of short-term economic downturns and setbacks in pollical cultural development of Ireland, the key to all frustration may probably be that each and every member of the EU, irrespective of core nations or peripheral countries, must retain a reasonable level of independence in overall social advances. There is evidently infinite benefit and potential brought about by participation in the European integration, whilst in the propinquity of time divergences among different countries emerge, and challenges for each member vary, and hence there is no paradigm of growth. The membership of EU means an access to a broad, fruitful stage, but creates unprecedented issues and risks as well. Consequently, there might never be a universal method to specify the appropriate extent of transfer of sovereignty, with reservation to national independence that pertains to domestic cultural unity, indigenous economic development and diplomatic latitude.

4 Conclusion

The prosperity of Ireland could never spare its participation in the European integration, which indeed shed light on a bright way to glory for other European peripheral countries that are eager to benefit from Brussels. Nevertheless, in light of the case of Ireland, it is the distinction of economics structures and socio-political culture between the core members, say, France and Germany, and the peripheral state, that spelled rounds of crises to Ireland in its escalating level of integration. As to the candidate countries of the EU, they entail conformity to EU principles and standards at the initial stage of participation in an attempt to exploit abundant resources for economic development. Afterwards, they ought to shift emphasis on encouraging and supporting indigenous industry and economic sectors with national features, therefore enhancing cultural identity and gaining political influence. Most essentially, the European integration should be ascribed to the mass public, as the Europe belongs to all the citizens. Only when the people understand the benefits and risks of the membership may a country proceed reasonably and soundly with the integration process. To put it in a nutshell, hopefully all candidate members may develop their unique paths towards prosperity within the intricately meshed framework of the EU, to strive and thrive in European integration.

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