

The Irish Association, Linen Hall Library 21, October 2017

Thanks

- I wish at the outset to thank the Irish Association for their invitation to take part in this afternoon's discussion. In particular, I would like to mention our Chair, Councillor Chris McGimpsey, and also Dorothea Melvin, Hugh Finlay and Dermot O'Doherty.
- On a point of interest, I should declare that in the distant past, I was involved in approving some Irish Government financial support to the Irish Association, but that in no way is affecting my views here today. In fact, I cannot remember the details.

Summary of my argument

- The balance of advantage for Ireland remaining a member of the EU has altered radically with the impending departure of the UK; and also with likely changes to the nature of the Union itself. I would argue that in this new and more challenging landscape, Ireland must seriously consider its options, including a possible I Brexit, provided we can still retain access to the Single Market for the bulk of our goods.

Need for Fundamental Debate

- I greatly welcome this opportunity to debate. Too often in the past, events on Brexit, and indeed on developments in the European Union, have been in the form of mutual admiration societies, where people speak only with those with whom they agree. One thing that all sides on this debate should accept, is that we need a very fundamental discussion on the future of the European project. I fully endorse former Irish Minister for Europe, Lucinda Creighton on that point, though I would obviously disagree with Lucinda on where we should be going and what is our final destination.

- At the outset, I want to say that when I was in senior position in the Department of Foreign Affairs, throughout much of that time, especially in the so called Celtic Tiger period, there was very little interest among many of our senior politicians in the European Union, apart from the Taoiseach, Bertie Ahern. It was just taken for granted and Ministers, especially by those who went to the General Affairs Council, often regarded it as a tiresome chore. In fact, one DFA Minister regularly ducked attendance. There was never any in-depth discussion with politicians about trends in the EU.
- I remember within days after the defeat of the first referendum on Nice being requested by senior officials in the Department to put down on paper suggested ways to overcome the negative result. I must admit in my innocence that I was shocked. There was absolutely no respect for the democratic verdict. I think that was an important part in framing my views on the EU.
- One of the ideas that emerged from that reflective period was the Forum on Europe which unfortunately failed in its mission and was rapidly wrapped up after the defeat of the Lisbon Treaty referendum. It proved that there was no great interest in the public in the details of European policy. This is a huge problem and means that unelected officials could go a very long way in Brussels on policy matters before the public or the politicians took any notice. I would also like to exonerate my former colleagues on the EU side of DFA who regularly and despairingly tried to engage Ministers on European matters, without any great success.
- Therefore, it is only in a time of distress or crisis that you can get the powers that be to think seriously about Europe. The notorious Bailout, which even shocked members of the Canadian Government in its severity, is a prime example of this. We sleep walked into that disaster.
- We are now again in turbulent times, as we face what Leo Varadkar describes as the challenge of this generation.
- While there is no great interest in the EU among the public, it is important to note that there is a huge EU Industry in the South where

some politicians, academics, journalists, NGOs have all benefitted from EU largesse, ultimately paid for the Irish taxpayer. These groups form a formidable lobbying body and mutually supporting circle who have hogged the narrative on Europe. Many appear on TV and radio, without indicating that they have benefitted from EU funding. Organisations such as the European Movement can even have access to Government Buildings for their meetings, in what I consider a partisan and political activity.

- Between them they have managed to create a fairly superficial pro EU feeling. However, the question of how deep this feeling is, in reality, a moot point and I would argue fairly shallow. Apart from the two referenda defeats on Nice and Lisbon, the Sunday Business Post polling shows that 56% of the public in the South, thought that relations with Great Britain were more important than those with mainland EU.

Ireland's overseas Relationships

- So now we are faced with a serious choice without any real preparation among our political and public service elite. We are ill equipped to deal with it. We have 3 very important relationship as a country
- Britain – our closest bilateral relationship and of course our ally and partner in building a shared society and peace here in Northern Ireland
- Our relationship with the EU which is primarily based on economics and the need to have access to the Single Market
- Our kinship with North America where the bulk of people who describe themselves as Irish live, namely in Canada and the United States. Those ethnic connections have been very important in building up the Southern Irish economy into the prosperous state it is today. We need to ensure balance in our overseas arrangements going forward.

British Attitude to Europe

- The issue of the UK's membership of the EU has always been problematic. Unlike many on the European mainland, there has never been a popular British identification with the ideals of the European Union. In some respects, the same holds true for Ireland. Our relationship has always been based on an economic argument rather than a desire for any form of political union.
- As a young Third Secretary in DFA, I was present at the 1979 summit in Dublin Castle where the then Prime Minister Margaret Thatcher clashed with Helmut Schmidt and President Giscard d'Estaing. It was a fairly dramatic introduction into the British psyche on European integration.
- There is a long history of British discontent but the decision of the Blair administration in London to agree to the Nice and Lisbon Treaties posed deeper long-term problems. I find it amazing that Irish politicians can see no connection between their own uncritical support for the various centralising Treaties and the subsequent decision by the UK to leave the EU. I have always believed that ardent Europhiles constitute a big danger to the close and beneficial cooperation between the nations of Western Europe than the traditional Eurosceptics.
- I also remember getting briefed on the outcome of the Lisbon Treaty negotiations, just after its completion. I asked our people how it altered Ireland's position in the EU. I was told that our relative voting strength was greatly diminished, as was our position throughout the EU Institutions. When I asked if there was anything beneficial in Lisbon for Ireland, I was told no but we should support it anyway because it was good for Europe. I voted No on the basis of the briefing from our negotiators.

Ireland's Initial Response to the Brexit Threat

- When I was still in Canada and in regular communication with some in the higher levels of the public service in Dublin, I was very surprised by our attitude to demands in the Conservative party for an EU referendum on Brexit. Firstly, when I regularly said we needed to work with the

British to assist them, I was told that Cameron would never win an overall majority. Then when he did so, I again expressed the opinion that we needed to help Cameron secure some meaningful concessions, even if these were of a temporary nature. I was then told that we would stand in full solidarity with the remaining 26 EU countries. In fact, given that there could be suspicions that we might be soft on the British, we needed to show our European credentials. In any event, it was poppycock to think that Cameron could lose the referendum.

- There was no real dialogue with the parties in the North, particularly Sinn Fein, to get a big anti Brexit vote out. West Belfast recorded below 50% turn out, Derry city was not much better, in a very poor performance. I have no doubt but that if a serious effort had been made, with a strong Irish Government involvement, a vote in excess of Scotland's 62% against Brexit could have been secured in Northern Ireland. Everywhere you looked the Irish Government seemed to be making bad errors of judgement.
- The final straw was the instructions we received as Ambassadors to go out and tell the world that regardless of the outcome of the UK/EU negotiations, we were going to stay in the EU. Now I have never been in a set of negotiations where we had no bottom line. We saw what happened to David Cameron when he told the EU, in advance of discussions, that he would campaign to reject Brexit. We also have the more poignant example of Greece where a country had no bottom line.

Reactions to Failed Policies

- I was also conscious that if Brexit occurred, this would be a disaster for Ireland. Apart from the danger to North/South and British Irish links, when the UK left, Ireland would have no natural ally in an organisation where regional groups are developing their muscle. All I called for inside the system, was a full examination of all the possible alternatives before we jumped, but jump we did and we have been paying for it ever since.
- After the failure to predict Brexit and any policy that would have helped avert it by the Irish authorities, I would have expected a severe post-mortem inside Government and maybe some officials or politicians who

had advocated the failed policy to consider changing their position or be moved. It was time for a fundamental rethink. Nothing could be further from the truth. The mantra was that the Irish system had done a great job. People whom I had heard speak, with absolute conviction in their own judgement, had been proved disastrously wrong and now were proclaiming yet again a policy which I believed would be ruinous. In fact, some inside the system some were even rewarded for their efforts. Now in science the definition of insanity is repeating the same experiment and expecting a different result.

- It is often said in sport that you learn a lot more from your defeats than from victories. However, this was not the case and we seem to have learned nothing and risk repeating the same errors in judgement. Actually, it is finally dawning on the political classes in Dublin, that they made a horrible mistake on the Cameron negotiation. At a closed session with Parliamentarians recently in Leinster House, they were unanimous in agreeing that we had got it wrong, we should have worked hard to get Cameron something to bring to the electorate. What was poppycock before is now accepted as political wisdom.

Irish British Links

- The present negotiation process does not suit Ireland. We are not simply one of the remaining 27 countries. No other country has such geographical, historical, cultural and physiological links with the UK as Ireland. With over 500,000 Irish born people in Britain, the next highest is Spain at over 17,000. Less than 10,000 Irish live in France. There are more Irish born in Toronto, Sydney, New York, etc than in France and Germany combined. When the last recession hit, where did our young people go? It was not to the European Mainland but to the traditional Anglophone countries in England, North America and Australia.
- While it is true that the South's exports have greatly diversified, and this is very much to the good, the exports which go to the European continent are overwhelmingly from the multi-national sector. I will not go into FDI here today, but clearly radical changes are on the way in

terms of taxing FDI companies which will curtail Ireland's ability in this field. We should not base our future on a temporary advantage.

- However, once you drill down the UK's real importance to Ireland becomes clear. While the UK takes 15% by value of our exports, it takes 36% by volume and in addition over 80% of our total exports is first exported to the UK and then on to their final destinations. Our UK trade is heavily concentrated in the SME sector. Danny McCoy Director General of IBEC states that the bulk of the SME sector exports go to the UK.
- There are huge examples of industries which would be decimated by the loss of the UK market or even a large tariff. The leaked report by the Revenue Commissioners which showed that 91,000 enterprises in the South traded with the UK and 13,000 commercial vehicles cross the border each day. The report essentially said that the South will not be able to cope with a hard border without massive disruption, never mind the threat to the peace process.

Possible Second UK Referendum

- I also think at the start of this process, there was an erroneous brief in the European capitals that the British would not follow through on Brexit and a hope that the whole thing could be reversed. In fact, the ignoring of referenda results in the classic response of Brussels to electoral setbacks. There have been 7 successful reversal of referenda either by forcing the country to re-run the referendum in much more favourable conditions or simply repackaging the proposals and claim that they do not need a referendum. In fact, in the Sunday Business Post I have outlined 13 different referenda that the EU have lost in national referenda over the years. The EU has no respect for the democratic process in the individual countries.

Border Issue

- For me personally the Border is a central plank in any consideration of our response to Brexit. There has been a lot of wholly thinking in Dublin

on this matter. Trying to follow former Taoiseach Enda Kenny on the matter required a contortionist's mind. He first proclaimed that there would be no border, then an invisible border, a frictionless border, a technological border, one as frictionless as possible, etc. I deeply regret that the politicians and officials who worked hard to bring about the conditions which led to the cease-fires and the Good Friday Agreement have moved on and the people in central positions today don't have the benefit of that experience. I also regret that the Dublin/London link which was so strong in the time of Ahern/Blair has considerably weakened, although the arrival of Leo Varadkar has seen a positive upsurge. Theresa May unfortunately does not do special relationships with foreign leaders.

- The Good Friday Agreement was based in part on the two sovereign Governments being full members of the EU. Post Brexit, sections of it would have to be re-written. I personally do not believe that it is possible to have a solution to the "Irish problem" under the present EU negotiating guidelines, whereby anything on Ireland must maintain the integrity of the Union's Legal order.
- The UK has publicly declared that it will not countenance any physical border installations. It is time for Brussels to reciprocate and say that this issue transcends the need to maintain their Legal Order. If this is not possible, then a new border would be a huge price to pay for any continued EU membership. I believe this should form part of our bottom line. As somebody who moves all the time between Dublin and Belfast and owns a property here and has grandchildren in this city, I openly declare my interest and my fervent desire to avoid any border.
- We have the issue of the border in Ireland but there is also the Common Travel Area in these islands. In both cases the UK paper and statements are massively more favourable to Ireland than their EU equivalents. The EU paper on Ireland only mentioned the right to travel and reside while the British commitment is to maintain the current CTA "without qualification". I recently published a short paper on the shortcomings of the EU position which is available on the Policy Exchange website. I am delighted that progress has been made on the CTA in the Brussels talks,

though it is ridiculous that EU Bureaucrats are negotiating on our behalf with the UK. We should have sown this up in bilateral discussions with the UK and then handed our conclusions in to the EU.

Future of the European Union

- So, the Fianna Fail leader says we should prepare for a border and hard Brexit and all that entails. He also said that 1916 was not about sovereignty so I am afraid I cannot recognise traditional Fianna Fáil policy in his statements. The Taoiseach Leo Varadkar said that any hard border outcome would represent a monumental political failure, something I agree with him on. So, what are we giving up so much for? Continued membership of the Union. No doubt but that the EU membership has helped transform the South of Ireland into one of the most prosperous areas in western Europe, although I don't think sufficient credit is given to the educational reforms of Donagh O Malley who provided me personally with free education and grant maintenance up to PhD level.
- The European Economic Community, which Ireland joined and which I was a strong supporter, has changed and is essentially gone. While I would accept that the recent flights of fancy of Jean Claude Juncker and President Macron are unlikely to see implementation in the short term, the general drift of the European Union is in the wrong direction, not just from our position in this island but increasingly for huge numbers of citizens in mainland Europe. The forthcoming changes on tax systems, European defence and army, a Eurozone Finance Minister etc. are not to our liking.
- The EU is going in only one direction. It might have to stop for a period or negotiate under a new guise, but the trend is unmistakable, towards a Federal State. That is something I believe is completely against our interests as an off-shore island with a larger island between us and the European mainland. We were part of an Empire for a very long time and that overall experience is hardly conducive to us joining another.

Future Direction

- Therefore, what would I advise if I still had the ear of the Taoiseach, Ministers and the senior bureaucracy?
- I believe that access to the European Single Market should remain one of our primary aims, not showing solidarity with the European ideal. We need to maintain our economic and political relations with the EU in a manner, as close as we can, to what we enjoy today.
- We joined the EEC primarily for access to the Common Agricultural Policy. That has changed and we now are in Europe mainly for free and unhindered access to the Single Market. We can do that through continued full EU membership or by seeking a new arrangement.
- True Europe has been good to us but the cost of the Bailout to Ireland more than compensated for the transfers that Ireland received throughout the years it was a net recipient. Our annual net contribution to the EU budget is about to greatly increase from today's under €200m to more than twice that figure. In addition, post Brexit, the EU Commissioner, Gunter Ottinger has indicated that he will target his Post Brexit cuts (€5bn) at the CAP and seek even more contributions (€5bn) from the Member States. The balance of advantage for Ireland is slipping away.
- If we decide to stay in the European Union, we immediately need to get out from the undergrowth we seem to be inhabiting now. The Irish position, other than on the border, seems to be one of silence and support of the eccentric Jean Claude Juncker. We need to say very clearly and loudly that we want and need Brexit to be a success and be as smooth as possible
- we should demand that the talks move on to trade and economic matters asap, with the exorbitant EXIT Bill side tracked off to some form of international arbitration. We also need to state that we simply will not accept a physical border, as the British have indicated. This means telling the EU that it needs to change its negotiating mandate on Ireland

i.e., that nothing on Ireland can affect the integrity of the Union's Legal order. We want the best possible terms for the UK. This seems so self-evident. That should be part of our bottom lines.

- If the EU cannot accommodate us on those matters then we should seek continued access to the EU market through the European Economic Area (EEA), like Norway, also possibly with membership of EFTA. We should continue to accept the 4 central tenets of free movement of people, goods, services and capital which maintaining, as far as possible, a customs union with the UK. It is amazing that the pro EU lobby in Ireland can call on the UK to stay in the EEA and state how beneficial that position would be but totally reject this option for Ireland. True, we would be giving up our 1% of the voting rights in the EU Council of Ministers. We would also need a separate agreement on agricultural exports which is not covered by the EEA.
- We need badly to break the present stalemate. The EU seems to be placing its bets on giving the UK such bad terms that it will be faced with a stark choice, either accept these humiliating terms or go back and have a second referendum.
- The main danger is that through stupidity and bad judgement we will end up where nobody wants, or at least any sane person, a no Deal situation.
- I do not believe that either side has covered itself in glory in these discussions. The British are divided and were very slow to get going but are now producing some worthwhile papers. On the EU side, there is no serious engagement in getting a deal. The imposition of a massive Exit Bill, which cannot be paid is probably the most glaring example. Failure to put forward any proposal on avoiding a border in Ireland is inexcusable.
- We need to stop the insults. In intergovernmental negotiations, normally the people on the opposite side of the table are your best allies in trying to reach an agreed outcome. They are your partners, not your enemies. At the end of the day, they have to be in a position to deliver

on their side of the deal. The purpose of negotiation is to find that place in the middle, where the discomfort level is bearable for both sides.

- Therefore, we need to get beyond the stage where the EU is openly insulting the British side, saying they want to teach the British a lesson on what leaving the EU is really like; or claiming that David Davis is unstable and pointing to his perceived lack of involvement in the process. These briefings are destructive and need to end. They are a sign of not wanting to engage in serious compromise. We need to move on to cooperative engagement. The British need also to ensure there is no counter insults such as calling the EU, the Enemy
- During the British/Irish discussions which led to the Good Friday (Belfast) Agreement, the two Governments seriously worked at avoiding doing anything to embarrass the other. We swooped draft speeches, draft replies in Parliament and even speaking points for Press conferences. We worked on the basis of no nasty surprises. It worked, we had a lot of trust in each other by the end of the day. It is a lesson from the Peace Process that both sides could learn from.
- I believe that the Brexit process is just the start of a period of great instability for the EU. In the immediate aftermath of the British decision, there was an understandable adverse reaction in the rest of the EU and a surge in support for the EU. That feeling will not last and the contradictions between the aspirations of the elite and the general public will grow. Every election in recent times has strengthened the Eurosceptic approach including the Dutch, Austrian, Czech, German etc. polls. The exception was Macron, who for very special local reasons won convincingly in the Presidential and Parliamentary elections to the Lower House.
- Ireland needs to prepare itself for changes. As I said earlier, I personally I believe we should exit the EU, provided we can stay in the EEA and secure a reasonable deal on agricultural trade. We should stay as far as possible in a customs union with the UK and look increasingly across the

Atlantic to a post Trump period and whether Ireland should join with Canada, the USA and the UK in a North Atlantic free trade area.

- Unless we get this right, I believe there will be a strong backlash against the EU which might be as destructive as Brexit. Better to approach this in a rational manner and not to dismiss any viable alternative. I know the Irish Government is determined to avoid putting the final outcome to a popular vote which I honestly believe they would lose. The days of indifference to what is going on in Europe are over.