

# IRELAND IN THE EUROPEAN COMMUNITY

Last September the National Economic and Social Council (NESC) published "Ireland in the European Community ; performance, prospects and strategy" (1). This major report examines three areas; firstly the impact of EC membership on the Irish economy since 1973; secondly, the likely effects of "1992"; finally the report tackles the policy implications. This article outlines the main findings of the report.

## **The Impact of Integration**

The NESC report shows that since 1973 "Ireland's economic performance compares, unfavourably with that of other member countries" (p. 523). For example, income and consumption grew more slowly while unemployment increased faster than in almost every other country in the EC. Ireland has achieved virtually no convergence towards average EC living standards. But the report points out that this lacklustre performance

is not simply an effect of EC membership. There is no straightforward way to separate the effects of integration per se from those of all the other factors - domestic policy, technical change, world recession etc. - affecting the Irish economy over the period. (See box for details by sector).

'1992' is the deadline set for the completion of the Single European market. The 1992 programme "...consists of a set of measures to make international trade easier between the member states, to remove some of the many non-tariff barriers to the movement of goods, services, capital and labour, and to open up much of national public procurement to tenders from throughout the Community" (p. 233) The basic idea is that trading throughout the community should be no different than trading in your home market.

The opening up of the 'single market' is expected to

have positive economic benefits - growth in output and employment - for the EC as a whole. But how will these benefits be distributed between the member states and in particular how will a less developed region like Ireland fare? On this the NESC strongly disputes earlier suggestions (e.g. in the Cecchini report) that the benefits will be evenly spread or even favour smaller and newer member states. Their analysis suggests the opposite - that the benefits will be unevenly distributed in favour of the core regions. The challenge to policy at national and community level is how to counteract such a development and promote 'cohesion' within the EC.

### Policy for 1992 and beyond

It would be impossible here to cover all the policy recommendations made by the NESC. Two general points can be made. First, throughout the report it is constantly emphasised that the eventual outcome of integration for Ireland depends on the response by companies and public policy-makers in this country to the threats and opportunities that arise. In a recent comment on the report, a member of the NESC points out that "Membership of the Community does not lessen the need for national policies to solve national problems ... The quality of Irish policies (and the structure of policy-making in Ireland) are more rather than less relevant in an integrated European Community" (2). The analysis of the NESC report shows clearly that that to date Irish policy (e.g. industrial policy) in response to the challenges of integration has been seriously inadequate.

Secondly, NESC clearly states that the single market in itself will not reduce the disparities that persist between different regions and countries of the Community. Therefore they support the development of Regional Policy in the EC and also argue that 'the development of the social dimension of the single market merits considerable and more urgent attention' (p.513). They go further in that they fully support the development of Economic and Monetary Union. Economic and Monetary Union goes beyond a common market by trying to co-ordinate the tasks of broader economic management between states or even to combine these functions in community level institutions.

According to NESC even the proposals for EMU presently on the EC negotiating table (for example the moves towards some kind of European Central Bank) still fall short of what would be required to achieve significant convergence or cohesion in the EC. They favour a much more full blooded economic union which would include a very substantial role for Community institutions - essentially that there should be a Community budget, raising tax and engaging in public expenditure - just like a national State. They argue that the ability of nation states to autonomously manage their economics has been lessened by changes in the world economy and they see the further development of the EC as a response to these changes. But the level of integration presently achieved, while it has reduced the autonomy of the member states has not compensated for this by increasing the power of the Community institutions - therefore leaving us between two stools.

### CONCLUSION

The NESC report is the most comprehensive attempt yet to assess Ireland's experience in the EC to date and its future prospects. It paints a dramatic picture of opportunities and dangers involved in the '1992' process, and emphatically states the need for an Irish policy which will identify our best interests and take the initiative in pushing them. The debate about such a policy is just beginning.

(1) "Ireland in the European Community: Performance Prospects and Strategy", NESC Report No. 88, August 1989. All quotations are from this report, unless otherwise specified.

(2) Miriam Hederman, in "The NESC Report and our European Future", ICEM Conference papers, 2 October 1989