

Northern Ireland: Our Future in Europe

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Everyone in Northern Ireland is aware of the great political challenges we face in the near future.

But today I would like to concentrate on the major economic challenges we must confront. Northern Ireland, along with the other regions of the European Union, is about to undergo major changes. The single European currency will be with us within a matter of months. Next week, the first step on the road to a Europe united from the Atlantic to the Urals will take place when European leaders from Eastern, Western and Central Europe meet in London in the European Conference. The process of enlarging the EU is about to begin.

In preparation for this historic and welcome development, the European Commission has tabled its proposals for the future direction of the EU. Under the title Agenda 2000, the Commission has put forward a series of radical changes. Every area of our economy will be affected by them. The future of agriculture, trade relations, regional development policies and employment are all under consideration. Much as more immediate and local concerns may concern us, we cannot afford to ignore the debate over the future of Europe. Nor can we afford to wait passively on the sidelines. It is vital that Northern Ireland, its politicians, the administration (whatever form it might take), the social partners and the voluntary sector take an active part in the debate.

It is also true that our concerns and ideas are taken seriously in the European Union. The European institutions have paid a great deal of attention to our situation. The EU Peace package is the most visible manifestation of Europe's commitment to us. But it only reflects the substantial interest that the EU and its leaders have devoted to the problems of our region. President Santer's was in Northern Ireland this week. A few weeks ago, the President of the European Parliament, Mr Gil-Robles was here too. I think many regions of the EU would be quite jealous of the attention we receive from Europe.

President Santer's visit to Northern Ireland this week was a great success and showed the capacity of people to come together and to promote common interests in a disciplined way in the European context. The European Commission is taking a deep interest in the peace process negotiations. Within the talks, we need to address issues of economic and social development so that the settlement which emerges contains a chapter on these points. I see a large European and cross border component to this chapter. I believe, having talked about it to President Santer, that if we get a settlement Europe will be willing as it is and has been in the past to provide the financial support. But we need to begin the process of making our minds up as to what we require. If we can as we are aiming to do get outline agreement by Easter, then we will expect the Irish and UK governments to present the agreement to the European Summit of Heads of Government to be held in Cardiff on the 15th and 16th of June, and we would expect the summit to endorse the agreement and to mandate the Commission to support it. This follows the precedent set at the time of the Anglo Irish Agreement which resulted in the establishment of the International Fund for Ireland.

It is clear to me that the Peace package is having a substantial influence on EU thinking on regional policies and the implementation of such policies. Our experience here is being looked at with great interest by our European partners. I would expect some element of the peace package to be built into the mainstream of structural fund policies throughout Europe after 1999.

Today, I would like to look at three principal issues: the role of a small region in a global

economy; the impact of the single European currency; and the implications of Agenda 2000 for our region.

However, I would like to stress one fact. Northern Ireland's future is inseparable from that of the European Union. A few years ago, that would have been a controversial statement in Northern Ireland.

But I think that anyone with any sense now knows that the kind of Euroscepticism which has paralysed British politics for so many years is an expensive luxury that a region like ours cannot afford. We simply have to be a part of mainstream Europe if our next century is going to be better than this one.

Within that framework, however, there is clearly a lot of scope for arguing about the direction in which the European Union should move. I welcome that. I believe it will be much healthier for our politics, our society and our economy if we concentrate our minds on real and rational arguments about the future of our societies which are being conducted throughout our continent. Lets leave history to the historians.

There is a very difficult task to be accomplished - the changing of mindsets. Our priority must be the modernisation of Northern Ireland. But we have to recognise that everything we do takes place in the context of a global economy. We have to simultaneously think local and think global. How do we improve the economy of Northern Ireland? What part does Northern Ireland play in the global economy? What changes do we need to make in Northern Ireland in order to participate effectively in the global economy? To what extent can we determine our own future? Will we be doomed to be passive victims of globalisation?

These questions have profound implications for our society. One of our problems has always been the tendency to see the economy as a finite resource over which our different traditions have quarrelled, often violently. In a global economy, the possibilities for economic activity and growth in a small region, are, to all practical intents and purposes, infinite. We are part of a single market of over 300 million people. Within a decade or so, we should be part of a European market of around 400 million. Global free trade extends even further the possibilities. I stress the term "possibilities". There are many obvious things which have to be done to realise the potential - infrastructure, telecommunications, and education, for example. But in the long run, if we do not succeed, it will essentially be our own fault. That is why we need mindsets and structures capable of succeeding in the global world of the 21st century.

Let's consider two case studies, one on our doorstep, one further afield. Whether we like it or not, any rational outside observer sees the island of Ireland as a natural economic unit. Most international firms therefore structure their operations around this reality. They are not interested in the political divisions within this island.

As citizens, we are all perfectly entitled to have very different political views and aspirations. But as economic actors, it is futile to let our political differences get in the way of economic realities. It is simply senseless to let outsiders behave in an economically rational fashion while we allow our political differences to stop us behaving rationally in economic terms. Efforts by certain academic commentators to muddy the waters by claiming there is no rational case for cross-border co-operation are more comical than convincing.

Such an analysis would have been very controversial a few years ago. It is a mark of the progress made recently that the idea of enriching ourselves through cross-border co-operation, irrespective of political preferences, has made so much ground. It is a tribute to the work of the social partners that so much has been done, despite the absence of a political consensus. I very much hope that we will be able to create institutions which can support the work of individuals and organisations working to enhance standards of living for everyone.

In today's world with sharply reducing transport and telecommunications costs all national economies are becoming increasingly interdependent. The real economic and social challenge is to increase the value of what we can add to the global economy by enhancing our skills and capacities and by linking them better to the world market. The SDLP view is very simple; it is that the economy of the North can only benefit from being associated with and learning from the southern economy, from its experience, its access to markets and influence, its track record in educational innovation, its success with the development of indigenous industry and with attracting new foreign investment. There is no other economy with which we have more in common and which is as willing to share with us, it is as simple as that.

The other case is the development of Eastern and Central Europe. The states of the former Warsaw Pact and the ex-Soviet Union are undergoing profound transformations into market economies. Obviously there are major difficulties in these countries. But the EU is providing major aid packages for these countries. Above all, at the moment, these countries need expertise. And there is a lot of expertise in this region. I appreciate that there is already a substantial Northern Ireland involvement in some eastern countries. We should try to maximise our involvement in the PHARE and TACIS programmes, because sooner rather than later, aid is going to give way to trade. Anyone in on the ground floor will be well-placed to build the higher storeys. I would also point out that we have substantial cultural advantages in performing such work. Some of them I presume I do not have to underline. But the fact that we have not been a normal part of Europe helps us to empathise with countries that have had very different histories to mainstream Europe over the last fifty years. Exploiting such opportunities now will be an effective way of widening our economic horizons beyond the confines of this region, this island and this group of islands.

Yet another challenge facing us is the advent of the single European currency, the Euro. In eight weeks time, when the financial markets close for the weekend, the EU council of finance of ministers will meet to draw up a list of member states joining the Euro. This list will then be transmitted to the European Parliament, meeting for the first time ever in a special Saturday session, for its approval. Assuming the Parliament endorses the list, it then goes to the European Council, the heads of government of the 15 member states, for the final approval. From then on, it will be all systems go for the Euro. On 1st January 1999, the Euro will be in circulation.

Obviously, the Euro is going to create some complications for Northern Ireland. At the moment, the UK will not be part of the system. I happen to believe that this is yet another British mistake in Europe. This hesitation, a consequence of the craziness which gripped British politics in the last Parliament, will not ultimately be to our benefit, or to that of Britain. But we will have to live with it until at least 2001 or 2002 and the next election.

Clearly, this is going to be a particular problem for us, given the likely involvement of our

neighbours in the Euro. But it is also going to affect our trade relations with the rest of Europe.

But the reality is we cannot ignore the Euro. Common sense tells me that, for instance, a retail business in Derry is going to operate with dual prices, one in sterling, one in Euros. Common sense tells me that shops and bars in central London will be obliged to operate with dual prices as well. It is ironic to think that Westminster eurosceptics will be drowning their sorrows in establishments alongside tourists whose Euros are accepted as eagerly as the pound. Obviously, it is not just in our region where there is a gap between political and economic logic.

Perhaps more seriously, any concern involved in international trade will be obliged to deal in Euros as well as in local currencies. It is no use pretending that this will not be a problem. It will be a barrier to trade and competitiveness. This, I presume, is why business and the trade unions in Britain are so united in defence of the single currency. It is also why I am so committed to supporting the single currency, and why I will be campaigning to get us into the Euro as quickly as possible. Our region is on the geographical periphery. We cannot change that but we can, through technology, overcome many of its effects. But putting us on the monetary and economic periphery is another matter. We can't allow the political logic of Britain to subvert our long-term interests. But fortunately, many people in Britain feel the same way. It is fairly clear that the British opt-out is a transitional phase, in more ways than one. Our regional strategy should be to take action to minimise the consequences and shorten the duration of the opt-out. In a sense, there is a clear division of labour here. Your job is to deal with the practicalities, mine and my colleagues to minimise the length of time you have to put up with this unsatisfactory state of affairs.

Finally, let me turn to the Agenda 2000 debate. In July last year, the Commission published its proposals for the future direction of the EU, taking into account the question of enlargement. As I have made clear, I support enlargement for both economic and political reasons. It will to the single market, it will make Europe a safer place. But it is obvious that there will be costs.

Put bluntly, the fundamental problem is that the existing member states support enlargement but do not want to increase the resources available to the European Union. If I was a finance minister, I would find that a defensible position. But there is no doubt that this stance is going to create problems. Given the fact that the Commission is constrained by this principle, it is not surprising that Agenda 2000 is inspiring the most profound and wide-ranging debate about the future of EU policies for many years.

In two weeks time, the Commissioner with responsibility for regional policy, Monika Wulf-Matheis, will be putting forward detailed proposals on the future of the structural funds after 1999. I do not want to anticipate the Commissioner's announcement. I would, however, point out that she has been deeply supportive of Northern Ireland since she took office in 1994. I look forward to discussing her proposals.

Given the differences of opinion within the EU, it is inevitable that no one will be satisfied entirely by the proposals. But I would underline that the proposals are proposals, not decisions. In the EU, consultation is genuine. The proposals are, in fact, the beginning of a period of debate, reflection, negotiation and decision-making which involves the Commission, the Parliament and the Council of Ministers. It is important that we take part in this process and ensure that our views are made clear at every stage of the process.

There has, for instance, been much speculation that Northern Ireland's status as an Objective One region will be terminated. Assuming this is contained in the proposals, we, as a region, will have to make our case for continued privileged access to the structural funds. We have to define our purpose in seeking such a status, rather than simply assuming that it is a good thing. What do we need and want to do with structural funds?

It will have to be a coherent, rational and well-argued case put forward in a united way. We have to avoid empty rhetoric and special pleading.

I hope the social partners will combine to put forward the strong case for Northern Ireland, which we know exists. The Northern Ireland MEPs will cooperate to ensure that our regions interests are defended at the political level. The relevant government authority, which at the moment is Paul Murphy, will have to ensure our case is heard in the Council of Ministers. As I have already mentioned, there is a great deal of goodwill for Northern Ireland in the European institutions. I have no reason to believe that there is any danger of this goodwill evaporating. We have to build on this goodwill and find allies, just as we have always done.

It would be unthinkable that just as it was on the verge of a political agreement, national and European policy would act to weaken the economic and social prospects of Northern Ireland. We should therefore fight for the retention of objective one status for as long as possible. I understand that the detailed Commission proposals on agenda 2000 will be published on March 18th and that Ireland will remain an Objective One region until 2004. I have every confidence that Ireland's negotiators will be able to extend this to 2006, the end of the period. This should also be the goal of those negotiating for Northern Ireland. How much stronger the claims of both would be if they were able to present a united front and able to put together a package of joint measures based on the strengthening of the Peace and Reconciliation fund, the development of the inter-reg programme and the real exploitation of the joint chapters contained on the proposals of both governments in the last round of structural funding.

It is a very interesting time to be involved in European politics and decision-making. I do not believe that there is any reason to be pessimistic about our future position in Europe. On the contrary, I think we can play a very constructive role in the formulation of EU policies for the 21st century. Given our own history, we have much to look forward to from enlargement. Last, but not least, given our close ties to Europe and Britain, it would not be surprising if we were to contribute significantly to easing the longstanding strains between Britain and its European partners.

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