

STABILITY TREATY – THE IRISH REFERENDUM OF MAY 2012

by Tony Brown

Extract from:

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1. The Treaty

The intergovernmental Treaty on Stability, Coordination and Governance in the Economic and Monetary Union was signed by the heads of state and government of twenty-five of the twenty-seven Member States of the European Union on 2 March 2012.

Under the terms of Article 46 of the Irish Constitution, any change to its terms requires ratification by the people in a referendum. Within the Irish administration it is the task of the senior law officer – the Attorney General – to advise on whether a particular matter requires constitutional affirmation or protection. On 28 February 2012 the Taoiseach (Prime Minister) Enda Kenny informed Dáil Éireann (the lower House of the Irish Parliament) that "at this morning's Cabinet meeting, the Attorney General conveyed her advice that, as this treaty is a unique instrument, outside the European Union treaty architecture, on balance, a referendum is required to ratify it. On foot of this advice, the government has decided to hold a referendum on this issue in which the people of Ireland will be asked to give their authorisation for the ratification of this treaty."

2. The Referendum Question

The government published a referendum bill providing for the insertion of the following subsection to Article 29, Section 4 of Bunreacht na hÉireann, the Irish Constitution:

"10° The State may ratify the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union done at Brussels on the 2nd day of March 2012. No provision of this Constitution invalidates laws enacted, acts done or measures adopted by the State

that are necessitated by the obligations of the State under that Treaty or prevents laws enacted, acts done or measures adopted by bodies competent under that Treaty from having the force of law in the State.”

Introducing the referendum bill in Parliament, the Tánaiste (Deputy Prime Minister) and Minister for Foreign Affairs, Eamon Gilmore, described the process whereby “Ireland and our fellow European Member States sat down to negotiate a new and important agreement with the status and weight of an international treaty which committed 25 states, including all Eurozone countries to responsible budgeting and better arrangements on how Eurozone countries work together and help each other. It is that deal which we negotiated, called the Stability Treaty, which I am asking the Irish people to support.” In an important part of his speech the Minister pointed out that “contrary to what some have claimed, we are not inserting the treaty into our Constitution. We are ensuring that our constitutional arrangements enable us to ratify the treaty.”

The Oireachtas (Parliament) Committee on European Union Affairs set up a Sub-Committee to discuss the treaty. The Committee held 24 public sessions at which more than 60 witnesses – the leaders of all parties and groups in Parliament, Irish MEPs, parliamentarians from other EU states, academics, representatives of the social partners and civil society, economists and the ambassadors of EU Member States – presented their views. The Sub-Committee published an extensive report covering the purpose of the treaty, the economic effect of the treaty on Ireland, a detailed analysis of the key elements of the treaty, alternatives to the European Stability Mechanism, and the perceived consequences of a ‘yes’ vote and a ‘no’ vote. The report provided an outline of the positions taken by the witnesses, on both sides of the argument.

3. The Referendum Campaign

3.1. The Yes Side

Under Irish referendum law, campaigning is carried out by the political parties and civil society groups or individuals. The government’s role is limited to the provision of factual information and the main responsibility for this is

given to the Referendum Commission which circulates information booklets and leaflets and carries out media advertising – conveying information and encouraging people to vote.

On the ‘yes’ side in the campaign were the two government parties – Fine Gael and Labour – and the main opposition party, Fianna Fáil, whose leader, former Foreign Minister Micheál Martin, played a prominent part in the campaign. Both Fine Gael and Labour ran high level national media campaigns but with an emphasis on direct contact with voters and key groups, such as farmers and trade union members, by party representatives and branches at local level.

A major role in the ‘yes’ campaign was played by the Alliance for Ireland, an association of business and voluntary organisations and Irish citizens. The Alliance brought together as many as 60 national and regional organisations, including the Irish Business and Employers Confederation, the Irish Farmers Association, the Irish Chambers of Commerce, the Irish Exporters Association and the Irish Tourism Industry Confederation. It also included the Charter Group of trade union leaders and the ‘Generation yes’ group of young professionals and third-level students. The Alliance was supported by a wide range of well known individuals in business, sport, music and the arts. A ‘Famous Faces’ advertising campaign and full-page features in nation papers signed by almost 200 personalities attracted much attention.

3.2. The No Side

The ‘no’ campaign in 2012 was the eighth attempt to reject proposals related to the development and governance of the European Economic Community or European Union since the 1972 vote on Irish accession. While this campaign related to an intergovernmental treaty rather than an agreed amendment of the basic treaties, in terms of its participants, it was largely indistinguishable from previous campaigns to reject proposals negotiated by successive Irish governments in collaboration with the other European democracies.

The ‘no’ campaign featured some 50 political parties, organisations, publications and individuals – Irish and non-Irish – ranging from an all-island political party, Sinn Féin, and some trade unions, to ad-hoc, and often shadowy, groups from the fringes of Irish public life such as the republican group, Eirigi, with its

taste for ‘direct action’. The Libertas group headed by businessman Declan Ganley, which had played a major role in the Lisbon Treaty polls, joined the opposition, arguing that Ireland should vote ‘no’ and then offer a second vote if the EU agreed to pay off Ireland’s bank debts! The individual campaigners had long track records in opposing European treaty amendments.

The ‘no’ side in Irish European referenda has consistently represented a ‘Troika’ of policy positions – nationalist, left-wing socialist and Catholic fundamentalist. Essentially they reject the concept and reality of the European Union on grounds – loss of sovereignty, neo-liberal economics and threats to moral values – which have certain resonance in society and which can be exploited and translated into a significant ‘no’ vote. The essentially economic focus of this campaign meant that the fundamentalist groupings were not in evidence as it was not credible to seek to link the ESFM or ESM to the introduction of abortion, euthanasia or conscription.

The non-Irish players included a familiar lineup of British Europhobes, notably the United Kingdom Independence Party, seeking to use the Irish situation to promote their agenda of undermining the European Union and advancing the project of UK withdrawal. Some voices from anti-EU parties in continental Europe, such as the Greek Syriza Party and Finnish and Danish representatives of the Europe of Freedom and Democracy Group in the European Parliament, were heard yet again repeating their longstanding positions.

3.3. The Campaign

The ‘yes’ side argued simply that the treaty was necessary, in the words of the Tánaiste, Eamon Gilmore, “to save the euro, our currency, to restore our economy, to be able as a sovereign nation to borrow again on the financial markets and to ensure that no future government can ever again bring us to such a sorry state...”. It was essential to approve the treaty as a signal of the country’s commitment to the euro and to EU solidarity in the face of the crisis.

The Alliance for Ireland argued that the treaty was the first half of the equation in getting Ireland out of its current crisis with, as the next step, a pan-European stimulus to kick-start a growth-led recovery. “First you stabilise, then you

grow. This treaty is a necessary condition for growth. It is our stepping stone to recovery.”

In particular it was argued that, if Ireland failed to ratify the treaty, market sentiment would be strongly negative. Ireland would be locked out of the vital new instrument, the European Stability Mechanism, and borrowing, if possible at all, would be prohibitively costly.

On the ‘no’ side, the treaty was described as an ‘austerity treaty’ enshrining permanent austerity through the new, harsh, structural deficit target, forcing Member States to pursue damaging pro-cyclical fiscal policies. It was not necessary as the EU would always provide for a second Irish bailout, should that be needed. The treaty was to be inserted into the Irish Constitution, thereby having the potential to tie the hands of any future government on spending and fiscal policy.

It was further asserted that the treaty drastically limited the ability of an Irish government to make necessary public investments and thus to tackle unemployment. Democratically elected governments were being told that they cannot borrow to invest in jobs but that they must borrow tens of billions to pay off the gambling debts of toxic banks. The treaty was seen to pose a challenge to democracy and national decision-making with enhanced powers being given to the unelected European Commission and to the European Court of Justice. The treaty, it was claimed, does away with Ireland’s right to national freedom and sovereignty.

A significant feature of the campaign was the attempt, on the ‘no’ side, to generate support by linking the treaty to an on-going campaign against taxation changes introduced to cut the budget deficit and, in particular, a 100 euros Household Charge, intended as a step towards a wider property tax. A national campaign by left-wing parties and groups had succeeded in achieving widespread refusal to pay the charge and in building anti-government sentiment. Research by the authoritative RedC polling company showed that, of those who indicated that they had paid the Household Charge, 80% voted ‘yes’ compared with about 20% of those with negative attitudes to the charge.

4. The Referendum Result

On 31 May 2012 the Irish people voted and backed the treaty by a clear majority: 60.3% voted 'yes' and 39.7% voted 'no.' By comparison with the second Lisbon Treaty referendum in 2009, the turnout was lower – reduced from 59% to 51%. The 'yes' vote was down from 1,214,000 to 955,000 while the 'no' vote was higher – at 629,000 compared to 595,000. The 'no' percentage, at almost 40%, was the highest of the seven losing 'no' votes in European referenda and the 629,000 'no' votes cast amounted to the second highest 'no' total. These figures seem to indicate that a significant number of those who might be categorised as 'soft yes' in their attitude to EU matters decided to stay at home on this occasion.

Only five of the country's 43 parliamentary constituencies rejected the treaty. These were in the north-western county Donegal, where Sinn Féin are particularly strong, and in three Dublin areas where the recession had resulted in high levels of unemployment and poverty.

Research findings indicated that the 'yes' vote was strongest in the 55-65 and 65 plus age groups while it fell to 43% among those in the 35-44 group – the group most likely to be affected by the economic crisis, both in respect of unemployment and the pressures of negative equity and mortgage arrears. While 89% of farmers and 66% of the AB social class supported the treaty, the working class groups delivered the highest 'no' votes, with 50% of the DE group rejecting the treaty.

Experienced political commentators have argued that this was the first time that a clear class divide had emerged in an Irish national poll. Majority 'no' votes were registered among those who described their personal economic situation as fairly bad or very bad.

Asked about their reasons for voting 'yes', most voters referred to the economic situation of the country: economic necessity (24%), uncertainty about the implications of a 'no' vote (23%) and the importance of access to funding and future bailouts with the 'no' side failing to identify alternative sources of finance (22%). They also felt that the treaty was good for Ireland (18%) and held pro-EU opinions (12%).

The main reasons cited by those who voted against the treaty were opposition to the government (28%) and distrust of politicians who were ‘misleading’ the people (24%). Other significant reasons related to voter opposition to the European Union (17%) and to perceived loss of political and economic sovereignty (18%). Austerity and economic factors also figured among the main ‘no’ side motivations.

5. Implications

It is clear the EU must make far-reaching decisions in the period ahead to bring an end to the current deep economic and financial crisis and, in the words of the Van Rompuy Report, to develop “a strong and stable architecture in the financial, fiscal, economic and political domains underpinning the jobs and growth strategy” and to seek closer integration which “will require a strong democratic basis and strong support from citizens.” For Ireland, and for all EU Member States, this new architecture will necessitate a further pooling of sovereignty, in areas of policy hitherto seen as entirely within national competence.

Difficult and demanding choices will face the Irish political and administrative system and, ultimately, the Irish people in a referendum which might well be of the same order as those of 1972 – on Irish accession to the EEC – and 1987 – on the ground-breaking Single European Act. It is crucial that all of the issues facing the country, the policy options and their implications are fully researched, assessed and discussed in the period ahead.

However, the outcome of the Stability Treaty referendum leaves no grounds for complacency in the parties and groups on the ‘yes’ side and it is clear that, in any future referendum, the ‘no’ side next time will have substantial, realistic targets. Whatever the precise nature of the proposition, and unless the economic situation has improved dramatically, certain factors which were significant in May 2012 will be crucial again: the personal and communal problems associated with ‘austerity’, personal economic hardship, such as negative equity and unemployment, will influence many voters, including those in the ‘soft yes’ category. An important insight was offered by the Labour Party MEP, Nessa Childers, who argued that the political capital inherent in past

arguments about ‘stability’, ‘progress’ and ‘investment’ has been exhausted with voters looking for concrete prospects rather than mere aspirations. This is very much the case in areas and groups particularly affected by unemployment. Providing or facilitating job opportunities for those at present out of work and for the younger generation of school and college leavers will be a crucial test of government and of politics in general.

The social divide which emerged clearly in the campaign will give encouragement to the ‘no’ side and anticipated developments on property and water taxes or charges will provide a basis for protest campaigns, with an EU referendum as an obvious target for anger and dissatisfaction. Retaining the solid support for the Stability Treaty in the farming community will be dependent on the successful outcome of negotiations on the reform of the Common Agricultural Policy, possibly under the Irish Presidency of the EU Council in the first half of 2013. The progress made on dealing with the cost burden of the Irish government’s bank guarantee will be crucial in persuading voters to maintain support for the evolving shape of EU integration. Antipathy to bankers and bondholders and, however distorted and exaggerated, to the influence of Germany will figure in the debate.

The narrative of austerity can become a powerful stimulus to anti-EU attitudes and to conventional and non-conventional political movements. Ireland, so far, has not seen the emergence of hard-line right wing politics and the more extreme left remains marginal. But the voting patterns seen on 31 May 2012, together with the impact of the campaign against the Household Charge, point to a potentially significant shift in attitudes in some predominantly working-class areas. The remarkable collapse in the 2011 General Election of the broadly populist Fianna Fáil Party, which had been in government for 45 of the past 65 years, may have opened the way for long term changes in political loyalties in Ireland.

It is to be hoped that the lessons of the 2012 referendum will lead to an acceptance of the difficult decisions which must be taken to restore the Irish economy and give hope for the future not least in terms of political debates and choices.