5 The 1965 Anglo-Irish FTA agreement

Background to the AIFTA

Principally due to its failure to exact entry into the EEC in 1963, the Irish government quickly set about enhancing the country's trading position with its crucial UK markets, as well as its bilateral relations with other states. However, once Anglo-Irish discussions got under way, it was clear that Ireland favoured the idea of an FTA with the UK rather than just enhancing bilateral agreements of old. There was a simple interlinked set of motivations behind this decision. An FTA was chosen primarily because it was seen as a viable intermediate step in preparations for its ultimate aim, achieving a position of full European economic integration, but also because it would solve a more immediate economic problem as well, keeping Ireland a feasible trading entity. Apart from considerations about the future, an innovative free trade area arrangement solved an immediate problem, because of the UK's overwhelming importance to its economic position, providing a concrete and fresh impetus for plans held by Dublin. Additionally, it marked a tenable step in Ireland's actual – rather than heretofore provisional – course of European integration. The 1965 Anglo-Irish FTA (AIFTA) agreement was in fact a means to an end, not necessarily an end in itself, as was made readily apparent at the time of these bilateral talks. Thus, the main reason behind negotiating an AIFTA, as far as Dublin was concerned, was to facilitate Ireland's full membership of the EEC when that became possible, although these changes were worth implementing in their own right too. These new trading arrangements with the UK were in no way intended to impede that ambition; rather, they were wholly intended to expedite it.1

The creation of the AIFTA was 'indubitable and significant' evidence that the UK and Ireland had finally realised that they had 'common interests' which needed to be nurtured if they were to 'combine their efforts in entering Brussels'. As the ground-breaking historian T.D.Williams has written regarding Ireland in the mid-1960s, the 'EEC was beginning to play an ever

increasing role in the actual shaping of policy'; in combining the prospects of EEC membership to continually improving Anglo-Irish relations, whether in regard to agriculture or to Northern Ireland, mutual self-interest meant that the AIFTA was a logical step to take. It was clear that a 'new era of co-operation in economic and ... political collaboration' was at hand.² Nonetheless, some background information regarding the AIFTA agreement is also needed in order to put this bilateral development into its proper historical context and also to demonstrate how it related to Ireland's evolving European integration policy.

In the immediate aftermath of de Gaulle's rejection of the UK bid for full EEC membership, the Departments of Agriculture, Finance, and Industry & Commerce began receiving a flood of reports on the state of Irish agriculture and industry. Indeed, the CIO was able to furnish four interim papers, all of them accepted by the government, on the following:

- the rate of adaption of marketing;
- joint export marketing;
- the provision of adaption facilities;
- industrial grants.

Five other reports on separate industrial groups – 'the cotton, linen and rayon industry, the leather footwear industry, the paper and cardboard industry, the motor assemble industry, and the fertiliser industry' – had already been published and further papers – on industries including glassware, iron and steel, pottery, sugar, and wearing apparel – were expected. In parallel, other study groups – made up of government departments, processors, producers, and trade unions – were investigating agriculture, although it was rather difficult for them to proffer sound advice quickly because the CAP had not yet been clearly defined. These areas in Irish agriculture included:

- cereals and cereal products;
- milk and milk products;
- cattle and beef, sheep and mutton;
- pigs and pigmeat;
- poultry and eggs;
- fruit and vegetables.

The first four of these reports were being supplemented by separate surveys being carried out independently by the Department of Agriculture itself. Thus, with these reports and surveys starting to come on line, it is obvious that the Irish government was searching for ways to reorganise agricultural and industrial production so that Irish products might compete with foreign goods,

both at home and abroad.3

It must be said that Dublin tried various means to improve external trade relations, not all of them restricted to deals made with London. In mid-1964, for instance, eighteen months after France's veto and humiliation of the UK, a serious attempt was launched to rehabilitate delicate Franco-Irish relations when Maurice Couve de Murville, the French foreign minister, paid a visit to Ireland. Frances Nicholson & Roger East, who have gone to some lengths to record the various developments which led from Ireland's application for EEC membership to its eventual accession, have recounted that, following the breakdown of the UK's entry negotiations, 'Ireland retained good relations with the EEC governments and, in particular, with France'. During his trip between 11-12 June 1964, de Murville met with de Valera and, more importantly of course, also had talks with Lemass and Aiken. A joint communiqué issued on 13 June 1964, marking the conclusion of the French foreign minister's visit, dealt with the 'close review' of bilateral economic relations that had just taken place. In their resulting declaration, Aiken and de Murville 'noted with satisfaction that trade had more than doubled since 1961 and that this growth was taking place in both directions'; indeed, they hoped that bilateral trade - 'balanced in so far as may be possible in the mutual interest of both countries' - would increase further still. Through this statement, evidence of deepening bilateral cooperation was afforded by the two foreign ministers, thus highlighting French participation - ongoing for nearly a decade - in Ireland's economic progress; indeed, the value of investment in the economy originating from France was underscored.⁴

Among the topics discussed by de Murville with his Irish counterparts were relations between the latter and the EEC, a fact that he reported some days later to his colleagues in the French cabinet. At this cabinet meeting, the French foreign minister 'noted that the Irish government wished to find a formula for rapprochement with the EEC', that he had 'verified the Irish government's interest in developing its ties with Europe in whatever form might be possible', and that he had himself 'given an assurance that France was favourable to such a rapprochement and to the development and forging of links between Ireland and the Common Market'. The other announcement of note from this visit was that bilateral trade talks would open in Dublin on 6 July 1964; these then continued for four days. This successful summit culminated in an official announcement which declared that an already existing Franco-Irish agreement would continue 'with provision for increased import facilities in respect of certain products'. It also stated that French investment in Irish industry would be increased and there was also the additional possibility that arrangements to stimulate the growing tourist traffic between the two countries would be discussed and increased.⁵

The previous month's joint communiqué had been a masterful

example of diplomatic platitudes entwined with clichés, although at least it demonstrated that bilateral Franco-Irish relations were functioning again. Besides references to bilateral economic relations, however, the rest of the communiqué appears to have been rather banal, citing close historical ties while making reference to a future cultural agreement; still, these meetings also marked progress in relations that could do Ireland's chances of acceding to the EEC no harm in the long run. Although by no means a useless exercise, such diplomatic niceties essentially ignored the realities of Ireland's precarious economic position, however.⁶ On more than one occasion, the Irish foreign minister emphasised the importance of export trade and tourism, especially the role that Irish diplomats had to play with regard to these activities.⁷ It was obvious that, if Ireland was ever going to make any substantial progress in its external trading position, its biggest obstacle needed to be addressed first; this meant that Anglo-Irish relations came back onto the top of the Dublin government's negotiations agenda.

On 5 November 1964, the taoiseach, Seán Lemass, met Harold Wilson, the newly elected UK prime minister; the possibility of holding discussions which would centred on the prospects of improving the future permanent trading arrangements between the two countries began to be deliberated in earnest.8 This rendezvous marked the first significant move in a rapid series of bilateral discussions, meetings and negotiations. Indeed, this process quickly led to the signing of an Anglo-Irish FTA agreement in December 1965 and to its enactment by the middle of the following year. Of course, this momentous bilateral trade development must be viewed here within the even wider context of Irish and UK relations with the EEC. Nevertheless, the fact that Ireland actually had no ministerial contact with Brussels throughout the whole of 1964 itself suggests that, apart from the internal problems within the EEC and between the Six themselves, the Irish government had gradually came to the conclusion that the only realistic way forward for Ireland in the realm of external economic growth was going to have to come from self-initiative. In conjunction with this bilateral economic innovation, Ireland would also have to make a determined effort to fashion its candidacy for the EEC as a feasible and attractive proposition, both at home and abroad, while making completely sure that its European ambitions were not subsumed by reinforced Anglo-Irish relations.

In fact, throughout this period in time, the Irish government consistently signalled its willingness to consider all of the various economic options open to it, both in regard to full EEC membership and to Anglo-Irish trade relations; one of the additional possibilities that was not ruled out was interim associate EEC membership. Indeed, every tenable relationship was thoroughly debated. On 11 November 1964, the taoiseach declared in Dáil Éireann that:

Even if full membership of the Common Market is not immediately practicable we would be very interested in any arrangement with [the] EEC which would reinforce our status as an applicant country and ... imply the willingness of the Community to complete the process of negotiation with us without delay when this course is desired by us.⁹

Thus, the question of association was finally introduced into the economic debate as a viable policy option, but only if it swiftly led to full EEC membership. However, in the aftermath of de Gaulle's refusal to consider seriously Ireland's application for full membership, it was becoming increasingly obvious in the eyes of the government that the first and most important intermediate step that would have to be taken to achieve this aim would be a consolidation of the existing Anglo-Irish economic relationship. Before moving on to analyse this bilateral renovation of Ireland's economy, it has also proven necessary to investigate the government's relationship with the EEC in the period which subsequently followed the French president's calamitous and categorical decision to exclude the UK.

Understandably, Ireland's official position on the European integration process is best summarised perhaps by the taoiseach himself. In early January 1965, he delivered an address to the NFA – the main agricultural lobbying group in Ireland – which specifically referred to the situation pertaining in Europe and encapsulated recent developments. Alluding to remarks made on behalf of this farming organisation in which Lemass's government was accused of 'vacillating' on the EEC membership question, the taoiseach replied to these accusations by stating that there had been very few advances in the previous year simply as a consequence of the uncertainty surrounding the new UK government's position. It may have appeared that Ireland was in a position to act alone on the European integration issue, without a complete knowledge of or full regard to the UK position, but this was positively not the case, according to Lemass. In his opinion, such well-meant sentiments did not in any way reflect the realities of the predicament in which the country found itself. The Irish prime minister then went on to reveal to the NFA that:

We did not think of 1964 as the year for decision in these matters, and neither apparently did anyone else. We do not regard it as vacillating to decide not to run headlong into a fog.

He declared that it was only sensible for his government to take such an irrevocable decision when it knew exactly what the EEC and the UK were actually going to do. Thus, he felt able to insist: 'We took a very firm decision to this effect and there was no vacillation about it'. Indeed, Lemass added that Ireland would not itself be rushing – or would not be rushed – into coming to

any conclusions just yet because, as the taoiseach warily pointed out, 'there should be no misunderstanding of how final a decision it would have to be'. 10

At this stage in his speech to the NFA in January 1965, as he tended to do on all such public occasions, the taoiseach used the opportunity to state clearly his government's position on the European integration process. It is worth emphasising here because it acts as a fitting reintroduction to the continuing debate as to how the country must proceed. Indeed, fearing no contradiction, he asserted that:

We are an applicant country for E.E.C. membership. There is nobody who can have any doubt about our desire to obtain membership or misunderstand our position in any serious degree. We will reactivate our application when, after a cold, calm and comprehensive calculation of all the facts and probabilities, we see that our national advantage will be served thereby. That calculation cannot yet be made with any confidence, and we have no intention of making it until that is possible.

As the taoiseach said himself, a restatement of the government's policy on EEC membership from time to time could do no 'national harm'. Nevertheless, on the question of European integration, one critical consideration still played a pivotal role within any forecasted course of action; put simply, that factor was London's attitude and where, in turn, Ireland then stood on whatever matter was at hand.

The election of a new Labour government in the UK in October 1964 had complicated the membership issue though, while at the same time promising fresh possibilities. However, a major set-back for the Irish government occurred on 27 October 1964 with the subsequent adoption by London of what D.J.Maher terms a 'package of measures to correct the serious deterioration in the British balance of payments', before adding: 'Prominent among these measures was a temporary 15 per cent surcharge on the value of all imports of manufactured goods'. For the Dublin government, two concerns predominated as a consequence of these changes. These modifications in UK import policy had effects which can be listed as follows:

- previous bilateral trade arrangements were subsequently negated;
- Irish exports were being particularly badly hit because of the products which were being targeted by this policy revision.

These two changes had an instant adverse impact upon bilateral trade practices. Firstly, this tax was an infringement upon the Anglo-Irish trade agreement of 1938 because it put a price on the entry – heretofore guaranteed as duty-free – of Irish industrial goods, practically all of which went to the UK marketplace. This obviously came as a 'severe blow', knocking much of the

recently acquired confidence out of the industrial sector for its future well-being. Such a reaction was understandable because this sector regarded Ireland's established free access to the UK market as the 'corner stone' of its present economic policies and, indeed, figured heavily in its plans for prospective development thereafter.¹²

As D.J.Maher explained, there was a second set of repercussions, the statistics for which represent the severe outlook facing Irish industry for as long as the UK surcharge on imports endured. He wrote that:

... while the surcharge was in principle non-discriminatory, it bore most heavily on Irish exports. Irish exports to the United Kingdom of the goods liable to surcharge (valued at £45 million in the year to August 1964) represented about 21 per cent of Ireland's total exports to all destinations. This percentage was by far the highest known for any country affected. The comparable figure for the EFTA was 5 per cent; for the EEC 5 per cent; for the British Commonwealth $2\frac{1}{2}$ per cent; and for the USA $2\frac{1}{2}$ per cent.¹³

The plans for remedying Ireland's economic position were, of course, thrown into complete disarray as a consequence of this UK initiative. If Ireland could not rely upon the UK, there was clearly no other country or organisation to which it could easily turn, precisely illustrating the reason why it was seeking an alternative economic orientation. It was another reason why Ireland was prepared to swop dependence on the UK for interdependence with the EEC.

It was with issues like these in mind that the taoiseach unambiguously stated that the ongoing Anglo-Irish trade talks had to be his government's single-most important foreign policy priority. In fact, this particular consideration came well ahead of any other, certainly before it could readily contemplate any alternative economic ventures, whether it be EFTA, the GATT or even the EEC, full or associate status. Regardless of this radical redirection in Ireland's orientation – temporary, it was hoped – and even though it could not be said that the new year promised that the economic impasse with the UK or in Europe could be cleared up to the satisfaction of any or all of those taking part – in fact, it was held that this eventuality did not appear to be very likely at all – it was still strongly felt that there was plenty that the Irish government could do in the meantime in order to ready agriculture and industry for the vagaries of the future, wherever that might lead.¹⁴ In asking what could have led to such a situation in which the UK suddenly appeared at the only alternative, a stark prospect arose: what else was Ireland supposed to do next to alleviate its position?

The renewal of ministerial contacts with the EEC

The Irish agriculture minister, Charles Haughey, duly paid a visit to Brussels in January 1965, both in an effort to sell what were the beginnings of a new Anglo-Irish plan to the EEC and in order to consolidate Ireland's own relationship with the Six. ¹⁵ Of course, the importance of these contacts in the history of Irish relations with the EEC should not be underestimated. Indeed, it has to be pointed out that the series of meetings that followed – convened in an effort to exchange information on the latest Irish and European situations with the foreign relations commissioner, Jean Rey, and with Sicco Mansholt, the agriculture commissioner – were the first contacts at ministerial level between Ireland and the EEC since November 1963; well over a year had elapsed since then, 1964 having been totally lost. ¹⁶ That a deterioration in relations of this magnitude could have been allowed to occur was inexcusable, especially for a government which was apparently prioritising such links; at least it demonstrates the extent of the disappointment and malaise caused by de Gaulle's rejection of the UK.

The meeting between Haughey and Rey took place on 26 January 1965, opening with an articulate statement by the Irish agriculture minister in which he meticulously underlined Ireland's continued interest in obtaining full EEC membership as soon as it was practicable. In reply to Haughey, the EEC commissioner acknowledged the latter's position and remarked that its enterprise remained 'undamaged' by the events which had led to the suspension of its membership negotiations. The minister was at pains to point out that the Second programme for economic expansion envisaged full EEC membership by 1970 and thus enquired whether there had been any new thinking in Brussels regarding Ireland's application, indeed if there had been any developments since the negotiations were suspended which were relevant. Rev took this opportunity to allude gently to the ongoing associate membership negotiations with Austria as perhaps being of particular interest to Ireland – as a precedent, he maintained – but reiterated that it was worthless for the EEC to resume negotiations with the UK government as long as the political issues involved in their initial collapse - such as defence - endured as bitter points of disagreement. Yet, it was clearly recognised that, in the event of ameliorated circumstances encompassing such considerations, the extension of full EEC membership might become a much more reasonable expectation and that it could then take effect rather quickly.¹⁷ It was quite appropriate in these circumstances for Haughey to ask: what could the Irish be expected to do economically or politically to help themselves?

The foreign affairs commissioner thus informed the Irish delegation that the foremost difficulties between the UK and the EEC remained political considerations and that there was very little that Ireland could actually do in this regard. Indeed, an Irish diplomatic report on this meeting summarised his view as having been that:

If the Irish Government decided to approach the Community with a request to re-open negotiations for membership, he thought that no one would take the responsibility of refusing to talk to us.

In spite of this apparent relaxation in the EEC position, Rey further added that, until the Six themselves were totally at one in relation to the future organisation of Europe, it would be rather premature and by implication quite damaging for Ireland to take concrete steps. He understood that the Irish government desired membership at as early a date as was feasibly possible and tried to be reassuring on the point that the EEC fully appreciated both Ireland's inherent interest in the UK market and its understandable pursuit of European integration.¹⁸ This only raised another question: if this latter route was closed off to the Irish government, where could discussions on any future relationship with the EEC have been expected to have gone from there without the UK also taking part?

At this point, the Irish ambassador to the EEC, Francis Biggar, specifically referred to the Austrian government's argument for membership, an approach which was discerned as a 'test case' by all concerned. Despite having to face accusations from farmers organisations and federalists that the Dublin government was dragging its feet, in addition to claims from journalists that an interim arrangement with the EEC could actually be concluded without too much difficulty, Rey assured the Irish deputation that, although the EEC Commission was not awaiting a move from Ireland, equally it was not expected to have to wait for many years to elapse before joining. Indeed, according to the foreign affairs commissioner, its ultimate accession to the EEC by the end of the decade remained a reasonable working assumption. Nonetheless, as a member of the EEC's delegation pointed out during this ministerial meeting, it was actually with the 'harmonisation' aspects of European integration, economic rather than political, that Ireland's real difficulties lay. Thus, its problems were completely different to those of Austria. Two dominant reasons were cited:

- Ireland's abiding interest in the UK market;
- the supposition of its ability to become a full member.

The government was obviously looking for Ireland to become a full member of the EEC for economic reasons but, at the same time, it was restated that it was totally prepared to accept the concomitant political obligations by working towards European political unity. It was at this stage in the bilateral discussions between Haughey and Rey that the possibility of an 'interim status for an applicant country' was timidly broached by the agriculture minister.¹⁹

Thus, the prospect of associate EEC membership being adopted as the means to another end – full membership – a policy championed by the EEC as being more appropriate for Ireland, had finally been raised by a senior Irish government official at the European level, even if only informally and tentatively.

As was pointed out at the time of this meeting, both Greece and Turkey had already concluded association agreements with the EEC. However, what the Irish delegation actually had in mind has not been so easy to discern subsequently. Indeed, it was even asked of the EEC Commission delegation at that stage what should Ireland in fact be doing 'to promote our case either for full membership, association or an item by item agreement'. Thus, the full extent of options was laid out for informal discussion. However, the possibility of the Irish government making special arrangements with the EEC for agreement on individual items – primarily agricultural, à la Denmark - was met with a meaningless answer from Rey, mainly because he does not seem to have been in a position to reply unequivocally without reference back to the EEC. Nonetheless, it does appear that the Irish delegation was only probing for reactions to these suggestions and that it certainly did not want such questions to be raised at EEC Council level just yet, fearing that they would be lent credibility and legitimised as equally favoured options. Of course, as Rey asserted, the conclusion of any new commercial agreement would need the go-ahead of the EEC and the Six. Indeed, in response to concerns expressed on the matter, the commissioner pointed out that the Danish government's existing cattle arrangements with West Germany – due to conclude by the end of 1965 but which were clearly of very great interest to the Irish deputation in general, principally J.C.Nagle, the Irish agriculture secretary - merely exemplified the EEC honouring existing agreements, nothing more.²⁰ Evidently, the Irish had good reason to doubt the verity of this argument, rightly fearing that such agreements might be reviewed or revamped to its disadvantage.

At this stage in the discussions, it was established by the Irish delegation that the EEC Commission was not making any link between the various proposed membership applications. Indeed, although there was no doubt but that the EEC would eventually be extended, it was still impossible to say exactly when. However, even if only from the practical point of view, it was clarified that it was not envisaged that Irish or Danish negotiations with the EEC could be resumed until a certain stage had been reached in any deliberations between the UK and the Six. European economic realities would obviously take precedence before less meaningful membership aspirations of the minor powers. In response to Haughey's contention that they might perhaps be able to do something in the meantime regarding membership – full, associate or commodity by commodity arrangements – Rey said that there was

'nothing specific' in his personal view at that point which Ireland should have then been doing to facilitate any or all of these developments. A 'wait-and-see' policy appears to have been the one which was most strongly being advocated. By Ireland taking an equivocal position, events in Europe would take their own course, the UK might decide to apply for membership at the appropriate time, and then the other states seeking to join could enter into the equation. However, forcing the issue would probably only lead to a negative and quite possibly retrogressive outcome. These discussions with Rey, remarked upon by the Irish as having been 'characterised by a note of cordial frankness', duly came to a conclusion with nothing innovative or tangible having been decided.²¹ This was exactly what the Commission wanted most.

The very next evening, 27 January 1965, at a dinner given by Mansholt in honour of the Irish agriculture minister, direct reference was once again made to the potential form of a prospective link being made between Ireland and the EEC. Regardless of what Ireland did, it was felt that the collapse of the UK's own negotiations and the lack of any direction from the new Labour government meant that certain difficulties were created for all the applicants. However, according to the commissioner, who was said to be speculating out loud, there was no 'absolute barrier' to a resumption of negotiations between Ireland and the EEC, including the vague possibility of an interim arrangement being envisioned which would fully take the Anglo-Irish relationship into consideration.²² Clarity regarding these proposals was notable though by its very absence. Ireland could not join as a full member without the UK; thus this alternative was a non-starter. Options were then limited because, on the one hand, the EEC did not want a line-by-line agreement and, on the other, Ireland was not keen at the thought of association even if that was being actively considered. Once more, the Irish were informed that the EEC Commission recognised that Ireland had been prevented from entering the EEC in 1963 by events which were outside of its control, which was somewhat reassuring. As a result, the minister categorically restated his government's desire to enter the EEC as a full member as soon as circumstances made that at all possible. In fact, Haughey quickly added that this ambition to join was not based solely on 'material grounds', but that Ireland wanted to become a member of the EEC because of what he indeterminately called the 'historical and sentimental associations that attached us to Europe'. 23 Undoubtedly, Dublin was not going to be found lacking in the political rhetoric stakes a second time around.

Of most obvious concern to the Irish delegation was the subject of EEC developments on the agriculture issue, in which it was noted by the commissioner that the main decisions in this area were then being taken on a day-to-day basis in Brussels rather than in the national capitals. This had major implications for future participants, as Mansholt held that the EEC could not

be confined forever to the Six and that, when the economic realities of the situation were finally confronted, the UK government would sooner or later be forced to adhere. When this eventually happened, however, the agriculture commissioner held that the UK government would find itself in the position of gladly taking what would then be on offer by the EEC. Indeed, further indignity would be heaped on the UK because there would be no possibility of the issues which were then being decided in their absence being reopened at a later stage. Importantly in Ireland's case, the commissioner also let it be known that, for instance, with regard to agriculture, it was felt to be easier to negotiate full membership rather than associate status. As a consequence, Dublin was confronted with a dilemma of significant proportions with respect to the immediate future. Nevertheless, the fact of the matter was that the Labour government in the UK was not apparently troubled at that point in time over concerns such as its part in the European integration process. Therefore, the main implication for the Lemass government, as long as London remained disinterested, was that there was no possibility of an agreement of any substantive nature being accorded between Ireland and the EEC.²⁴ Dublin was constantly being confronted with having to find a different escape route away from its economic reliance problems. Even still, although this option now appeared to be closed, the question of a new relationship with the EEC being formed rumbled on into the spring of 1965. At least, the Irish government appeared to realise that continued contact with Brussels could only be beneficial in the long-run and so did not unconsciously ignore their European ambitions as they had done following France's veto two years previously. The EEC remained to be convinced of Ireland's merits but was open to persuasion.

The Irish agriculture minister continued his European tour, with West Germany his next port of call after Brussels. Obviously, this strategy of forging contacts with the EEC and with the Six was concurrently undertaken by other Irish government ministers; for instance, the Irish industry & commerce minister, Jack Lynch, met a senior West German government official who was reported to have given 'every assurance' of his country's continued goodwill towards Ireland's application for full EEC membership.²⁵ The agriculture minister's trip was still attracting the biggest headlines. In a meeting with his West German counterpart, Haughey made it 'clear that the German market for meat was, and would continue to be, of considerable importance to Ireland'. The bilateral agricultural trade deal still existing between Denmark and West Germany remained a sore point for the Dublin government, especially as the Irish were not themselves in a position to strike a similar deal on an item by item basis squarely because of the common external trade policy that was operated by the Six. Indeed, the Irish agriculture minister felt that all he could do in return was to reiterate to the West Germans his government's position, obviously that:

... Ireland's application for full membership still stood, and it was the desire of his Government and people that Ireland should become a member of the Community as soon as circumstances made it practicable to do so.

In reply, the West German agriculture, forestry & food minister articulated – in this meeting of 31 January 1965 which was not surprisingly reported as 'cordial' and 'friendly' – that his government was still endeavouring for an enlarged EEC, one which would include Denmark, Ireland and the UK.²⁶ In essence, the Irish application for full membership was clearly no further forward and concerns about the Danes receiving preferential treatment persisted.

It was only on the agriculture minister's return to Ireland though that some controversy arose, ironically because of a platitude that he delivered on a question relating to European integration in lieu of substantial analysis or comment. In fact, Haughey had only restated that the Irish government's 'position remains that we still desire full membership of the Common Market as soon as that is practicable'. Notwithstanding this apparently reasonable stance, the *Irish Independent* accurately commented that, while this policy was unchanged, in line with other members of the government, the agriculture minister's glib answer on the European integration issue:

... is the cliché that we are interested in full membership. There has been too much of this stonewalling. It is an empty, meaningless answer. Most would agree that we cannot join the Common Market as a full member without Britain. The real point is whether we should move ahead and seek a form of association as an interim step.²⁸

Several Irish newspapers had previously carried reports that, while in Brussels, Haughey had indicated that, if encouraged, Ireland might feel inclined to seek associate EEC membership pending full admission. In Dublin, however, Lemass decided not to contradict these rumours, primarily because they received so little attention at home and abroad, but also because they were not so out of line with a statement which had been delivered in Dáil Éireann only a few months previously by the taoiseach himself.²⁹ Although fully cognisant with the advantages and disadvantages of this lesser membership status, it is clear that the government was actively reconsidering its feasibility as an interim step towards full EEC membership, but was also weighing it up against another – this time hardly unsurprising – consideration.

Nonetheless, what was happening to the political debate in Ireland was very significant in the development of a coherent Irish government policy towards European integration. The principal implication of what Lemass and Haughey were saying, of course, was that full EEC membership was no longer seen as *sine qua non* and that Ireland might in fact be willing to accept a lesser

status. In reality, associate EEC membership had furtively, albeit seriously, reentered the equation as a optional, if still intermediate, answer to Ireland's ever expanding economic needs. Nevertheless, this new relationship would have to be balanced against the considerable benefits of stronger bilateral links with the UK, which was viewed as the second plausible interim step for it to choose; the policy choice was clear, but it was no secret which one was favoured between associate EEC status and closer Anglo-Irish ties. The scene was still set for a serious debate to take place on the issues and implications involved in choosing between associate membership or augmented bilateral relations, even if these discussions were largely conducted within the confines of the Irish government.

Associate EEC membership versus enhanced Anglo-Irish links

Some days after his return from Europe, in a speech delivered in Dáil Éireann, the agriculture minister presented his report. Once more, Haughey restated that Ireland's application for full EEC membership still stood and that it was still the express intention of the Irish government to proceed with its candidacy at the earliest appropriate moment. Indeed, the minister made a particular point of adding the assertion that Ireland's desire was to achieve membership as soon as that was practicable.³⁰ The internal debate within the Irish government had by now moved on from there to include other possibilities, which basically amounted to ascertaining whether a formal link with Europe might be forged, the UK's participation withstanding or not, or if it might be better to concentrate mainly on enriching relations with the UK. Thus, the issue of obtaining associate EEC membership, as an interim step before full membership might be achieved, was being soberly considered for the first time. EFTA was always in the background as a further option, of course, as was the prospect of adhering to the GATT, but the argument usually just came back to deciding on how Anglo-Irish relations might work in the context of the EEC to Ireland' best advantage. Of course, the instinctive choice would have been to stick with the UK but, nevertheless, other possibilities for the way forward were also being mentioned by Lemass as the debate over Ireland's economic future gathered pace.

In an address delivered in early February 1965, he stated that, although it doubtlessly needed to reduce the scale of its dependence on the UK market for exports – indeed, that the country obviously had 'too many eggs in that basket' – the realities of the troubled economic situation that it was facing meant that a more innovative approach would have to be taken on the issue. Lemass decided therefore to outline categorically that:

The facts of geography, and many other facts as well, determine that trade with Britain will always be of predominant interest to us, and for that reason we would wish to put our trade relations with Britain on a secure and permanent basis, preferably by reason of membership of E.E.C. by both countries, but until that is practicable, by a revision and strengthening of our bilateral trade agreements.³¹

The direct implication of the taoiseach's speech was that Anglo-Irish ties might first have to be strengthened before they could be loosened; implicit, however, was his conviction that the search for new markets would have to be redoubled, that older links – especially with the likes of France and West Germany, as well as with the US – would have to be cultivated, and that the vaguely understood concept of 'innovative means' would have to be reconsidered afresh. The public and private debate on the future of the economy had dragged on, especially within the context of the EEC membership 'escape-route' having been cut off, and thus set the stage for a much needed rethink in the policy tack of the Irish government. The answer to a very elementary question needed to be determined: in which direction exactly would this shift in foreign economic strategy go and what was to be the substance of this change?

Throughout this period, full membership of what was considered both a 'great and historic' development remained the Irish government's foreign policy priority. Indeed, according to Lemass, although the impediments forcing Ireland's delayed EEC participation persisted and even if they were expected to continue to do so for another year at least, the Irish government would then proceed without delay to 'secure the advantages and accept the obligations of membership'. In fact, he proclaimed that there was no reason to modify his estimate that this full status would be achieved by the end of the decade.32 According to reliable and regular diplomatic reports emanating from Europe, however, this evaluation of the situation was quickly becoming rather untenable. Accounts from the Netherlands stated, for instance, that its government thought that the UK and/or other countries entrance into the EEC - that is Denmark, Ireland and/or Norway - would still take several years with no date for accession specified, even if their full membership remained both 'desirable and envisaged' according to The Hague. The Dutch were concerned with the lack of movement from the UK government on the membership question, but it was not Dutch policy - or indeed that of the other member states - to try and persuade Ireland, Denmark and/or Norway to join the EEC without them.³³ Even if it complicated the associate membership issue, another option was always available to Ireland of course, that is stronger bilateral links with the UK.

Regardless of other considerations, desires or needs, the truth of the economic situation was that the UK remained of profound importance to

Ireland, even with the 15% surcharge that had been introduced and which continued to be imposed on all products – including Irish goods – being sent there. Was there more to Irish foreign economic policy than better trade relations with the UK? As the taoiseach made readily apparent:

Irrespective of how our present trade discussions with Britain may work out, the drive to open up new markets for our industrial and agricultural products in Europe, North America, and throughout the rest of the world is most important ... This drive to find alternative market outlets must not be thought of merely as a temporary necessity forced on us by the British surcharge, which will cease when the surcharge is removed. We must think of it as much more important and permanent. We must train ourselves to look around the whole world for possible outlets for our exports, and to neglect no possibilities of doing business in any part of it, understanding that in diversity there is safety, and with growing confidence in our capacity to design and produce goods which can be sold in most markets.

As he concluded, Ireland had a lot to learn from the new economic conditions with which it was being confronted, both from its mistakes as well as from its successes, but he emphasised that lasting benefits to the Irish economy would in fact accrue from such experiences.³⁴ This view might appear in some ways naive, especially when constituent sectors of the economy, including areas such as foreign-controlled export-oriented industries, were finding it harder to compete on the UK and international markets, but the country had to be able to operate in such difficult times if it was going to be competitive and if it wanted to make an acceptable impact when conditions were more suitable. Otherwise, how would these industries compete whenever the next negative cycle occurred, as it most certainly must.

At the same time, the Irish external affairs secretary, Hugh McCann, felt inclined to reappraise his counterpart, T.K.Whitaker, at the Department of Finance with a point of view to which they were both exceedingly familiar. He wrote declaring that:

... our objective was, and still is, full membership of the EEC with Britain also as a member. We appreciated the circumstances which had delayed this desired eventuality. In the meantime, we wish to push ahead with our plans for economic expansion. Economic growth requires increased outlets for our exports. We are anxious to explore all such possibilities, in the interim period, without departing from our ultimate objective of membership of the Common Market. We wish to know whether there is a possibility of any form of interim arrangement with the EEC which would meet with the approval of the EEC and still safeguard our important trading interests in the British market. We are also exploring the possibility of improving our trading arrangements with Britain.³⁵

In brief, this was the situation which applied in early 1965. Ireland was going to explore the possibility of combining its two alternatives, closer ties with the UK and the EEC, as it did not just want to become even more dependent upon the former, but it was apparently not in a position to have more than an ambiguous relationship with the latter. The central question that should have remained uppermost was: where should Ireland proceed to next? Unsatisfactorily, this issue remained unresolved and, for some unbeknown reason, except perhaps to itself, the Irish government's answer apparently lay in the Vatican.

The taoiseach's visit to Rome for the papal consistory 36

Throughout the first half of its existence as an independent state, Ireland often looked to the Catholic Church for guidance on matters upon which religion impinged.³⁷ De Valera was the personification of interactive church-state links, of course; indeed, he wrote a special place for it into Bunreacht na hÉireann. 38 In public, his successor gave the impression of being quite sympathetic to this view and was certainly not antagonistic, it would have been political suicide otherwise; in private, he held a different position to his predecessor, although all he really did was to keep religion expressly out of state affairs. J.H.Whyte has written that there did not appear to have been as a high frequency of interaction between Lemass and the Catholic hierarchy, unlike de Valera's relationship; it is quite clear that the former preferred to keep it that way.³⁹ All the more surprising, therefore, that when he was in Rome at the beginning of 1965, ostensibly for a church celebration, he was presented with the opportunity to meet up with the Italian prime minister, Aldo Moro, but appears to have been reluctant to utilise this opportunity to further bilateral relations. Indeed, returning from the Vatican at the end of February 1965, Lemass was more inclined it seems to speak of Ireland's relations with the Holy See rather than with Italy; he evidently rated his papal audience higher than forging links with the Palazzo Chigi, the offices of the Italy's prime minister. 40 Originally, Lemass had no plans therefore to meet any members of the Italian government during his brief stay, despite the precarious position of Ireland's candidacy for the EEC. In what should have been considered an ideal opportunity for him to discuss areas of specific interest to bilateral Irish-Italian relations with his counterpart in Rome, the taoiseach had other things in mind. He was evidently more preoccupied with the intricate processes involved in procuring his audience with the pontiff – with whom he eventually met on 27 February 1965 - than he was in furthering bilateral relations with a critically important European state.41

Clearly, the trip was not left to go totally to waste because even the

European question was raised. The taoiseach stated that Pope Paul VI had expressed appreciation and, indeed, had encouraged the influence that Ireland brought to bear on international bodies such as the UN and, by implication, in other areas such as European affairs. However, it is obvious from this visit that, on a scale of importance for the government, the desire to procure an audience with the pope while in Rome came out way ahead of any urgency that might be expected to have been attached to efforts to procure substantive discussions and meetings with representatives of the Italian government. Therefore, it is with Dublin's stated interest in the development of a coherent and progressive integration policy in mind that, it has to be said, this trip provided evidence of a missed opportunity by the taoiseach to advance Ireland's relations more than superficially with one of the Six. Lemass might have employed some of his time in Italy to better effect than just by concentrating on meeting the pontiff.

Obviously enough, with integration viewed as a response to the communist threat, the Vatican itself had played a role in the development of various government's foreign policies during these post-war years. Ever since the mid-1950s, when Pope Pius XII had delivered a Christmas message in which he urged the European integration process, although conveyed in general terms, Ireland had started to pay very close attention to the thoughts that emanated from the Vatican on this matter.44 It can be surmised from the regular Irish embassy reports dating from this period - coming as they did from one of the countries with which it has held diplomatic relations the longest - that Ireland was well aware that the papacy was in favour of European union going beyond the bounds of the Treaty of Paris, both in spirit and in letter. However, it was also noted by the Irish ambassador at the Holy See that, although the Vatican was in favour of European unification, it was reticent about saying so too loudly.⁴⁵ In fact, it was only by the summer of 1962 that the Irish ambassador was apparently able to make it clear that the Vatican had substantially changed its mind on the issue; the Holy See was now 'officially and unreservedly on the side of advance towards European union'. Indeed, critical of the French president's displays of excessive nationalism, it was said of the members of the Vatican's administration – the Curia – that the various cardinals:

... strongly ... shared the opinion that European countries must, at the expense of whatever degree of individual national sovereignties which might be necessary, move towards political unification if European civilization and culture is to survive the threat from the East. 46

The Dublin government thus acquired fresh inspiration and stimulus in favour of its European integration policy, especially coming as it did from a source other than those which were led purely by economics. Still, a natural question might be posed at the outset of this discussion: where exactly did the taoiseach's visit to the papacy fit in with Ireland's strong declaration of affinity for the concept of European integration?

The Irish prime minister was ostensibly visiting Rome in early 1965 in order to attend a religious ceremony – termed the papal consistory – an event at which William Conway, the Catholic Archbishop of Armagh, was being elevated to the position of cardinal. Ultimately, however, Irish-Italian relations were allowed to intervene on the hectic schedule of Ireland's visiting delegation in Rome, however slightly - in the end, Lemass accepted an invitation to lunch with the Italian prime minister – but they did not, of course, interfere with the main substance of the taoiseach's visit to Italy, attending the papal consistory and meeting with Paul VI.⁴⁷ Before moving on to deal with the substance of the bilateral meetings that did, in fact, eventually take place, some background information on the purport of Irish-Italian relations – as well as an analysis of the Italian government's opinions on Europe's political integration and the experience of its own 'economic miracle' - needs to be presented. Thus, questions which need to be asked at this point include: how important was Italy to Ireland in terms of actual trade, what view did it hold on the Irish application for full EEC membership, and what efforts did Ireland make to raise its standing with Italy? 48

It was admitted by the Department of Foreign Affairs in a briefing for Lemass that a marked improvement in overall trade terms had been taking place between the two countries and that Ireland had recently achieved a 'better balance in our trade with Italy than with any other EEC country' – this belief is clearly borne out in the figures.⁴⁹ Up to 1962, Ireland was importing up to and over three times the value of goods from Italy that, in return, it was exporting to the latter. However, this situation was remedied somewhat in the ensuing years. By 1964, the balance of trade deficit that existed between the two countries, although still in Italy's favour, had been redressed, even if it was often destined to drift. Of course, in the general scheme of things, Irish-Italian trade was an infinitesimal part of Ireland's trade, accounting for only 1% of total exports and 1.2% of total imports, on average. Nevertheless, these figures are symptomatic of the government's efforts to expand the country's export base and to exercise the economic power that the procurement of foreign goods gave it. Indeed, unlike its economic relations with many other European countries, Ireland was making steady progress therefore on the question of bilateral Irish-Italian trade, a trend which needed further enhancing – based on the Dublin government's impetus – at every given opportunity.

Indeed, this report from mid-February 1965 regarding Ireland's trade and commercial relations with Italy particularly credited the large increase in exports there to the establishment and rapid development of a substantial market for fresh and chilled Irish beef – in the process quickly becoming the

largest single export market on the European continent for this product – and also of course for live cattle. In addition, it was noted in this report that the burgeoning Italian market for frozen meat from Ireland had been facilitated by a veterinarian agreement which had only come into force the previous year. Nevertheless, although not unexpectedly, it was pointed out that the export of Irish industrial goods to Italy did not fare out so well in comparison to agricultural produce. Of course, what this implied was that value-added goods were not able to break into the sophisticated Italian market as easily as primary or basic food products. In turn, it comes as no surprise that Ireland's major imports from Italy listed in this report included agricultural produce – such as fruit, nuts and vegetables – and manufactured goods – including cars and scooters. Despite the uneven nature of the relationship inherent in the make-up of these exports and imports, however, this significantly healthier balance of economic activity singled Italy out as an important trading partner for Ireland.⁵⁰

In reality, Ireland's trade relations with Italy were solely governed by an agreement which dated from 1953. Not unlike most economic arrangements from that era, it was only outlined in the broadest terms, along with an imprecise aspiration towards expanding bilateral trade. By the early 1960s, the Irish government had rather understandably been actively trying to copperfasten such accords for some time, primarily in an attempt to expand and to extend these agreements, especially in an effort to remedy the heavy imbalances that existed in trade terms, but also to guarantee continuity regarding access. This endeavour was guided by a Department of External Affairs recommendation that:

... [as] there is little scope for bilateral negotiations to serve improved import facilities for Irish industrial products in West European or North American markets, existing trade agreements should be reviewed to assess whether this country is still receiving benefits commensurate with the concessions given to other countries under these agreements.

As a matter of fact, the growth of Italian financial investment in Ireland was also a new factor in the bilateral trading situation – centring on footwear and textiles, as well as on car assembly with Fiat of Turin being one of only two car manufacturers to have an Irish assembly plant. Indeed, at that particular point in time, the IDA was concurrently dealing with twenty-eight separate industrial enquiries from Italy to set up investment projects in Ireland.⁵¹

This data presents only a fraction of the hard evidence backing up the opinion that the taoiseach's trip to Rome in the spring of 1965 offered Dublin an important economic opportunity to build upon bilateral trade relations, one which seems to have been almost totally missed in the practically frantic efforts to receive a papal audience. Obviously, there were other considerations

for Lemass to ponder upon apart from those purely related to Irish-Italian trade interests – including, for example, the Italian government's proposals for the political future of the EEC or its perception of Ireland's readiness to participate fully in the European integration process - in the lead up to his trip to the Vatican for the consistory. One of the most meaningful implications and insights to emerge from this affair, one that is indubitably inferable from this series of diplomatic reports, was that Dublin did not consider that there was a strict dichotomy between politics and economics at this level of bilateral interaction; it did not appear to see that they were only opposite sides of the same coin. Simultaneously, however, it was at least discerned that the UK remained the key for Ireland's economic future as far as both countries were concerned. Indeed, it was widely accepted that, no matter what scenario developed in the meantime in Europe, Ireland 'apparently would not be able to join unless Britain did so at the same time'. 52 Thus, these bilateral discussions with the Italian government came at a very important stage in Ireland's process of European integration and clearly should have received more priority than they in fact did.

When it came to the substance of the bilateral meetings that were in the end held as planned on 26 February 1965, the taoiseach was able to talk with the Italian prime minister and, indeed, could also have met with some senior Italian foreign ministry officials as well. At the very least, these deliberations afforded a limited opportunity for the Irish delegation to discuss matters of mutual interest but it appears that, although some significant points were touched upon during these exchanges, nothing of real substance was discussed. There was, of course, a brief exchange of views between the two sides on Ireland's relationship with the EEC. It was made clear by the Irish delegation that the application for full membership was still on the agenda, indeed, that its preparations for accession were in full swing. As a result, it was declared that Dublin was taking every step to further its objective and that they were anxious to maintain the impetus and momentum achieved thus far. Thus, it was announced to the Italians that:

Rather than risk the loss [of] this momentum in the present impasse we were considering the possibility of examining in the not too distant future the question of some form of interim economic association with the EEC pending ultimate membership, which would take into account our special trading relations with Britain which were basic to us.

Additionally, it was stated that, as Anglo-Irish discussions for the purpose of reviewing the existing trade agreements was becoming due, Ireland was considering the examination of a European dimension somewhat more closely. Subsequently, the Irish external affairs secretary then added for the benefit of the Italians that the prospects for finding a suitable formula – enshrining an

interim arrangement such as association – might be enhanced if it was based on the hypothesis that full membership would ultimately follow.⁵³

Later that day, at a further bilateral Irish-Italian meeting at which the taoiseach was not present, the prospect of some form of economic association being formed between Ireland and the Six, based on the premise that the country ultimately achieved full membership, was discussed once more, but again no conclusions were reached. However, the Italian deputation present at the meeting did advise that the Irish government could perhaps make a more fully developed appraisal of this idea available to the EEC Commission – as well as to the Six – for their perusal if it was indeed interested in pursuing the matter seriously.⁵⁴ It was readily apparent though that such an initiative would have to come from Ireland itself. Thus, the opportunity of meeting with the Italian government, almost spurned in the enthusiasm to meet the pope, garnered some important information and reaffirmed Ireland's standing as a prospective candidate with an integral member of the Six. An occasion which was very nearly missed consequently provided the government with some serious food for thought.

A provisional arrangement with both the EEC and the UK?

At the end of March 1965, the Departments of the Taoiseach and External Affairs seriously considered the possibility of Ireland seeking an interim arrangement with the EEC and the UK as its route out of the membership application impasse. However, it should be noted that the outlined proposals were viewed as dependent upon the Irish and UK governments not being able to formulate an improved economic relationship of their own instead; in other words, if an all-encompassing Anglo-Irish trade agreement emerged, it would automatically negate the necessity for an extensive alternative arrangement being proposed to the EEC.⁵⁵ Therefore, the UK alone remained the pivotal factor in Ireland's European integration policy.

During his meeting with Mansholt, the Irish agriculture minister was made aware that the EEC Commission would not discount out of hand the possibility of arriving at a mutually acceptable settlement, one whereby Ireland could link up with the EEC, with the UK formally situated outside although connected in some way through existing economic arrangements.⁵⁶ Under the taoiseach's subsequent plan for an interim agreement with both the EEC and UK, the proposals – if needed – that would be made to the former were envisaged as necessitating five separate interlinked steps. These stages were listed as follows:

• the Irish government would agree to eliminate, by a gradual process,

all tariffs on EEC products *pari passu* with UK goods, in return for the EEC extending to Ireland the benefits of tariff reductions/removals that were already being enjoyed amongst themselves as full members;

- Ireland would agree to maintain the EEC Common External Tariff against all imports, except those originating from the UK of course;
- in addition, there was a recognition that special machinery would need to be established in order to provide safeguards against the diversion of UK exports through Ireland into the EEC;
- Ireland would participate in the EEC's agricultural arrangements;
- this joint agreement would be expressed as only temporary, pending the UK's admission into the EEC.

As this blueprint suggested, the elimination of Irish tariffs on UK goods would actually mean the *de facto* creation of an FTA between the two countries; this development would require this process to be explicitly enshrined – by making it *de jure* – offering Ireland a heightened sense of economic security. Evidently, this new arrangement would apply to the EEC as well, necessitating the renegotiation of existing Anglo-Irish trade agreements, mainly because the Commonwealth preference system would encroach upon this novel procedure.⁵⁷

Obviously, it was not expected that London would necessarily agree to these proposed changes in its trade patterns, but the taoiseach felt that the submission of innovative ideas to the Six in an effort to subvert or, at least, to bypass the deadlock was far better than inaction, especially if Ireland's heretofore inchoate European integration process was ever going to make any substantial progress. At the same time, the Dublin government still recognised that it could not make any breakthrough in the form or the substance of its relationship with the EEC - that is in regard either to associate or full membership - without the consent and the support of the UK. As it was pointed out in the course of internal debate, failing the attainment of any additional advantages in the UK market through these proposals for an interim arrangement with the EEC and the UK, the attraction of this alternative project was that Ireland would still gain improved terms of access for its agricultural and industrial goods to the latent, though vast, EEC market. In addition, the potential beneficial effects of access for the Irish to internal EEC tariff reductions was very appealing.58

Other questions which the taoiseach's plan raised – such as recognition, for example, that special arrangements would be needed to guard against the diversion of UK goods into the EEC through Ireland and *vice versa* or, for instance, with regard to Ireland's precise status within the EEC because this could encroach upon economic areas *vis-à-vis* the CAP – would, it was felt, also prove to be significant hurdles however to a final agreement being

reached. The balance in choosing between the pros and cons of associate and/or full membership had not yet been struck, basically on account of agriculture, and the idiosyncratic UK government always loomed large in economic considerations of any substance. Nonetheless, the Irish government was still resolved to searching for a solution, even if the EEC external relations commissioner had advised them to sit tight, await developments and do nothing radical. Ireland had other ideas. Indeed, it seriously considered what was in effect no more than a 'casual remark', exchanged between the EEC agriculture commissioner and the Irish agriculture minister, had:

... touched on the possibility of an arrangement that might be made to enable us to acquire membership of the Community and at the same time maintain our access to the British market.

While it was thought that an arrangement of the kind mentioned in passing by Mansholt had 'little prospect of materialising', at least it was determined that more information should be informally sought from the EEC Commission at the first suitable opportunity that presented itself before any formal move was made. Regardless of such considerations, the idea was still a rather academic one, mainly because understandable doubts and uncertainty lingered about the possibility of Ireland being capable of establishing any meaningful link in the short term with the EEC. In the meantime, the latter was faced with more immediate problems because, amongst other considerations, the UK's position remained unclear, the Austrian membership question lay unresolved, and the future political direction to be taken by the Six themselves was as yet undecided. The Department of the Taoiseach felt that the balance of probability meant that the EEC would not be prepared to enter into any serious negotiations with a view to admitting Ireland as either an associate or as a full member at that point in time.⁵⁹ All the signals from Brussels appeared to be saying the Dublin should bide its time.

It appears that the Department of External Affairs had other ideas though and it thus suggested another alternative arrangement. As a result, it was intimated that:

This variant envisages a form of association with the EEC which would bring us within the customs union of the Community and would provide terms of access for our principal agricultural exports to the Six which, though falling short of full participation in the common agricultural policy, would help to guarantee a certain level of trade.

Once again it was felt, even by the proposers themselves, that there were certain obstacles in relation to the fruition of this plan which quite possibly made it unnegotiable. It has to be said that, by seeking special arrangements

from the EEC at this stage in the development of European integration – especially for agricultural produce such as beef, mutton and lamb – it does not appear to have been a very imaginative or even worthwhile tactic for the government to have thought about pursuing. Essentially, what this addendum proposed was the creation of a new and unique FTA for Ireland within the EEC, one with some agricultural concessions added; at the same time, this would be coupled with the separate but interlinked construction of an FTA between Ireland and the UK which would provide for their bilateral agricultural arrangements to continue. The conclusions drawn were, to say the least, fascinating. Indeed, they thoroughly question the validity of the whole exercise as they read:

While the foregoing seems prima facie an attractive proposition from Ireland's point of view, there are serious doubts as to whether it would be negotiable.

Thus, the Department of External Affair's proposal does not appear to have taken the reality of the situation into consideration and did so on purpose. Indeed, the character and evolution of economic and political integration appears to have been ignored in the formulation of this alternative plan of action; this was subsequently proved by the more sensible assessments of the position in which Ireland found itself which later followed.⁶⁰

In the middle of April 1965, the Department of Finance presented the Irish government with a pertinent assessment of the process of European political integration; this appraisal also dealt with its history and implications. This document was divided into six principal parts which, not altogether unlike the analysis presented here, dealt with the following subjects:

- efforts made at integration before the decision to establish the EEC;
- the establishment of the EEC and subsequent moves towards political integration up to 1962;
- renewed efforts in 1964 towards political integration;
- special aspects of European integration;
- statements by the taoiseach on political aspects of the EEC;
- issues raised by the proposals for political integration.

There is no particular need to go into this specific memorandum in too much detail because, after all, points such as these have been made before and have been explained in detail during the course of this investigation. Notwithstanding this fact, it is worth noting that, in reference to previous statements made by the taoiseach on the political aspects of the EEC, it at least becomes clearer from this assessment that the government knew from an early

stage, even if not expressly, what EEC membership actually meant in practice; economic integration would indeed lead to political integration, it was a 'natural and logical development'.⁶¹ However, the political aspects of full EEC membership clearly did not outweigh the economic.

Of course, although it was fairly easy to pay lip service to such platitudes, there were more substantive issues raised by the proposals for political integration in Europe which not only the Six, but also the Irish government, had to consider at length. The two main factors which were faced remained relatively simple and can be listed as:

- the nature and interlinking relationships of the institutions that would in the end be established as part of a political union;
- the subsequent policies to be followed by that political union.

Understandably, the decisive consideration for the government was that, not being an active or direct participant in the process, in essence Ireland could only watch from the sidelines and try to influence unfolding events from there; or else, of course, it could do something about them by embarking upon a riskier strategy. Ireland had much to gain, but it also had a lot to lose, from the developments which were then taking place. In fact, it was felt that it was in Ireland's interest, for example, to see a stronger supranational element entering into the proposals for political integration, indeed, that it was also necessary to see a more democratic European parliament elected, but that in return the question of Ireland's non-aligned status would need to be reassessed, for instance. Thus, there were many outstanding issues remaining to be decided but, if the government was seriously interested in joining the EEC, these considerations, both at home and abroad, would all have to be quickly, but sincerely, addressed. Otherwise, of course, it would run the perilous risk of not being allowed or able to participate in economic and political integration. ⁶² So, the next question being posed was quite simply: where should the government decide to go from here?

Throughout this period, Anglo-Irish discussions continued in earnest on the possibility of improving the permanent trading relations existing between the two countries. Indeed, the necessity of putting bilateral economic relations on a sounder footing was self-evident to both parties. In the meantime, there were some very positive developments to recount. For example, on the larger economic scale, it was observed that the UK surcharge on imports was going to be reduced from 15% to 10% as and from 27 April 1965 – in fact it was not totally removed until 30 November 1966 – but, the government had obviously been objecting all that time to its use for various reasons, including its contention that the surcharge complicated Irish and UK relations with the EEC. There was a simple logic which necessitated change.

Meanwhile, it was also noted that there had been advances on the smaller scale. For example, in the forthcoming financial year Irish exports of butter to the UK would total 18,905 tons, as compared to 17,405 tons for the previous year; while any increase was welcome, what the Irish government was really seeking, even beyond longer-term basic quota grants to be increased, was a comprehensive bilateral trade agreement between the two countries.⁶⁴ The government was starting to look at the bigger picture once more; it was also working within the confines of reality rather than the realms of fantasy.

There are clearly two issues which need to be analysed at this point. Apart from the central one of what the government was actually thinking and doing in relation to the EEC and the UK, it is easy to miss out on the second consideration regarding what Ireland was in fact telling them. On the one hand, the Irish ambassador in Brussels was able to express his government's attitude in numerous conversations with important EEC officials; for example, remarking on his country's candidacy, he regularly recounted that:

... it remained unchanged and that we were hoping for membership before the end of the transitional period. It was difficult, however, having regard to the overwhelming importance of our commercial relations ... to envisage a situation in which we might join while Britain remained outside ...⁶⁵

It is plain that Ireland's attitude to full EEC membership, cognizant of the UK's position, was unchanged. With respect to the UK, the taoiseach's secretary, Nicholas Nolan, wrote on the other hand that, at its meeting on 27 April 1965 to discuss future bilateral economic relations, the Irish government had:

... approved the continuance of the trade discussions with Britain ... agreed, in principle to the adoption of a formula recording the willingness of the Government to consider, at the end of the five-year review period, the question of participation in the European Free Trade Association ... authorized the Minister for External Affairs, in consultation with other Ministers concerned, to agree to the issue of a communication by Britain to the other member-countries of the European Free Trade Association about the discussions when the appropriate stage therein has been reached, the substance of any such communication, and also of any associated public announcement, to be settled in consultation between the two Governments. ⁶⁶

There was clearly more fluidity on the Anglo-Irish question because EFTA was suddenly back on the agenda in the context of an FTA agreement with the UK. Nonetheless, all that these revelations – regarding what the Irish government was telling the EEC and the UK – do is to leave yet another question unanswered: what was the government saying to the general public at home regarding its prospective intentions?

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Public preparations for the implications of integration

Through its use of a variety of means, the government made its position – at least, a version of its true status – on European integration policy relatively accessible to the general public and to Dáil Éireann. In a series of documents, interviews and speeches, Lemass and other government ministers regularly spoke on the subject of Ireland's candidacy for membership, although frequently employing an ingenuous manner to do so. Indeed, in answers prepared for an interview with a West German newspaper, which in the end did not in fact take place, it may be contended that the taoiseach's replies displayed a certain degree of calculation and reticence. Essentially, nothing new was going to be said, equivocation was generally the key on fresh ideas; Ireland still wanted to participate fully in every effort to achieve European integration, he would have stated, the application for full membership would be reactivated as soon as there was any development which made such a move feasible. The only initiative which was being taken in the early months of 1965 was on the question of seeking association with the EEC as an interim arrangement, but even in this area there existed major doubts as to whether such a plan was practicable.⁶⁷

The interviews that were being published proved to be no more revealing with insipid replies regularly being employed to avoid giving candid answers to direct questions. This sort of attitude was all too characteristic of the government's conduct, its European perspective being portrayed as one distinguished by 'great friendship, interest and attraction' rather than the issues being openly debated. Indeed, according to Lemass, there was a 'very strong desire for us to be linked with the Continent, especially in this effort toward economic integration and, beyond that, toward some sort of political unification'; the taoiseach's promulgation of 'membership by 1970' was repeatedly utilised and viewed as eminently achievable.⁶⁸ The government's replies to questions regarding the future of Ireland's relationship with the EEC remained far from satisfactory however. As the agriculture minister maintained in parliament on 29 April 1965: With regard to the European Economic Community, our application for membership still stands and will be actively pursued when circumstances make this course desirable in the national interest'.69 Nothing new was being given away, but the taoiseach himself realised, however, that he would have to give a fuller explanation of the European trade situation in Dáil Éireann and, indeed, that 'it would be desirable to do so'.70

When the opportunity immediately presented itself in early May 1965, Lemass bided his time in giving such information. Replying to a parliamentary question, he said that:

There have been no developments regarding Ireland's application for membership of the European Economic Community since I replied to a similar Question on the 18th November last. We continue to maintain close touch with the Community but it is unlikely that negotiations on our application will be resumed in the near future.⁷¹

The signs regarding the UK's position were not proving good – there were reports from the Irish embassy in London maintaining that there was 'no immediate prospect' of a membership application being made and from the Irish embassy in Brussels suggesting that the UK was 'gravely mistaken' if it believed that time was working in its favour as regards its eventual accession – but, at least there were some positive whispers in relation to Ireland. Indeed, there was an account of deep dissatisfaction radiating from influential Europeans about the EEC Commission's lack of substantive contact with Ireland and at the fact that 'satisfactory arrangements' had not yet been made to deal with the outstanding question of its accession negotiations. It was a good opportunity for the government to restate its case, both to the country's elected representatives and to the leaders of agriculture and industry.

At the beginning of May 1965, Lemass delivered a significant speech on the question of Irish industry. As he said himself, the 'first and most obvious development in our national situation, so far as industry is concerned, is that the age of protection is coming to an end'. European integration was thus having a major impact on the most intimate workings of the economy without Ireland's express participation. Older indigenous industries were having to adapt to these new circumstances or else faced going to the wall, while modern enterprises which were being set up were specifically designed to meet this challenge in conditions. As the taoiseach said, the main aim of his government's external trade policy was to ensure rights of access to foreign markets for Irish exporters similar to those available to other European countries already operating under the aegis of a continental trade grouping. For this to work, however, certain facts could no longer be ignored. Lemass reasserted that:

To make this policy practicable we must be sure that the efficiency of our industrial and commercial enterprises individually, and of our national economic organisation as a whole, are such that opportunities so won can be fully used, and that the reciprocal reduction of our own protective measures will be countered by the growing efficiency of Irish firms so as to enable them not only to win larger markets elsewhere, but hold their positions in the Irish home market as well.

It was obvious that the government's original plan for Ireland to be a constituent part of this drive towards European integration by the mid-1960s had been dashed by events outside of its control. This had in turn led to uncertainties being voiced about its economic future. As it could hardly affect outside events, it could at least effect changes at home. Regardless of the problems the country faced, in the taoiseach's view, there were grounds for hope.⁷⁴

Lemass made it readily apparent that he believed that the deadlock would be broken given time, although he could not be expected to know when exactly. In not being a member of the EEC or EFTA, however, Ireland was in a position which was causing his government 'constant concern', but the historical weight of what had been a 'courageous decision' only four years earlier had been lifted.⁷⁵ The future was clear. As he said:

We cannot remain aloof from these developments. There would be a very dim future for Ireland as an island of protection on the edge of a free-trade Europe and, whatever it may involve, we will have to find a means of getting into the main stream of events.

With this promise to industry regarding entry into Europe, the taoiseach declared that Ireland would have to be willing to tear down its own protective trade barriers if it wanted to take part fully in the economic integration process. He therefore added:

We cannot expect to acquire the benefits of participation in these developments and arrangements to the extent that will secure for our exports assurance of tariff-free rights in export markets, without our being willing to share, equally with the other participants, in the obligations as well.

That being said, the constant and indeed urgent necessity to introduce and institute measures of industrial reorganisation and adaption at home, in order to make such policies practicable and also to guarantee Ireland's continued industrial growth in an era of free trade era, could not be 'over-stressed' the prime minister insisted. Indigenous and foreign-owned industries, just like agriculture, had a duty to ready themselves for the onset of freer trade. Finally, Lemass appears to have felt that the time was right to take this debate to Dáil Éireann, a body which had essentially been excluded from such discussions for some time.

On 13 May 1965, the taoiseach spoke at length in parliament about the possibilities and problems facing the country, explaining his government's role in the light of prevailing economic circumstances. He stated that central to ongoing discussions were the workings of a bilateral Anglo-Irish economic committee that was meeting regularly to examine the possibility of improving the permanent trading relations between the two countries.⁷⁷ There were obvious reasons why the UK was given such coverage in this debate, especially in the context of this statement he was delivering on Ireland's external trading situation and the most up-to-date developments in European and world trade. As the taoiseach told Dáil Éireann: 'For the present ... it seems sensible to concentrate on our relations with our principal trading partner, Great Britain'. Running through the recent history of bilateral trade discussions – which in this case had been initiated the previous November having been in the pipeline since de Gaulle's veto – he said that the two governments had agreed to confer with each other regarding the possibilities of improving economic relations.⁷⁸ He was thus able to add that:

Discussions have since been continuing at the level of officials and matters are now reaching a stage at which can be discerned the outline of possible improvement in our trade relations which, if agreement can be reached, would confer additional advantages on both sides and would ... be consistent with the eventual entry of both countries to an enlarged European community.

It was readily apparent that what he actually envisaged was an innovative Anglo-Irish trade agreement in which the basis for an even higher level of bilateral trade would be created in the short term as the means to achieving greater diversification in the future. Lemass held out the prospect of this revised Anglo-Irish relationship being achieved within the inclusive economic context of an even larger trading group, one in which it was realised that Ireland would face considerable competition. Evidently, the exact make-up of this new trading sphere had yet to be defined however. Nevertheless, the possibility of Ireland linking up with EFTA – more in conjunction with the UK than for any other reason – does not appear to have either been expressly raised or discounted. Although he only spoke in general terms, it did appear that a possible relationship with EFTA was right back on the agenda.⁷⁹

During his statement to Dáil Éireann, the prime minister admitted that the idea of a European FTA did not appear to be 'capable of revival', but that it was also evident that, because of recent encouragement from the UK government, EFTA and the EEC were making overtures to one another. Once again, Lemass only gave a glimpse of what he was thinking, vaguely hinting at what he was driving. It is still possible to draw certain conclusions from his statement because, as he said:

EFTA was never so far as we know envisaged heretofore as an end in itself but as a possible step to a wider European Common Market but it may last for some time and may even go on to the consideration of measures which will bring it closer to the concept of a common market including the extension of its scope to cover agricultural arrangements. The significance of these events, in my judgment, is that they show that some movement has been introduced again into this situation ... While it is impossible to say what may eventuate it is not unlikely that events may begin to move, if they move at all, rapidly enough.⁸⁰

He left his remarks at that. Thus, a brief impression of the future for Ireland in Europe had been presented and then left hanging in the air. However, nothing concrete was decided and, within days, the taoiseach was again talking up the possibility of Irish EFTA membership; as with the other possibilities open to Ireland, Lemass said that it was being kept under constant examination by his government. All the same, if there was going to be any development, it should be stressed that habit had shown Dáil Éireann to be one of the last bodies to know. Of course, the only real economic option open to the Irish government was to embark upon a deeper, and by now necessary, consideration of how to formulate an improved relationship with the UK, but that did not stop the other alternatives being considered.

EFTA, the GATT, and other considerations

Before dealing specifically with the reappearance of EFTA as an option for the government, which then leads into a detailed analysis of the emergence of the Anglo-Irish FTA agreement as its preferred intermediate foreign economic route, there were other aspects of the statement delivered to Dáil Éireann by Lemass in May 1965 which are worth deeper investigation, both in relation to European integration and to Irish trade considerations in the wider world. Indeed, it was within this tangled pronouncement by Lemass on Ireland's foreign economic position that the EFTA option suddenly rematerialised after a prolonged absence. In a cabinet meeting the previous month, the government had been persuaded by the argument to continue trade discussions with the UK, 'to consider, at the end of a five-year review period, the question of participation in the European Free Trade Association', and to communicate with the other EFTA countries regarding these Anglo-Irish negotiations when the appropriate time came. 82 How serious the government was about this issue is debatable; after all, the only attraction that EFTA really held was the fact that the UK was a member.

In the speech he made to parliament on 13 May 1965, the taoiseach stated that Ireland was operating in an external trading environment over which it exercised little or no control. It was divided into two principal Western European groupings, but the country had a vested interest in only one of the participants. As Lemass said:

The implications of this situation for our export trade and for our whole future economic development are of such importance that we cannot afford to neglect any measures which will help to promote the internal strength of the national economy and offset the disadvantages inherent in this present situation.

The starkness and immediacy of the situation that the government faced became all the more readily apparent when he added, by way of illustration, that not only were internal tariffs on industrial products within EFTA due to be eliminated by the beginning of 1967, but that it was also highly probable that a single market for agricultural and industrial goods would be established within the EEC some six months later. As the taoiseach explained:

It is in these areas we have to sell the bulk of our exports in competition with domestic producers who will in two years time have the advantage of tariff-free access to wider markets within their respective groups.

The enormity of the problem facing the country must have been particularly striking, but the options open to it were limited. However, the government knew that, as far as was possible, it would have to introduce freer trade and at the same time try to obtain 'equal treatment' for Irish exporters alongside their European competitors if sales were going to be maintained, never mind expanded. As was made manifestly clear on all such occasions, membership of an enlarged EEC, anticipated by 1970 as fully embracing Ireland's principal export markets, was seen as the 'trading arrangement best calculated to meet our needs'. Nevertheless, within this grand design lay grave problems. While the government continuously encouraged Irish agriculture and industry to prepare for the fateful day when they would have to compete on equal terms with the other members of this enlarged economic grouping, it was accepted that such an 'expectation ... does not in itself provide the answer to the trading problems arising in the years immediately ahead of us'. Thus, Ireland's difficult position begged the question: what was the government actually prepared to do in the interim period? 83

One of the main developments in Ireland's external trading situation actually came at this time with the revelation – just announced by the finance minister – that the government had applied to join the GATT. The arguments for membership were not lost. This institution would entitle the country to two main benefits; it would allow:

- it 'to share in whatever trading concessions may be negotiated' through the Kennedy Round of the GATT negotiations;
- it to some extent to ease trading barriers with continental Europe and the US, facilitating the diversification of Irish export markets.

In spite of these welcome developments, it was noted that Ireland's relationship with the UK market would suffer as a result of membership; for instance, exporters would encounter more competition within this context because of the reduction in preference margins. Thus, even if GATT membership was desirable, Lemass stressed that it would not provide a substitute for Ireland's participation in a major European trade grouping such as the EEC or, indeed, EFTA.⁸⁴ Thus, by May 1965, the issue had become: where did Ireland stand regarding membership of these organisations and which option was the most preferable?

It was in fact at this point in the parliamentary debate that the taoiseach made a very interesting assertion in relation to his government's European integration policy. He said that there were not the 'same obstacles' to joining EFTA as there existed to entering the EEC; on the other hand, Lemass added that there were not the same advantages. Of course, the fact that the UK was in the former and not the latter counted for everything. EFTA membership was, he maintained, a possibility which his government would 'keep under examination'. Indeed, the taoiseach went so far as to assert that:

It might conceivably emerge at some future date that the national interest would be served by joining EFTA as an interim step towards participation in a wider European Community.⁸⁵

In fact, wide-ranging efforts at this time to facilitate discussions for closer relations between EFTA and the EEC briefly raised hopes in Dublin; indeed, there were initial attempts to make sure that the country would be represented at any resulting talks. However, prospects for this proposal to provide substantive contact between the two trade groupings soon floundered and, although the government was interested in participating in these discussions, there was little chance of them happening, partly due to the debates which were going on within those organisations themselves. Europe was not providing the economic cure to Ireland's trading ills, but it had already been looking elsewhere.

Towards the end of the summer, Lemass again contended that entry into the EEC was only envisaged by the end of the decade. Indeed, he began to grow tired of being asked that same question every time there was some degree of controversy on the European continent.⁸⁸ At one point during a parliamentary debate, clearly irritated, the taoiseach said:

The assumption we have made as to the date by which we may expect to be admitted to membership of the European Economic Community is a long-range one and I do not consider it necessary to revise it every time some difficulty arises in the Community.⁸⁹

Obviously, unofficial discussions with the EEC were continuing, but there was nothing there which held out much promise for Ireland or encouraged unfounded hopes of accession. At any rate, bilateral Anglo-Irish trading relations had retained a certain amount of economic priority and were always going to be the most favoured government option once it became clear that full EEC membership was not possible without the UK's participation. Ireland therefore hurriedly turned back to its old reliable – the UK – and in the process readied itself for ultimate accession to the EEC by paving the way economically; as one commentator has noted, this move also had the rather more ambiguous and contradictory effect, especially in economic terms, of restoring the 'union' between Ireland and Great Britain.

The 1965 Anglo-Irish FTA agreement

At the end of May 1965, there were newspaper reports that the UK prime minister felt there was no early prospect of his country being in a position to seek admission into the EEC. 92 Of course, remarks such as these did not endear the UK's plight to those in the EEC who were not looking for its inclusion; indeed, the comment that was being made fairly generally in Brussels was that: 'Wilson still does not understand what the EEC is all about'. However, as the taoiseach said, events did not in any way suggest a change in London's attitude to EEC entry. The taoiseach reiterated that his government was not expecting the UK to join in the 'near future' and that the UK prime minister's reported statement had not in fact altered that situation. 93 At the same time, however, this might also present previously uncountenanced opportunities for Ireland within the context of Anglo-Irish trade.

In Ireland's case, it does not appear as if it had many options open to it at that point in time as it searched for an improvement in its external trade position. Indeed, in reply to questioning in Dáil Éireann, Lemass was embarrassingly forced to restate that his government still had an ambassador accredited to the EEC; attitudes towards EFTA also remained exactly the same, he said, although Ireland was closely monitoring the situation. He was not a very comfortable position in which the government found itself, especially when it was looking to Europe for direction and counsel. When statements such as these had to be made, resulting mainly from a lack of movement on its application, but also in an effort by the opposition to humiliate the government, it was clear that it was struggling. Any efforts which were made to normalise Ireland's relations with Europe – such as accepting changes from its own tariff system to the Brussels Nomenclature, being careful not to introduce sweeping new tariffs, or in streamlining and

expediting the procedures for customs clearance – were only small parts of a much larger economic picture. Understandably, there were good reasons for London not to be interested in embarrassing itself once again in front of their European neighbours; indeed, the UK government would not risk applying for EEC membership until it felt that such a move had a good chance of succeeding, which was unlikely as long as France wished to remain *prima inter pares*. Thus, Ireland's only foreign economic option appeared to be to look to London for help; two decades after the Second World War, never mind a generation after gaining political autonomy, it was no closer to economic independence.

On 26 July 1965, the taoiseach led a delegation to London comprised of his finance, industry & commerce, and agriculture & fisheries ministers, a high-level trip obviously being conducted in order to discuss the possibility of improving permanent trading relations existing between the two countries. ⁹⁷ In announcing his trip, Lemass was summarised as saying that:

... if a satisfactory permanent arrangement on the lines under discussion can be completed, it would have an important bearing on the country's economic situation and would contribute to its improvement both in the short and the long term. 98

The government's hopes for the economic well-being of the country in the immediate future rested on one source and in that they were not disappointed; still, it seemed to many observers as if Ireland was going one step backwards in order to go two steps forward, as it pursued greater dependence on the UK in order to encourage interdependence with Europe.

At this meeting, the two sides evaluated the results of the bilateral trade review which had been conducted on an ongoing basis ever since the disclosure of this Anglo-Irish trade reevaluation process on 5 November 1964. The first examination had shown evidence which favoured the construction of an FTA between the two countries. Indeed, the bilateral talks had continued on the basis of seeing whether a 'mutually advantageous agreement' might be concluded. Therefore, with the successful conclusion of his summit meeting with Wilson, the taoiseach was undoubtedly very pleased to be in the position to make a somewhat surprising announcement; the Irish and UK governments had agreed to examine whether they could create an Anglo-Irish FTA.⁹⁹ In announcing this momentous initiative, Lemass stated that:

The effect of today's meeting was a joint decision that the purpose of these negotiations is to develop eventually a free trade area between Britain and Ireland, a bi-lateral free trade area agreement.

At last, the government had achieved its foreign trade deal, although it was

emphasised that a 'great deal of work' still needed to be done on a resultant FTA agreement. Notwithstanding this proviso, the important news was that the negotiations and talks between the governments would be on the basis of securing this agreed goal, raising Irish spirits considerably.¹⁰⁰

As seven months of talks on this first step on the road to an FTA came to fruition, the Irish media greeted this announcement with due respect. The *Cork Examiner*, referred to this agreement as the 'most important milestone' reached to that date in bilateral relations. Of course, there were many advantages to such an arrangement for both countries, although especially so for Ireland; on the one hand, it would open the way for its subsequent membership of the EEC and GATT, while on the other, it would see the harmonisation of Anglo-Irish agricultural and industrial trade. At the press conference – held at the Irish embassy in London and conducted by the taoiseach – following the conclusion of this series of trade talks, it was stressed that any new Anglo-Irish FTA agreement would not be instituted immediately, even after it was signed. Additionally, it was emphasised that the 'rhythm of elimination' for Irish tariffs on UK goods would extend over a number of years, though there would be the more of less immediate removal, with few exceptions, of all UK tariffs on Irish industrial goods.¹⁰¹

With respect to the European dimension of this Anglo-Irish initiative, the taoiseach ignored integration by drawing attention to the fact that:

... we contemplate in our arrangements with Great Britain for the elimination of our protective tariffs that we will have a longer period than we envisaged in our membership application to E.E.C.

It was always important to emphasise the positive gains in any agreement. The removal of tariffs would effectively mirror, of course, although it would not in itself institutionalise, the FTA conditions under which agricultural goods originating from Ireland were already treated in the UK marketplace. It was revealed that much of the time actually envisaged for further Anglo-Irish negotiations would concentrate on this very issue, an undertaking which the Irish government viewed as ultimately giving it a 'reasonable prospect' of increasing agricultural exports to the UK, thereby boosting its market share. Thus, it appears that the industrial side of this arrangement had already been sanctioned. Indeed, it was supposed that one of the immediate effects of a new bilateral agreement would be that UK restrictions on particular products such as Irish man-made fibres – generating in turn an improved share for exporters in that textile market by up to 20% a year – would be waived. What remained to be found, however, was an acceptable solution to the agricultural aspects of an FTA. Once a settlement to that question had been reached, Lemass stated that a new comprehensive agreement would 'cover every aspect of trade between the two countries' and, as a result, would consequently 'replace the

three earlier agreements'. 102

In fact, there was still a lot of work to be done by both sides because, for instance, it was noted that this proposed bilateral trade agreement would be 'quite independent' of the import surcharge which the UK wished to continue to impose. As the taoiseach said:

There is no prospect of that surcharge being repealed in respect of Ireland alone in advance of its general repeal, and ... this is not likely to happen before the middle of next year.

Another important factor for the government, although this time in the political sphere, was the position of Northern Ireland within this new arrangement. As is clearly demonstrated by the figures, the northern part of the island already played a very significant part in Ireland's economy and, in reality, this applied the other way round as well. Indeed, around 17% of its exports to the UK in 1965 – *circa* 12% of total exports – went directly to Northern Ireland; additionally, nearly 8% of its imports from the UK – almost 4% of total imports – also originated there.

A more detailed evaluation of north-south trade – again using the figures – is necessary, however, in order to give even further credence to this view and also to demonstrate how the breakdown of trade figures revealed the evolving nature of Irish exports, as well as changes in the import needs of the country. At the same time, it also gives an idea of how quickly Northern Irish economy was falling behind that of its southern neighbour. During the decade which saw Lemass as Irish industry & commerce minister and then prime minister, exports to Northern Ireland saw a large increase in their value to the Irish economy. However, it was not in the traditional area of live animals that this expansion was realised, although that category did remain the preeminent Irish export throughout this decade. As was the case with the vast majority of its exports in this period, it was manufactured goods which saw the greatest increase in value and as a percentage share of exports, very nearly doubling in size, in fact. Meanwhile, Irish exports of food, drink & tobacco steadily grew; indeed, they very nearly surpassed its export of live animals in 1963. Nonetheless, it is relation to the import of goods from Northern Ireland these figures are perhaps most interesting. Not only was Ireland exporting goods to Northern Ireland at the advantageous average ratio of 2:1, but two-thirds of the imports it was taking were live animals. This product was being supplied to an already saturated market, of course, but, they could in turn then be processed for, or even redirected to, other markets. The fact that this category maintained its share of Northern Irish exports to Ireland throughout this period is a very interesting and perhaps unexpected revelation. However, it is surely in relation to the category food, drink & tobacco that this data is most fascinating because Ireland was exporting these products at the incredible average ratio of 19:1,

clearly showing the underdeveloped nature of the Northern Irish economy; after all, it was in this category particularly that income from agriculture was becoming preeminent. Finally, the value and share that manufactured goods made up of its imports from its northern neighbour demonstrate the retarded nature of the latter's exports; Ireland was exporting twice as many manufactured goods to Northern Ireland as it was importing. The southern economy was growing rapidly while that of the bordering state was contracting.

Such figures are indicative of reasonably high cross-border trade, although a noticeable decrease in line with the drop in the UK's importance to Ireland was a fairly consistent feature throughout this period. Lemass remarked, in relation to the effects of this new Anglo-Irish FTA agreement on the border between the two halves of the island, that it had a wider economic and political significance. The taoiseach said in an interview that:

It does have the effect of diminishing the impact of the border on the North-South trade, and must also, of course, become a factor in our membership of the European Economic Community.¹⁰³

Lemass felt that trade would thus increase as cooperation between the two parts of the island developed. Apart from the partition issue, if the taoiseach was prepared to use this argument in favour of Ireland's participation in the EEC, a further question is raised: where exactly did an FTA arrangement fit when the wider European dimension itself was considered?

The Irish government fully recognised that the UK itself desired the Anglo-Irish FTA agreement to work and that, despite the fact that there was some serious negotiating left to be done, they were acting in good faith. As Lemass recounted while in London: 'There was a genuine effort to recognise our problems and the will to seek an agreement'. Nevertheless, although the initiative had come from Dublin, it was acknowledged that there was a wider European aspect involved as well that might be beneficial. The taoiseach added:

At some time after the agreement, and we have seen it in operation and there is no other danger in the European situation, we may begin to think again whether there is any advantage to us in joining the European Free Trade Association. It would have to be on a basis which would not involve for us any modification of the free trade area with Britain. Whether this is possible or not I do not know.

Once Ireland achieved its FTA with the UK, it no longer showed any real interest, beyond similar utterances, in EFTA, only ever a secondary consideration anyway; regardless of the inferences and implications that could

be drawn from such statements, Ireland could now go about achieving its intermediate aim, an Anglo-Irish FTA agreement. Its long-term ambition remained the same, full EEC membership. 104 As Liam de Paor has written, 'Ireland, north and south, was to conform to the ideology of Common-Market Western Europe'. 105

As the introduction to this chapter on *The 1965 Anglo-Irish FTA agreement* made apparent, one of Ireland's central aims in negotiating an accord with the UK was to facilitate the country's full accession to the EEC whenever that became possible. The Anglo-Irish FTA was therefore never envisaged as a weapon to be used against the EEC or EFTA, for instance, but was meant to compliment a concerted drive towards European free trade. Indeed, Lemass added that this new bilateral agreement opened the way for Ireland's membership of the GATT, which the *Cork Examiner* explained in the following terms:

At present we were prohibited from [GATT] membership by reason of the terms of the existing trade agreements with Britain, which conflicted with the rules of G.A.T.T. because of the preferential clauses. But G.A.T.T. did provide for free trade area agreements, and it was hoped that this would pave the way for membership in the negotiations due to take place in the second half of this year.

An Anglo-Irish FTA agreement was rightly termed as a 'milestone' in bilateral relations, one which might conceivably have far-reaching consequences beyond the boundaries of the British Isles into Europe. Most of all though, it solved Ireland's immediate trade problems. ¹⁰⁶

Although immediate reactions to the agreement from influential quarters were mixed, it quickly became apparent that the government had pulled off quite a coup. In an address to Seanad Éireann on 29 July 1965 to explain the new arrangement, the Irish finance minister, Jack Lynch, told the assembly that it had become increasingly obvious to the government that Ireland's trade relations with the UK were no longer adequately guarded by a system based on preferential clauses and that the time had come for a radical change. Indeed, because of EFTA's advent, there were instances whereby Irish goods – the aforementioned man-made fibres included – were entering the UK market with an in-built handicap resulting from their lower tariffs and despite the Irish 'so-called preferential rate of duty'. In fact, Lynch told the assembled senators that not only had industry been affected in recent years, but that the UK's relations with Irish agriculture had also deteriorated. It was explained that:

... the forms of support given to U.K. producers and the restrictions applied to imports into the U.K. had resulted in the erosion of benefits ... once enjoyed

in the U.K. market.

As the finance minister forcefully pointed out, the composition of exports was still dominated by agricultural goods which were as yet targeted at Ireland's only available market. In his considered opinion, an Anglo-Irish FTA which included agricultural and industrial provisions 'would not merely be consistent with, but would actually facilitate, future membership of both countries of the EEC'. Indeed, Lynch held that it would also 'represent substantial interim progress in the right direction'. By marketing the Anglo-Irish FTA as the logical step before EEC membership, the government could of course deflect negative arguments which pointed out Ireland's increased economic dependence upon the UK. However, the truth of the matter is that the country was struggling to emerge as an separate entity, one which could manage without continuing to depend on the latter. In the eyes of the Six and the EEC, it was hard to make a case for Ireland as a truly independent consideration.

As previously stated, away from the Oireachtas there were mixed reactions initially to the Anglo-Irish FTA announcement from all sections of the economic community, but these soon shifted to a cautious welcome. Obviously, an organisation such as the NFA felt that this proposed agreement would only be acceptable once it was made clear that it fully catered for agriculture's requirements and that it would not close the door to improved future relations with the EEC. On the other hand, the Federation of Irish Industries realised that the deal had 'serious implications' for Ireland and quickly stressed that 'it is essential that the period over which trade is to be freed should be long enough to permit the work of preparing industry for freer trading conditions to be completed'. Indeed, the Irish Exporters' Association vouchsafed these legitimate fears, but felt that this bilateral FTA agreement appeared to be good in the long run for the country as a whole, echoing the government's feelings. 108 Clearly enough, the important responses from outside bodies were going to be those emanating from the EEC rather than from home, as it was clearly necessary that a bilateral FTA conformed with the concept of European economic integration as conceived in Brussels and beyond.

The government had been careful to make sure that they kept the EEC informed about the Anglo-Irish discussions as they progressed. Thus, on 26 July 1965, it notified them that:

The Irish Government has been discussing with the British Government the possibility of improving the permanent trading arrangements between the two countries. One possibility which is being explored is the establishment of a free-trade area between Ireland and Great Britain in accordance with GATT, to which Ireland is in course of accession. The discussions have not yet reached finality. Membership of the European Economic Community still remains the Irish objective and any trade arrangements made with Britain

will be consistent with eventual membership of the Community by both

Ireland's ambassador in Brussels used the opportunity that this meeting to inform the EEC Commission of his government's intentions provided to give extra information about this new bilateral arrangement and to explain its implications for Irish tariffs and trade. As he pointed out to the senior EEC official present, the lowering of protective measures through an Anglo-Irish FTA agreement would help to prepare Irish agriculture and industry for the eventual entry of both countries into the EEC because it was held that, if Ireland could face up to the expected competition from the UK, then it would also be equally able to survive competition from its future partners in the EEC. The 'reasonableness of this line of argument' was acknowledged. Ireland's future intentions regarding EFTA were probed at this point in the meeting but, as the Irish diplomat tactfully replied, 'this was a possibility which could not, of course, be ruled out but ... only bilateral arrangements were at present under negotiation'. In addition, the governments of the Six were subsequently told of this development in Irish trade arrangements. 109 Ireland had finally taken the European integration question into its own hands by beginning to take serious political decisions and important economic initiatives. It was still preparing itself for full EEC entry, but realised that there were limits to what it could achieve in the immediate future. By working within these limits, it was still preparing itself to join the EEC. However, the exact terms of the Anglo-Irish FTA had not yet been worked out and the opinions emanating from the EEC were not always clear.

Back to the old reliable: the ramifications for EEC membership

The economic possibilities in an AIFTA notwithstanding, the Dublin government was adamant in making it clear to London that it attached great importance to the duty-free rights that Irish agricultural products entering the UK enjoyed; indeed, the cabinet concluded towards the end of 1965 that the 'prospects of an Agreement being concluded will be poor' otherwise. ¹¹⁰ In time, it was therefore decided that a delegation headed by the taoiseach would be sent to conclude an AIFTA agreement. ¹¹¹ Any hint of a crisis was quickly averted, with London reasoning that, if the Irish were prepared to make the right kind of economic sacrifices, it should be prepared to facilitate them. The fact is that such an agreement also suited the UK; however, the first of the concessions would come from London. The FTA agreement that Wilson and Lemass signed mainly provided for two effects to come into force:

- the abolition of all remaining UK import duties on Irish goods;
- the gradual elimination of nearly all continuing Irish import duties on UK goods in ten equal annual stages.

On the agricultural side, the UK became a guaranteed market for Irish cattle and undertook to import more butter as well; the AIFTA also thus gave Irish industry tariff-free access to UK markets almost immediately. In return, Irish tariffs against most UK imports were to be reduced by 10% per annum over the next decade, so that by mid-1975 an FTA would be in operation between the two countries.¹¹² As the industry & commerce minister later said:

... [Ireland] needed the discipline of the challenge to our competitiveness ... if we could compete successfully against sophisticated British industrial imports we could become competitive in Europe. 113

On 14 December 1965, the Anglo-Irish FTA agreement was thus signed in London and three weeks later it was debated in Dáil Éireann. It was not afforded easy passage.

Addressing parliament during a four-day debate in early January 1966, the taoiseach was at pains to point out that the AIFTA agreement represented a 'fair balance of advantages' to Ireland. Lemass stressed that it was not just a new bilateral arrangement, but that it would be 'absorbed in an agreement for our membership of a wider international trading group, whether the European Free Trade Agreement or the European Economic Community or ... a combination of both'. In spite of forwarding this reasonable argument, the reality of the situation was that Ireland was economically closer to the UK through this agreement than it had been for nearly half a century. However, the taoiseach then stated that the idea to negotiate an Anglo-Irish FTA had initially come from the UK; it would only be a provisional arrangement until both countries could accede to the EEC. Accordingly, it was:

... not an arrangement which anybody asked or urged us to accept but one which we ourselves desired and which we proposed because we considered that it was necessary in this country's interests.

Emphasising that Ireland was making a free choice, Lemass recounted that his government, even before January 1963, but more so ever since, was adamant that the process of reducing industrial protection would continue 'in anticipation of, and as part of our preparation for, our [EEC] membership'. He related that there were three main factors which had contributed to this decision, which, according to Frances Nicholson and Roger East, can be listed as follows:

- protection was no longer effective in promoting industrial expansion in Ireland and was being replaced by a policy of 'capital grants, technical assistance, and tax inducements';
- in many cases, the government's outdated protectionist policies served only to support 'inefficiency and high costs';
- the country had to be readied both in terms of economic organisation and political willingness to meet head-on the situation it would face when full EEC membership became possible, presumably before 1970.

Ireland thus embarked upon tariff reductions without reciprocal arrangements.¹¹⁵

Nevertheless, the AIFTA agreement had to be considered against imminent European developments as well. As Lemass recognised, most Western European nations – within either the context of the EEC or, of its 'competitor', EFTA - would have removed all tariffs and other restrictions against free trade with each other by the end of 1966. It was only a decade since the OEEC negotiations for an FTA had failed; paradoxically, Ireland's greatest hope and fear, therefore, was that the EEC and EFTA would in time join together in an enlarged free trade area or, perhaps, even a common market; it was not an outlandish conclusion to draw. Thus, plans for the reorganisation of agriculture and industry, especially in the context of external trade, would have to continue at full speed; these could be provided for within the context of an AIFTA. This agreement was an integral step in the general restructuring of its external trading arrangements. Beginning with the prerequisite of providing for agriculture's future, Ireland had to prepare its industries for free trade, some of which could not survive, so these would need to be replaced by adaptable and outward-looking enterprises. Of course, this was where the possibility of joining EFTA came back into the equation, a prospect that was still only referred to in the very vaguest of terms; there appeared to be no direction, just unending confusion.¹¹⁶

One thing which was clear, however, was that Ireland would be joining the EEC as soon as that was possible. In no uncertain terms, Lemass made it clear to industrialists on a continuous basis that, on acquiring full EEC membership, tariff reductions might have to be speeded up, perhaps at an even faster rate than that provided by the AIFTA; indeed, many, if not all, of the 'safeguards and escape clauses' negotiated through the Anglo-Irish agreement might not be upheld. Lemass stressed that there were 'no trading conditions negotiable with the EEC which would at the same time permit the preservation of our preferential access to the British market'. Indeed, he stressed that it would be:

... fatal ... [to] go on without making any changes either in respect of our own protective tariffs or in our trade arrangements with Britain until membership of the EEC became possible for us or until some ... unforeseeable development took place in the European trade situation.

The pragmatist in Lemass had emerged triumphant once again. The AIFTA arrangement was a 'trade agreement and nothing more', as he stressed that Ireland had entered into this deal on its own initiative in order to further its own interests. Indeed, as some commentators testify, he believed 'no non-trade conditions or political implications' were inherent in the AIFTA, except that he saw it as 'facilitating our subsequent membership of the EEC on the basis of full equality of status and opportunity with other members'. Not all of his fellow parliamentarians were so sure, especially on the opposition benches.

The leader of Fine Gael, Liam Cosgrave, noting these concerns, pointed to possible implications for Ireland in the short and medium term. In freeing up trade, he felt that rising unemployment and emigration figures might well follow; indeed, he expressed concern that the AIFTA was 'unbalanced' in favour of the UK, that the concessions Ireland received were 'small in the immediate future and limited and insecure thereafter'. Apart from parochial considerations such as scoring political points with the Irish public, there was also a need for Cosgrave to be critically constructive. He failed to do so on many fronts, but on others raised interesting ideas. Specifically, it was true that the AIFTA had no provisions for a stabilisation or social fund to cater for unemployment, such as those which he said were provided for by the EEC. but it is questionable whether he interpreted the activities of the latter correctly. He was unerring in relation to Austria's experience, however; Ireland might have thought more deeply about EEC association, because there was, as he said: 'surely ... some in-between arrangement that would have been possible for this country'.118

Within a fortnight of this debate, the taoiseach travelled to Strasbourg to address the Council of Europe, primarily in order to explain the significance of the AIFTA. At a press conference he gave before his speech, however, Lemass raised the EFTA issue in order to dismiss it as an obstacle to Ireland's ultimate goal; indeed, he was indicating that it might be a stepping-stone to full EEC membership. In holding that EFTA did not deal directly with the agriculture question, he was able to argue that it had not been in Ireland's interests to join that particular European trade organisation. Nevertheless, the advantages of it enroling into EFTA had now been 'enhanced' – by the creation of an Anglo-Irish FTA, the position of Irish agriculture in the UK marketplace had been secured and it was also in its interests to prepare industry for free trade – just as the disadvantages had been 'diminished'. The taoiseach held that, if the EEC was able to resolve its own difficulties and then come to an agreement with EFTA, Ireland would actively consider EFTA membership as

an temporary step. There was an important proviso because, if this improvement in European trade relations did not take place, Ireland might wait a year or two before deciding to take action on EFTA membership. Lemass was quick in trying to reassure Europe that the AIFTA was a step towards European integration and not an attempt by Ireland to circumvent it; at the same time, he was signalling Ireland's desire for full EEC membership and its needs in that context.¹¹⁹

The taoiseach delivered his statement to the Consultative Assembly of the Council of Europe on 24 January 1966 in the course of which he basically claimed that although the new AIFTA would not affect his government's standing application to join the EEC, it would now have to consider joining EFTA as an interim step. Referring to the Second programme for economic expansion – the first part of which had been launched in August 1963, the second section following eleven months later - Lemass explained that it was due to run until 1970, by which time he assumed that Ireland would be a full EEC member. In the course of this seven year interval, unilateral tariff reductions were timetabled to continue along the lines of the two 'across-theboard' reductions already made. As the taoiseach then explained, it was extremely difficult for Ireland to develop links with the EEC and, at the same time, for it not to damage seriously its special trading relationship with the UK. Therefore, his government was understandably concentrating on improving Anglo-Irish ties in, as he put it, a 'way that would be consistent with the eventual participation of both countries in an enlarged European Community'. Lemass added his considered view that the positive conclusion of an Anglo-Irish FTA agreement was facilitated by two main factors; these were listed as follows:

- the bilateral free trade arrangements which already existed;
- his government's preparations to deal competently with European free trading conditions upon full EEC membership.

Firstly, therefore, he pointed to the high degree of free trade which in place already via an intricate process of various Anglo-Irish treaties and agreements. Indeed, as of February 1965, D.J.Maher put the statistics for existing free trade at 93% for Irish entry into the UK and at 66% for UK entry into Ireland, even if the UK surcharge was not part of this data. Secondly, there were what Lemass termed 'energetic measures we have been taking to prepare the Irish economy for the kind of trading conditions that will be encountered when the opportunity comes to join in an enlarged European Community'. Building on this point, he said that there was more to the AIFTA than immediate trading benefits; this was where the EEC, perhaps even EFTA, came into what was a potentially complicated, even unhelpful, equation.¹²⁰

In fact, Lemass held that his new arrangement took Ireland a step closer towards the European norm, with concrete steps helping, as he put it, to 'dispel much of the uncertainty which in recent years has handicapped us in the taking of fundamental decisions affecting the future course of our economy'. It was at this point, however, that the taoiseach introduced an additional possibility, one which did not necessarily augur well for better short-term relations with the Six. What he actually said was that Ireland was prepared to consider all possibilities, including EFTA membership, in its drive to participate in a wider European free trading grouping; this would still only be an interim step to participating fully in a 'economically integrated Europe'. Indeed, according to Frances Nicholson and Roger East, whether Ireland's objective was reached through EFTA membership or via its participation in an enlarged EEC, its free trading arrangements with the UK – and the terms of economic transition provided for within - would need to be considered. In Lemass's opinion, the terms of the AIFTA 'afford us a reasonable opportunity of effecting, without undue disturbance to our economy, the change-over to free-trading conditions ... [and to] prepare ourselves for participation in a single European market'. Now that Ireland was in an FTA with the UK, Dublin appeared to be ready to discuss all options, including EFTA membership; however, it was most concerned about the prospect of renewed moves by London to join the EEC, at which stage it would have to be prepared to relaunch its dormant application.121

It was not so apparent though what Dublin should be doing. When it began to become apparent in early 1966 that a 'more liberal attitude' was slowly developing within the Six to UK membership and that of the other applicants, the taoiseach could only restate that:

Our interest in acceding to the European Economic Community is ... constantly stressed in the capitals of the member-nations and has been reemphasised by our embassies quite recently. It is the Government's firm intention to pursue actively our application for membership of the Common Market at the first appropriate moment ... it is obvious that the EEC is not at the moment considering new applications for membership and it is not likely that they will do so until they have determined their position on the British application. 122

The positions of both the Six and the EEC on UK entry were not yet so defined that Ireland could afford to make concrete decisions; a much firmer basis for decision-making was needed before any preemptive action could be taken by Lemass, an important consideration to bear in mind as the fiftieth anniversary of the Easter Rising approached.

The OECD's 1967 annual report 123

If an arbiter was needed to give credence to the view that Ireland had transformed itself, an organisation such as the OECD should surely suffice, contradictorily an independent judge and at the same time a body intimately involved in Ireland's European integration. Indeed, it is with that particular view that this examination of Anglo-Irish links in the context of the EEC concludes, symmetrically rounding off an analysis which was presented by that very same organisation back in the mid-1950s. In March 1967, the OECD issued its annual report on the state of the Irish economy; it painted an utterly different picture to the one depicted by the OEEC just over a decade earlier. However, despite presenting a more positive verdict, it must be said that there were still some very obvious problems.

The OECD report entitled 'Irlande 1967' provided rudimentary, but startling, statistics which showed the progress that had been made. While the country's population had stabilised at last, indeed there were increasing signs of its recovery, the total populace which was active in the workforce was continuing to fall. This particular finding was exculpated in many ways by the marked decrease in the those workers employed in agriculture but, even if industry and construction were beginning to take up most of the slack, it could not be said that the signs for the economy were so good if the country's dependents increased – with birth rates rising, death rates slowing, unemployment remaining steady, and emigration declining – just as the active population was falling. Although the percentage of the population directly involved in agriculture had dramatically fallen – causing problems of rising unemployment and underemployment, as well as exacerbating the continuing rural to urban shift - the numbers of those engaged in industry had in fact increased by a comparable inverse rate.¹²⁴ Whether it was statistics regarding production or related to living standards, there had definitely been an improvement in conditions. Compared to the late 1950s, the situation by the mid-1960s demonstrated a remarkable turnaround in fortunes; GNP per head was just over 62½% higher, the number of people owning cars and telephones had risen by 73\% and nearly 47\% respectively, more people owned radios and televisions. 125 Apart from presenting data to back such views, what was the OECD specifically saying about Ireland in 1967?

One of the problems most keenly noted by the OECD concerned Ireland's continuing, indeed spiralling, balance of payments difficulties, which continued at high levels throughout this time. Such a situation could hardly be dismissed for much longer, certainly not in the way that the Irish foreign minister did towards the end of 1964 when he said: 'During recent years our overall balance of trade has been reasonable. It has had its slight ups and downs and at the moment we are in one of our down periods'.¹²⁶ Taking things

a little more seriously, the OECD's report remarked that the Irish government had instituted various restrictive measures in 1965 to remedy a deterioration in the commercial balance of payments deficit. By the start of the following year, it was noted that the situation had improved in relation to imports but, because exports also fell, these difficulties were still worsening; indeed, this is evidenced by the fact that the exports to imports ratio was widening. However, once invisible exports – investment revenue and tourism – were also included, the current balance of payments deficit did not seem to be so debilitating, even if it was eating into Ireland's meagre reserves. Another problem, however, facing the Dublin government was the fact that the ratio of goods and services that were being exported, viewed as a percentage of Ireland's GNP, continued to average a figure of around 36%, an extraordinarily high amount suggesting dependence and an underdeveloped economy. With around 50,000 people regularly unemployed, agricultural production in 1965 was only 11.8% higher than in 1953 – industrial production was more impressive at 171% of the earlier figure though – and inflation was running at around 41/2%, it was clear that the OECD was suggesting that it was not an economic miracle over which Lemass was presiding, more like a passable economic recovery. 127

Of course, the issue of most concern here boils down to answering the question: where did the OECD see the EEC fitting in for Ireland? Obviously, the UK came into that equation for various reasons, but the OECD's report was also able to state that the AIFTA agreement, augmented by the suppression of the UK's temporary import surcharge, had eased Ireland's economic position, while facilitating its transition from protection to free trade. 128 However, the reality of the situation was that the opportunities for Irish exporters to find markets abroad - that is, outside of the UK - were still limited, even if the demand for Irish products in the new markets that were available had increased relatively rapidly in preceding years.¹²⁹ The EEC was Ireland's second biggest market and, even if it shrank in financial terms in 1966, it was twice – perhaps even three – times the size of the US market and the remaining EFTA markets.¹³⁰ Nonetheless, the EEC market was dwarfed by that of the UK. Now that Anglo-Irish relations - economic and political - were improving at a rapid pace, a question remained as yet unanswered: where did Ireland really stand in relation to the EEC? Despite the fact that the OECD report did not offer much information on this matter, it was dealing with the reality of the situation after all, one conjecture that may be reached is that any future plans which the government may have had to join the EEC did not lessen the economic reality of Ireland's true position. The OECD was not particularly interested in any delusions that the Dublin government might have been entertaining; it just wanted to see even more substantial improvements appearing in the Irish economy.

Intermediate conclusions

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Of course, Ireland's position on EEC entry remained in limbo throughout this whole period because, although its membership application remained a matter of record, any reactivation of its previous attempt to join could only occur as soon as a 'suitable opportunity' presented itself. 131 It was heading in the right direction, according to Roy Foster, as it belatedly moved towards the 'mainstream of European events'. 132 Indeed, as Richard Vaughan holds in his Twentieth-century Europe, the setting up of the bilateral FTA had important effects upon Ireland's growing adherence to the European integration concept, stating that: 'Although not a member of EFTA, Ireland became indirectly associated with it in 1965 when the Anglo-Irish Free Trade Area was set up, which abolished quotas and the remaining duties on imports of one partner from the other'. 133 Even if it was not in EFTA, it was still prepared to use this mechanism as a stepping-stone. Equally, the effects of the AIFTA and Ireland's continuing Europeanisation are clearly recognisable in figures contrasting markedly with totals from the previous decade, evidence of a change in orientation explored in more detail in the next chapter.¹³⁴

Nonetheless, it is possible to make a couple of points here regarding these figures. For instance, although EFTA remained a minor consideration for Ireland when the UK totals were excluded, the combined figure as a destination for Irish exports was around 71% and, indeed, 563/4% of imports came from these countries. Ireland's links to EFTA had remained unformalised, but it was now interacting with the UK on basically the same premise as were Denmark or Norway. Clearly, the EEC and the US were taking care of a larger share of its internal and external needs and produce, but the UK retained its primordial position; Ireland stayed as a part of the sterling area, only of course because it was felt that therein lay the 'balance of advantage', and it can be argued that its inflation rate was basically 'imported' from the UK as well.¹³⁵ Manufacturing goods, both exported and imported, now made up the bulk of Irish economic interactivity, but in percentage terms food, drink and tobacco exports had been maintained, which was only good for the economy as a whole, while live animals still accounted for a large swathe of income with a monetary total that was basically unchanged. This did not mean that there was not agricultural and industrial unrest over prices and conditions – with the NFA, for instance, marching on the agriculture ministry in October 1966 demanding access to new markets or the CIO reports from the previous year making it clear that Irish industry was 'poorly equipped and managed' – after all, Ireland was making no apparent progress on EEC entry. However, the government stood firmly to its beliefs, even if only occasionally checked, and continued to work towards its integration. 136

Seanad Éireann remained one of the few forums which provided for informed public debate and, at the same time, had the full attention of the government. This was particularly true when, in the summer of 1966, Garret FitzGerald was able to quiz the foreign minister about Ireland and the EEC but, while he made some very salient points, he only succeeded in discomfiting the latter.¹³⁷ The senator encouraged Aiken to initiate an 'active European policy to ensure the achievement of Irish membership' and even went on to suggest that he 'should reorganise his Department and our diplomatic missions abroad so that they contribute effectively to the achievement of this objective'. Asserting that it was not at all a personal reflection on Aiken's integrity, FitzGerald declared himself to be somewhat disquieted and concerned at the government's lack of progress, a view which was he said 'not confined to any particular Party but widespread among the political Parties, in the public service, among journalists and others interested in public affairs'. He also criticised Ireland's lack of actual preparedness for membership, although he did accept that the government had genuinely been interested in Europe and its free trading arrangements ever since 1957, especially when it was preparing for accession negotiations to begin. He was still unhappy though with the lack of recent developments, particularly citing Ireland's lack of contact with the institutions and the Six since 1963. The senator pointed out that a separate Irish diplomatic mission to the EEC had been cancelled at that time, as he berated the government for only having four members of staff at its Brussels mission – comprising an ambassador who was ill, a counsellor, and two other representatives, one each from industry & commerce and agriculture & fisheries – who were expected to cover Belgium, Luxembourg, the ECSC, the EEC, and Euratom. He also criticised the foreign minister himself for having visited the Belgian capital only once in the intervening three year period. The criticism did not stop there. 138

FitzGerald held that Ireland's public relations efforts in Brussels could not justifiably be described as 'minimal' because that would be an over-exaggeration; indeed, he stated that this was only symptomatic of Aiken's own lack of robustness on the subject. He strongly criticised the government's lack of communication, or at best its *ad hoc* nature, with European institutions and officials. His view was that partial blame lay in the fact that the Department of External Affairs had become a 'Department of United Nations affairs', partly on the fact that external relations were 'becoming increasingly economic' and that, using the good offices of Iveagh House as a conduit, Irish foreign policy was being made by the Departments of the Taoiseach, Industry & Commerce, and Agriculture & Fisheries. On a previous occasion, the senator had suggested to the taoiseach that he should either utilise the Department of External Affairs properly or, indeed, that he should go ahead and establish a Department of European Affairs – an idea that, however

briefly, Lemass had himself formerly raised – but again this suggestion appears to have fallen on deaf ears. Basically, FitzGerald wanted:

- a reorientation of external affairs back to Europe;
- the government to set up an independent mission in Brussels to canvas the EEC and the Six to support its candidature;
- a stepping up of ministerial visits and positive public relations.

As he said: 'Foreign policy involves a compounding of principle and interest'. Ireland would need to be a little more adept is it really wanted to convince the EEC to let it join; this would certainly involve a more coordinated and fully thought out set of European policies. It was not the fact that Ireland was not considering new policies, never mind implementing them, which was worrying him, the senator said, but that Europe did not appear to be fully aware of the extent of the country's endeavours.¹⁴⁰

As far as the foreign minister was concerned, Ireland's interests would be best served by following through with Lemass's idea to send a delegation to Brussels in the autumn of 1966. However, until the UK position was reconciled with the EEC, Aiken felt the European Commission to be accurate when it stated that, to all intents and purposes, 'there was nothing specific Ireland could do in the existing situation to further her interests under the heading of full membership, association or an item by item agreement'. The minister announced that, apart from recently beefing up Ireland's diplomatic staff in Brussels, despite the fact that the country had 'rather limited resources', the 'necessary steps' had in fact been 'put in train' to have a separate Irish mission accredited to the European Communities in order to promote trade and to foster competition. The 'whole Irish people' had to take responsibility though, in Aiken's opinion, to ready the country for entry. From his own point of view, he did admit:

I myself think that it may be some time, even more years than we now expect, before the European Community will expand its membership. I hope I am right in thinking that it is inevitable that the countries of Europe will see that they have a definite interest in expanding the membership and I feel that when the matter of extending the membership is re-opened, Ireland's case will be considered, and considered not unsympathetically. I am constantly meeting the Foreign Ministers of all the Six countries and the Ministers of the seven EFTA countries and I have found no antagonism to the idea of Ireland becoming a member. The one doubt they expressed was whether Ireland could take the regime, whether we could suddenly dismantle our tariffs and accept goods freely from other countries.

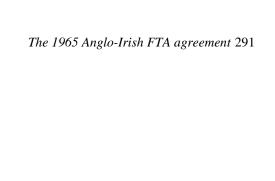
The latter reference was precisely what FitzGerald had been saying. Ireland

had made such a good job in the late 1950s of convincing the OEEC that it would have major difficulties in lowering its trade barriers in a seventeen nation FTA – indeed, that it might take up to thirty years for it to do so, though this figure was subsequently reduced to twenty years – that it was now difficult for Europe to be convinced only seven years later that the situation had changed so much that Ireland was now in a position to do exactly the opposite. Of course, through AIFTA's terms, Ireland was in many respects closer than ever to fulfilling those requirements for EEC entry, not the 'Council of Europe' as Aiken mistakenly referred to it.¹⁴¹

The government was reassessing its position in relation to Europe, an ever-changing and evolving situation in which the EEC of 1966 was no longer the same organisation that it had been even five years earlier. What Ireland was doing was to continue its process of harmonisation with the rest of Europe at home and abroad, whether it was establishing a body such An Chomhairle Oiliúna (AnCO) to undertake and to promote industrial training or the ratification of the European Convention on Extradition ten years after it had been signed. Although the effective tariff rate in the mid-1960s was 79%, the AIFTA's ratification and the country's prospective EEC membership signalled that it was prepared to relinquish voluntarily unilateral control of its commercial policy. Nonetheless, the reality was that the status of Ireland's outstanding application was as undefined as ever in 1966. It is with this in mind that the final chapter, entitled *Ireland's European integration*, 1957 to 1966, explores in a more generalised way the position in Europe pertaining to Ireland.

T.D.Williams has written that it was only towards the mid-1960s, that is at the end of what he calls the 'age of Lemass', that Irish diplomatic activity at the UN began to decline significantly, only to be replaced in turn by an 'intensification of interest in Europe'. Even if New York still remained the personal fiefdom of Aiken, where he played a 'very prominent role' in many controversial issues, Lemass's 'heart and his head were far more attached to the new conferences in Brussels', to rectifying relations with London and promoting dialogue with Belfast, to take notice of dissent; from time to time, de Valera did make 'some sceptical noises about Europe and the materialism for which, in his view, it partly stood, but he was no longer in a position to dictate government policy.¹⁴⁴ Lemass had long begun his drive to eliminate certain features – such as neutrality – as important policy considerations; in the latter case, he did so by making references in speeches that ran contrary to the neutralist positions being adopted by his Aiken at the UN. He restricted himself to this at first, but under his premiership – as distinct from de Valera's final administration – Aiken was slowly peripheralised away from the foreign policy mainstream or at least away from the wielding of real foreign policy power. In the five year period between April 1959 and April 1964, Aiken was out of the country on official business on 35 occasions – mostly to do with the UN and the active Irish foreign policy that was being exercised there – and was not even present in the Dáil chamber when it came to answering the question tabled regarding his extensive absences. A complete change of tack had taken place in the decision-making process, that is in determining which issues were to be prioritised. This swing in Ireland's foreign policy orientation in the context of international organisations – away from the UN to the EEC – only compounded the changes in emphasis that were taking place away more generally from the political to the economic. The fact that it was 'hardly noticeable' until this period in time is only further evidence of the gradual nature of what was actually a profound change in character; this is where the last chapter leads.

Beginning with a quick review of the central years dealt with in this investigation, this final chapter reviews the evidence which strongly suggests Ireland's economic and political reorientation; moving on from an assessment of the evidence that is represented in the figures for exports and imports, it then concentrates on the part played by Northern Ireland in Irish-European affairs, before quickly reviewing and comparing what Ireland was in fact giving up, as opposed to what it was gaining, through European integration. The state of the Irish nation in 1966 demonstrates how far the country had come in the space of a decade and then leads into an investigation of the two characters who were at the centre of that transformation. This last chapter then concludes with an analysis of how Ireland was perceived by Brussels, before finishing with a brief assessment of the future that it faced following Lemass's retirement.



Notes

- Lemass interview conducted with the *Cork Examiner*, 29 July 1965, 'European Economic Community, 23.6.1965-15.10.1965' D/T-S17427S, NA.
- Williams, 'Irish foreign policy, 1949-69', pp. 144 & 146. It is the opinion of T.D.Williams that 'political collaboration' was a more important result of the Anglo-Irish Free Trade Area agreement (AIFTA), and other developments in Anglo-Irish relations, than economic cooperation; however, he freely acknowledges that Lemass himself was 'more concerned with issues such as economic growth and development', thus diverging from the more traditional Fianna Fáil views held by the likes of de Valera and Aiken.
- 3 Maher, *The tortuous path*, pp. 167-8.
- 4 F.Nicholson & R.East, From the Six to the Twelve: the enlargement of the European Communities (Harlow: Longman, 1987), p. 84. This text referred to an official Franco-Irish joint communiqué dating from 13 June 1964. Evidence which backs up this opinion regarding the enduring good nature of Franco-Irish economic ties, as well as other links with Europe, are as many as they are varied. Perhaps the fact that it was remarked upon in the writings of authors such as Brendan Behan is proof enough of their positive impact; indeed, in the mid-1950s - possibly in relation to the Italian investors referred to in the section in this chapter entitled The taoiseach's visit to Rome for the papal consistory – he wrote that 'the motor assembly people should be as welcome as the flowers of May; they bring Continental technique and a width of ideas as wide as Europe to our shores'. However, flowers wither not long after they bloom; the car assembly industry was one of the manufacturing enterprises which was expected to suffer the most from the onset of free trading conditions. B.Behan, 'On the road to Kilkenny', pp. 155-8, in B.Behan, Hold your hour and have another (Aylesbury: Corgi, 1970), p. 155. This article was originally written for the Irish Press sometime between 1954 and 1956.
- Nicholson & East, *From the Six*, pp. 84-5; Franco-Irish joint communiqué, 13 June 1964. The former text made reference to an official French cabinet communiqué from 17 June 1964, and also made reference to an official Franco-Irish statement which dated from *circa* 9 July 1964. Again, Brendan Behan recounts some of his own experiences in this regard, especially on the subject of his travels on the 'Continong' in the 1950s. B.Behan, T'm back from the "Continong", pp. 122-5, in Behan, *Hold your hour*, p. 122.
- Nicholson & East, From the Six, pp. 84-5; official Franco-Irish joint communiqué, 13 June 1964. Other than economic relations, the other main references were made in regard to their historical ties and close cultural links. In relation to the former, Aiken and de Murville noted 'with satisfaction that no difficulties exist in Franco-Irish relations, which are characterized by a friendship deeply rooted in history and by a mutual and profound sympathy between the two peoples'; regarding the latter, strong reference was made to a future cultural agreement that was going to be negotiated, which would include:
 - developing a programme for more cultural interchange;
 - increasing the number of exchange programmes and scholarships;
 - encouraging the teaching of French in Irish schools.
- 7 Aiken speaking in Seanad Éireann, 18 November 1964, *Seanad debates* vol. 58 cols. 41-2 & 45. The foreign minister added his view that:

Our missions are directly concerned with a wide range of commercial

problems involving Governments abroad. These arise principally in connection with the negotiation and operation of trade agreements and other similar arrangements and involve frequent representations to Governments in regard to the modification of official import restrictions. Our missions are called upon to deal with a sizeable volume of inquiries from State-sponsored organisations and from private trade, and to arrange contacts in the commercial and foreign earnings fields for visiting Irish interests. In addition, the missions have to keep in touch with market developments generally in the countries of their accredition and to explore market opportunities of interest to Ireland. Our missions are as a matter of course required to report on the economic policies of the Governments to which they are accredited and on reactions in their countries of accredition to developments in the main international economic organisations whose activities are of particular interest to our own economy. It will, I am sure, be appreciated that the duties I have outlined represent a heavy and varied volume of responsibility, especially in view of the size of missions and the other demands on the time of the staff.

- 8 D/F publication of 'Monthly digest of E.E.C. developments and related matters, December, 1964', *circa* late January 1965, 'European Economic Community, 1.1.1965-30.4.1965' D/T-S17427Q, NA.
- 9 Lemass speech delivered in Dáil Éireann, 11 November 1964, Dáil debates vol. 212 col. 667, D/T-S17427Q, NA.
- Lemass speech to the NFA in Dublin, 6 January 1965, D/T-S17427Q, NA.
- Lemass speech to the NFA in Dublin, 6 January 1965, D/T-S17427Q, NA.
- Maher, *The tortuous path*, p. 178.
- 13 Maher, *The tortuous path*, p. 178.
- Lemass speech to the NFA in Dublin, 6 January 1965, D/T-S17427Q, NA.
- 15 Charles Haughey took over as agriculture minister from Paddy Smith when the latter resigned alleging that the taoiseach was sacrificing rural interests for urban advancement.
- 16 Irish Press, 27 January 1965, D/T-S17427Q, NA; Gallagher, 'Electoral support', p. 27.
- 17 Irish embassy (Brussels) report of a meeting held on 26 January 1965 between Haughey and Jean Rey (Executive Commissioner for Foreign Relations at the EEC), 26 January 1965, D/T-S17427Q, NA.
- 18 Irish embassy (Brussels) report on the meeting held between Haughey and Rey, 26 January 1965, D/T-S17427Q, NA.
- Irish embassy (Brussels) report on the meeting held between Haughey and Rey, 26
 January 1965, D/T-S17427Q, NA. The EEC Commission official in question was
 Robert Touleman, Head of Section concerned with relations between the
 Community and third countries. In fact, as a result of the arguments regarding its
 candidacy, it was ascertained that the 'Austrians could never be full members of the
 Community', more for political reasons obviously than for anything else. Ireland was
 still conscious of not falling into the same trap as before because of its military
 neutrality, but mostly as a result of its economic retardation.
- 20 Irish embassy (Brussels) report on the meeting held between Haughey and Rey, 26 January 1965, D/T-S17427Q, NA.
- 21 Irish embassy (Brussels) report on the meeting held between Haughey and Rey, 26

January 1965, D/T-S17427Q, NA; D/F publication of 'Monthly digest of E.E.C. developments and related matters, February, 1965', *circa* late March 1965, D/T-S17427Q, NA.

Irish embassy (Brussels) report of a meeting held on 27 January 1965 between Haughey and Sicco Mansholt (Vice President of the Commission of the EEC and Executive Commissioner for Agriculture at the EEC), 27 January 1965, D/T-S17427Q, NA; D/T report entitled 'Possibility of interim arrangement with the EEC and Britain', 24 March 1965, D/T-S17427Q, NA. It was later said of Mansholt's proposition that:

His speculation in this regard was in the direction of quantitative access arrangements between Britain and a Community of which Ireland was a member. Britain ... might be willing to accord such an enlarged Community quantitative access on a scale equal to that enjoyed in Britain by Ireland. This access might not necessarily be reserved for Ireland. In return the Community would give a reciprocal tariff quota arrangement to Britain.

- Irish embassy (Brussels) report on the meeting held between Haughey and Mansholt, 27 January 1965, D/T-S17427Q, NA; D/T report entitled 'Possibility of interim arrangement with the EEC and Britain', 24 March 1965, D/T-S17427Q, NA.
- 24 Irish embassy (Brussels) report on the meeting held between Haughey and Mansholt, 27 January 1965, D/T-S17427Q, NA.
- 25 Irish Press, 28 January 1965, D/T-S17427Q, NA. The official in question was Rolf Lahr, the West German secretary of state for foreign affairs.
- Note on a meeting held on 31 January 1965 between Haughey and Schwarz (FRG agriculture, forestry & food minister) in Berlin, 31 January 1965, D/T-S17427Q, NA.
- 27 *Irish Press*, 3 February 1965, D/T-S17427Q, NA.
- 28 Irish Independent, 4 February 1965, D/T-S17427Q, NA.
- Lemass speech delivered in Dáil Éireann, 11 November 1964, Dáil debates vol. 212 col. 667, D/T-S17427Q, NA; Irish Independent, 28 January 1965, D/T-S17427Q, NA; Irish Press, 28 January 1965, D/T-S17427Q, NA; Irish Times, 28 January 1965, D/T-S17427Q, NA; Lemass memorandum, 1 February 1965, D/T-S17427Q, NA; Eamonn Kennedy (ambassador, Bonn) to D/EA secretary, 5 February 1965, D/T-S17427Q, NA.
- 30 Haughey speech delivered in Dáil Éireann, 11 February 1965, Dáil debates vol. 214 cols. 343-4, D/T-S17427Q, NA.
- 31 Lemass speech delivered to the Chamber of Commerce in Cork, 4 February 1965, D/T-S17427O, NA.
- 32 Lemass speech delivered to the Chamber of Commerce in Cork, 4 February 1965, D/T-S17427Q, NA.
- J.W.Lennon (ambassador, The Hague) to D/EA secretary, 10 February 1965, D/T-S17427Q, NA; Lennon to D/EA secretary, 23 February 1965, D/T-S17427Q, NA; Lennon to D/EA secretary, 3 March 1965, D/T-S17427Q, NA; Lennon to D/EA secretary, 15 March 1965, D/T-S17427Q, NA.
- 34 Lemass speech delivered to the Chamber of Commerce in Cork, 4 February 1965, D/T-S17427Q, NA.
- 35 McCann to Whitaker, 12 February 1965, D/T-S17427Q, NA; McCann note, 12 February 1965, D/T-S17427Q, NA.

This section, entitled **The taoiseach's visit to Rome for the papal consistory**, makes fairly liberal use of Dermot Keogh's *Ireland and the Vatican*, although all specific references are noted. D.Keogh, *Ireland and the Vatican: the politics and diplomacy of church-state relations*, 1922-1960 (Cork: Cork University Press, 1995), passim.

37 Keogh, Ireland and the Vatican, pp. 318-20. By way of illustration, many episodes might be chosen. Rather than repeating those that have already been published, however, it is more profitable to concentrate on a couple of less well-known, although interlinked, events. Firstly, there was the Irish president's trip to Italy in 1950 and, secondly, a later president's inability and reluctance to do the same. The first official trip by an Irish head of state to Italy came in May 1950, when Seán T.O'Kelly paid a visit to the post-war republic. Ostensibly, he went to Rome for a papal audience - soon after causing considerable controversy because of his indiscretion in revealing its contents - and then to Bobbio - in order to commemorate the fourteenth centenary of Saint Columbanus' founding of a basilica there. To enthusiastic greetings from the inhabitants, he noted that it was a great privilege for him to be in Bobbio to venerate an Irish and Italian saint; he addressed his audience in Italian, saying: 'È un gran privilegio per me come capo dello stato d'Irlanda di venire qui per venerare ... nostro santo, adesso vostro santo'. He also used the occasion of his trip to remark that Italy was a progressive and prosperous nation, with a population possessing many qualities, who he encouraged to strive to maintain peace. In Italian, his rather presumptuous and pretentious, never mind to say offensive and patronising, speech read:

L'Italia ... mi è sembrata un paese molto progredito e prospero. Dovunque una popol-azione molto intensa, sana gente, intelligente, colta, educata: uomini e donne; molti figli; in genere ben vestiti e ben nutriti; le quali cose vogliono indicare un futuro prosperoso per il vostro popolo, che spero lo raggiunga e mantenga, nella pace, per molti anni.

Whatever the Italians made of O'Kelly, his successor was invited back in August 1965 on the occasion of the 27th bi-centenary of the death of Saint Columbanus. De Valera declined the invitation, noting that Joseph Shields, the ambassador to Italy, would be there; he regretted not being able to be present, saying that he had 'most happy memories of my former visit'. It is not that so much should be read into the Irish president declining this particular invitation though, just that the Irish view of Italy was for so long coloured by religion alone that Lemass's visit in early 1965 seems to have been all the more incongruous. Seán T.O'Kelly (Irish president) speech delivered in Bobbio (Italy), *circa* 13 May 1950, quoted in *Liberta*, 14 May 1950, 'Bobbio' 98/1/40 (formerly D/UhÉ-P4510), NA; Monsignor Pietro Zuccarino (Bishop of Bobbio) to de Valera, 1 August 1965, 98/1/40, NA; de Valera to Zuccarino, 26 August 1965, 98/1/40, NA.

Article 44.1.2°, *Bunreacht na hÉireann*, quoted in Kelly, *Irish constitution*, p. 537. This article of Bunreacht na hÉireann granted the Catholic Church its 'special position' in Irish society; it read:

The State recognises the special position of the Holy Catholic Apostolic and Roman Church as the guardian of the Faith professed by the great majority of the citizens.

This clause was subsequently revoked in the early 1970s by an overwhelming majority in what was the fifth amendment to the Irish constitution; that referendum

- also deleted a further clause which recognised the other churches operating in Ireland, leaving the constitution to profess the freedom of religious conscience and practice enshrined in law on a general basis.
- Whyte, *Church and state*, pp. 331 & 362-3. It is quite obvious that the Holy See was a particularly important posting in diplomatic terms considering the calibre of its office holders, who included Thomas J.Kiernan (who would serve as the ambassador to the US), Joseph P.Walshe (who had served as external affairs secretary), and Con C.Cremin (who went on to serve in that position). In later years, it does not appear as if the Vatican continued to have such import. Moynihan to the D/UhÉ secretary, 11 November 1958, 'Holy See: Appt. of Irish Rep. '98/1/54 (formerly D/UhÉ-U5111), NA
- 40 Irish Press, 1 March 1965, D/T-S17427Q, NA.
- 41 McCann to Thomas V.Commins (ambassador, Holy See), 10 February 1965, 'Visit to Rome of Taoiseach, Public Consistory, Vatican, 25 February 1965', D/FA-96/2/13 (formerly D/FA-P387), NA.
- 42 Irish Press, 1 March 1965, D/T-S17427Q, NA.
- 43 'Audience with Holy Father of Taoiseach on occasion of Public Consistory, 27 February 1965', D/FA-96/2/14 (formerly D/FA-P387/1), NA.
- 44 Irish ambassador (Holy See) to D/EA secretary, 11 March 1955, 'European Unity', D/FA-96/14/19 (formerly D/FA-14/89 Vatican), NA; Keogh, *Ireland and the Vatican*, passim.
- 45 Irish ambassador (Holy See) to D/EA secretary, 21 January 1955, D/FA-96/14/19, NA; Irish ambassador (Holy See) to D/EA secretary, 8 March 1955, D/FA-96/14/19, NA.
- 46 Irish ambassador (Holy See) to D/EA secretary, 3 August 1962, D/FA-96/14/19, NA.
- Nicholas Nolan (D/T secretary) to McCann, 15 February 1965, D/FA-96/2/13, NA.
- 48 C.Richards, *The new Italians* (London: Penguin, 1995), p. 5.
- 49 D/FA report entitled 'Trade and Commercial Relations with Italy' prepared for the Lemass visit to Rome, *circa* mid-February 1965, D/FA-96/2/13, NA.
- 50 D/FA report, *circa* mid-February 1965, D/FA-96/2/13, NA.
- 51 D/FA report, *circa* mid-February 1965, D/FA-96/2/13, NA.
- D/FA report entitled 'Italian Plan for European Political Union' prepared for the Lemass visit to Rome, *circa* mid-February 1965, D/FA-96/2/13, NA; D/FA report entitled 'Analysis of Italian Plan for European Political Union' prepared for the Lemass visit to Rome, *circa* mid-February 1965, D/FA-96/2/13, NA.
- Michael Flynn (embassy first secretary, Rome) note, 28 February 1965, D/FA-96/2/13, NA; D/F publication of 'Monthly digest of E.E.C. developments and related matters, March, 1965', *circa* late April 1965, D/T-S17427Q, NA.
- 54 Flynn note, 1 March 1965, D/FA-96/2/13, NA.
- D/T report, 24 March 1965, D/T-S17427Q, NA; D/EA appendix entitled 'Alternative arrangement suggested by the Department of External Affairs', 24 March 1965, D/T-S17427Q, NA; Seán F.Murray (D/F official) to Nolan, 24 March 1965, D/T-S17427Q, NA. Murray wrote to say that the report was agreed upon by the departmental secretaries.
- Irish embassy (Brussels) report on the meeting held between Haughey and Mansholt, 27 January 1965, D/T-S17427Q, NA.
- 57 D/T report, 24 March 1965, D/T-S17427Q, NA.
- 58 D/T report, 24 March 1965, D/T-S17427Q, NA.

- Irish embassy (Brussels) report on the meeting held between Haughey and Mansholt, 27 January 1965, D/T-S17427Q, NA; D/T report, 24 March 1965, D/T-S17427Q, NA.
- 60 D/T report, 24 March 1965, D/T-S17427Q, NA; D/EA appendix, 24 March 1965, D/T-S17427O, NA.
- 61 D/F memorandum on 'European Political Integration', circa mid-April 1965, D/T-S17427Q, NA; D.J.Maher (D/F official) to D.O'Sullivan (D/EA assistant secretary), 21 April 1965, D/T-S17427Q, NA. Quoted in the report 'European Political Integration', Lemass's speech was delivered to the Fianna Fáil Árd Fheis (annual party conference) on 16 January 1962. Some other notable elements were presented in this document which are worth mentioning in passing. Obviously enough, however, there was nothing new. In the section of the report which dealt with the various efforts that were made to develop the idea of European integration, even before the decision was taken to establish the EEC, little new insight or indeed information was put forward which was not already publicly available. In fact, the same might be said of the part dealing with the establishment of the EEC and the subsequent moves taken in the following five years towards achieving the goal of political integration. Indeed, this also applied to the sections centred on renewed efforts that were subsequently made in 1964 towards this end, as well as to some additional special aspects of European integration. On levels such as these, this Department of Finance presentation did not have very much to offer except as a recapitulation of how Ireland viewed the European political integration process.
- 62 D/F memorandum on 'European Political Integration', circa mid-April 1965, D/T-S17427Q, NA; Maher to O'Sullivan, 21 April 1965, D/T-S17427Q, NA.
- D/F publication of 'Monthly digest of E.E.C. developments and related matters, March, 1965', *circa* late April 1965, D/T-S17427Q, NA.
- 64 Lemass speech, 6 January 1965, D/T-S17427Q, NA; D/F publication of 'Monthly digest of E.E.C. developments and related matters, February, 1965', *circa* late March 1965, D/T-S17427Q, NA; Maher, *The tortuous path*, pp. 178-81.
- 65 Biggar to D/EA secretary, 7 April 1965, D/T-S17427Q, NA. The official in question here was Mr.Boegner (French permanent representative to the EEC).
- Irish government cabinet minute GC11/1, 27 April 1965, 'Eleventh Government Cabinet Minutes GC11/1-GC11/83 27/4/65-4/8/66' 97/5/1, NA; Nolan to Whitaker, 27 April 1965, D/T-S17427Q, NA.
- Unpublished Lemass interview, 25 March 1965, D/T-S17427Q, NA.
- 68 Lemass interview conducted with the *Irish Independent*, 23 April 1965, D/T-S17427Q, NA; Lemass interview conducted with the *Irish Independent*, 24 April 1965, D/T-S17427Q, NA.
- 69 Haughey speech delivered in Dáil Éireann, 29 April 1965, Dáil debates vol. 215 cols. 442-3, D/T-S17427Q, NA.
- 70 Lemass note, 3 May 1965, 'European Economic Community, 1.5.1965-22.6.1965' D/T-S17427R/65, NA.
- 71 Lemass reply to a parliamentary question in Dáil Éireann, 4 May 1965, Dáil debates vol. 215 col. 269, D/T-S17427R, NA.
- J.G.Molloy (ambassador, London) to D/EA secretary, 4 May 1965, D/T-S17427Q, NA; Biggar to O'Sullivan, 7 May 1965, D/T-S17427R, NA.
- 73 Biggar to D/EA secretary, 7 May 1965, D/T-S17427R, NA. Biggar reported on the views of André Rossi (General Rapporteur of the European Parliament).

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- Commerce of Ireland at the International Hotel in Bray, 1 May 1965, D/T-S17427R, NA.
- Williams, 'Irish foreign policy', p. 143.
- 76 Lemass speech. 1 May 1965, D/T-S17427R, NA.
- 77 D/F publication 'Monthly digest of E.E.C. developments and related matters, April, 1965', late May 1965, D/T-S17427R, NA.

Lemass speech delivered to the National Convention of Junior Chambers of

- 78 Nicholson & East, From the Six, p. 85.
- 79 Lemass speech delivered in Dáil Éireann, 13 May 1965, Dáil debates vol. 215 cols. 1315-20, D/T-S17427R, NA.
- 80 Lemass speech delivered in Dáil Éireann, 13 May 1965, Dáil debates vol. 215 cols. 1315-20, D/T-S17427R, NA.
- 81 Lemass speaking in Dáil Éireann, 25 May 1965, Dáil debates vol. 215 col. 1909, D/T-S17427R, NA.
- 82 Irish government cabinet minute, GC11/60, 29 March 1966, 'Eleventh Government Cabinet Minutes GC11/1-GC11/84: 27/4/65-4/8/66', 97/5/1, NA.
- 83 Lemass speech delivered in Dáil Éireann, 13 May 1965, Dáil debates vol. 215 cols. 1315-20, D/T-S17427R, NA.
- Lemass speech delivered in Dáil Éireann, 13 May 1965, *Dáil debates* vol. 215 cols. 1315-20, D/T-S17427R, NA; Irish government cabinet minute GC12/66, 24 October 1967, 'Twelfth Government Cabinet Minutes GC12/8-GC12/76 3/1/67-19/12/67' 98/5/1, NA. It was only on 24 October 1967 that the finance minister, Charles Haughey, obtained cabinet approval for Ireland to join the GATT.
- 85 Lemass speech delivered in Dáil Éireann, 13 May 1965, Dáil debates vol. 215 cols. 1315-20, D/T-S17427R, NA.
- Whitaker to McCarthy, 19 July 1965, D/T-S17427S, NA.
- Brendan Dillon (embassy official, Brussels) to O'Sullivan, 17 August 1965, D/T-S17427S, NA; Robert McDonagh (chargé d'affaires *ad interim*, Copenhagen) to D/EA secretary, 18 August 1965, D/T-S17427S, NA; Kennedy to D/EA secretary, 20 August 1965, D/T-S17427S, NA; Lennon to O'Sullivan, 20 August 1965, D/T-S17427S, NA; Dillon to O'Sullivan, 20 August 1965, D/T-S17427S, NA; Dillon to O'Sullivan, 23 August 1965, D/T-S17427S, NA; Shields to O'Sullivan, 24 August 1965, D/T-S17427S, NA.
- In response to this latest in a series of EEC emergencies, it was noted in Irish diplomatic reports from Italy, for instance, that: 'It is considered that France cannot afford to let the EEC die'; indeed, similar reports from Luxembourg asserted that: 'The feeling is that the present crisis is not very different from previous crises and that, like those, will blow over'. D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- 89 Lemass response to a parliamentary question in Dáil Éireann, 21 July 1965, Dáil debates vol. 217 col. 1856, D/T-S17427S, NA.
- 90 Lemass speech delivered in Dáil Éireann, 13 May 1965, Dáil debates vol. 215 cols. 1315-20, D/T-S17427R, NA.
- 91 De Paor, Divided Ulster, p. 138.
- 92 Irish Times, 26 May 1965, D/T-S17427R, NA.
- 93 Biggar to O'Sullivan, 27 May 1965, D/T-S17427R, NA; Lemass speaking in Dáil Éireann, 9 June 1965, *Dáil debates* vol. 216 col. 473, D/T-S17427R, NA.
- Lemass speaking in Dáil Éireann, 10 June 1965, Dáil debates vol. 216 cols. 721-2,

- D/T-S17427R, NA.
- 95 Seán Flanagan (junior industry & commerce minister) speaking in Seanad Éireann, 7 July 1965, Seanad debates vol. 59 col. 339.
- 96 J.F.Shields (ambassador, Rome), 15 July 1965, D/T-S17427S, NA.
- 97 D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- 98 D/F publication 'Monthly digest of E.E.C. developments and related matters, June, 1965', 28 July 1965, D/T-S17427S, NA.
- 99 D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- Lemass interview conducted with the Cork Examiner, 29 July 1965, D/T-S17427S, NA.
- Lemass interview conducted with the *Cork Examiner*, 29 July 1965, D/T-S17427S, NA; D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- Lemass interview conducted with the *Cork Examiner*, 29 July 1965, D/T-S17427S, NA; D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- Lemass interview conducted with the *Cork Examiner*, 29 July 1965, D/T-S17427S, NA; D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- Lemass interview conducted with the Cork Examiner, 29 July 1965, D/T-S17427S, NA.
- De Paor, *Divided Ulster*, p. 172.
- Lemass interview conducted with the *Cork Examiner*, 29 July 1965, D/T-S17427S, NA
- 107 D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- D/F publication 'Monthly digest of E.E.C. developments and related matters, July, 1965', 26 August 1965, D/T-S17427S, NA.
- 109 Biggar to O'Sullivan, 27 July 1965, D/T-S17427S, NA. Biggar had been in conversation with Mr.Lucion.
- 110 Irish government cabinet minute GC11/36, 29 November 1965, 97/5/1, NA.
- 111 Irish cabinet minute GC11/40, 10 December 1965, 97/5/1, NA.
- 112 Nicholson & East, From the Six, p. 85.
- Lee, *Ireland*, 353. This quotation originally came from the following: J.Lynch, 'Why Ireland joined', in *Community report* vol. 3 no. 1 January 1983, p. 5.
- Nicholson & East, From the Six, p. 85; Lemass speech delivered in Dáil Éireann, 4 January 1966, Dáil debates, vol. 219 cols. 1139-40. Lemass actually went on to review the background to the AIFTA, but it is enough to comment on that here, rather than in the main text. In revealing how this new bilateral arrangement had come about, Frances Nicholson and Roger East have explained that the taoiseach mentioned the unsuccessful OEEC-sponsored FTA negotiations during the second half of the 1950s. In Dáil Éireann, they reveal that he now aired the view that Ireland had decided not to participate in EFTA at that point 'because of our expectations at that time that pressures to open up the EEC to include Britain and other West European countries were likely to build up', an interesting case of history seen in retrospect. At least he had the grace to admit that the Anglo-Irish negotiations which

immediately followed EFTA's rejection of Ireland were 'largely unsuccessful'. A quick recap of de Gaulle's veto of the UK, with little or no emphasis on the EEC overlooking Ireland, was followed by him recounting a meeting with Macmillan, and then others with Wilson, in order to remedy the perilous situation in which his government found itself.

- Nicholson & East, *From the Six*, pp. 85-6; Lemass speech delivered in Dáil Éireann, 4 January 1966, *Dáil debates*, vol. 219 cols. 1140-1.
- Nicholson & East, *From the Six*, p. 86; Lemass speech delivered in Dáil Éireann, 4 January 1966, *Dáil debates*, vol. 219 cols. 1139-61.
- Nicholson & East, *From the Six*, p. 86; Lemass speech delivered in Dáil Éireann, 4 January 1966, *Dáil debates*, vol. 219 cols. 1139-61.
- Nicholson & East, *From the Six*, p. 86; Cosgrave's reply delivered in Dáil Éireann, 4 January 1966, *Dáil debates*, vol. 219 cols. 1162-75.
- 119 Nicholson & East, From the Six, p. 87.
- Maher, Tortuous path, p. 179; Nicholson & East, From the Six, pp. 83 & 86-7.
- 121 Nicholson & East, From the Six, pp. 86-7.
- 122 Lemass reply to a parliamentary question in Dáil Éireann, 30 March 1966, Dáil debates vol. 222 cols. 266-9.
- 123 The OECD, instituted on 14 December 1960 and taking effect on 30 September 1961, originally included the OEEC states, Canada and the US. It listed its main objectives as follows:
 - 'à réaliser la plus forte expansion possible de l'économie et de l'emploi et une progression du niveau de vie dans les pays Membres, tout en maintenant la stabilité financière, et contribuer ... au développement de l'économie mondiale':
 - 'à contribuer à une saine expansion économique dans les pays Membres, ainsi que non membres, en voie de développement économique';
 - 'à contribuer à l'expansion du commerce mondial sur une base multilatérale et non discriminatoire, conformément aux obligations internationales'.

OECD report, 'Irlande 1967', p. 2. This document is freely used in this section, but is noted if referred to specifically; see Chapter 2 for an analysis of **The OEEC's 1956 annual report**.

D.McAleese, 'Political independence, economic growth and the role of economic policy', pp. 271-95, in P.J.Drudy (ed.), *Irish studies 2 – Ireland: land, politics and people* (Cambridge: Cambridge University Press, 1982), pp. 275-6. As Dermot McAleese has subsequently written:

Associated with ... growth in absolute living standards, and explaining much of it, was a sharp decline in the percentage of the labour force working in agriculture ... and a commensurate increase in the percentage working in industry ...

- Statistics, upon which these opinions are based, were compiled using the following documents: OEEC report, 'Irlande 1961'; OECD report, 'Irlande 1962'; OECD report from March 1963 entitled 'Irlande 1963' (Paris: OCDE, 1963); OECD report from March 1964 entitled 'Irlande 1964' (Paris: OCDE, 1964); OECD report from March 1965 entitled 'Irlande 1965' (Paris: OCDE, 1965); OECD report from February 1966 entitled 'Irlande 1966' (Paris: OCDE, 1966); OECD report, 'Irlande 1967'.
- Aiken speaking in Seanad Éireann, 18 November 1964, *Seanad debates* vol. 58 col. 46.

- OECD report, 'Irlande 1967', passim. Statistics, upon which these opinions are based, were compiled using the following documents: OEEC report, 'Irlande 1961'; OECD report, 'Irlande 1962'; OECD report, 'Irlande 1963'; OECD report, 'Irlande 1964'; OECD report, 'Irlande 1965'; OECD report, 'Irlande 1966'; OECD report, 'Irlande 1967'; Central Statistics Office, Ireland: trade and shipping statistics, passim.
- 128 OECD report, 'Irlande 1967', p. 26.
- 129 OECD report, 'Irlande 1967', p. 28.
- 130 OECD report, 'Irlande 1967', p. 17.
- 131 Lemass reply to a parliamentary question in Dáil Éireann, 18 May 1966, Dáil debates vol. 222 col. 1962.
- R.Foster, 'Orangemen backed by Pope', *Observer*, 12 July 1998. However, in writing that this move by Ireland to the European mainstream was the first instance of this phenomenon in nearly three hundred years, Roy Foster may be stretching the point. He was making an historical comparison, and in so doing taking a giant leap, between the Battle of the Boyne in 1690 and the 'Republic's enthusiastic adoption of Community membership over the past 20 years'. This modern version of 'Europeanisation' was equated to a war in which a 'grand coalition representing Spain, the Holy Roman Empire, the Netherlands, Sweden, Denmark, Bavaria and Brandenburg as well as Williamite England', at the very least implicitly blessed in their endeavours by the pope, faced up to the 'French-backed Jacobites'. This, Roy Foster holds, marked the previous instance in which Ireland was located in the 'mainstream of European events'.
- 133 Vaughan, Twentieth-century Europe, p. 178.
- This data originally comes from the following publications: Central Statistics Office, *Ireland: trade and shipping statistics, passim.* It should be noted that the same categories were previously utilised in Chapter 2 under the section headed **1957: Ireland and the European integration question.**
- The position Ireland faced was not all bad though; Dermot McAleese has added:

One could conclude that Ireland's diminished dependence on the U.K. as an export market has been replaced by an increased dependence on overseas subsidiaries' capacity to find market outlets in the U.S.A. and continental Europe.

McAleese, 'Political independence', pp. 277 & 281.

- J.Haughton, 'The historical background', pp. 1-48, in J.W.O'Hagan (ed.), The economy of Ireland: policy and performance of a small European country (London: Macmillan, 1995), p. 37; Keogh, Twentieth-century Ireland, pp. 290-1.
- Of course, the Seanad provided other opportunities between the years 1957 to 1966 for Ireland's European integration to be debated, but it appears that this platform was usually neglected. One of the few exceptions arose in the summer of 1961, when one of the senators elected by the university electorate, Patrick Quinlan, endeavoured to draw information from the Irish finance minister, James Ryan, an exchange referred to in Chapter 3 under the heading **Determining factors Part II: domestic considerations**. Patrick Quinlan speech delivered in Seanad Éireann, 26 July 1961, Seanad debates vol. 54 cols. 1329-30 & 1356-80; Quinlan speaking in Seanad Éireann, 27 July 1961, Seanad debates vol. 54 cols. 1446-7.
- 138 Garret FitzGerald speech delivered in Seanad Éireann, 14 July 1966, Seanad debates vol. 61 cols. 1833-920.
- FitzGerald speech delivered in Seanad Éireann, 14 July 1966, Seanad debates vol.

61 col. 1852. FitzGerald was referring to an Aiken speech delivered in Dáil Éireann, 11 February 1965, *Dáil debates* vol. 214 col. 205. Referring to a speech that the minister had made in the Dáil the previous year, FitzGerald chided Aiken for saying so little about the EEC with the words: 'not exactly a dynamic utterance, that speech'. The former had a point, because all that the latter had been prepared to say on the EEC was:

We continue to follow closely the various developments in the European Economic Community through the Embassy in Brussels and by occasional visits by Ministers and officials to the Headquarters of the Organisation. Ireland's application for membership of the Community still stands and it is the intention of the Government to proceed with it at the earliest appropriate moment.

- At this time, the taoiseach established a Department of Labour instead of a Department of European Affairs and, in so doing, devolved some responsibilities away from the Department of Industry & Commerce, thus stressing the emphasis of government policy. FitzGerald speech delivered in Seanad Éireann, 6 July 1966, Seanad debates vol. 61 col. 1537; FitzGerald speech delivered in Seanad Éireann, 14 July 1966, Seanad debates vol. 61 cols. 1833-920.
- FitzGerald speech delivered in Seanad Éireann, 14 July 1966, Seanad debates vol. 61 cols. 1833-920; Aiken reply delivered in Seanad Éireann, 14 July 1966, Seanad debates vol. 61 cols. 1873-84. Reference is also made to an Aiken speech delivered in Seanad Éireann, 18 November 1964, Seanad debates vol. 58 cols. 47 & 53.
- Haughton, 'Historical background', p. 37; Irish government cabinet minute GC11/60, 29 March 1966, 97/5/1, NA. In domestic terms, the setting up of An Chomhairle Oiliúna (AnCO) in 1966 was only part of the government's strategy to ready the population in this case through the provision of industrial training for the onset of free trade; through the latter decision, Aiken was given cabinet permission to ratify the European Convention on Extradition which had been signed in Paris back in December 1957 furnishing another instance of the government's adoption of Europeanising influences as a basis for external policy.
- McAleese, 'Political independence', pp. 285-6; Williams, 'Irish foreign policy', p. 141. As T.D.Williams has written, this was the period that marked the 'beginning of the negotiations for a voluntary commitment to European integration'.
- Williams, 'Irish foreign policy', passim. T.D.Williams has written that:

Aiken ... was not much interested in Europe. At one point he had advocated the reduction of Irish diplomatic representation in Western Europe to one single embassy. Lemass and Whitaker went to Europe ... in their effort to seek admission to the EEC; Aiken said little or nothing ... preference for the UN represented his conception of the respective importance of the UN historical role versus that of the European.

In his defence, however, Aiken is on record as having said: 'I am sure that no one who considers the matter carefully would suggest that any of the country's embassies should be closed'. Aiken speaking in Seanad Éireann, 18 November 1964, *Seanad debates* vol. 58 col. 46.

Notice of Aiken's absence, 2 June 1964, *Dáil debates* vol. 210 col. 298; FitzGerald, 'Irish neutrality and European integration', p. 4.

