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International Implications of the Irish 2011 General Election

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This year's early elections in Ireland were overshadowed by the biggest economic crisis in the country's history. The winning Fine Gael party campaigned on a proactive foreign policy platform that would see the country renegotiate the conditions of the 2010 bailout from the European Central Bank and the International Monetary Fund, and also alter its security policy.

The Irish general election of 2011 took place on 25 February on an impressive turnout of 70.1%. Fine Gael (FG, The Family of Irish) party won the election with 36.1% of the vote. The Irish Labour Party (ILP) came second with 19.4%, followed by Fianna Fail (FF, Warriors of Ireland) party with 17.4%, independent candidates with 12.6% and Sinn Fein (SF, Ourselves Alone) with 9.9% of the vote. The projected breakdown of parliamentary seats is as follows: FG–76 , ILP–38, FF–20, SF–13, independents–18.

Elections Overshadowed by the Economic Crisis. From 2008 onwards, Ireland has been battling a severe economic crisis. Between 1990 and 2007, its yearly GDP growth averaged 6.5%. After the adoption of the euro, Ireland suffered from rapidly rising labour costs and inflationary pressure as the Irish began to take out cheap loans on a massive scale, predominantly to invest in real estate. This brought Irish banks to the point of bankruptcy in 2008. Their survival was assured by the Irish government's guarantees, which strived to ensure the solvency of the Irish banking system. Such a policy led to a four-fold increase in Irish public debt within the span of just three years, and a ballooning of the budget deficit. In November 2010, in order to avoid defaulting on its debt, the government was forced to agree to the conditions of a bailout with the European Central Bank (ECB) and the International Monetary Fund (IMF). They both agreed to provide Ireland with a loan of 85 billion euro to help the government finance both its and the banks' debts. The political wrangling surrounding this highly unpopular decision forced the government to call an early election.

Ireland and the European Union in the Aftermath of the Election. The winning FG will most probably form the new governmental coalition with ILP or the independents. An FG-ILP coalition seems to constitute the safest option, especially in terms of longevity as the two parties will enjoy a solid parliamentary majority and have a history of previous coalition arrangements. However, such a coalition will be severely tested by ideological differences between the centre-right and economically liberal FG and the social-democratic and statist ILP.

Both parties claim they will attempt to restore Ireland's reputation in Europe, which was badly damaged during the economic crisis. FG aims to utilize its membership in the European People's Party, the European Parliament's largest political group, to that effect. The declared goal of the potential coalition partners is to renegotiate the conditions of the ECB-IMF bailout, especially a lowering of the loan's interest rates. At the moment, these rates are higher than for Greece, which is paying on loans taken in the first half of 2010 in order to ensure its solvency. In addition to that, FG prefers to be given more time to bring down the budget deficit to 3% of GDP. The previous government promised to achieve this by 2014—FG speaks of 2015 as its target and the ILP opts for 2016.

Changing Ireland's image in Europe might, however, be more difficult than the leaders of FG and the ILP are ready to acknowledge. During the election campaign, they publicly sparred with Jean Claude Trichet, president of the ECB, as to the potential for renegotiation of the bailout conditions. In the latter's view, which is not shared by Enda Kenny of FG and Eamon Gilmore of the ILP, such action is impossible. Simultaneously, more than 80% of the Irish want the new government to renegotiate the terms of the bailout. Enda Kenny, in his capacity as the Irish prime minister in waiting, has already met Angela Merkel to signal his intent to pursue this goal and was also asked about his country's stance in relation to the German-French proposals about the eurozone competition pact. Some of this pact's elements were endorsed by the Irish who are, however, unwilling to agree to the harmonization of the eurozone's corporation taxes. The 12.5% tax rate in Ireland is seen as one of the main guarantors of an Irish recovery in which more investors would flock to Ireland and provide this country's economy with exports-led growth.

Changes in the Irish Security Policy. Ireland is a neutral country—it has never been a member of any military alliance and remained neutral during the Second World War. A perceived alteration of this policy was utilized by Ireland's eurosceptics during the two Lisbon Treaty referendums as the Irish society was warned of the dangers of the Irish being drafted into a "European army" if the Treaty were to be brought into force.

The Irish army numbers about 8, 500 soldiers and has a history of involvement in different United Nations-mandated missions, for example in the Democratic Republic of Congo, Cyprus and Lebanon. More recently, more than 400 Irish soldiers participated in the EU peacekeeping mission in Chad and the Central African Republic (EUFOR CHAD/RCA), which was commanded by Patrick Nash, an Irish general. Ireland, alongside Sweden, Finland, Estonia and Norway, provides troops for the EU Nordic Battlegroup, which is currently on standby. Six Irish soldiers are also delegated to the headquarters of the International Security Assistance Force in Afghanistan. The Irish military involvement abroad is based on the principle of the "triple lock," according to which the decision to send troops can only be made when the given mission receives the authorization of the Security Council of the United Nations, the Irish government and the Irish parliament.

FG, which will lead the next Irish government, wants to downgrade the "triple lock" to a "double lock," which would allow Ireland to participate in peacekeeping missions without UN authorization. According to FG, alteration of this policy would allow Ireland to participate in and influence the European debate on the Common Security and Defence Policy. This stance, though controversial from Ireland's point of view, was not heavily criticized during the election campaign though it may come under more scrutiny from FG's left-wing or independent coalition partners after the formation of the new government.

Conclusions. During the next few months the new Irish government will seek ways to avoid becoming a net payer into the EU budget and will oppose attempts to force it into a eurozone-wide harmonization of corporate taxes. Such proposals from other EU members may be levied in the context of the Irish desire to see the conditions of the 2010 bailout renegotiated. The price for achieving this, however, could be the acceptance of German proposals about the competition pact and the consolidation of public finances on a more rapid pace than both FG and the ILP are ready to implement.

The new Irish government will have to fix the country's public finances against the backdrop of mounting foreign debt, a meagre economic recovery and potential pressure from the EU. Ireland could become a Polish ally in opposing tax harmonization in the EU and might act as the spokesman of the countries sharing the view on the need to consolidate public finances in principle. It will also be interesting to observe the potential changes in Ireland's stance towards the Common Security and Defence Policy, which is to be one of the priorities of the Polish presidency of the EU Council.