5 Business and Agricultural Responses to Cross-Border Cooperation

The previous chapters outlined the changes which have occurred in the background to the cross-border relationship since the foundation of the Irish and Northern Irish states in 1922. The core question is whether these background changes have increased cross-border cooperation. Much of the apparent impetus for increased cooperation rests on an appeal to economic rationality. For both neo-functionalists and functionalists, economic groups were highly significant in stimulating political cooperation (see Chapter 1). Hence, assuming the existence of common economic interests between farmers and business groups on both sides of the border, it might be expected that economic cooperation might increase.

Yet, on the other hand, political impediments may exist to economic cooperation. Business communities in Northern Ireland may find it difficult to cooperate economically with their Irish counterparts because of the political sensitivity of such cooperation. Northern Irish business communities have a very close proximity to Northern Irish politics – many of them have prominent positions in the administration of the region’s economy. The proliferation of quangos (Cradden and Erridge, 1990, p. 102) has facilitated this decision. The appointment of business people to administrative positions has occurred because business people are perceived by the British government to be less divisive than Northern Irish politicians. Northern Irish business groups are aware of the sensitivity of economic cooperation and may be wary of such cooperation. In a society divided between those who desire union with the Republic and those who desire union with Britain, the pursuit of cross-border cooperation to maximise profit may be construed as a vote in favour of union with the Republic. Moreover, for Irish business, the tense security situation in Northern Ireland might discourage Irish business people from developing links with their Northern Irish counterparts. Hence, economic activity may be automatically politicised. Despite all the apparent reasons for increased economic cooperation, the political environment may still constrain behaviour.
In the remainder of this chapter, whether farmers and businesses find the logic of cooperation compelling will be examined. It is shown that agricultural cooperation is low-level and that little change has occurred. In contrast, despite the political sensitivity of cross-border cooperation in Northern Ireland, business responses have increasingly supported cross-border cooperation, and have responded favourably to the provisions for cross-border institutional cooperation included in the JFD. However, there are also sceptics who point to the limits of cross-border business cooperation and who argue either that there is no rationale for cooperation – there are conflicts of interest – or that economic cross-border cooperation cannot develop unless there is greater institutional cross-border machinery established to harness such cooperation.

In the first section, an overview of the Irish and Northern Irish economies is provided, examining both the differences and the similarities between the two economies. In the second section, the main reasons why cross-border cooperation might be expected to increase are presented. In the third section, the response of agricultural unions to the EU and to Anglo-Irish policy is assessed and in the fourth section, the case of business cross-border cooperation is examined.

I THE IRISH AND NORTHERN IRISH ECONOMIES: AN OVERVIEW

Differences between the Irish and Northern Irish Economies

There are similarities between the Irish and Northern Irish economies, but also some clear differences. Both economies belong to separate states with different policy approaches to economic planning and to European integration. Moreover, the conflict in Northern Ireland has been a large handicap in efforts to attract investment to Northern Ireland. Thus:

- Since the 1960s, Northern Ireland’s manufacturing sector has declined, while the Republic of Ireland’s manufacturing sector has increased in size (Bradley, 1996, p. 34).
- The Northern Irish economy is more heavily subsidised than that of the Irish economy (Harrison et al., 1990, p. 447).
- There are different exchange-rate systems in Northern Ireland and in the Republic of Ireland and there are policy differences between Irish and British governments on the desirability of European Monetary Union (EMU).