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Brexit, the Belfast Agreement and Northern Ireland: Imperilling a Fragile Political Bargain

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Abstract

The major impact of the Belfast Agreement was to engineer a peaceful co-existence between nationalism and unionism that involved each bloc recognizing it had sufficient power to thwart the political ambitions of the other side, but not enough to push through its own agenda. This paper argues that Brexit seriously damages this peaceful co-existence and could trigger what is termed an Ulster war of attrition in which N. Ireland becomes entrapped in a political stalemate where each side strives to triumph without having sufficient power to do so. It also argues that to restore internal political stability in N. Ireland, and to indemnify against the risk of disorderly relationships between the British and Irish Governments in the future, the strategic importance of Strand 3 of the Belfast Agreement requires strengthening.

Keywords: Brexit; Anglo-Irish Relations; Belfast Agreement, N. Ireland; Political Stability
Introduction

Brexit is probably the most momentous event in post-war UK history. Leaving the EU has potentially far reaching economic and political implications for the UK, with much hinging on the route that is finally agreed (or not) to exit. Negotiations between the EU and UK Government over the terms of British withdrawal have been made hugely more complex by the ‘Irish dimension’ to Brexit. The UK Referendum result to leave the EU has opened a Pandora’s Box on the nature of relations between Ireland and the UK, the north and south of Ireland, Northern Ireland and the UK and all three political entities. Sharply contrasting views exist on the extent to which Brexit actually impacts on the carefully crafted multiple relationships that have been established over the past two decades (and more) involving Ireland, N. Ireland and the UK - and the degree to which new arrangements will have to be invented to address the fallout from Brexit. At the eye of these disagreements are irreconcilable differences about the degree to which Brexit will destabilise politics in N. Ireland and the extent to which special arrangements will be needed for N. Ireland in a post-Brexit world. Some claim Brexit cuts across both the spirit and letter of the Belfast Agreement and thus amounts to a grievous threat to political stability in the region.\(^1\) Others argue that the destabilization thesis has been overplayed, if not concocted, mostly by nationalists who are hell bent on using Brexit to push for Irish unity. On this view, there is no good reason why Brexit should leave a negative imprint on politics in N. Ireland.\(^2\)

The purpose of this paper is to make a contribution to the discussions about the impact of Brexit on N. Ireland. It argues that Brexit is likely to have a profound impact not only on the internal politics of N. Ireland, but also on how the Belfast Agreement functions in the future. In particular, it suggests that Brexit simultaneously jeopardizes key developments that have emerged in the two decades after the Agreement. First of all, it further disturbs the already
fraying political compromise that was taking shape inside N. Ireland and will almost certainly require the substance of any new internal accommodation between unionism and nationalism to be quite different from the past. Secondly, it destabilizes the nature of the north-south dimension that has been constructed over the past two decades. Rather than triggering a flurry of institutional activity on north-south cooperation, the Belfast Agreement has more than anything ushered in a new era of trust and reconciliation between the two parts of the island based on the creation and maintenance of an open border. Brexit casts a long shadow over this form of north-south cooperation and it is questionable whether this regime can survive if the UK leaves the EU.

The paper is organized as follows. The first section explores how the Belfast Agreement should be understood. The following section suggests that Strand 1 of the Agreement simultaneously gave rise to a nascent political bargain in N. Ireland based on a ‘politics of deterrence’ coalition between the DUP and Sinn Fein and an informal process of economic and social modernization. The next section argues that the emerging internal political settlement was bolstered by the creation of an open border between the north and south of Ireland, which has been the engine room of a new consensual socio-psychological community between the two parts of the island. Then it is argued that Brexit has delivered a hammer blow to the admittedly fraying politics of deterrence coalition, pushing N. Ireland closer to what is termed an Ulster war of attrition. The fifth section assesses whether or not the so-called Backstop is needed to prevent the return of a hard border in Ireland and suggests that both sides of this debate seriously underestimate the degree to which institutional innovations will be required to maintain close north-south cooperation and orderly wider relationships between Ireland and the UK. The penultimate section suggests that the Belfast Agreement could be internally reconfigured to strengthen the role of Strand 3 not only to govern N. Ireland, but also
to manage relations across the British Isles. The conclusions bring together the arguments of the paper.

**The nature of the Belfast Agreement**

The Belfast Agreement signed in 1998 embedded the governance of Northern Ireland within a series of ‘internal’ and ‘external’ political institutions. Strand 1 of the Agreement created new power-sharing institutions within the region, with numerous inbuilt checks and balances to ensure that no one community could dominate the other. Strand 2 of the Agreement mostly created a new North-South Ministerial Council (NSMC) and six cross-border bodies to develop joint policies and programmes that would benefit both parts of the island. Strand 3 of the Agreement created the British–Irish Council and the British–Irish Intergovernmental Conference with the purpose of encouraging co-operation and developing good relations between Britain and Ireland. The combination of a devolved power-sharing alongside cross-jurisdictional institutional structures was widely considered to be sufficiently subtle to accommodate the competing claims of unionism and nationalism. On the one hand, it addressed nationalist concerns about N. Ireland’s ‘Walzerian’ problem - that different spheres of political, economic and social life should not be monopolised by any one group or section of society. It also gave institutional expression to the ‘Irish’ identity of northern nationalists by creating opportunities for deeper political and economic connections with the Irish Republic. On the other hand, the Agreement defends the right of the Unionist community to remain British by laying down that only after a majority in a referendum voted to do so could the constitutional status of Northern Ireland be altered: the Agreement copper fastened the principle of consent.
In the immediate aftermath of its signing, the Belfast Agreement was heralded as a path-breaking political and constitutional development. The broad set of intergovernmental relationships, transnational governance institutions and elaborate local power sharing arrangements established was seen as creating a new political framework in which institutional connections that straddle national borders would be central to the internal political stability of Northern Ireland. On this view, the Agreement represented a departure from the traditional ‘Weberian’ idea of political democracy and constitutional frontiers being contiguous, with governments securing their legitimacy by being rooted within already existing nation-states. The umbilical cord connecting sovereignty and democracy was cut by the construction of a novel political framework whereby the democratic credibility and sustainability of Northern Ireland was not invested in anyone definition of nationhood, Britishnless. Not everyone shared this interpretation of the Belfast Agreement, but the ‘creative ambiguity’ running through the Agreement meant it could not be fully discounted as a possibility.

Twenty years on, it can be safely concluded that the idea, even hope, of the Belfast Agreement housing the governance of Northern Ireland within some type of post-nationalist political framework has not come to pass. Yet it is self-evident that the Agreement has been hugely successful as Northern Ireland is now an incomparably much better place than in the 1970s and 1980s when violence was widespread. Apart from episodic incidents by fringe dissident republican and loyalist terror groups, the region has experienced the near complete absence of paramilitary violence. For sure, building a fully-fledged political democracy within N. Ireland remains a work in progress. Over the two decades since the signing of the Agreement, the devolved power sharing executive and assembly have evolved in fits and starts. Currently these power sharing institutions are not functioning, collapsing as a result of a breakdown in trust between the two main political parties, Sinn Fein and the DUP. Moreover, traits of a
deeply divided society remain: peace walls are still required: segregated housing and education continue to be a stark feature of regional life; and an uncomfortable level of sectarianism still pervades. Despite these imperfect political and social features, twenty years of the Belfast Agreement resulted in the broad contours emerging of an internal political settlement within N. Ireland. The two main pivots of this nascent political settlement was a new democratic equal status between the two communities and the creation of an open border between the north and south of Ireland. The significance of Brexit is that it seriously destabilizes this emerging settlement.

**Strand 1 and the Politics of Deterrence**

The power sharing institutions created by Strand 1 of the Agreement closely followed the core principles of consociational democracy. The assumption was that power-sharing institutions, which recognized the legitimacy of both nationalist and unionist political traditions in N. Ireland, would trigger a process of accommodation, leading to the divisions between the two communities becoming less antagonistic. The expectation was that power sharing would make both nationalism and unionism less solipsistic. However, the power sharing institutions in N. Ireland never really generated this moderating political effect, at least not fully in the formal political arena. Shortly after the creation of the power sharing institutions, electoral support for the moderate wings of nationalism and unionism dipped significantly, resulting in the extreme wings of the two blocs, the DUP and Sinn Fein, acquiring dominance. Consociationalism released a centrifugal rather than a centripetal political dynamic inside N. Ireland.

Yet, the power sharing institutions were able to survive this lurch to the political extremes. Before the collapse of the N. Ireland Assembly Sinn Fein and the DUP had shared power with each other for nearly a decade. One perceptive view was that power sharing was not
compromised by the emerging dominance of the DUP and Sinn Fein as each extreme recognized the dangers of non-cooperation and each were sufficiently encompassing to commit their respective blocs to the joint governance of the region. The situation that emerged can be usefully characterised as peaceful co-existence breaking out between nationalism and unionism, involving each side holding back from aggressively pursuing their own objectives or making excessive demands on the other side. Each bloc started to recognize that while it had enough power to thwart the political ambitions of the other side, it had insufficient power to push through its own agenda. A politics of deterrence emerged between the two blocs, which is essentially about stopping or preventing an action not in your interests. Previously, a politics of ‘compellence’ mentality dominated both nationalism and unionism, which is an effort to force an actor to do something that is in your interests or at least against their own interests. Deepening electoral support for Sinn Fein and DUP gave credibility to this politics of deterrence: each bloc was able to signal to the other their internal strength and cohesiveness, thereby weakening the incentive of either side to depart unilaterally from the newly found peaceful accommodation and pursue the politics of compellence.

Thus, what emerged under Stand 1 of the Belfast Agreement was an arms-length deterrence coalition between nationalism and unionism that ensured, until recently, the internal political stability of N. Ireland. However, the cost of this deterrence coalition may have been inefficient and ineffective government of the region. Studies repeatedly point to the presence of cumbersome and unadventurous policy-making across a wide range of areas, including health, education, economic development and sectarianism. A related criticism was that the arms-length deterrence coalition ossified political structures around nationalism and unionism, with the effect of reducing the political space for non-sectarian politics. While these criticisms have merit, they perhaps should not be pushed too far. A more positive interpretation would be
that while the politics of deterrence may have held back innovative government in N. Ireland, the peace that it ensured facilitated modernization outside the formal political process. In particular, although politics at Stormont may have been ossified along predictable sectarian grounds, within the wider economy and society some significant advances were being made towards creating a new democratic equal status between Catholics and Protestants inside N. Ireland, which held out the promise of spilling back and disrupting established attitudes inside both unionism and nationalism.

Moves towards a new democratic equal status in N. Ireland centre on the improved labour market position of Catholics in N. Ireland. Progress had been made on rebalancing the performance of Catholics and Protestants in the labour market before the signing of the Belfast Agreement. Since 1998 this progress has continued and it has been significant on many fronts. Since the early nineties, the labour market performance of the two communities has been slowly converging. Consider first the trends in the working age economic activity rates between the two communities. In 1992, 77% of working age Protestants were economically active, compared to 66% of working age Catholics – an 11 percentage point difference. By 2017, 73% of working age Protestants were economically active compared to 70% of working age Catholics – a three percentage point difference.

A similar pattern emerges -with regard to economic inactivity. In 1992, 34% of working age Catholics were economically inactive compared to 24% of working age Protestants, while in 2017 the corresponding figures were 30% and 27%. In relation to unemployment rates, which were the source of so much controversy about Catholic labour market disadvantage during the 1980s and 1990s, the gap between the two
communities has been wiped out: in 1992 the unemployment rate was 9 per cent for Protestants and 18 per cent for Catholics. By 2017 the unemployment rate was 4 per cent for both communities. A similar pattern has been unfolding with regard to employment rates. In 1992 the difference in the employment rate between the two communities was 16 percentage points (70 per cent for Protestants and 54 per cent for Catholics), however this had decreased to three percentage points by 2017 (70 per cent for Protestants and 67 per cent for Catholics respectively). It is also interesting to note that the proportion of the working age population reported as ‘other/non-determined’ increased from 6 per cent in 1990 to 17 per cent. The flip side of this trend is that between 1990 and 2017, the proportion of the population aged 16 and over who reported as Protestant decreased by 14 percentage points, from 56 per cent to 42 per cent, while the proportion who reported as Catholic increased by three percentage points from 38 per cent to 41 per cent.

These significant developments in the labour market produced important political spillovers. In the past, Catholics were reluctant to commit fully to N. Ireland as they viewed themselves as being effectively excluded from nearly all walks of economic and political life. But the unquestioned improved labour market performance of Catholics erodes the material basis of this political alienation. Creating a more equal labour market opens the opportunity of the Catholic community becoming more strongly committed to political institutions inside N. Ireland. Some interesting political developments hinted at movement in this direction. One revealing finding in the last Census was that 21 per cent of N. Ireland citizens identified as ‘Northern Irish’ as opposed to British or Irish alone, a figure that rose to 28.3 per cent when those who viewed themselves as Irish or British as well as Northern Irish were included. The significance of this finding is brought into sharper relief when it is realised that the Census also reported that only 25 per cent of citizens thought of themselves as Irish. Thus side-by-side
with the labour market becoming more religiously fairer, important changes have been occurring to ‘attitudinal structuring’ inside N. Ireland, particularly amongst nationalists.16

Until recently then internal political developments inside N. Ireland were travelling along a two tier trajectory. At one level, a relatively high level of political stability emerged due to nationalism and unionism reaching a political accommodation involving each side recognizing that whilst they could not win, they would not lose either. At another level, developments were hinting at the creation of the material foundations of a new, durable political settlement inside Northern Ireland. The particular machinations of these two tiers were distinctive, but together they represented the first key pillar of the political bargain that was slowly giving shape to a new democratic N. Ireland.

**Political Stability through an Open Border**

The second pillar of this new political bargain was an open border between the north and south of Ireland. Stand 2 of the Belfast Agreement created a new institutional architecture to develop deeper collaboration between the two parts of Ireland across a wide range of areas. It was seen as giving institutional expression to the idea that any settlement to the N. Ireland conflict needed an ‘Irish dimension’. A new North/South Ministerial Council was established with the purpose of bringing together members of the Irish Government and Northern Ireland Executive to consult on matters of mutual interest and launch joint initiatives. A permanent Standing Joint Secretariat was set up to provide administrative support for the Council. A group of six implementation bodies was set up to develop a set of tightly prescribed tasks in defined policy areas on an all-island basis. A further six sectoral areas were identified (agriculture, education, environment health, transport and tourism) in which some form of north/south
cooperation would be determined by the Ministers and officials from relevant departments in the two administrations.

Although an elaborate, well-specified institutional structure was established, the scale and significance of north-south cooperation developed under Strand 2 of the Agreement needs to be kept in perspective, neither overblown nor underplayed. Some important initiatives have been launched, but overall the steps taken to develop an all-island economy cannot be viewed as transformational.\textsuperscript{17} No far-reaching initiative has emanated from the North/South Ministerial Council. The six implementation bodies have been efficient in performing their assigned duties and responsibilities, but these do not develop or implement any large-scale policy initiatives. Beyond the work of the implementation bodies, Government Departments in Dublin and Belfast have increased contact with each other to explore the possibility of developing north-south cooperation initiatives or at least to embark upon joint work. Probably, most work has been done in the area of health. A battery of initiatives, \textit{although far from trivial for the patients concerned}, has been launched in the border areas to improve the delivery of health care services. In 2014, it was also decided to concentrate all children’s heart operations across Northern Ireland and \textit{Ireland the Republie} in Dublin’s Crumlin Hospital, which put an end to paediatric heart surgery in Belfast. Another agreement allows people from the Donegal area in the Republic to receive cancer treatment in the Altnagelvin Area Hospital in Derry. Greater all-island collaboration is now taking place on transport matters to ensure that road and rail planning both sides of the border dovetail with each other. The police forces are now cooperating closely on specific issues such as cross-border smuggling. Thus a whole range of practical projects have been launched to increase the scale of cross-border cooperation on the island. These initiatives together amount to a large, concerted push to deepen policy cooperation north and south of the border, even if they did not lead to a fully integrated all-
island economy. It needs pointing out that the Belfast Agreement has not required government departments either side of the border to change what they do in any significant way. For almost all government departments in the north and south of the island, action on north-south policy cooperation is small relative to their mainstream portfolio of activities.18

Thus, at the institutional level there has been a concerted yet constrained effort to build a north-south dynamic into the workings of the two economies. The same conclusion emerges when we consider the level of north-south business interactions since the signing of the Anglo-Irish Agreement. Consider the matter of trade. Although assessing the trade relationship between Ireland and Northern Ireland is fraught with difficulties due to data limitations, a number of important trends can be identified. In 1974 about 9.3 per cent of Irish exports went to Northern Ireland, however by 2017 this share had declined to 1.8 per cent: the share of exports from Ireland going to Northern Ireland declined more over the 1973 to 2017 period than that going to the UK as a whole. A similar trend emerges when imports are considered. The share of imports into Ireland from Northern Ireland reached a high point in 1981, accounting for 5.1 per cent of total imports. Since then the share has steadily declined to just 1.8 per cent in 2017. At the same time, exports from N. Ireland to Ireland remain important to N. Ireland businesses: statistics on the sales destination of Northern Ireland exports for 2017 show Northern Ireland sales to Ireland were 38 \%per cent of total exports, 18 \%per cent of total external sales and 6 \%per cent of total sales.19 Thus, in the context of the overall poor export performance of domestically-owned manufacturing firms in Northern Ireland, the Irish market remains important for many of these companies. But, overall, the Belfast Agreement has not lead to any appreciable deepening of trade interdependence, certainly outside agriculture, between the two parts of the island.
In terms of fostering an all-island business infrastructure, perhaps the most significant development was the creation of a Single Electricity Market (SEM) for Ireland in 2007, which led to the trading of wholesale electricity on an all-island basis. In particular, the Single Electricity Market (SEM) consists of a gross mandatory pool market, into which all electricity generated on or imported onto the island of Ireland must be sold and from which all wholesale electricity for consumption or export from the island of Ireland must be purchased. Since 2007 the consensus view is that the SEM has functioned effectively. For sure, the SEM development is significant, but it should not disguise the lack of overall progress in building an all-island economic infrastructure. Initiatives to advance north-south economic and business cooperation since the signing of the Belfast Agreement cannot be viewed as large-scale and have certainly fallen short of integrating economically the two parts of the island. As a result, the two Irish economies continue to function as distinctively as they did in the mid-1990s.

The lack of any far-reaching notable advances towards an integrated all-island economy is largely down to the manner in which the institutional framework of Strand 2 of the Belfast Agreement was set up. Institutions like the North-South Ministerial Council or the cross-border implementation bodies were designed so that they could not act as a locomotive to widen and deepen north-south cooperation on the island. To use the language of political integration theory, Strand 2 of the Belfast Agreement is heavily inter-governmentalist in character: no part of the institutional framework set up by Strand 2 could take any significant autonomous action to advance cross-border cooperation; they were constrained to enacting policies agreed jointly by the Ministers from the two jurisdictions. Thus, unlike key institutions of the European Union, the EU Commission for example, Strand 2 institutions cannot act as policy.
entrepreneurs. As a result, unlike the European integration process, the important dynamic of spill over is missing from the north-south co-operation process. The spill over dynamic is the situation in which a particular policy action to support a specific goal triggers the necessity for even further action in adjacent policy arenas to realize the original goal. Over time, the spill over dynamic enlarges the scope and purpose of integration. This dynamic is all but absent from the institutional framework set up by the Belfast Agreement to oversee north-south co-operation. As a result, Strand 2 institutions are consigned to developing cross-border initiatives that are not far-reaching in character.

Instead of creating an institutional exoskeleton to bring together political and policy elites from both parts of the island to construct an all-island economy deeper forms of north-south cooperation, the Belfast Agreement has given rise to a quite different ‘Irish dimension’. In particular, significant strides have been taken to foster a new social-psychological community between the north and south of Ireland that allowed both sides of the island to become increasingly at ease with each other. Previously, the border was symbolic of the divide between unionism and nationalism. For unionism, the Irish Republic, at best, was not part of their political and economic frame of reference and, at worst, was to be treated with suspicion and mistrust: the border was the bulwark that protected their Britishness. For nationalism, the border had a quite different meaning: it was seen as preventing the formation of a single economic area on the island that would trigger all sorts of positive synergies between the north and the south. It also symbolised the frustration of their thwarted political identity. After the Belfast Agreement these sharply competing views of the border have moderated.
The emergence of an *open border* (as opposed to cross-border institutional and policy cooperation) over the past two decades has allowed citizens of the north and south interface with each other differently. Symbolic of this new dispensation has been the increase in tourist flows north and south of the border. Cross border tourist flows have increased by more than 250 per cent since 2000, with the lion’s share of flows going from the north to the south. Although the numbers from the south to the north have increased substantially in the past fifteen years, the numbers only amount to about a third of the flow going the other way.\(^{24}\) The increased flow of people across the border suggests that a new socio-psychological community may be unfolding on the island, leading to people on both sides of the border regarding each other more warmly and with less suspicion. An open border on the island caused the frontier between the north and south to be seamless, with minimal practical significance to citizens in either jurisdiction. In terms of everyday life, it was as if people lived in two different political systems, but in the one country, which is a pretty big deal for nationalists in N. Ireland. As a result, the creation of an open border reinforced the emerging political stability inside N. Ireland as it has been fostered in a non-threatening manner and complementary to wider efforts designed to enable unionism and nationalism to live with each other, cheek-by-jowl.

Thus, the Belfast Agreement fostered a nascent political bargain resting on two interconnecting pillars. One pillar involved the formation of a deterrence coalition between nationalism and unionism that had the paradoxical consequence of ossifying sectarian politics in the power sharing institutions yet enabling important modernisation advances outside the formal political arena. The other was the creation of an open border between the north and south of Ireland that created a new socio-psychological community on the island. The border was no longer symbolic of the entrenched divisions that had historically blighted the island, and losing its significance became emblematic of the new dispensation released by the Belfast Agreement.
A feature of the nascent political bargain was that the governance of N. Ireland did not encroach overly into the political systems of either Britain or Ireland. For sure, political leaders in both Dublin and Westminster showed political courage and took political risks to secure the signing of the Belfast Agreement, but at the same time, both were probably relieved to see the emerging political bargain intruding little into their own ‘domestic’ political systems. It is notable that over the decade 2005-2016 when the internal power sharing arrangements appeared stable, Strand 3 of the Belfast Agreement, which brought together the British and Irish governments to promote East-West cooperation, met increasingly infrequently until it was virtually mothballed towards the end of the period: after 2013, it did not meet until 2018. Thus, Strand 3 played virtually no part in the development of the emerging political bargain and both the Irish and British governments were content for it to wither-on-the-vine to reinforce the ‘internal’ complexion of the new accommodation.

**Brexit and the unravelling of the political bargain**

Key features of this nascent political bargain started to unravel in 2016/17. In particular, the power sharing institutions collapsed due to the huge acrimony caused by the Renewable Heat Incentive (RHI) scandal, a failed renewable energy incentive scheme that potentially could cost the taxpayer millions of pounds. A public inquiry into the scandal is exposing quite glaring administrative flaws in the operation of the power sharing Assembly. A further factor that undermined the political bargain was the exiting from the political stage of two key leaders from each bloc, Martin McGuinness of Sinn Fein and Peter Robinson of the DUP. Both leaders were strong influences on their respective camps, possessing astute political skills that enabled them to make concessions and adjustments to either smooth or head off tensions: they navigated the ebbs and flows of maintaining the deterrence coalition with considerable deftness.
and skill. With neither McGuiness nor Robinson at the helm, the collapse of the power sharing institutions has led to mistrust increasing between the two main blocs, with both sides moving away from a politics of deterrence mentality. Brexit has exacerbated this acrimony to a degree that cannot be over-stated.

In the Leave referendum, Northern Ireland voted to remain in the EU by a majority of 56 per cent to 44% per cent. A closer look at how people voted suggests that the unionist community was more divided than the nationalist community on continued UK membership of the EU, with 85% per cent of Catholics voting to Remain, compared to only 40% per cent of Protestants. Although the Northern Ireland vote to Remain was clear-cut, it was thwarted by the massive Leave vote of most English voters, especially amongst those outside the major conurbations. The impact of this vote on the internal politics for N. Ireland has been huge and largely negative. Figure 1 tries to depict the impact. Figure 1 shows that Brexit has enlarged the zone of political disagreement between nationalism and unionism. For sure, both blocs had been moving away from the zone of political compromise, the area in which the politics of deterrence was being practised, but the Brexit vote has accelerated this shift. Both nationalism and unionism are dangerously close once again to the politics of ‘compellence’, where the impulse is to seek victory over the other side.

~ Figure 1 here ~

Brexit has generated mistrust between the two communities in the following way. The prevailing view in the nationalist bloc is that the decision by the DUP to support a Leave vote in the Referendum was tantamount to repudiating the internal political bargain that was being forged under the Belfast Agreement. In the eyes of nationalism, DUP supported the Leave campaign so aggressively in the hope of deepening and copper-fastening N. Ireland’s
integration within the UK. The DUP was seen as calculating that Brexit would push to the margins any prospects of meaningful north-south cooperation as the enabling framework of the EU would no longer exist. For its part, the DUP and some other parts of unionism viewed Sinn Fein, and indeed the Irish Government, as exploiting the political and economic uncertainties emerging after the Leave vote to circumvent the consent principle embedded in the Belfast Agreement and place the constitutional future of N. Ireland on to the political agenda. Calls by Sinn Fein and other nationalist politicians for N. Ireland to be conferred some form of special status as a counter to Brexit was considered by the DUP and others as little more than a ruse to create a transmission mechanism to convey N. Ireland into a united Ireland. Thus, Brexit heightened suspicion in each community that the other side is once again going all out for political victory.

The implications of these unfolding events are far-reaching. Whatever final Brexit settlement is reached it is hard to see how one of the two communities will not view themselves as losers: there is no Brexit solution that will create a mutual gains bargain between nationalism and unionism. In these circumstances, resurrecting the Stand 1 power-sharing institutions as well the underlying political bargain that these helped to manufacture is going to be formidable. Borrowing from game theory, N. Ireland is in danger of descending into what can be termed an Ulster war of attrition. In this situation, politics become trapped in the stalemate of each side setting out to triumph without having sufficient power to push through their own agenda as both only have enough veto authority to thwart or veto each other. As a result, each side is likely to become embroiled in on-going mini crises, battling each other continuously over proposed reforms. Moreover, each side gets consumed with outlasting the other in the political conflict, with the effect of reducing the possibilities of strategic compromises. But as neither
side can win, the prospect opens up of the region descending into an on-going war of attrition that could be hugely destabilizing.

Efforts will no doubt continue to end the internal political logjam and restore shared government in N. Ireland. The DUP and other Unionist parties would readily return to Stormont, but Sinn Fein are insistent that before devolved government can be restored the DUP must agree to the introduction of an Irish Language Act and the legalization of same sex marriage. Media reports in 2017 suggested that an agreement of sorts had been reached on these matters between DUP and Sinn Fein negotiating teams only for it to be trashed internally by the DUP. The political make-up and cultural outlook of the DUP makes it difficult for it to make concessions on the Irish language and same-sex marriage. Yet without some concessions on these issues it is hard to see how the devolved institutions will be re-established. For sure, Sinn Fein – as well as the DUP – face on-going pressures to re-establish Stormont to address mounting challenges in areas such as health and education where there is a pressing need for radical restructuring. At the same time, the national/republican support base of Sinn Fein would be reluctant for the party to agree the restoration of devolved government without gaining concessions from the DUP, especially in the context of Brexit. Heavily constrained by internal party dynamics on the one hand and electoral support base considerations on the other hand, the prospects for a return to Stormont in the foreseeable future are not promising.

**Brexit and the Backstop**

Yet the multiple challenges that arise for N. Ireland from Brexit will still have to be addressed in some shape or other. Apart perhaps from hard-line Brexit supporters, there is near consensus that without some sort of agreement, the EU will be obliged to introduce new controls on the
Irish border to check the nature and origins of goods entering the European single market and to ensure that these comply with EU standards and regulations. Border controls are also likely to be required to control the movement of people between the EU and the UK. Although there is debate on the matter, the UK may also find it may have to establish border controls on the N. Ireland side of the Irish border, if after Brexit WTO rules govern trade relations between the UK and the EU. The argument is that other WTO countries will challenge any attempt by the British Government not to impose border checks as goods would be crossing the N. Ireland border on more favourable terms than at other UK ports.

The reintroduction of a hard Irish border is viewed in some quarters with considerable foreboding. The concern is that the introduction of a physical border infrastructure would almost immediately be targeted by violent dissident Republicans, with the effect of jeopardizing the political, economic and social gains made after the signing of the Belfast Agreement. By no means does everyone share this assessment. The Unionist parties in N. Ireland along with hard Brexiteer politicians in the UK adopt a contrasting view. They argue that the creation of a hard border after Brexit is entirely avoidable and are scornful of the suggestion that a hard border puts at risk the peace process in N. Ireland – they see it as baseless, even immoral, scaremongering to prevent Brexit on the part of the Dublin Government/N. Ireland nationalists, the European Commission and Remain supporters in the UK.

Gudgin and Basset (2018) perhaps make the most coherent case about a hard Border being avoidable after Brexit. They argue that ‘frictionless’ trade and an invisible border can be avoided by what is termed ‘maximum facilitation’ arrangements that deal with customs declaration and rules of origin issues by allowing for advance notification and streamlined
customs processes away from the border. Technology, they argue, could be employed to avoid the need for any physical infrastructure at the border to confirm that goods are being moved as notified. In particular, mobile phone and GPS technology could be used to track HGVs, which along with computer-based customs clearing would obviate the need for physical infrastructure at the Irish border. Their argument appeared to be supported by several different experts who suggested to different House of Commons Select Committees that after Brexit a customs system between the north and south of Ireland could be invented without the need for visible checkpoints at the border. But this argument has failed to convince everyone as it is consistently pointed that in practice there is no instance anywhere around the globe of a border without some physical infrastructure when rules and tariffs diverge. In the absence of any concrete supporting examples, using a technical solution to render the Irish border invisible after Brexit has been dismissed as fanciful, including the very House of Commons Committees that heard comprehensive evidence on the matter.26

The EU and the Irish Government have consistently argued that only a political solution would ensure that a hard border did not re-appear after Brexit. In December 2017, the EU and the UK signed up to a ‘Joint Report’ that set out three alternative options to avoid the creation of a hard Irish border after the UK left the EU: (1) a negotiated EU-UK relationship that satisfactorily addressed the Northern Ireland border question; (2) if the first option fails, then the UK proposes ‘specific solutions to address the unique circumstances of the island of Ireland’; (3) if no agreed solution is constructed then the UK ‘will maintain full alignment with those rules of the internal market and the customs union which, now or in the future, support North-South cooperation, the all-island economy and the protection of the 1998 (Good Friday) Agreement.’
The third option, which has become known as the ‘backstop’ arrangement, is the route that has been followed. In February 2018, the EU published a draft Withdrawal Agreement in which option 3 was put in legal form in a protocol on Ireland/N. Ireland. The Withdrawal Agreement was subsequently endorsed by the EU at its European Council in December 2018. It sets out specific arrangements known as the Backstop to ensure that whatever happens during the negotiations between the EU and UK on their future trading relationship, an open border will remain on the island of Ireland. Under the Backstop the whole of the UK enters a “single customs territory” with the EU in which there will be no tariffs on trade in goods between the UK and the EU and some (though not all) trade restrictions will be removed. The whole of the UK will also be subject to ‘level playing field’ restrictions, principally the EU’s rules on state aid and competition law alongside commitments to not downgrade domestic policies in areas such as labour, social and environmental standards. To ensure that an open border is maintained between the north and south of Ireland, the Backstop requires Northern Ireland alone to remain aligned to some extra rules of the EU’s single market. As a result, on some business and economic issues, rules and regulations in N. Ireland are likely to diverge from other parts of the UK, which will lead to some checks on goods entering Northern Ireland from the rest of the UK. Two other features of the backstop have proved controversial. One is that no time limit has been set for the duration of the backstop and the other is that the UK cannot opt out of the Backstop arrangements unilaterally without the agreement of the EU.

Brexitter MPs, including DUP MPs, reacted with fury to the Backstop proposal, which has led to the Withdrawal Agreement being voted down on several different occasions in the House of Commons. The implications from not reaching an agreed solution to the Irish border question in the context of Brexit has been far-reaching. UK politics have been thrown into turmoil. It has effectively led to the toppling of a Prime Minister, Teresa May.
appointment of Boris Johnson as her replacement. It has fuelled the deep divisions that exists in all parts of Britain about the merits or otherwise of Brexit. It has increased substantially the risks of the UK leaving the EU without an agreement, which most serious economists regard as pretty disastrous. Sharply polarizing views exists on how the Irish border question can be resolved in a consensual manner. As a result, it is hard to see how the matter can be resolved without either unionists and their Brexit allies or nationalists and the Dublin Government losing out. Concluding zero-sum solutions to high stakes political and economic problems is far from desirable as the legacy of disaffection can be intense and long lasting. Brexit has put British-Irish relations on the road to perdition.

**Brexit and Reconfiguring the Belfast Agreement**

Yet whatever the final political and economic shape of the agreed future relationship between the EU and the UK, the Dublin and London Governments almost certainly will be required to work closely together, even though relations have been sorely bruised by the Brexit process. First of all, it is fanciful to assume that once the Brexit process is complete the potential for an Ulster war of attrition will dissipate. For any agreement to be reached on the restoration of local power-sharing institutions, radical upheaval will be required in the DUP, including in all likelihood the appointment of a new Leader as well as acceptance of legislation on the Irish language and same sex marriage. Even with these changes in place, an agreement on a return of Stormont is far from assured especially if there is a hard Brexit. If local power sharing was not restored and the UK government responded by introducing an unbridled form of Direct Rule, then nationalist dissatisfaction with N. Ireland would intensify to the point of irreparable. In this situation, calls to invoke the Border Poll provisions of the Belfast Agreement, which allow for a plebiscite in N. Ireland on Irish unity, would
strengthen and it is hard to see how this demand could be turned down. To avoid such a polarizing scenario emerging, the likelihood is that the British and Irish governments will have to cooperate in a more intimate and active manner than hitherto has been the case to manage the internal affairs of N. Ireland.

Secondly, close and cordial relationships will be required between London and Dublin to ensure appropriate levels of north-south cooperation continue: in other words to ensure Strand 2 of the Belfast Agreement keeps functioning. It is highly unlikely that the deal finally reached by the EU and UK on their future relationship will leave untouched the current political and economic relationship between the north and south of Ireland. Either one of two possibilities is likely. One is that N. Ireland acquires some type of special status, which almost inevitably will lead to the rules and regulations governing business activity in the region diverging to some degree from the rest of the UK. The other is that N. Ireland remains an integral part of the UK, with the effect of significantly increasing the transaction costs of developing sustainable forms of cross-border cooperation. Although these two possible outcomes have significantly different political and economic implications, both paradoxically are likely to have the same effect on the institutional character of Strand 2 of the Belfast Agreement. In particular, either outcome is likely to create pressure for a more institutionally-driven form of north-south cooperation. If N. Ireland is granted some form of special status inside the EU, then the incentives greatly increase for greater alignment between business rules and regulation in both parts of the island. This would require a significant increase in the level of interaction between core parts of the public administrations in Dublin and Belfast. A similar increase in interactions is likely to be needed if N. Ireland remains closely integrated with the rest of the UK as a result of Brexit. This scenario is likely to lead to an increased coordination deficit between the business systems north and south of the border. As a result, more concerted
institutional interventions will be required to maintain meaningful forms of cross-border cooperation. Interventions of this kind are unlikely to occur without close, on-going collaboration between the British and Irish governments. Thus, ironically, Brexit could result in the development of a more institutionally-driven form of north-south cooperation.

Managing the fall–out of Brexit on the Irish economy is the third reason why the British and Ireland Governments will need to work closer together when the UK is outside the EU. As a result of EU membership and success in attracting significant levels of inward investment, Ireland’s trade and financial linkages with the UK have gradually weakened over the past 30-40 years. Nevertheless, the links between the two economies remain close. About 15 per cent of Irish goods exports and 17 per cent of Irish service exports go to the UK. At the same time, about 26 per cent of Irish goods imports and 8 per cent of Irish service imports come from the UK. The trading relationship between the two countries in particular business sectors is even more intimate: around 40 per cent of exports from the Irish agri-food sector are destined for the UK. For specific sub-sectors, the UK market accounts for an even greater share of exports, including beef (47 per cent), cheese (60 per cent) and mushrooms (90 per cent). In terms of foreign direct investment (FDI), the UK is an important destination for Irish FDI as well as an important origin of FDI into Ireland. The stock of UK-owned firms in Ireland is around 5 per cent of the total stock of FDI whilst 11 per cent of the Irish stock of direct investment abroad is located in the UK. It is estimated that FDI from the UK has created 80,000 jobs in Ireland.

In addition, the UK is a key land-bridge for Irish trade with the rest of the EU. In 2017, the ESRI estimated that about 53 per cent of Irish good exports to all countries other than the UK are transported via the UK: about two-thirds of Irish exporters transport their goods to
continental European markets via the UK. Overarching these close economic ties between the UK and Ireland, are deep historical social connections between the two countries that have facilitated the free movement of people between the two countries for centuries. Little wonder there is a consensus that Ireland amongst all EU member states is uniquely exposed to Brexit. There is also unanimity that the fallout from Brexit will be negative for the Irish economy, the only disagreement being on the scale of the adverse impact. Whatever way the data is sliced, Ireland inside and the UK outside the EU after Brexit creates the potential for significant disruption if not full-on economic and business tensions between the two countries.32

Thus, some type of over-arching institutional arrangement is likely to be required to house the deep policy cooperation intensity that will be necessary to ensure the survival of the peace process in N. Ireland, advance north-south cooperation in Ireland and foster cordial East-West relationships between the UK and Ireland. Strand 3 of the Belfast Agreement could be this necessary institutional exoskeleton. The two main bodies created by Strand 3 of the Belfast Agreement were the British-Irish Intergovernmental Conference and the British-Irish Council. The British-Irish Intergovernmental Conference is the main institution set up by Strand 3 and its explicit purpose is to act as a co-operation mechanism between the Irish and UK governments. The other institution, The British-Irish Council, has little authority and was mainly established with the vague remit to promote the totality of relationships among the peoples of the British Isles.

It is fair to say that Strand 3 has so far played second fiddle to the Strands 1 and 2 of the Belfast Agreement. Nothing of any policy significance has emerged from either the British-Irish Council or the British-Irish Intergovernmental Conference. When these bodies did meet,
statements were produced that were highly symbolic and rich with warm words, but little else. Since about 2013, the institutions of Strand 3 have only meet on 2 or 3 occasions. Clearly, East-West cooperation has not been a priority in either Dublin or London: in December 2016 the House of Lords European Union Committee was moved to note its “concerns over the level of engagement by UK ministers” in East-West fora such as the British-Irish Council. But dealing with the fall-out from Brexit may require elevating the strategic importance of Strand 3 of the Agreement. In particular, Strand 3 may be required to take on the role of a supervening policy framework that will act as a ‘framing centre’ to guide the activities of the London and Dublin Governments in relation to the governance of N. Ireland, the promotion of cooperation between the two parts of the island and the creation of predictable and stable relationships between the two countries. As a framing centre, Strand 3 of the Agreement would encourage relevant Government Departments, public agencies, as well as business and civic organizations to work together to address identified problems.

The working premise of Strand 3 as a supervening policy framework would be for the two governments to forge a broad consensus about acceptable (and unacceptable) policy interventions and initiatives to maintain political and economic stability within N. Ireland and between Ireland and the UK and to advance mutually beneficial policy objectives. Functioning as a ‘framing centre’, Strand 3 would seek to define common goals, create a common understanding about why these goals were necessary and coordinate the activities identified as being required to achieve designated goals. An organizational feature of bodies that act as a supervening policy framework is that they create problem-solving teams and/or projects to advance policy goals. The purpose of problem-solving teams/projects is to develop shared understandings and action plans for particular initiatives. The usual purpose of this work is to bring together practitioners or functional specialists to assess the need or scope for policy
action: it is to create a vision of the most appropriate form of collaboration in a particular policy area. Thus, the role of Strand 3 would not necessarily be to launch large-scale, high profile schemes, but a myriad of different programmes and initiatives to advance meaningfully jointly agreed objectives. Yet the cumulative impact of these multiple initiatives may be far-reaching as they might ensure that relationships between the UK and Ireland are not based on acrimony and ill-will, but on trust and collaboration.

Conclusions

The UK leaving the EU - Brexit - has extracted a heavy toll on political relationships inside N. Ireland and between Ireland and the UK. Brexit has made the return to some type of politics of deterrence coalition inside N. Ireland more difficult to realize and is threatening to unravel the 'good neighbour' relations that flourished between Dublin and London that flourished after the signing of the Belfast Agreement. Whether leaving the EU will liberate the UK and create a new régime glorieux as supporters of Brexit proclaim remains to be seen, although the consensus in the economics profession is that such an idea is fanciful. Less uncertain is the hugely destructive impact of Brexit on economics and politics in Ireland, north and south. Fairly immediate and concerted action will be required to limit the destabilizing effects of Brexit on Ireland. Relationships between the UK and Ireland could easily turn sour. Ensuring that such negative outcomes are avoided will require decisive political action. One possible way forward is to make greater use of Strand 3 of the Belfast Agreement to maintain as orderly relationships as possible relationship between N. Ireland, Ireland and the UK and to address the political and economic exigencies that will undoubtedly arise as a result of the UK leaving the EU. To a large extent, this would amount to inverting the internal reconfiguration of the Agreement: instead of Strand 1 being used almost exclusively to build an internal political
compromise within N. Ireland, Strand 3 would be activated to stabilise and navigate the totality of relationships between the two islands in the future.

Bringing Strand 3 to the fore will change the character and meaning of the Belfast Agreement. The democratic governance of N. Ireland would become invested in a broad set of intergovernmental relationships and transnational institutions rather than an internal power sharing arrangement. Building consociational political structures inside should still be sought, but in their absence governing N. Ireland will be something akin to the novel post-nationalist framework that some envisaged when the Agreement to be when it was first signed in 1998.

The new political framework should not be regarded as a form of Joint Authority for N. Ireland, a constitutional settlement that formally requires the Dublin and London governments to govern N. Ireland together. Instead, the political framework would operate within the legal and political boundaries established by the Belfast Agreement. In particular, the constitutional position of N. Ireland within the UK would remain unchanged and would continue to do so unless the majority of citizens in the region voted otherwise. Yet the new arrangement would create an unprecedented web of cross-national policy networks and arrangements.

These new institutional structures would have a strong problem-solving ethos: a series of customized iterative processes of strategic action between public agencies and private sector bodies and organizations would be established to not only deal with the challenges thrown up by Brexit, but also to make N. Ireland more economically and socially dynamic. An attractive feature of this problem-solving approach, some call it experimentalist governance, is that trust and cooperation is not the precondition for cross-national collaborative policy action, but actually the outcome. Through the process of developing agreed solutions to jointly identified
problems norms of reciprocity and mutual reliance are likely to be forged in which the UK, Ireland and N. Ireland could increasingly become dependent on each other not only for the internal governance of N. Ireland, but also for smooth, orderly Anglo-Irish-UK relations.
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Figure 1

The Impact of Brexit

Brexit enlarges the zone of political disagreement between nationalism and unionism

After Brexit  
Before Brexit  
After Brexit

Nationalism wins  
Internal Political Compromise  
Unionism wins

Zone of Political Disagreement