

## Weekly Message 15 October 2008

### The Irish, the Scots and the Ulster Scots – celebrating together after 100 years

Last week I visited Savannah in Georgia for the joint dinner of the St. Andrew's Society of Savannah and the Hibernian Society of Savannah. The St. Andrew's Society was founded very early in the 18th century, shortly after the first Scottish settlers came to live on the coast of Georgia, and it has been bringing together people of Scottish and Ulster-Scots descent there ever since.

The Hibernian Society was founded in 1812 by a number of people of Irish descent who were concerned at the difficult circumstances of many others of their nationality arriving in Savannah as immigrants, and the Society set out to raise money to help them. There is a twenty year waiting list to join the Society.

Irish and Scottish people have much in common, including a very strong strain of shared ethnicity, but they have frequently differed over politics and religion, not to speak of sport!

In 1908, by virtue of the accident that the two societies were having their meetings in the same building, they came together for some convivial after-dinner drinks. Surprisingly, the members of the Hibernian Society admitted that their Scots colleagues had the better whiskey on that occasion! The two societies have never formally met together again for a century. But they decided earlier this year that they would have a joint dinner on the 9<sup>th</sup> of October 2008, to celebrate this centenary of their first joint gathering.

I was really honoured to be invited to be guest speaker at this unique event. It was a lively evening. The Scots were all attired in kilts and the celebrated haggis was introduced, and duly addressed, with verve and enthusiasm.

I spoke about the lessons the world might draw from Scottish and Irish history in facing its present major financial and political challenges.

My sense is that there are two big problems facing the world today.

One is the breakdown in trust in credit markets, and the other is the lack of true peace in the Middle East.

I believe that the problems of the credit markets can be addressed by drawing on the work of one of the greatest Scottish thinkers of all time, Adam Smith.

Adam Smith was the author of the well-known book, "The Wealth of Nations". He is seen as the founder of modern economics and is credited with having developed the theory of the free market. His concept was that if people rationally pursue their own

commercial best interests in a free market, that will ultimately maximize economic welfare for all. As he put it:

“It is not from the benevolence of the butcher, the brewer or the baker that we expect our dinner, but from their regard to their own interest”.

But it is often forgotten that Adam Smith did not write just one book. He wrote another one entitled “The Theory of Moral Sentiments”. In that book he made clear that he did not believe people were motivated solely by self-interest and that they had a concern for the welfare of others. He also recognized that markets would only work if there was a measure of trust between those buying and selling. For trust to exist, there needs to be a basis for belief in others, and that belief frequently comes from people having a shared moral sense.

If we reflect on the recent problems in credit markets, we see that what has happened is that trust has broken down between banks. They are not prepared to lend to one another because they no longer fully trust one another's capacity to repay.

This breakdown of trust has occurred because the pressure of competition for market share led some bankers to lend money to those to whom they ought not to have lent it, and to repackage loans and sell them in forms that were impossible for others to understand. Likewise, those who were supervising these operations did not take the time to independently analyze the risks that were being run. All of this undermined trust within the banking system, and the shared “moral sentiment” (as Adam Smith might put it), that is essential for a functioning market.

I believe that that great Scotsman, Adam Smith, were he alive today, he would say that the challenge for policy-makers is not simply a financial, or a regulatory one. It is a challenge of creating a shared and agreed set of principles for good behaviour in financial markets that will be followed by all, and that will be a basis for the restoration of trust.

The lessons that I drew from Irish history are not quite as topical, but possibly equally important.

The joint dinner of the St. Andrew's Society and the Hibernian Society did not merely take place during the 100<sup>th</sup> anniversary year of their own previous joint meeting, it also took place during the 10<sup>th</sup> anniversary year of the Belfast Agreement of 1998. That Agreement was a settlement in a conflict between the Ulster-Scots in Ireland, and the native Irish community on the island, a conflict which had endured for the 400 years during which the two communities shared the same small island.

This Agreement was a truly remarkable one.

I drew two lessons from the success of the efforts to bring about the Belfast Agreement.

The first lesson was that agreements to resolve longstanding conflicts are only possible if the protagonists are willing to think themselves into the shoes of the other side. The two communities in Ireland had spent 380 years talking past one another, reciting their own grievances, and paying no attention to the grievances and fears of the other side. It was only in the last two decades that a serious effort has been made by Irish nationalists to understand the fears and concerns of the Unionist (Ulster Scots) community. Likewise, in the same period, Unionists began to try to understand the feelings of discrimination and lack of respect that had been felt by nationalists over a very long period. Part of my own particular rôle as Taoiseach was in helping people in the Republic of Ireland to understand the legitimacy of the British identity of Ulster Scots, and to accept that that identity had an honorable place in Ireland.

In the Middle East today, the same willingness to think oneself into the shoes of one's antagonist is vital. Israelis need to make the effort to understand what it feels like to be a Palestinian whose family has lost their ancestral home. Palestinians need to make the effort to understand the need of Israelis to create a state of their own, where they will be safe after the holocaust they endured elsewhere. The West needs to make the effort to understand the motivations and insecurities of Iranians, who feel themselves surrounded by unfriendly powers. Iranians need to make the effort to understand the fears of the West about a further acceleration of the already grossly over-extended nuclear arms race.

The second lesson from the Irish case is that one must accept that if one is to make peace, one makes it with one's enemies, not with one's friends. To make peace with one's enemies, one has to talk to one's enemies. One cannot wait until they have already accepted one's own point of view, and one should not make that a precondition for talking to them. For many in Ireland, the very idea of talking to people who had previously engaged in terrorism was almost insufferable. But it had to be done, and it was done. And that is why there is peace in Ireland today.

Americans who supported the efforts to find peace in Ireland understand better than most the two realities I have just described. They should now give a lead in applying the same insights and principles to finding peace in the conflicts in the Middle East.

### **Savannah Port**

I also attended a meeting with the Georgia Ports Authority who outlined their plan for future development of the Port of Savannah. Savannah is one of the biggest and fastest growing ports in the United States. Its next big challenge is to deepen the access channels to accommodate the much bigger ships that will soon be coming through the Panama Canal, as a result of the deepening of the locks in the Panama Canal from 39.5 feet to 50 feet.

### **Shopping Across Borders – How to get the best bargains without taking needless risks**

Last week, EU Consumer Affairs Commissioner, Meglena Kuneva, announced proposals to facilitate sales of consumer foods across borders within the EU particularly by the internet. Her proposals would establish clear and common rules for returns, repairs, refunds, guarantees, unfair contract terms, and cooling off periods.

These rules will help traders who wish to sell across borders, because they will save money by being able to use the same contract terms in all EU Member States. It will also reduce legal costs because, instead of complying with 27 different sets of legal requirements, one set will suffice.

Consumers will gain by being able to shop around in Europe with greater confidence.

In a Q&A produced to accompany her proposals, Commissioner Kuneva drew attention to the huge consumer price differences within the Single European Market. For example, the same digital camera was found to be on sale for €198 in Britain, for €254 in Ireland and for €276 in Belgium.

For electronic goods, Spain is 12.4% more expensive than Portugal, Denmark 8.8% more expensive than Sweden, and France 9.5% more expensive than Italy.

For clothing, Austria is 28.5% more expensive than Germany, France 18.6% more expensive than Italy, and Ireland 9% more expensive than the UK.

Europeans could avail of these lower prices by using the internet, but are failing to do so because of lack of confidence in cross border shopping. Commissioner Kuneva's proposals are designed to give them the necessary confidence. It is a good example of how the European Union can help people in their daily lives – something that deserves more emphasis in debates about Europe.

### **Lord Alderdice**

I was delighted to meet the President of Liberal International and an old friend, John Alderdice, who was in Washington last week. John Alderdice was leader of the Alliance Party of Northern Ireland and Speaker of the Northern Ireland Assembly. As leader of one of the few parties in Northern Ireland that has substantial membership amongst both Protestants and Catholics, John Alderdice played a vital rôle in bridging the divide between the two communities. He is currently working on promoting reconciliation between Israelis and Palestinians. He is an elder of the Presbyterian Church of Ireland. He was honoured with the Freedom of the City of Baltimore in 1991. He is an active member of the House of Lords in Westminster.

John Bruton