

The Same Old Argument? The Similarities and Differences between Brexit and the 1975 Referendum on EEC membership

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‘History repeats itself, first as tragedy and then as farce’. (Karl Marx)

The aim of the paper

This paper looks to explain the similarities and differences between Brexit and the political conflicts over British entry to the EEC in the 1970s (the latter being resolved by the first ever UK-wide referendum in 1975). These two events, which take place forty years apart, have much in common, particularly their political and economic backgrounds and the rhetoric used by both sides of the debate. However, the social and political outlook of the supporters and opponents of EU membership has drastically changed during the last four decades.

Forty years ago, it was widely expected that, after British entry to the EEC, the British economy’s centre of gravity would shift to the South East of England, while regions like Scotland would suffer.¹ This expectation was reflected in geographical variations of political support for EEC membership at the time.² Indeed this largely reflects what has actually happened to the British economy over the last forty years. Given all of this, it is noteworthy that there have been significant changes in the composition of the supporters and opponents of the EU during the same period. In the current referendum campaign, the majority of the electorate in Scotland, Wales, and Northern Ireland favour staying in, contrastingly all areas of England except for London lean towards Brexit.³ In other words, many of those people who were expected to benefit from a closer economic relationship with the Continent have somehow turned against EU membership, whereas some of those who were expected to lose out are now in favour of the EU.

The second half of the paper will analyse why this took place. One explanation, which is often mentioned by Eurosceptics themselves, is that since British entry forty years ago the EU has moved in undesirable direction, most notably with the creation of the euro,

¹ For example, see Harold Wilson’s statement during the parliamentary debate in July 1971. House of Commons Debates, 21 July 1971, cc. 1469-95.

² David Butler and Uwe Kitzinger, *The 1975 Referendum* 2nd ed. (Basingstoke, Macmillan, 1996), p. 270.

³ YouGov poll from 21 February to 2 March 2016, which questioned 16,242 adults across Great Britain. <https://yougov.co.uk/news/2016/03/24/eu-referendum-provincial-england-versus-london-and/> (accessed on 7 May 2016)

the single currency. It is of course true that the EU has changed in many ways during the last four decades. This paper contends, however, the changing attitudes to the EU is at least as much, and arguably more, to do with what happened to British politics since Margaret Thatcher took office in 1979.

Recently, voters who are dissatisfied with economic internationalisation are becoming more restless and vocal across the advanced democracies. For example, the economic and social traits of many UKIP supporters are much the same as those that characterise a large number of Donald Trump's supporters in the United States: white, male, above 40 and unskilled workers.⁴ This paper's analysis will reveal, however, that exactly how these dissatisfactions are expressed depends on the political institutions and the legacies of past political conflicts in each country, as historical institutionalists point out.

1. The similarities

(1) Political and economic backgrounds

It is noteworthy that these two referenda have similar political and economic backgrounds. First of all, they both occurred in the shadow of major global economic crises. The international monetary system, established after the Second World War, collapsed in March 1973. Soon afterwards, oil prices quadrupled following the outbreak of fresh military conflicts in the Middle East. The global economy suffered from the so-called stagflation, a combination of economic recession and inflationary spiral. The referendum campaign of 1975 was fought in anticipation of the UK succumbing to a major economic crisis.⁵ Indeed the British government was forced to apply for the IMF loan in the next year.

In a similar vein, the global financial system entered a period of serious turmoil after the collapse of the American investment bank Lehman Brothers in 2008.⁶ The British economy, which relies heavily on its financial sector, was hit particularly hard by the global financial crisis. At the same time, the euro, the single currency of the EU, has been in the middle of an existential crisis since 2010. These economic crises contributed to a surge in Euroscepticism in the UK, and form the background to the recent referendum on EU membership.

Another common theme linking the 1970s and the 2010s is that the perception of

⁴ Robert Ford and Matthew Goodwin, *Revolt on the Right: Explaining Support for the Radical Right in Britain* (London: Routledge, 2014).

⁵ Butler and Kitzinger, *1975 Referendum*, p. 4.

⁶ Andrew Gamble, *Crisis Without End? The Unravelling of Western Prosperity* (Basingstoke: Palgrave Macmillan, 2014).

declining American hegemony, which leads many people to assume that the US would remain inward-looking for the foreseeable future. This has contributed to the air of uncertainty in world politics, and has induced other countries to reconsider their diplomatic options.

In terms of domestic politics in the UK, during the 1970s political support for the two party system was in decline, and general elections during the period produced either a hung parliament or a single-party government with a very small majority.⁷ At that time, the Labour party was completely divided on EEC membership, and the maintenance of party unity was at the heart of Prime Minister Harold Wilson's decision to put the issue to a referendum in 1975.⁸ Likewise, the general election of 2010 produced a hung parliament, which resulted in the formation of the first ever peace-time coalition government in the UK since the Second World War.⁹ Meanwhile, Eurosceptics have increased in influence within the Conservative party since losing office in 1997.¹⁰ Immigration from Eastern Europe and the euro crisis has fuelled popular resentment against the EU, and an increasingly large number of Conservative supporters are attracted by UKIP. David Cameron promised a referendum on EU membership partly as a political tactic: it was a convenient way to maintain the unity of the Conservative party and see off the challenge posed by UKIP.

(2) Process

These two referenda also followed the almost identical process: both the Wilson and Cameron governments demanded renegotiation with their European counterparts before putting the matter to a popular vote.

Forty years ago, the Labour party supported the principle of EEC membership, but not the terms of entry negotiated by the Heath government.¹¹ This time, the Conservative government renegotiated Britain's relationship with the rest of the EU, demanding a special status for the UK. Cameron's hard-fought deals include the exemption of the UK from 'ever closer union', a reduction in non-resident child benefits, and a safeguard for

⁷ Vernon Bogdanor, *Multi-Party Politics and the Constitution* (Cambridge: Cambridge University Press, 1983).

⁸ Butler and Kitinger, *1975 Referendum*, chapter 1.

⁹ Vernon Bogdanor, *The Coalition and the Constitution* (London: Hart Publishing, 2011); Robert Hazell and Ben Yong (eds.), *The Politics of Coalition: How the Conservative-Liberal Democrat Government Works* (London: Hart Publishing, 2012).

¹⁰ Julie Smith, 'Europe: The Coalition's Poisoned Chalice', in Anthony Seldon and Mike Finn (eds.), *The Coalition Effect 2010-2015* (Cambridge: Cambridge University Press, 2015).

¹¹ Daisuke Ikemoto, *European Monetary Integration 1970-79: British and French Experiences* (Basingstoke: Palgrave Macmillan, 2011), chapter 3 & 4.

the City of London. It is important to note that these renegotiations did not make a substantial difference for the British position within the EU. It was useful, however, for the political parties in office to maintain their unity on the issue.

(3) Points at issue

Opponents of EU membership fight the referendum campaign virtually on the same ground as their predecessors forty years ago. They are critical of the loss of national sovereignty and the perceived inequality of Britain's financial contribution to the EU. They claim that outside the EU the UK can develop a better commercial relationship with the rest of the world (particularly with the English-speaking countries). These 'leave' supporters are divided into two groups, the ultra-globalists and the anti-globalists, who maintain a considerably different social and political outlook. While the former (mostly Conservative Eurosceptics) support a market economy and economic globalisation, and denounce the EU for over-regulation, the latter (represented by UKIP) criticise immigration and the freedom of movement within the EU. Forty years ago, these two groups existed in the form of supporters of free trade and fortress Britain.¹²

Those who support EU membership also employ arguments quite familiar to a student of the 1975 referendum. They emphasise the economic benefits of access to the internal market of the EU, and argue that the UK can enjoy greater international influence within the EU.¹³

However, there are differences between the two referenda. First of all, forty years ago, British voters were most concerned with rising food prices as a result of EEC membership.¹⁴ Currently we face the issue of deflation, not inflation as in the 1970s. Furthermore, immigration, the single most important issue for many voters this time, was not connected with EEC membership forty years ago. In 1975 freedom of movement had not been firmly established within the Community, which has also expanded since then.

It is noteworthy that one issue is utilised by the different sides: the effect of membership on regions like Scotland. Forty years ago, this issue was vocalised by the opponents of EEC membership. During the referendum campaign of 1975, it was feared that the future of the Union might be endangered, if the UK as a whole voted in favour of

¹² Butler and Kitinger, *1975 Referendum*, p. 109.

¹³ See, for instance, HM Government EU referendum leaflet 2016. <https://www.eureferendum.gov.uk/why-the-government-believes-we-should-remain/eu-referendum-leaflet/> (accessed on 7 May 2016)

¹⁴ Butler and Kitinger, *1975 Referendum*, p. 254.

membership but Scotland and Wales were against.¹⁵ This time the exact opposite could happen: if the UK as a whole chooses to leave the EU but Scotland votes to stay in, this might well fuel further calls for Scottish independence.

2. The differences

(1) Declining support for EU membership?

There has been an apparent decline in support for EU membership among the electorate during the last forty years. During the last referendum in 1975, 67.2% of voters supported continuing EEC membership with an overall turnout of 64.5%. Recent opinion polls seem to suggest that the two sides are evenly matched this time.¹⁶ This is not a straightforward issue, however, for a number of reasons. First of all, in 1975 there emerged a clear-cut majority in favour of membership only after the Wilson government recommended that the British people vote for membership on renegotiated terms.¹⁷ Even so, one opinion poll at the time revealed that a majority of the voters actually believed that the UK should not have entered the EEC in the first place, yet some of these voters nonetheless supported continuing membership out of the fear that withdrawal could trigger a political and economic crisis.¹⁸ What is more, recent opinion polls project quite divergent results, depending on the survey methods used. While online polls predict a very close outcome, telephone polls show that there is a clear lead (around 60 to 65 %) for remaining in the EU.¹⁹ All in all, it is unclear whether public opinion in the UK really has moved in more Eurosceptical direction during the last four decades.

(2) Who supports EU membership and who opposes it

As I have already indicated, the most noticeable changes during the last four decades have occurred in this area. First of all, in Parliament the Conservatives are split down the middle on the issue (the number of MPs who declared support for the remain campaign is 163, leave 130). Contrastingly, the Labour party is united in favour of EU membership (remain 215, leave 7).²⁰ At the grassroots level, while Conservative supporters are divided into 44% remain and 56% leave, 75% of Labour and 79% of Lib Dem supporters

¹⁵ Butler and Kitinger, *1975 Referendum*, p. 55.

¹⁶ <http://whatukthinks.org/eu/opinion-polls/poll-of-polls/> (accessed on 7 May 2016)

¹⁷ Butler and Kitinger, *1975 Referendum*, pp. 246-9.

¹⁸ Butler and Kitinger, *1975 Referendum*, p. 259.

¹⁹ John Curtice, 'Are Phone Polls More Accurate than Internet Polls in the EU Referendum?' (2016). <http://whatukthinks.org/eu/are-phone-polls-more-accurate-than-internet-polls-in-the-eu-referendum/> (accessed on 7 May 2016).

²⁰ <http://www.bbc.com/news/uk-politics-eu-referendum-35616946> (accessed on 7 May 2016)

are intending to vote to stay in. Meanwhile, 97% of UKIP supporters are in favour of Brexit.²¹ Forty years ago, it was Labour that was divided on the issue, while the Conservatives regarded themselves as the 'Party of Europe'. The regional political parties such as the SNP and Plaid Cymru campaigned against EEC membership. It was estimated that in 1975 around 85% of Conservative supporters voted in favour of continuing EEC membership, while only 52.5% of their Labour counterparts did so.

The geographical distribution of support for EU membership has also drastically changed during the last forty years. In 1975, the proportion of the electorates who voted in favour of EEC membership was as follows: England 68.7% (South 71.6%, Midlands 70.0%, North 67.4%), Wales 66.5%, Scotland 58.4%, Northern Ireland 52.1%. This time, opinion polls show that the trend of area-by-area support for remaining in the EU was almost reversed: London 58%, South East 49%, South West 49%, East Midlands 41%, West Midlands 44%, North East 51%, North West 49%, Wales 55%, Scotland 63%, Northern Ireland 65%.²²

There is one thing that has not changed during the last forty years: higher social classes are more inclined to support EU membership. In 1975, 77.3 % of A, B and C1 and 65.6 % of C2 voters supported staying in, while only 60.3% of D and E voters did the same.²³ A recent opinion poll estimates that the corresponding figures in 2016 are as follows: A and B 62%, C1 55%, C2 40%, D and E 37%.²⁴ There is also a continuing tendency that sees people with better educational backgrounds viewing EU membership more favourably.

Lastly, it is noteworthy that mass media changed their positions as well: while in the 1970s all quality newspapers were in favour of EEC membership, *The Times* and *Daily Telegraph* have recently become more sceptical about the EU.

3. Why was there a major change of sides between the supporters and opponents of the EU during the last forty years?

(1) Because the EU has changed

One explanation for this shift is that the EU has changed. Some of Conservative Eurosceptics argue that their position on EU membership shifted because the nature of the institution has become totally different since Britain's entry forty years ago. When

²¹ YouGov poll from 21 February to 2 March 2016.

²² YouGov poll from 21 February to 2 March 2016.

²³ Butler and Kitinger, *1975 Referendum*, p. 252. A: upper middle class, B: middle class, C1: lower middle class, C2: skilled working class, D: working class, E: those at the lowest level of subsistence.

²⁴ YouGov poll from 21 February to 2 March 2016.

the UK entered the EEC, it was only a common market. With the introduction of the euro and other developments, the EU now encroaches on national sovereignty of the member states to a much greater degree than in the 1970s.

It is true that the EU has transformed itself during the last forty years, but the above argument is open to a number of criticisms. First of all, Economic and Monetary Union (EMU) has a longer history than it suggests. The first attempt for EMU dated back to the early 1970s, before Britain's entry to the EEC. The two issues were closely intertwined with one another, not least because the UK agreed to proceed with EMU as a condition of her membership of the EEC.²⁵ Secondly, since Britain's entry to the EEC in 1973, it is true that the national veto over EU's decision-making has largely disappeared, freedom of movement was realised within the EU, and the field of EU activities has greatly expanded. However, at the same time, the EU has moved in the direction that the UK had hoped. The EU has not become a federal state, nor is it likely to be so in the foreseeable future.²⁶ Moreover, the removal of national regulation by the EU far outweighs the consequence of the introduction of EU-wide regulation.

(2) Because the UK has changed

This paper contends that the shift of opinion on EU can be explained by what happened to British politics since Margaret Thatcher took office in 1979. It is worth remembering that the so-called postwar consensus reached its final days during the 1970s. It was supposed to be the left that were in ascendancy at the time. Many Conservatives and even some of the more moderate wing of the Labour party regarded EEC membership as a safeguard against a leftist takeover in Britain.²⁷

Yet Margaret Thatcher became the Prime Minister in 1979. The Thatcher government reduced the role of the state in economic management, and increased pressure for business by opening up the British economy to global competition. This policy resulted in the decline of industry and the resurgence of the financial sector in the UK.²⁸

Thatcher left lasting legacies on Britain's policy towards the EU. Her government supported the EU's internal market, but opposed the imposition of regulation from Brussels. They were particularly keen to defend the position of the City of London as an

²⁵ Ikemoto, *European Monetary Integration*, chapter 3.

²⁶ Ken Endo, *The End of Integration: The Really Existing EU and its Implications* (Iwanami, 2013, in Japanese).

²⁷ Butler and Kitinger, *1975 Referendum*, p. 287.

²⁸ Andrew Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism* (Macmillan, 1994).

international financial centre.²⁹ Thatcher's antipathy towards the progress of EMU divided her government, and eventually contributed to her downfall.³⁰ The internal strife over Europe continued, but after 1997 the Conservative party became decisively more Eurosceptical: while politicians like Cameron and George Osborn, the Chancellor of the Exchequer, inherited Thatcher's stance, there are strong voices advocating withdrawal from the EU (including Michael Gove and Boris Johnson, the mayor of London).

It is testimony to the success of the Thatcher government that they transformed their opponents as well. Labour embraced the EC in the late 1980s as a response to their successive defeats in general elections and the advance of Thatcherism.³¹ At the same time, with the decline of heavy industry across the UK, a considerable section of the electorate began to feel that they had been left behind by economic globalisation. In England, they are attracted to the anti-EU, anti-immigration stance of UKIP, while in Scotland the same resentment fuelled support for independence from the UK.³² This is why Scotland has become increasingly pro-European in contrast to England, as the SNP manages to persuade the two-thirds of its supporters to back EU membership.³³ In this way, voters from similar social and economic backgrounds show different political attitudes towards the EU, depending on whether they are living north or south of the border.

The conclusion

Andrew Moravcsik, one of the most famous scholars in the field, recently wrote an article for *The Financial Times*, and described the ongoing referendum campaign on EU membership as the 'great Brexit kabuki: a masterclass in political theatre'.³⁴ What he

²⁹ Helen Thompson, 'Thatcherite economic legacy', in Stephen Farrall and Colin Hay (eds.), *The Legacy of Thatcherism: Assessing and Exploring Thatcherite Social and Economic Policies* (Oxford: Oxford University Press, 2014).

³⁰ Margaret Thatcher, *The Downing Street Years* (London: HarperCollins, 1993); Geoffrey Howe, *Conflict of Loyalty* (London: Pan Books, 1995); Helen Thompson, *The British Conservative Government and the European Exchange Rate Mechanism, 1979-1994* (London: Pinter, 1996). Philip Stephens, *Politics and the Pound: The Tories, the Economy, and Europe* (London: Macmillan, 1996).

³¹ See the text of the famous Bruges speech delivered by Margaret Thatcher in 1988. <http://www.telegraph.co.uk/comment/personal-view/3562258/Full-text-of-Margaret-Thatchers-speech-to-the-College-of-Europe-The-Bruges-Speech.html> (accessed on 8 May 2016)

³² Dennis Kavanagh and Philip Cowley, *The British General Election of 2015* (Basingstoke: Palgrave Macmillan, 2016).

³³ YouGov poll from 21 February to 2 March 2016.

³⁴ Andrew Moravcsik, 'The Great Brexit Kabuki: A Masterclass in Political Theatre', *The Financial Times*, 8 April 2016.

meant by political kabuki is stylised but meaningless posturing for power struggle. He also emphasises that because of globalisation more British people rely on the EU for trade, investment, and security, and even politicians who mastered the kabuki arts must sooner or later face this reality.

However, he is mistaken at least on two accounts. First of all, the Brexit debate is not merely a political theatrics for the domestic audiences, or an occasion for power grab among the Conservatives. The Cameron government is genuinely concerned with whether the UK can maintain her influence within the EU while remaining outside the Eurozone, or whether she can defend the City of London from financial regulations by the EU. The renegotiation conducted before the referendum reflected these concerns. It is certainly true that the ultra-globalists within the leave campaign such as Johnson more or less share the same concerns, and therefore personal clashes between Cameron and Osborne on the one hand, and Johnson on the other, is somewhat superficial. Nonetheless, the fact that the referendum is actually taking place and it is fought mainly among the Conservatives has important consequences, not least because it prevented the EU from imposing tough regulations on the financial sector. It also keeps the voice of the anti-globalists relatively quiet during the debate, which is exemplified by the fact that the Electoral Commission recently choose Vote Leave, fronted by Johnson, as official Brexit campaign over the UKIP-backed Grassroots Out.

Secondly, Moravcsik overlooks the fact that globalisation is a product of political decisions, and it can be stopped or reversed by democratic politics.³⁵ Even if globalisation is beneficial for a country as a whole, as its costs and benefits are unevenly distributed between different segments of society, people who feel left out by globalisation are becoming more agitated across the developed democracies. How these dissatisfactions are expressed and what the result of these political conflicts would be depend on the political institutions and the legacies of the past political conflicts in each country. In other words, a political kabuki matters.

Appendix: The possible consequences of the EU referendum

(1) Brexit

- A) Even if voters support Brexit in June, this will not cut off all of the UK's ties with the rest of the EU. The British government will try to negotiate a trade pact with the EU in the same way as Norway and Switzerland, and it is highly likely that

³⁵ Eric Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Ithaca: Cornell University Press, 1994).

this agreement would be put to another referendum.

- B) Will Scotland become independent?
- C) Will Brexit engender greater Euroscepticism throughout Europe?

(2) If the UK stays inside the EU...

- A) Can the Conservatives remain united?
- B) Will the Labour party be able to mobilise support from disenchanted voters under the banner of EU reform or EU-wide social democracy? One unpredicted result of the Scottish independence referendum in 2014 was that Labour lost ground to the SNP afterwards. Additionally, some of Labour's supporters in England and Wales might switch their allegiance to UKIP as a result of the EU referendum in 2016.