

## **Mile End Institute**

# Britain and the European Union: Lessons from History

March 2016



# Contents

---

<b>Introduction</b>	<b>3</b>
Dr James Ellison, Reader in International History, Queen Mary University of London and Dr Robert Saunders, Lecturer in British History, Queen Mary University of London	
<b>Why has Europe been such a difficult subject for Britain?</b>	<b>4</b>
Dr James Ellison, Reader in International History, Queen Mary University of London	
<b>Revisiting the first UK application to the EEC: Does Harold Macmillan's predicament have any relevance to today's debate?</b>	<b>7</b>
Dr Piers Ludlow, Associate Professor Department of International History, LSE	
<b>Why did Britain Join the EEC? A revisionist view</b>	<b>9</b>
Dr Alan Sked, Emeritus Professor of International History, London School of Economics, founder member of the Bruges Group and leader of the United Kingdom Independence Party 1993-1997	
<b>What are the lessons of the 1974-5 renegotiations?</b>	<b>12</b>
Mathias Haeussler, Lumley Research Fellow at Magdalene College, University of Cambridge	
<b>What can we learn from the 1975 campaign?</b>	<b>15</b>
Dr Robert Saunders, Lecturer in British History, Queen Mary University of London	
<b>A majority attained by fraud? The government information unit and the 1975 referendum</b>	<b>18</b>
Lindsay Aqui, PhD Candidate in History and Politics, Queen Mary University of London	
<b>What is the role of business in Britain's relations with the EU?</b>	<b>20</b>
Dr Glen O'Hara, Professor of Modern and Contemporary History, Oxford Brookes University	
<b>Lessons from the 1975 business campaign</b>	<b>22</b>
Dr Neil Rollings, Professor of Economic and Business History, University of Glasgow	

# Introduction

---

Dr James Ellison, Reader in International History, Queen Mary University of London and  
Dr Robert Saunders, Lecturer in British History, Queen Mary University of London

Over the last four decades, membership of the European Union has touched almost every area of national life. It affects how we trade, the laws by which we are governed, where we go on holiday and who is entitled to live here. Its influence has been felt across British politics, from the Northern Ireland peace process to the struggle for equal pay. The 'European question' divided the Labour Party in the 1970s, split the Conservative Party in the 1990s, and drove the two most successful insurgent parties of modern times: the Social Democratic Party and the United Kingdom Independence Party. This summer, the UK will hold only the third nationwide referendum in its history, on whether to remain in the EU or to seek a new position outside.

The articles in this publication arise from a one-day conference hosted by the Mile End Institute to explore the complex relationship between Britain and the EU in a historically-informed context. The event, which was funded by the ESRC's UK in a Changing Europe initiative, brought together academics, journalists, politicians and business people, as well as campaigners both for and against British membership. Groups represented included Britain Thinks, Business for Britain, the Confederation of British Industry, Historians for Britain and the UK Independence Party. The object was to find, if not common ground, at least a common understanding of Britain's history within the European Union.

Panellists were asked to address one of four main issues. Our first panel asked why European integration has been such a difficult subject for Britain. It explored why the British did not join in 1957; why they chose to apply subsequently; and what impact this has had both on the terms of membership and on British attitudes to the European project. Our second panel focused on the issue of renegotiation, contrasting the Wilson negotiation of 1974-75 with the diplomatic project undertaken by David Cameron from 2015. We asked what was achieved in 1974-75, how it was done, and what lessons might be learned for the present.

Our third panel focused on the referendum of 1975. This was the first national referendum in British history, and produced a two-to-one majority in favour of membership. Our panel asked how this had been achieved, why the effect was not more lasting, and what lessons might be learned as we prepare to repeat the exercise in the coming months. Finally, we explored the role of business in Europe. Why was business traditionally favourable to membership? How far has this changed? What might this tell us about changes in the British, European and global economies?

The day also included two special events. In the first, Lord Kinnock was interviewed on his own changing position on European integration. Lord Kinnock's first speech to the Labour Party Conference, in 1971, was in opposition to British membership, and he campaigned for withdrawal in the 1975 referendum. As leader of the Labour Party, however, he steered his party to a more favourable position on membership, and in 1995 he became a European Commissioner.

The day closed with a keynote address by the Rt. Hon. David Lidington MP, Minister for Europe, in which he set out the government's aims and objectives in its renegotiation strategy. Both the interview with Lord Kinnock and the address by David Lidington can be viewed at <http://mei.qmul.ac.uk/events/Event%20Items/162730.html>.

In the forthcoming referendum, the British public will face one of the most important political decisions for a generation. We hope that these essays will contribute to an informed debate on Britain's past and future relationship with Western Europe, whether inside or outside the European Union.

# Why has Europe been such a difficult subject for Britain?

Dr James Ellison, Reader in International History, Queen Mary University of London

The 1975 referendum did not solve the problem of Britain's relationship with the then European Community. Whether the forthcoming referendum will do any better is already in doubt.

As David Cameron considers putting the question of Britain's future in the EU to the British public, he and his advisors must be concerned that the British are not invested politically in the idea of the EU.

For different reasons, that was the case in the 1950s when the creation of the European Economic Community, the forerunner of the EU, presented British governments with a problem they did not want. It was also a prospect not much known to the British public.

In fact, there is much evidence in British politics of disregard for the EEC plans and we must always remember the power of recent history in accounting for this fact.

When the Attlee government contemplated the two alliances open to Britain in 1949 - one with Europe, the other with the United States - one Labour minister was unequivocal about what the British people would think: 'Anti-European feeling is a commonplace of British thought. Everyone has relatives in the U.S.A. and Canada. Most have no one in Europe except the dead of two wars.'

## Unpalatable choices

**The starting point of the story of Britain and the EEC at its inception in the 1950s is that at first the British government did not want to see it succeed.**

The starting point of the story of Britain and the EEC at its inception in the 1950s is that at first the British government did not want to see it succeed.

That was because the success of the EEC - unexpected to the British - presented unpalatable and difficult choices about Britain's post-war development to governments unready to confront them and to a parliament and people unprepared to face them.

When the Six western European powers - Belgium, France, Italy, Luxembourg, the Netherlands and West Germany - who would form the EEC met in Messina, Sicily, in June 1955 to re-launch Europe, the British government was little interested.

While the founding stone of the Six - the European Coal and Steel Community - was functioning well, the other experiment in integration - plans for a European army - had failed the year before.

The Conservative government of Anthony Eden was at this stage largely disinterested in, and aloof from, the Six's ambitions and tried at first to dampen them by attempting to divert them into the intergovernmental trade body, the Organisation for European Economic Co-operation.

When that diversion failed as the Six remained committed to their plans for a European common market, the British government elaborated another attempt to control them: a counter-initiative. This plan - announced as the Free Trade Area in 1956 - was presented as a positive attempt to achieve wider European unity around the core of the Six's common market.

Here, fundamental differences in outlook between the British and their European allies on the form and ambition of their alternate plans reveal much.

While the Six's prospective community would be federal, would cover all sectors of the member states' economies, and have a common external tariff on imports from outside, the British proposal was more limited. It would not be federal, but intergovernmental, and it would only include manufactured and industrial goods.

It would, however, be geographically bigger than the Six's community, including all other members of the OEEC. As early as the 1950s, the British were not happy with the design of Europe.

In June 1955, then as Foreign Secretary, Harold Macmillan expressed an opinion on the news of the Six's plans which was widely held in London: 'We had always been inclined to say rather loosely that we did not mind other European Powers federating if they wished, but in fact if they did so and really became strong it might be very embarrassing for us. Europe would be handed over to the Germans, a state of affairs which we had fought two wars to prevent.'

For a nation of shop keepers, especially ones with preferential deals with Commonwealth partners, the prospect of a European Community surrounded by a high tariff wall, discriminating against non-member states, was entirely contrary to the one world, free trade system which was the philosophy of British economic policy.

# Why has Europe been such a difficult subject for Britain?

## Different priorities

Quite simply, the British government also saw Britain's priorities as entirely different to those of the Six.

In the mid-1950s, Britain's trade was still predominantly extra-European. Take 1955 as an example. Then, 47.8% of Britain's total trade was with the countries of the Commonwealth, 24.6% was with North America and the rest of the world, and 27.2% was with Western Europe (13.0% of which was with the Six EEC powers).

This trade profile was one element of the differences in economic priorities between Britain and the Six.

The other was Britain's financial policies which revolved around the maintenance of sterling as an international reserve currency.

The whole basis of Britain's post-war recovery was freer trade and payments and sterling-dollar convertibility to ensure Britain's varied global trade profile and the sustained significance of the Bank of England and the City in global markets.

While Britain's international standing has changed since the 1950s, the preference for global trade and the ongoing priority placed on the Bank of England remain elements of the current Britain and Europe debate.

## Difficult compromises

That does not mean the British were opposed to the idea of European unity in the 1950s, or since, but that they had difficulties with the form of European unity envisaged by the Six. Back then, as now, finding compromise was difficult.

In the mid-1950s, it was difficult at home because the Cabinet was divided on the issue between ministers who saw the necessity of adjusting to Europe and those who had powerful agricultural and imperial lobbies who saw no reason to.

It was also difficult at home because the government had not prepared parliamentary or public opinion on the issue of European unity and why the British might possibly need to make sacrifices in negotiations to achieve access to European markets.

It was difficult in relations with the Six once negotiations began with them in 1957 to consider a possible FTA around the core of the EEC, mainly because the technical issues were complex and sensitive and because new dynamics were developing on the continent, principally the emerging *aquis communautaire*, the Franco-German relationship,

and the dominance of France in Community politics and in determining Britain's fate. Little of that has changed.

And finally, it was difficult overseas, where Britain found its expressed interest in reaching some new economic arrangement with the EEC caused Commonwealth consternation at the prospect of Britain detaching itself from the world to Europe.

## Best of both worlds

In essence, the evolution of the EEC in the 1950s presented Britain with a problem far greater than negotiations over manufactured goods: it forced Britain to face the irreconcilabilities of its post-war development, and to make a choice about its future.

Once the Six began to succeed, the British recognised that they had to reach a compromise with the emergent EEC for economic and political reasons, not least to avoid losing power in European politics.

Unless a British government could reach a compromise on its own terms - having the best of both worlds inside and outside of Europe - it would face two unpalatable options: isolationism from Europe, or reconsideration of the entire trajectory of Britain's economic and foreign policies to put a revolutionary proposition to parliament and people: membership of a federal European organisation.

As Prime Minister when the FTA negotiations suffered a unilateral French veto in 1958, Harold Macmillan could see the crux of this problem.

That is why he described the failure of the FTA negotiations as 'a tragic decision and the crowning folly of the twentieth century'.

This overstatement is explained not just by Macmillan's recourse to melodrama. It reflected his desperation. Britain's reaction to the creation of the EEC had been largely to sustain the status quo. What it learned in the process was that the quo was no longer status.

**The evolution of the EEC in the 1950s presented Britain with a problem far greater than negotiations over manufactured goods: it forced Britain to face the irreconcilabilities of its post-war development, and to make a choice about its future.**

# Why has Europe been such a difficult subject for Britain?

---

## Price of victory

The success of the Six forced the British to confront that fact before they wanted or were ready to do so.

The French bureaucrat and Father of Europe, Jean Monnet, once said that he never understood why the British did not join at the start.

The conclusion he reached, he said, was 'that it must have been because it was the price of victory - the illusion that you could maintain what you had, without change'.

The simple but painful fact for the British governments of the mid to late 1950s was that the British did not share the motive for, or the interest in, the type of unity created by the Six in the Treaties of Rome at a time when Britain could not afford to be outside of Europe.

As a result, the British sought the best of both worlds because of their ambivalence about the EEC in design and practice, and the fact that the decision to associate with it was made reluctantly, without alternative.

It was a policy which got them nowhere; the British ended up having the best of neither world.

# Revisiting the first UK application to the EEC: does Harold Macmillan's predicament have any relevance to today's debate?

Dr Piers Ludlow, Associate Professor, Department of International History, LSE

Britain's first application to join the EEC was made over half a century ago, in July 1961. Thanks to President Charles de Gaulle's intervention, the membership bid failed.

In the wake of the General's celebrated - or infamous - press conference of January 14, 1963 at which he issued the first of his two vetoes of British membership, the application was frozen indefinitely. Britain's wait on the margins of the integration process would continue for a decade more.

It might therefore seem worth asking whether a failed application so far in the past has any real relevance to today's debate about Britain and Europe? This article will suggest that there are at least three reasons why it does still matter.

The first reason is the light that the application sheds on the motives that pushed the United Kingdom to apply for membership of a club from which it had originally stood aside.

The internal government debate that preceded Harold Macmillan's decision to seek membership featured a cocktail of economic and political motivations. Prominent amongst the former was the belief that by entering the EEC, the UK might be able to swap its erratic 'stop-go' economic performance for the sustained and rapid growth enjoyed by most of the EEC's six founder members, West Germany and Italy in particular.

Also significant was anxiety about the implications of Britain's long-term exclusion from the large and prosperous single market emerging on its doorstep.

As important were fears of political marginalisation, if, as then seemed likely, the EEC developed into a potent political actor.

**Britain's position in the world had already been hard-hit by the disappearance of its Empire; Macmillan's government could not stand idly by while a new global player grew up next door.**

Britain's position in the world had already been hard-hit by the disappearance of its Empire; Macmillan's government could not stand idly by while a new global player grew up next door.

The prospect of being able to steer Europe from within also had its appeal, following a period when the British had failed repeatedly in their attempts to influence from without the direction of travel taken by the 'Six' - i.e. the six founder members of the EEC.

## Club rules

A second reason for revisiting the first abortive membership bid is that it was an occasion on which both the UK and its European partners learned a great deal about the realities of Community enlargement.

These lessons were slow and painful for both parties. But many are of continuing relevance.

The most basic was that when a state applies to join the European Community/Union the onus of adaptation falls almost wholly on the applicant rather than the EC/EU.

This was not what the British had expected prior to 1961-3. Nor was it what the many continental supporters of British membership had wanted or anticipated.

But almost as soon as the negotiations got under way it became clear that these were not talks between equals, with give or take expected on both sides, but instead a process where the British had to demonstrate how they would adapt to the Community system and to justify the slightest deviation, almost always temporary, from the *acquis communautaire* - i.e. the corpus of pre-existing laws and agreements the Six had reached amongst themselves.

This was not the result of malice or ill-will on the part of the Six. On the contrary most of the then member states were delighted at the prospect of Britain joining their number.

But it was instead an inevitable reflection of the fact that agreements within the Community had been laboriously and painstakingly stitched together amongst the Six and could not be unpicked simply because they were ill-suited for the aspiring member.

As a result, it was for the applicant to conform to club rules, not the duty of the club to rearrange the furniture better to suit the potential new arrival. A clearer illustration of the fundamental difference between negotiating in Brussels as an insider, and trying to do the same as an outsider, would be hard to find.

## Fissile effect

A third reason why the 1961-3 application still matters is that it highlights how uniquely divisive the European question has been for Britain since the very outset of the integration process.

# Revisiting the first UK application to the EEC: does Harold Macmillan's predicament have any relevance to today's debate?

The question of whether or not to join the then fledgling Community divided both the Conservative and Labour parties, and split most other elite groups in the country, whether the civil service, academia, the leaders of business etc.

It did so moreover in a somewhat peculiar manner, with the comparative indifference or agnosticism of the majority (whether of the public at large or most component groups that make up the British population) standing in sharp contrast to the fierce enthusiasm or antagonism of the pro and anti-wings.

From the outset, in other words, 'Europe' became a cause that for the majority seemed unimportant, even boring, whereas for a sizeable minority on each side of the argument, it became either an absolute necessity or a total abomination.

Hugo Young once wrote of the 'fissile effect' that the issue went on having on both Labour and the Conservatives, referring primarily to the way in which both parties became split between pro- and anti-Europeans.

But almost as remarkable was the divergence between those for whom Britain's place in Europe was a vital matter, and the many others for whom it was an issue of little interest or importance. This capacity to bore many, but to enthuse some, and repel others, has persisted to this day.

Divisive too was the question's effects on Britain's main international partners.

The United States and most of Britain's closest geographical neighbours were strongly in favour of the UK joining the EEC; much of the Commonwealth meanwhile was hostile and anxious about the negative effects that EEC membership might have on the still important flows of trade between Britain and its former empire.

## Fragility and complexity

Looking back also helps clarify how much has changed - thereby warning those inclined too easily to draw simple 'lessons from history' - but also which features of the relationship have remained more constant.

The lure of Europe as an area of booming economic growth has long since faded; from a twenty first century perspective, it is Europe's economic fragility that looks a more significant factor in the Britain and Europe debate than Europe's economic dynamism.

Another substantial difference, is the complexity of today's EU compared with the much smaller, simpler, and less powerful EEC to which the Macmillan government applied. Leaving the modern Union would have knock-on effects in policy areas totally unaffected by the integration process back in the 1960s.

And finally the difficulties of Britain's four decades and more of Community/Union membership become somewhat easier to understand when it is realised that since belatedly joining in 1973, the UK has seldom been able to acquire a share of the leadership of EC/EU that had been taken for granted by all of the British leaders who sought to join the club, whether Macmillan, Harold Wilson or Edward Heath.

The direction of travel of the integration process has gone on seemingly being determined by others, despite the fact that Britain has been a member of the EC/EU for over 40 years.

Yet for all these very substantial changes, certain questions remain as apposite today as they were when faced by Harold Macmillan's government at the start of the 1960s.

How will the British economy fare if it is excluded from its closest and largest market? What impact would such exclusion have on Britain's economic relationship with other major economies?

How easy would it be for Britain to stomach a situation in which its global political clout was dwarfed by the collective weight of an EU within which it no longer had the voice and the influence that derives from membership?

Or would its freedom from the limitations and compromises inevitably involved in multilateral decision-making allow the country to find a new role as a smaller, but more nimble, actor on the global stage?

The fissile effect of such questions looks set to continue.

**The UK has seldom been able to acquire a share of the leadership of EC/EU that had been taken for granted by all of the British leaders who sought to join the club, whether Macmillan, Harold Wilson or Edward Heath.**

# Why did Britain join the EEC? A revisionist view

Dr Alan Sked, Emeritus Professor of International History, London School of Economics, founder member of the Bruges Group and leader of the United Kingdom Independence Party 1993-1997

Most students seem to think that Britain was some sort of economic basket case and that the European Economic Community provided an engine which could revitalise her economy.

Others seem to believe that, after the Second World War, Britain needed to recast her geopolitical position away from empire towards a more realistic one at the heart of Europe.

Neither of these arguments, however, makes sense.

The EEC in the 1960s and 1970s was in no position to aid anyone's economy. It spent most of its meagre resources on agriculture and fisheries and had no policies at all for furthering economic growth.

If Europe grew after 1945, growth was kick-started by Ludwig Erhard's currency and supply-side reforms in West Germany from 1948, which in turn revitalised the economies of the Low Countries.

Also important was the work done by the European Payments Union under the Marshall Plan and the General Agreement on Tariffs and Trade (GATT), which worked on the 'most favoured nation' principle.

From 1960, the Rueff Plan in France implemented further supply-side reforms. In the words of the US economic historian, Professor Barry Eichengreen, in his magisterial *The European Economy since 1945*:

*An economy no longer saddled with controls and cartels responded energetically to the reforms of the Rueff Plan ... On 1 January 1960, when the Rueff Plan came into effect, 90 per cent of all trade with European markets and 50 per cent of trade with the dollar zone were freed. The Plan tackled the country's chronic fiscal deficits by limiting public-sector pay increases to 4 percent, cutting subsidies for nationalized companies and eliminating pensions for able-bodied ex-servicemen. It addressed inflation inertia by abolishing index-linking, except in the case of the minimum wage. Capital formation was encouraged by tax provisions allowing for the accelerated depreciation of fixed investment... and [it] scall[ed] back the protection afforded small farmers. The results were out-migration from agriculture, rising farm productivity, and elastic supplies of labor to industry.*

Stimulated by a devaluation of the franc, French companies consolidated themselves to secure economies of scale in export markets. Gross fixed investment rose from 17 to 22 percent over the previous decade. The French car industry expanded faster than the Japanese.

In short, Jacques Rueff was the Erhard of France and his policies were copied in Italy and Scandinavia.

Margaret Thatcher would continue the story of supply-side reforms, cutting taxes, defeating the trades unions and cutting back the state but adding privatisation of nationalised industries to the mix.

Thatcherism in turn was copied by governments across Europe. Finally, in 2003, Gerhard Schroeder would again revitalise the German economy by introducing further supply-side reforms.

## Economic basket case

In short, the European economy after 1945 grew because of reforms brought in by individual governments. EU policy has always been either irrelevant to European growth rates (tariffs cuts were of marginal benefit statistically, according to recent research, and difficult to disentangle from the results of tariff cuts made by EFTA states) or, like the Euro, positively detrimental.

If British growth rates before the Thatcher revolution had been lower than those of France, Germany and Italy, this was not because she was a late member of the EEC but was due to high overseas defence spending which led to continuous balance of payments crises.

West Germany did not have any overseas defence commitments. Indeed, the money paid into the West German economy by the troops of the British Army of the Rhine actually increased the West German trade surplus and increased the UK trade deficit.

Meanwhile, most of the costs of the French war in Vietnam were paid for by the Americans, who thereafter subsidised French military spending through the US Mutual Defense Assistance Program. This turned out to be as costly as the Marshall Plan (c. \$11 billion over a decade).

**The European economy after 1945 grew because of reforms brought in by individual governments. EU policy has always been either irrelevant to European growth rates or, like the Euro, positively detrimental.**

# Why did Britain join the EEC? A revisionist view

EU membership did not impinge on any of this. If growth rates in Western Europe were 3.5% in the 1950s and 4.5% in the 1960s, British growth rates were in any case not very far behind and often ahead.

In 1959, when Macmillan took office, the real annual growth rate of British GDP, according to the Office of National Statistics, was almost 6%. It was again almost 6% when de Gaulle vetoed Britain's first application to join the EEC in 1963.

In 1973, when we entered, our annual national growth rate in real terms was a record 7.4%. The present Chancellor would die for such a figure. So the economic basket case argument doesn't work.

## The geopolitical argument

What about geopolitics? What argument could have been so compelling as to make us kick our Second World War Commonwealth allies in the teeth to join a combination of Belgium, the Netherlands and Luxembourg plus France, Germany and Italy?

Four of these countries held no international weight whatsoever. West Germany was occupied and divided and its armed forces were under the strict supervision of NATO. Most West Germans opposed rearmament.

**Most realists must have regarded all these states as simply a bunch of losers. De Gaulle, himself a supreme realist, could not understand why the British wanted to join the EEC.**

France, meanwhile had lost one great colonial struggle in Vietnam and another in Algeria. De Gaulle had come to power to save the country from civil war. Most realists must have regarded all these states as simply a bunch of losers.

De Gaulle, himself a supreme realist, could not understand why the British wanted to join the EEC. In his famous press conference of January 1963, when he vetoed British entry, he pointed out that Britain had democratic political institutions, world trade links, cheap food from the Commonwealth and was a global power. Why would it want to enter the EEC?

I repeat, conventional historiography does not answer the question.

## Monnet plan

The true answer is that Harold Macmillan, backed by a handful of close advisers, was part of an intellectual tradition that sought salvation in some sort of world government based on regional groups.

He was also a close acquaintance of Jean Monnet, who believed the same. Monnet was a high international civil servant who had worked for the Americans as much as the French, but who also had close links with the Soviets (as did Macmillan).

The two had grown close in Algeria during the war, when Monnet was the US envoy to the Free French Government in North Africa and Macmillan was the Allied Representative for the Mediterranean.

Monnet, however, also had fanatically devoted followers in the US State Department, including John Foster Dulles (who persuaded a sceptical Eisenhower to back Monnet's plan for a European defence force), David Bruce (the eminent American diplomat who served in France, Germany and the UK), and, later, George Ball, Kennedy's Under-Secretary of State for European Affairs.

All these people backed Monnet's plans for a united Europe and later Kennedy's Grand Design for a European-Atlantic Trade Partnership. Inside the State Department, they were known as the Theologians.

Macmillan was the representative of the European federalist movement in the British government.

In a speech in the Commons he even advocated a European Coal and Steel Community before the Schuman Plan had been announced. He later arranged for a Treaty of Association to be signed between the UK and the ECSC and ensured that a British representative was sent to the Brussels negotiations following the Messina Conference.

In the late 1950s, he pushed negotiations concerning a European Free Trade Association towards membership of the EEC.

Then, when faced with de Gaulle turning the EEC into a less federalist body, he took the risk of submitting a full British membership application in the hope of frustrating Gaullist ambitions.

Apart from Adenauer, who disliked and distrusted him, he had all the others (all federalists) on side.

# Why did Britain join the EEC? A revisionist view

---

Macmillan's aim, in alliance with US and European proponents of an Atlanticist and federalist world order, was to frustrate the emerging Franco-German alliance, which was seen as an alliance of French and German nationalisms.

Monnet met secretly with Heath and Macmillan on innumerable occasions to facilitate British entry.

Indeed, Monnet was informed before the British Parliament of the terms in which the British approach to Europe would be framed.

Despite advice from the Lord Chancellor, Lord Kilmuir, that membership would mean the end of parliamentary sovereignty, Macmillan deliberately misled the House of Commons - and practically everyone else - that merely minor commercial negotiations were involved.

Macmillan even tried to deceive de Gaulle that he was an anti-federalist and a close friend who would arrange for France, like Britain, to receive Polaris missiles from the Americans.

De Gaulle saw through him and vetoed the British bid. Macmillan left Heath to take matters forward and Heath, along with Douglas Hurd, arranged for the Tory party to pay a large sum of money to become a (secret) corporate member of Monnet's Action Committee for a United States of Europe.

According to Monnet's chief aide and biographer, Francois Duchene, both the Labour and Liberal Parties later did the same.

Meanwhile the Earl of Gosforth, one of Macmillan's foreign ministers in the House of Lords, actually informed the House that the aim of the government's foreign policy was world government.

Monnet's Action Committee was given financial backing by the CIA, through numerous bodies including the Council for Foreign Relations. By 1973 the whole international establishment was behind British membership.

It probably still is.

# What are the lessons of the 1974-5 renegotiations?

Mathias Haeussler, Lumley Research Fellow at Magdalene College, University of Cambridge

Forty years after Harold Wilson's renegotiation of Britain's European Community membership, David Cameron's strategy today bears some striking similarities.

As a historian, I should first put up a disclaimer: lessons of history, of course, always have to be taken with more than a pinch of salt.

And indeed, the differences between the 1970s and today are evident to everybody: today's European Union (EU) of 28 member-states is very different to the 1975 European Community (EC) of the Nine; the issues addressed by the current UK government are very different to the ones at stake in 1974-5; and it barely needs to be mentioned that Harold Wilson was a rather different politician to David Cameron.

Nonetheless, the bigger dynamics underlying today's renegotiation bear some striking similarities to 1974-5.

In this article, I will address three of these key parallels, arguing that both renegotiations should ultimately be seen as the product of British policy-makers' continuing refusal to have an all-out, open-ended debate about the country's post-imperial identity and future international role.

## The domestic origins of the renegotiations

Today's renegotiation is frequently, and rightly, seen as having originated primarily out of the internal politics of the Conservative Party.

While it was Labour, rather than the Conservatives, that was divided over Europe in the 1970s, Wilson's renegotiation too emerged primarily from party politics.

Though a majority of the Labour Party had been in favour of entry when party leader Harold Wilson had launched Britain's second application as Prime Minister in 1967, the application's rejection by the French and Labour's electoral defeat in 1970 had triggered a significant swing against Europe.

Not only did the European question offer an ideal opportunity to attack one of the Conservatives' key policies, but it also fed into wider ideological tensions inside the party.

In order to prevent a potentially fatal split, Wilson thus spoke out against Heath's terms of entry in October 1971, proposing to 'renegotiate' them and putting the membership question to the British people in a nationwide referendum.

In so doing, he skilfully managed to appease the party's opponents to EC-membership while, crucially, also avoiding committing himself to withdrawal in the run-up of the February 1974 elections.

As a result, the demands outlined in Labour's election manifesto were formulated primarily with a view to their domestic and party-political appeal.

Indeed, when Labour won its surprise victory in the March 1974 elections, nobody seemed quite sure what exactly the renegotiations would actually entail, or how to achieve the manifesto's objectives in Brussels.

It would take the new government quite a few months to clarify its demands.

All of this suggests that the substance of both renegotiations did or does not necessarily matter; instead, each should be seen as a political tool to manage and shape a difficult domestic debate.

## Unclear aims lead to unclear diplomacy

In yet another parallel to today's renegotiation, the more attuned of Britain's EC partners soon managed to look through Wilson's 'double-speak'.

As a result, they refused any far-reaching changes to the EC's mechanisms and institutions, believing that Wilson could eventually be appeased with some cosmetic changes only.

Nonetheless, most of them soon became scornful of British behaviour.

The German government, for example, strongly criticised Wilson's repeated public and private insistences that he had not made up his mind yet, and that his position would entirely be determined by the terms achieved in the renegotiations.

After an Anglo-German meeting at Chequers in November 1974, for example, the German record noted that Wilson seemed 'interested in Britain remaining a member of the EC, but without strong involvement; uninformed about details'; it also complained that Wilson had shown 'no readiness to publicly declare the wish to remain inside the EC before final renegotiation results were known'.

**The German government, strongly criticised Wilson's repeated public and private insistences that he had not made up his mind yet.**

# What are the lessons of the 1974-5 renegotiations?

This was highly problematic in German eyes, since they believed that Wilson's personal stance, rather than any renegotiated terms, would be decisive in eventually determining the outcome of the referendum.

Neither did they actually buy into Wilson's position. When Callaghan claimed during the November 1974 talks that 'what happened in the referendum would depend not so much on the results of the renegotiation as on the atmosphere and situation at the time', for example, the German Chancellor Helmut Schmidt brusquely responded that, if 'the psychological needs were of that weight', the British 'might want to ask themselves whether they were proceeding psychologically prudently in filling in their needs only step by step'.

Thus, two factors combined to undermine the British renegotiation strategy in 1974-5: the perceived lack of a personal, high-level commitment to achieving a satisfactory outcome, and the lack of credibility of the British government's insistence that its position would completely depend on the results obtained in the renegotiation.

Yet again, Cameron's position seems rather similar. Though he revealed his intention to campaign with all his 'heart and soul' for continuing EU membership in his Chatham House speech, he immediately made this promise conditional on the outcome of the renegotiations, claiming to reconsider his position if the EU turned 'a deaf ear' to his demands.

In light of both the party-political origins of the renegotiations and the limited nature of British demands, however, his position hardly more credible than Wilson's stance did in the 1970s.

## Ability to deliver?

Wilson's refusal to offer any unequivocal statement of his intentions, of course, was done in order to actually win the domestic argument.

It nonetheless cast severe doubts over his ultimate ability to deliver a positive referendum outcome amongst Britain's European allies.

For example, when Callaghan let it be known immediately prior to the decisive European Council meeting in March 1975 that Wilson would 'not even give his "private assurance" that he would push through a successful negotiating outcome, as such an assurance would eventually become public and negatively prejudice all hopes for a positive decision in Cabinet, majority of the party, and Parliament', the Germans reacted immediately and strongly.

One government official wondered in response 'what sense summit meetings had if Heads of Government did not have authority to make decisions on behalf of their countries'; it was something that 'struck him and he had no doubt it would strike the Federal Chancellor as an absurdity'.

British dithering, combined with the evident insignificance of the actual substance of the renegotiations, thus stimulated German doubts over Wilson's eventual ability to deliver in the referendum even further.

As a result, they decided to minimise German concessions and to coordinate a joint Franco-German negotiating position in a secret bilateral expert group prior to the Council meeting.

Wilson's renegotiation strategy had therefore backfired spectacularly.

Not only did it lead to little meaningful change in Britain's relationship with the EC, but it also triggered an erosion of trust and confidence in Britain's future role in Europe.

Today, indeed, Cameron is seen as being even less able than Wilson in 1974-5 to deliver a positive referendum outcome.

As early as January 2013, the former German Foreign Minister Joschka Fischer wrote that Cameron's strategy was 'the product of two illusions: first, that he can ensure a positive outcome, and, second, that the EU is able and willing to give him the concessions that he wants'.

## Short-term shadow boxing

In spite of some obvious differences between 1974-5 and today, there are many striking similarities.

Fundamentally, these two episodes seem so familiar because both are essentially the products of a more general British reluctance to have a clear, all-out open debate about the country's future relationship with Europe.

Both in 1974-5 and today, the idea to 'renegotiate' Britain's relationship with the EC/EU was an attempt to channel an otherwise unpredictable domestic debate into largely artificial arguments over whatever terms would be renegotiated.

**British dithering, combined with the evident insignificance of the actual substance of the renegotiations, thus stimulated German doubts over Wilson's eventual ability to deliver in the referendum even further.**

# What are the lessons of the 1974-5 renegotiations?

---

But these terms should be seen as symptom, rather than cause, of Britain's troubled relationship with European integration.

If history serves as a guide, then Cameron's renegotiations may probably fulfil their short-term domestic objective.

But they will not fundamentally change Britain's relationship with the EU, or settle the European question in British politics for good.

Both of these aims would require an all-out, unconstrained national debate over Britain's post-imperial identity and future international role.

The renegotiations, by contrast, are yet again consciously designed to sidestep and prevent precisely such a debate.

They are, essentially, meaningless shadow-boxing on the backs of other EU member-states.

# What can we learn from the 1975 campaign?

Dr Robert Saunders, Lecturer in British History, Queen Mary University of London

When David Cameron unveiled his renegotiation strategy, it was hard not to think of the last prime minister to attempt this exercise, 40 years earlier.

Like Cameron, Harold Wilson was a reluctant European, whose support for British membership was a matter of head rather than heart.

He had been re-elected in 1974 with a wafer-thin majority, leading a party that was increasingly Eurosceptic, and he approached the issue primarily as one of party management.

Like Cameron, Wilson offered his party a deal: he would renegotiate the terms of British membership and put them to the people in a referendum.

The result, on 5 June 1975, was Britain's first national referendum. Yet if all this looks familiar, in other respects, looking back on 1975 is like entering a parallel universe.

## 'Constitutional Monstrosity'

Forty years ago, it was the Conservative Party that was most enthusiastically pro-European, under its new leader, Margaret Thatcher.

**Invoking the memory of Churchill, Thatcher called for 'a massive Yes' to Europe, and campaigned in a woolly jumper featuring the flags of all the member states.**

Invoking the memory of Churchill, Thatcher called for 'a massive Yes' to Europe, and campaigned in a woolly jumper featuring the flags of all the member states.

Most Labour MPs campaigned to leave, as did the Scottish National Party, Plaid Cymru and a young Alec Salmond.

Women were more Eurosceptic than men, the young were more wary than the old, and support for membership was strongest in the south of England.

For Unionists, the great anxiety was that England would vote to stay in, while Scotland and Wales voted to leave.

The decision to hold a referendum was highly controversial. Mrs Thatcher called it 'a device of dictators and demagogues', and refused to confirm that her party would be bound by the result.

The Sun, which has campaigned tirelessly for a referendum in more recent years, called it 'a constitutional monstrosity'.

For its critics, the decision to hold a referendum was yet another blow to Britain's battered parliamentary institutions, at a time when democracy itself was widely thought to be in crisis.

## Ill-matched campaigns

The referendum triggered the only really sustained public debate Britain has ever had about its place in the European Community.

Businesses produced newsletters, advising customers and employees how to vote.

Tesco issued carrier bags, saying 'Yes to Europe'; Sainsbury's and Marks and Spencer published magazines in support of membership.

Bishops preached sermons; a quarter of churches held services or days of prayer; and in Northern Ireland, paramilitary magazines published earnest essays on the economics of European integration.

The future Speaker of the House, Betty Boothroyd, held meetings in factory canteens, while organisations like the Women's Institutes, the Townswomen's Guilds and the Rotary Club all hosted discussions.

When the BBC screened a live debate from the Oxford Union, 11 million people tuned in to watch.

The referendum was dominated by two umbrella groups. 'Britain in Europe' campaigned for a 'Yes' vote, while the 'National Referendum Campaign' fought for withdrawal.

The two sides were appallingly ill-matched.

On top of a £125,000 grant from the government, the NRC raised about £8,000; the Yes campaign raised £2 million. Britain in Europe had more money left over at the end of the campaign than the entire NRC budget.

Newspapers backing a Yes vote included The Sun, The Daily Mail, The Daily Express, The Telegraph, The Times and almost all the leading provincial newspapers. The only national papers backing a 'No' vote were The Spectator and the Communist Morning Star.

# What can we learn from the 1975 campaign?

## Star endorsements

Politically, 'Britain in Europe' could call on some of the biggest names in British politics: Ted Heath, Roy Jenkins, Jeremy Thorpe, Margaret Thatcher and Shirley Williams.

They were backed by a galaxy of sports stars and celebrities: the boxer Henry Cooper; England cricket captain Colin Cowdrey; racing driver Jackie Stewart; the agony aunt, Marje Proops; actors like Richard Briers and Arthur Lowe; and cultural icons like Henry Moore and J.B. Priestley.

The Church of England, the CBI, the National Farmers' Union were also pro-European.

The 'No' campaign had some star-power of its own: people like Tony Benn, Michael Foot, Enoch Powell and Barbara Castle.

But these were generally quite polarising figures, who found it impossible to work together. Tony Benn would not share a platform with a Tory, and the NRC itself was riven with factional disputes.

Britain in Europe used its money to fund a sophisticated polling operation, which targeted campaign activity at cohorts of the population who seemed likely to vote 'No'.

A dedicated 'Women's Office' devised a series of bespoke campaigns, some very traditional - appealing to women as wives and mothers - but others presenting Europe as a vehicle for women's liberation.

There were separate campaigns for Scotland and Wales, often with quite a strong nationalist flavour. In Northern Ireland, pro-Europeans preached the benefits of regional aid and cross-border co-operation, while Ian Paisley warned that 'A vote for the Common Market is a vote for Ecumenism, Rome, Dictatorship, Anti-Christ'.

## Key campaign themes

There were a number of key themes that ran across these various campaigns.

The first was Britain's place in the world. The results were announced on 6 June 1975, the 31st anniversary of 'D-Day', and both sides evoked the memory of war.

The contraction of British power over the decades that had followed was a common subject of debate.

Some, like Roy Jenkins, hoped that becoming part of Europe would help cure Britain of its imperial delusions; yet some of the biggest cheerleaders for membership were themselves enthusiasts for Empire.

They saw the European Community as a surrogate for the British world system. The Sun, for example, told its readers that 'After years of drift and failure, the Common Market offers an unrepeatable opportunity for a nation that lost an empire to gain a continent'.

The idea that Britain should lead in Europe resonated particularly with people who wanted to maintain a British 'imperium'.

A second theme was the Cold War. The same newspapers that reported on the referendum were also covering the fall of Saigon, the Mayaguez incident and the American retreat from Vietnam.

For Margaret Thatcher, one of the attractions of the EEC was the bulwark it provided against the Soviet Union. It took potentially vulnerable states - places like Italy, Ireland, perhaps Britain - and wired them in to a prosperous, free market zone.

Ted Heath warned that 'A vote against the Market could lead to a Soviet invasion of Europe'.

John Cordle, the MP for Bournemouth East, claimed that 'Each one of us, if we really wanted to do something to help Britain, would be knocking on ... doors ... and saying: "For God's sake, it's a question of communism"'.

A third theme was the extraordinary sense of national crisis. The 18 months before the referendum had seen the quadrupling of oil prices, a series of power cuts, the worst stock market crash since 1929, a three-day week, a miners' strike, two general elections and double-digit inflation.

Throughout the campaign, The Sun's strapline read 'Crisis Britain'.

A Tory MP in Scotland warned that 'a No vote would ... mean the closing of schools and hospitals and the stopping of roads, railways and mines'.

What was at stake here was not a few points added to or subtracted from GDP; it was the potential collapse of the British economy.

**The 18 months before the referendum had seen the quadrupling of oil prices, a series of power cuts, the worst stock market crash since 1929, a three-day week, a miners' strike, two general elections and double-digit inflation.**

# What can we learn from the 1975 campaign?

---

This had an important effect on debates about sovereignty.

Contrary to popular mythology, sovereignty was quite extensively discussed in 1975. But formal arguments about sovereignty had less traction at a time when Britain seemed to have so little power over its own destiny.

As the trade unionist Vic Feather put it, 'The price of oil is not determined by the British Parliament. It is determined by some lads riding camels who don't even know how to spell national sovereignty'.

## Transient case

As a campaign strategy, this was highly effective. When the results were counted, more than two-thirds of voters had opted to stay in. Every part of the UK voted Yes, with the exception only of the Shetlands and the Western Isles. Harold Wilson told reporters that 'fourteen years of national debate' were at an end.

**Referendums do not 'settle' questions and there is no good reason why they should. But the case made in 1975 was particularly transient, because it was so embedded in its time.**

This, of course, was nonsense. As we have seen in Scotland, referendums do not 'settle' questions and there is no good reason why they should.

But the case made in 1975 was particularly transient, because it was so embedded in its time.

The core of the 'Yes' campaign was not an idealistic reimagining of Britain as a European state; it was a warning that Britain could not survive alone, in a world of spiralling oil prices, food shortages, expanding Soviet power and economic decline.

That was a potent message in 1975, but it lost its resonance once that existential crisis was perceived to have ended.

By 1990, Margaret Thatcher would see Europe, not as a modernising influence on the British economy, but as a backdoor for socialist regulation; not as a bulwark against Communism, but as a vehicle for German influence.

In public, at least, pro-Europeans failed to update their case, because they regarded the question as closed.

In this respect, they were victims of their own success in 1975. Whether they can rise to the challenge in the weeks ahead will shape the course of British politics for decades to come.

# A majority attained by fraud? The government information unit and the 1975 referendum

Lindsay AQUI, PhD Candidate in History and Politics, Queen Mary University of London

The 1975 referendum posed a difficult challenge for government: how could it ensure an informed public debate, without being seen to prejudice the result?

In the referendum of June 1975, 67% of voters opted to remain in the European Community.

Prime Minister Harold Wilson called it an “historic day, one that had settled 14 years of arguments.”

Far from it, however, the referendum threw into question the basis upon which Britain joined the Community and injected even more uncertainty into a largely ill-informed public debate.

The result of the referendum has been referred to as an unenthusiastic vote for the status quo, and it seems that despite voting yes the public was unconvinced of their choice.

That result begs an important question: why was Britain’s public in favour of, yet ambivalent about, Community membership?

## The government’s information policy

After much deliberation, it was decided that the best method for providing information to the public about the referendum would be through a centralised information unit.

For ten weeks, the Cabinet Office Referendum Information Unit served that purpose.

The minister responsible for the Unit was Foreign Secretary James Callaghan. He thought ‘the key to success for the unit was to maintain a low profile’.

There appear to be two likely reasons why Callaghan advocated this approach.

First, ensuring the effective use of the reduced government advertising budget was a small but important consideration.

Second, and a much more prominent consideration, was the very real possibility that a government information campaign might be interpreted as a propaganda effort, exposing the government to the accusation that the vote had been biased.

In the parliamentary debate on the referendum, the question of whether the government had considered this risk was a prominent concern. One MP described the unit as ‘something rather sinister’.

On the other hand, Cabinet Office officials had evidence to suggest that the British population needed more knowledge of the pros and cons of British membership if they were to feel they had voted responsibly.

Callaghan was thus handed the difficult task of creating an informative campaign that avoided the kind of information that could lead to the government being accused of leading the vote.

To ensure this objective was met, the Unit operated under particular constraints and could not proactively engage with the public.

One exception to the Unit’s restrictive mandate was the creation and distribution of a popularised version of the government’s white paper on the renegotiation.

The 15-page publication, entitled Britain’s New Deal in Europe outlined the government’s rationale for recommending a yes vote.

It was distributed to 21.65 million households between 26 and 31 May, in a package including copies of the official pamphlets from Britain in Europe and the National Referendum Campaign.

This arrangement was due to agreement reached in Cabinet that, in order to conduct the campaign fairly, the government had to ensure voters were given equal access to arguments on both sides.

## Opinion polls and the probability of a yes vote

Despite the rationale for a low-key campaign, there were persuasive arguments in favour of a more vigorous effort to persuade public opinion.

An article in *The Economist*, for example, argued strongly that a government recommendation to stay in would be persuasive for undecided voters.

So why then did the Wilson government not attempt to capitalise on its own potential influence?

In addition to writing and publishing Britain’s New Deal in Europe, the Unit was responsible for reporting trends in public opinion. Their reports were based on private polling done for the prime minister and polls in newspapers.

**Callaghan was thus handed the difficult task of creating an informative campaign that avoided the kind of information that could lead to the government being accused of leading the vote.**

# A majority attained by fraud? The government information unit and the 1975 referendum

Over the course of April and May the Unit consistently reported that the 'yes vote' was leading in the polls. One report in May indicated that the figures of respondents in favour of membership had not dropped below 55%.

Though it may seem counter-intuitive, the coverage of the campaign to leave the Community boosted the government's confidence.

The Unit found that the more frequently controversial politicians, such as Tony Benn and Enoch Powell, discussed the issue, the more public opinion swung in favour of maintaining membership.

The consistently positive outlook reported by the Unit gave those who had advocated a more enthusiastic campaign confidence that the low-profile approach was not a risky policy.

## Unenthusiastic mood

It is difficult to discern the impact of the government's information campaign on public opinion because its influence would be nearly impossible to disentangle from the other campaigns.

However, there is reason to suggest that the tactics employed by the Wilson government, and previous governments, in their communication with the public about European integration had played a role in shaping Britain's unenthusiastic mood.

**The Wilson government's campaign relied on negative arguments about the inherent risks of leaving the Community.**

The Wilson government's campaign relied on negative arguments about the inherent risks of leaving the Community. The pamphlet argued that, if the public voted no, 'there would be a risk of making unemployment and inflation worse' and that the UK would be relegated to the status of 'outsiders looking in'.

Britain's New Deal in Europe suggested that it was not worth the risk of leaving the Community, yet hardly espoused the benefits of remaining 'in'.

Focusing on the risks of being outside the Community was not a new strategy.

The Heath government had used similar tactics to persuade public opinion in favour of the application in 1971.

Prominent campaign slogans included 'since we cannot beat them we must join them' and 'there is no sensible alternative.'

Though it would push the argument too far to suggest that Britain's lack of enthusiasm rests entirely on the shoulders of one campaign, it is doubtful that such tactics mustered any genuine enthusiasm for the cause.

Those who pressurised David Cameron to commit to a renegotiation and referendum made it one of their claims that the 1975 referendum was a sham.

Nigel Farage in particular believes it was a 'majority attained by fraud'.

These kind of accusations are perhaps understandable given the lack of an impassioned defence of Britain's Community membership on the part of the Wilson government.

But to suggest that the official information campaign was a deliberate attempt to mislead the public discounts the rationale underpinning the Wilson government's information policy.

The 1975 referendum holds a significant lesson about the responsibility shouldered by any government which chooses to use a referendum as a democratic device.

Not only is the government the body which must ensure the fair conduct of the referendum, it must also offer sufficient information about complex and sometimes obscure policy issues in order for the public to feel they have made an informed choice.

Constructing an information policy which can fulfil both criteria is a delicate task.

It is also a task which has the potential to yield few results. Despite the majority that voted in favour of membership in 1975, that result certainly did not settle the debate over Britain's place in Europe.

For those involved in campaigns to sway the public on the issue of EU membership, the question of how to engage the public in a constructive debate about European integration is one that remains particularly challenging.

# What is the role of business in Britain's relations with the EU?

Dr Glen O'Hara, Professor of Modern and Contemporary History, Oxford Brookes University

In the immediate post-war era, British business was not particularly enthusiastic about forging economic links with the continent of Europe.

Since the nineteenth century, businesses had become used to importing cheaper commodities from the Empire-Commonwealth and selling manufactured goods back to these less economically developed nations.

That alignment had been encouraged, from the early 1930s onwards, by a system of imperial preference, and by the existence of tariff- and non-tariff barriers to trade.

This allowed employers to hide, to some extent, within a British sterling area, with a low risk of currency volatility as well as familiar linguistic and legal cultures and rules.

To this was added employers' fragmented institutional and representative politics, with the British Employers' Confederation and the National Union of Manufacturers particularly unimpressed by the idea of economic union with Europe.

The British Employers' Confederation was deeply involved in questions of workplace efficiency and negotiation, and its members became pessimistic about breaking out of Britain's apparent travails in the field of labour relations.

The National Union of Manufacturers, speaking mainly for smaller and medium-sized firms, questioned what the companies it represented would get out of access to a massive export market.

As the 1950s wore on, the employers' biggest organisation, the Federation of British Industries, gradually became convinced that some form of association or alliance with Western Europe was inevitable: but this was often a matter of grudging acceptance, rather than enthusiasm.

## National Champions

If we move forward to 1975, however, and look at businesses' approach to the 1975 European referendum, we find that this reluctance had vanished, to be replaced with campaigning zeal for the European ideal.

'Mr Europes' were appointed in hundreds of companies; the vast majority of company chairmen backed the European Economic Community (EEC); the new Confederation of British Industry (CBI) established a European Operations Room and put out a stream of pro-European propaganda. What had happened to change the situation so drastically?

The answer lies partly in the very creation of the CBI itself.

The CBI absorbed the British Employers' Confederation and the National Union of Manufacturers, reducing the influence of those localist and smaller-scale voices.

The CBI's first Director-General, John Davies, was one of the strongest advocates of the corporatisation of a more efficient, orderly and above all larger-scale economy, in which much bigger and multi-functional companies would emerge and take the stage as 'national champions' for Britain.

Davies, a Francophone accountant by training, had served in the past as Vice-Chairman and Managing Director of Shell-Mex and BP; he was later to become Edward Heath's first Secretary of State for Trade and Industry, at a time when a new breed of technocratic new brooms - the 'Heathmen' - were aiming to sweep away outdated practices in the early 1970s.

Davies understood the opportunities of the European market - much bigger, more differentiated, more prosperous and above all more competitive than those regions of the world with which British companies were used to trading.

The creation of the CBI also cut through a divide between industrial producers and consumers that had bedevilled the private sector's view of the EEC. Basic goods industries - for instance, the steel sector - had not altogether liked the sound of cheaper, more modern competition coming from the continent.

Such developments would, however, clearly have been in the interests of steel's end users - in engineering, or the car industry. Now that they were united in a single employers' confederation, the ideas of the former counted for less than those of the latter, allowing more high-end, technological and customer-facing industries to gain the upper hand.

They usually proved to be more enthusiastic 'Europeans' than their forebears.

**Davies understood the opportunities of the European market - much bigger, more differentiated, more prosperous and above all more competitive than those regions of the world with which British companies were used to trading.**

# What is the role of business in Britain's relations with the EU?

## 'Dynamic' Europe

If businesses' institutional setting changed, so did ideas and concepts of what 'Europe' meant in the first place.

As the 1950s went on, and especially during the 1960s, the idea of Britain's economic decline took a strong hold on the business, no less than the wider popular, imagination.

A panoply of tables, charts and graphs seemed to highlight the same stark facts: Britain was growing very slowly indeed as against the Six founder members of the EEC; her productivity was poor; and her investment and research spending were held back by 'stop-go', the process by which governments would pump up demand before cutting it when faced with one of the period's many sterling crises.

West Germany, in particular, was pictured in the popular press as enjoying an enormously admirable standard of living unimaginable at the end of the Second World War. France and even Italy (this seemed near-impossible at the time) were not far behind.

The EEC nations seemed to have engineered an economic miracle by constructing much larger markets and allowing more specialisation across a huge marketplace. At the same time, they had convinced trade unions to hold back wage claims in return for higher social benefits and the fruits of the very growth that this 'confidence trick' inspired and allowed.

**Europe was 'modern', 'go-ahead', 'progressive' and 'dynamic' - Europe seemed to represent the future itself.**

Businessmen of an entrepreneurial free-market mindset, focusing on the opportunities Britain might be able to seize within the EEC, and decision-makers who liked to think of themselves as socially progressive, innovative and free-thinking, could all take some measure of inspiration from this mix of Christian Democratic and Social Democratic models.

Europe was 'modern', 'go-ahead', 'progressive' and 'dynamic' - above all, along with the other two big players in the world economy (the USA and the USSR), Europe seemed to represent the future itself.

That future was assumed to be inevitable: as Whitehall's Future Planning Working Group put it in 1964, 'although our trading interest and connections will continue worldwide, our

economy itself will increasingly become part of the European economy'. Since the economy was going to become more 'European' anyway, many reasoned, it should be embraced with as much enthusiasm as possible.

Many of these processes have since gone into reverse.

## Increased ambivalence

The economy has become more complex, and the interests of many companies have diverged as Britain's economy has become once again more dynamic, but perhaps also more chaotic.

'Europe' is no longer seen as a safe haven from British 'decline', nor as the most modern, most growth-orientated, most future-orientated part of global capitalism. Its labour markets and demography seem, on the contrary, more sclerotic than the UK's.

Since Britain finally pulled clear of recession in 2013, it has posted relatively robust growth figures, while the weaker Eurozone countries in particular have been plunged into crisis.

Many of the elements of that 1960s social bargain that corporatists such as Davies discerned have disappeared in a series of reforms aimed at making Europe more 'competitive'.

Now, in an age when political parties have become much less powerful than they were in the 1960s and 1970s, and at a time when David Cameron as Prime Minister is not as popular as Harold Wilson was during the last referendum campaign in 1975, making the case for Europe will fall even more to the institutions of civic society - charities, businesses, universities, trade unions. As the allure of many of the European model's elements has faded, even that has become more problematical.

British business seems much much more divided than it was by the mid-1970s, and that increased ambivalence is one reason why this second referendum on Britain's allegiance to the European project looks likely to end in a much closer result than the first.

# Lessons from the 1975 business campaign

Dr Neil Rollings, Professor of Economic and Business History, University of Glasgow

In the 1975 EEC referendum, the position of business was unequivocally in favour of a 'Yes' vote.

Surveys by the Economist, the Times and the Confederation of British Industry (CBI) all showed an extraordinarily high degree of support for continued membership amongst business leaders and their companies, with only a handful of companies being against membership, let alone campaigning against staying in.

The key business actors in the 'Yes' campaign were the CBI and large companies.

The CBI, the undisputed 'voice of industry' since its creation in 1965, published reports and adverts in favour of continued membership, as well as launching a campaign to raise £50,000 to fund such activities.

However, the organisation was worried that it should not adopt too high a profile in support of EEC membership, preferring to operate behind-the-scenes by providing companies with information, debating points and posters.

These were supplied from a specially created European Operations Room to designated individuals in over 800 companies, known as 'Mr. Europe's'.

This allowed the CBI to direct the campaign while enabling companies to front many of the campaign activities.

The vast majority of British companies were happy to oblige in whatever way they could.

## Corporate funding

Fundraising for Britain in Europe was led by business people and 363 companies gave more than £100 each to the organisation.

Forty-three donated over £10,000, contrasting with only seven donations over £100 from any source (only one was a company) to the National Referendum Campaign, which was leading the 'No' campaign.

These figures relate to the official campaign period and some companies had already given large sums to the 'Yes' side before this.

The resulting difference in financial resources available between the 'Yes' and 'No' campaigns was enormous and patently visible at the time.

Companies did more than just provide funding: staff were seconded to the Britain in Europe campaign, company magazines were used to promote the EEC, adverts were taken out and company chairmen of major British companies wrote directly to their employees.

They made clear that a 'No' vote would threaten their jobs, not just from European competition but also because companies would move production to the continent.

Tesco even put the slogan 'Yes to Europe' on their carrier bags.

## Ambivalence

All of this contrasts with the situation today.

The Chief Executive of Tesco has recently announced that the company will maintain a neutral position in the referendum, reflecting the diverse views of its shareholders.

Nor is Tesco alone. Its position reflects a wider ambivalence within business, resulting from a number of changes since 1975.

First, the European Union of 2016 is very different from the EEC of 1975.

There are concerns, particularly among small businesses, that the EU imposes an additional bureaucratic burden and regulatory hindrances, whereas in the 1970s attention tended to focus on the removal of trade barriers.

Secondly, small businesses now have their own voice.

In 1975 the CBI did have a Smaller Firms Council but its voice rather got lost, with much greater attention paid to the pronouncements of the major firms which were often regarded as Britain's national champions.

Today the views of small business are taken more seriously and they have their own organisation, the Federation of Small Businesses (FSB), to represent them.

Given that small businesses have tended to be more localised in their operations, they have inevitably tended to be less positive about European integration as access to other markets is likely to be less important to them than to big business.

Thirdly, with the FSB, the Institute of Directors and the British Chambers of Commerce all speaking for their memberships, the CBI is no longer the single voice of British business: the field is much more congested and contested.

A specific campaign vehicle, Business for Britain, has been created to put the case for pulling out of the EU and, as shown by the protests at the recent CBI conference, Eurosceptics are happy to attack the CBI because of its pro-EU position.

# Lessons from the 1975 business campaign

---

## Celebrity businessmen

A further reason for this battle to be seen to speak for business is the greater importance attached to business in society today compared with 1975.

There may have been criticism of Stuart Rose's appointment as chair of the Britain Stronger in Europe campaign but successful business people like Rose and Richard Branson, who recently appeared on The Andrew Marr Show to argue for staying in the EU, are now celebrities whose endorsements are seen to matter.

That was inconceivable back in 1975 where celebrity endorsements came from sports personalities and television stars, not from business people.

However, while business is more ambivalent about the EU than it was in 1975 it is easy to exaggerate the extent of this

Multiple surveys by the various representative bodies of business may not be as positive about European integration as those taken in 1975 but in each of the major surveys the largest group of respondents has been in favour of continued membership, even among small businesses.

For example, the British Chamber of Commerce's survey of its membership in September 2015 found over 60 per cent in favour of staying in, though many wanted to see the terms of any re-negotiation before confirming this.

Also, one reason for the public attacks on the CBI is precisely because it remains the most widely recognised and acknowledged voice of business, even if it is not as pre-eminent as it was in 1975.

## Economic decline

The particular circumstances in 1975 were also critical to why business was so extraordinarily in favour of continued membership at that time.

Belief in Britain's economic decline was widespread, along with the perception of growing trade union militancy and fears that state intervention in business affairs was inexorably rising. With rampant inflation there was a mood of impending crisis.

As the leading CBI official in the campaign told the CBI Council, which was its peak decision-making body, the referendum was not just about Europe but 'whether the militants or the moderates won the battle'.

In addition, even in 1975 there were some concerns within the CBI as to how the EEC might develop.

One CBI Council member fully endorsed the CBI's commitment to staying in but was 'concerned about the Community's bureaucracy and the costs to industry'.

In other words, the underlying concerns of business then were not as different as might appear on first sight.

In particular, much of businesses' support in 1975 for staying in was not driven by some absolute commitment to European integration. Rather it was based on the relative position of being out or in.

Given Britain's perceived problems in the 1970s, it was believed that staying in the EEC offered a way to change Britain for the better.

Today those relativities look very different, given the economic problems on the continent and the relatively strong performance of the British economy.

In that very different context it is unsurprising that support for staying in the EU is less strong than it was in 1975.

Yet, weaker support for staying in the EU is not the same as stronger support for leaving.

The lack of certainty and clarity over what that alternative scenario would look like for business is likely to be a key consideration in its thinking.

Whether that will ultimately translate into active endorsement, money and public campaigning for continued membership by many companies, as happened in 1975, is less certain.

The Mile End Institute is a major new policy centre established at Queen Mary University of London in 2015, building on the foundations of our predecessor organisation, the Mile End Group. Drawing on our unique location within a Russell Group University situated in London's East End, the Institute brings together policymakers, academics and diverse local communities to address the major challenges facing policy, politics and democracy in the UK. The Institute calls on a large pool of expertise from the Schools of History and Politics under the guidance of our patron, the constitutional historian and cross-bench peer Peter Hennessy.

**For further information contact:** Catherine Miller, Executive Manager  
[c.miller@qmul.ac.uk](mailto:c.miller@qmul.ac.uk)