

## EconoMag

The show that demystifies economics

**Brexit: A Conservative Showdown**©

by Charles Dennerly



Support for the European Union has shifted a lot over the past 40 years. When the Common Market was created by the Treaty of Rome in 1957, the UK wasn't involved. When the UK tried to join in 1963, they faced a veto from French President Charles de Gaulle. They finally joined in 1973, with the support of French President Georges Pompidou. At that time, the conservatives were strongly in favour of the Common Market, while some of the Labour Party were opposed to it. When Labour won the elections in 1974, they were divided over the EU, and Prime Minister Harold Wilson went to the people with a referendum in 1975. This was a way to keep his own party together and settle the matter. Although he favoured the EU, he mostly stayed above the campaign, and won by 67%.

Why were some of the Labour party opposed to Europe at that time? This was the 1970s, before Margaret Thatcher. Trade unions were strong, strikes were frequent, some parts of industry had been nationalised. Britain was more unionized and more left-wing than the rest of Europe then. With open borders, British industries needed to fight the trade unions and reduce workers' pay in order to remain competitive. Some of the Labour party had very close links to the trade unions and were opposed to the EU. However, opening up to Europe would mean more competition in industry, but less competition in agriculture, because of European subsidies. This was beneficial to farmers, who mostly voted Conservative, and detrimental to Labour-voting factory workers and miners.

Since then, Britain has become much more free-market under Margaret Thatcher, while the EU has become more social-democratic. Left wing government in Continental Europe wanted Europe to be a political and social project, and not just a free-trade zone: the European Economic Community slowly became the European Union. The Labour party has distanced itself from trade unions since Tony Blair, and is much more supportive of the EU. On the other hand, Conservative support for the EU has strongly diminished. Margaret Thatcher resented this social-democratic and bureaucratic agenda, and the cost of the Common Agricultural Policy. She was eventually ousted from power in 1990 by her own party members, when she became too anti-European. Over the years, the Conservatives have become very split over the EU. Some leaders of the party were Europhiles, others were Eurosceptics, but they always had half of the party against them. Eventually, during the 2015 General Election, David Cameron had to promise to hold a new referendum in order to keep his own party together.

The last decade has also seen a large influx of immigrant workers from Eastern Europe. This has become an issue for many conservative voters who are tempted to vote for the far-right UK Independence Party.

The current campaign is rather interesting. Some conservatives are really in favour of Brexit, but some of them only see it as a way to weaken their own party leader, either because they don't like him, or like Boris Johnson, because they want the leadership for themselves. It's not clear whether David Cameron will be able to secure the support of his party, even if he wins this referendum. That's why this campaign is sometimes seen as the rivalry between two conservative politicians who were once friends at school and at university, and are now political enemies. At the same time Jeremy Corbyn, the new Labour leader, is very close to the unions and the old left from the 1970s, and he has never been a strong EU supporter. He agreed to campaign against Brexit, but somewhat half-heartedly.