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The UK's membership of the European Economic Community (EEC) and the EU from the economic and political point of view and between the two referenda in 1975 and 2016

Diploma thesis

Author: Bc. Markéta Veselá

Thesis supervisor: Mgr. et Mgr. Andrej Tóth, Ph.D.

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Prohlašuji na svou čest, že jsem diplomovou práci vypracoval samostatně a s použitím uvedené literatury.

Markéta Veselá

V Praze, dne 21. 8. 2017

I want to express my sincere gratitude to my supervisor Mgr. et Mgr. Andrej Tóth, Ph.D. and appreciate his time and patience that he dedicated to this thesis and its supervision. I also want to thank my family and my friends for being supportive and forgiving.



DIPLOMA THESIS TOPIC

Author of thesis: **Bc. Markéta Veselá**
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Guides to writing a thesis:

1. The aim of this diploma thesis is to assess and analyse the membership of the United Kingdom of Great Britain and Northern Ireland (UK) in the European Union (EU) from 1975 until 2016. The emphasis will be laid on the financial and other obligations against the member's cooperation and EU's legislative framework that might lead to a 2016's referendum about EU membership, so called "Brexit". The hypothesis to be tested is that: "The UK's member contributions to a central EU budget have been significantly higher than the finances gained from the EU member activities and programs." Complementary questions will cover comparison of a referendum in 1975 and the one in 2016 and a possible impact of an anti-immigrant media propaganda on the result of the referendum in 2016.
2. The result of UK's referendum has made a serious impact on the mind-set of the whole Europe and even though the information about the planned referendum was announced years ago, the result shocked almost everyone. The aim of the thesis is to sum up the information about the terms of the UK's membership in the EU and give a deep insight into the whole UK-EU relations.
3. The theoretical part will describe the genesis of the UK's membership in European Economic Community (EEC) and EU from the economical and political point of view and will give a definition and summary of a term "Brexit".
4. The practical part will consist of analysis of member contribution to a central EU budget. The stress will be put on its volume as well as on the volume of finances obtained from EU activities and funds. Another part will be dedicated to the comparison of the two referenda, in 1975 and 2016. Last part will contain an analysis of the anti-immigrant media propaganda and its possible impact on the result of the referendum in 2016.
5. Brexit, European Union, United Kingdom, referendum

Length of thesis: 65

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Bc. Markéta Veselá
Solver

Mgr. et Mgr. Andrej Tóth, Ph.D.
Thesis supervisor

prof. PhDr. Ing. Aleš Skřivan, Ph.D.
Head of department

doc. Ing. Miroslav Ševčík, CSc.
Dean NF VŠE

Abstract

The aim of this thesis is to assess and analyse the membership of the United Kingdom of Great Britain and Northern Ireland (UK) of the European Union (EU) from 1975 until 2016. The thesis provides an analysis of the main areas of interest of referendum in 1975 which are: economic impact of the UK's membership on its development; impact of the membership on the agriculture, food and fisheries; preservation or sacrifice of the British sovereignty and the length of the UK's membership of the European Economic Community (EEC). The similar areas were identified for the referendum in 2016 with an exception of the topic of immigration. It also comprises an analysis and confirmation of an impact of the immigration crisis display in the British media on the result of the referendum in 2016. The thesis also contains an analysis of the UK's member contribution to the EU budget which has been always, with an exception of one year, higher than the funding obtained from the EU programs. There are also presented the continuities, similarities, and differences which are the reasons for their contradictory results. These are diverse historical background, unwillingness to sacrifice a part of its sovereignty and the long-running frustration from the EU's restrictions accompanied by the media pressure.

Key words: EU membership, EEC membership, UK, UK's referendum, European integration, Brexit, immigration, media

JEL classification: N44, N54, I3, B27

Abstrakt

Cílem této práce je analyzovat a zhodnotit členství Spojeného království Velké Británie a Severního Irska (UK) a Evropské Unie (EU) mezi lety 1975 a 2016. Práce poskytuje analýzu oblastí zájmů referenda z roku 1975, kterými jsou: ekonomický dopad členství UK na její vývoj, dopad členství na oblast zemědělství, potravinářství a rybolov, zachování nebo obětování Britské suverenity a délka členství UK v Evropském Společenství (EEC). Podobné oblasti byly nalezeny pro referendum z roku 2016 s výjimkou oblasti imigrace. Práce rovněž obsahuje analýzu a potvrzení vlivu zobrazení imigrační krize v médiích na výsledek referenda v roce 2016. V práci se dále analyzují členské příspěvky UK do rozpočtu EU, které byly vždy, s výjimkou jednoho roku, vyšší než finance čerpané z členských programů EU. Práce obsahuje i trendy, které lze vysledovat po celou dobu členství, ale i rozdíly, které měly vliv na rozdílné výsledky obou referend. Těmito trendy byly: rozdílný historický vývoj, neochota obětovat část suverenity, dlouhotrvající frustrace z regulací z EU doplněné mediálním tlakem na výstup z EU.

Klíčová slova: členství v EU, členství v Evropském Společenství, Evropská integrace, referendum o Evropské Unii, Brexit, média, imigrace

JEL klasifikace: N44, N54, I3, B27

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Introduction

The relationship between the United Kingdom of Great Britain and Northern Islands (UK) and the European Union (EU)¹ has been ambiguous since the beginning. Even though the membership of the EU has played a crucial role in the UK's international trade and overall economic development, there have been certain doubts and insecurities connected with it. There are two referenda connected with the membership of the EU and the one in 1975 is definitely less known. The result of the referendum which took place in 1975 demonstrated the agreement of the UK's citizens with the UK's membership of the EU. On the other hand, the outcome of the so-called "Brexit" referendum in 2016 shocked a lot of people all around the world. This is why I chose the topic of UK's membership of the EEC and EU for my diploma thesis. Not only it is currently hugely discussed topic in Europe and other parts of the world, but the act of leaving the EU has established an important precedent for all of the EU's member states.

The outcome of this thesis is an analysis of the UK's relationship with the EU and the comparison of the two referenda which presents key pillars of each referendum and compares them. There are definite continuities and some of the features can be applied for both of the referenda. Although I aim to suggest differences and divergent characteristics that might have influenced British people to vote to leave the EU in 2016. Considering the fact that there is neither public nor academic work at the Czech market that would capture this topic in this context, the importance of this thesis is indisputable.

The main goals of the thesis are to summarize history of the British Euroscepticism and its fundamental elements, to compare and contrast the two referenda related to the EU, describe and specify the possible effect of the media and their presentation of the immigration crisis on the result of the referendum in 2016 and analyse and assess the structure of UK's member contribution and its volume in contrast to the funding obtained from the EU's programs likewise the money given straight to the

¹In order to omit the unnecessary abbreviations in most of the sentences when I do not specifically address either EEC or EU I am going to use other denominations of these two. Hence, for the upcoming chapters, I am going to use terms: Single Market, Common Market, Common Area or European integration bodies instead of using abbreviations EU or EEC. All of the terms are widely used among the British so I assumed that using them would be more appropriate when describing some characteristics that apply in general to the European integration per se and not to any specific time period.

organizations beyond the EU's programs framework. All of this information from a decent base to determine the pivotal consequences of the decision to leave the EU in 2016.

The hypothesis that this thesis works with is that:” *The UK's member contribution to a central EU budget has been significantly higher than the financing gained from the EU member activities and programs.*” I present all of the known outcomes that might be either beneficial or detrimental for the UK in connection with a membership of the EU. The complementary question connected to the comparison of the two referenda is:” *What were the key factors that influenced the two referenda in 1975 and 2016?*” because in order to analyse and compare the referenda it is essential to acknowledge their integral characteristics. Another complementary question/hypothesis is:” *The negative media image of immigration displayed in the mass media might be one of the key features that influenced the result of the referendum in June 2016.*” This topic is analysed in a separate section in the 4th chapter and its purpose is to evaluate the repercussion of the UK media's presentation of the immigration issue that the UK has been lately struggling with.

In order to reach the goals, I set and described above, I am using a method of analysis, comparative method, and literature review.

The resources I am working with are mostly genuine media articles (The Guardian, The Times, The Sun, BBC) and footages displayed on YouTube (official speeches), official HM documents, academic works (downloaded in the majority from JSTOR) and other miscellaneous historical resources. The elemental source of information is the academic work written by John Todd which name is:” *The UK's Relationship with Europe; Struggling over Sovereignty*” I chose this book because of its scope and depth of the research that Todd had done. It gives an unbiased opinion on the UK's Euroscepticism with an accent put on the sovereignty which is presented as a core of British mentality. For the topic of the referendum in 1975, I chose a book written by David Butler and Uwe W. Kitzinger named: “*1975 Referendum*” as this book analysis the referendum, its causes, and attributes in a relatively nonbiased way. As the HM Treasury library is a rich source of booklets and analyses done by the economists and historians and which based on the credible data, I selected some of them to serve as a source of information for my work. One of them is a study of the possible impacts of the leaving the EU for the UK called: “*HM Treasury analysis: the long- term economic impact of EU membership and the alternatives*” which analyses the three alternatives to the

membership of the EU from the point of view of the impact on the international trade and foreign direct investment. The two booklets issued by the House of Commons Library: “The UK’s contribution to the EU Budget” and “UK Funding from the EU” serve as a decent source of information for the chapter dedicated to the analysis of the UK’s member contribution to the EU budget. The data which I am using for the visualizations and tables were taken either from the EU Commission website, the Office for National Statistics (ONS), EUROSTAT or HM Treasury database.

It is my sincere intention to provide a neutral analysis, therefore, I present the information from different perspectives and then sum them up so that it is clear that there are various features and characteristics that might play an important role in the development of certain events. As some of the interpretations are more emotion-driven rather than data-driven, I wanted to obviate the dogmatic judgments and present a more or less objective analysis of the UK’s membership and its principal milestones.

The structure of the thesis is relatively straightforward. I divided it into two main parts, the Theoretical part which serves as a knowledge base for the analysis and summaries that are presented in the Analytical part. First chapter’s topic is the UK’s membership of the EEC and EU. It consists of the main historical milestones in this relationship with an emphasis on the development of British Euroscepticism. The second chapter focuses on the determination of the term Euroscepticism as it is vital for the following chapters. For the purpose of analysing UK’s member contribution to the EU budget, the third chapter gives an arbitrary review of the EU’s funding with a focus on the role and volume of the member contributions. The Analytical part contains two main chapters with multiple subchapters, each dedicated to a slightly different feature of the topic. The forth chapter’s aim is to analyse and then compare the two referenda (1975 and 2016 “Brexit”). There are three subchapters connected to the first referendum, each containing a significant issue that the UK was dealing with or which played an essential role in the decision-making of the British government of the Britons. The 2016 referendum’s analysis has a similar form. There are four subchapters, again dedicated to the crucial features that might influence the result of the referendum, accompanied by the other important historical and social fragments of British society. The important role of immigration crisis and its display in the media is one of the above-mentioned topics and it shows the feasible impact of this presentation on the result of the 2016 referendum

This chapter’s climax is a comparison of the two referenda, their features,

continuities and differences that might have lead to their contrasting results. The fifth chapter offers another important characteristic of the UK's membership of the EU, the members contributions. As a result of the matter that the UK's member contribution was one of the most discussed topics in the period before the referendum in 2016, I wanted to concentrate more on the real data and their evaluation. All of the above-described subjects are the recapitulated and discussed in the Conclusion.

Theoretical part

The theoretical part of the thesis is meant to summarize the entire knowledge and information that are needed in order to analyse the membership of the UK in the European integration bodies as well as to give a brief introduction to this complicated relationship.

There are 3 chapters in this part. The first chapter consists of chronological investigation of the UK's membership of the European integration bodies and its role in the economy and politics of the Common Area. It consists of the brief description of the actions that were taken before and after joining into EEC. The short introduction of the background after the Second World War is also provided in order to set up an environment for the upcoming parts. In this part I also define the term “Brexit” itself as one of the aims of this thesis is to describe and compare the two referenda about the remaining in the European integration bodies.

The definition and description of the term Euroscepticism is given in the second chapter. I intended to add this chapter to provide terminology as well as the definition of the term that has been so often mentioned in the media with the connection to referendum of 2016 and UK's relationship with EU but with several misleading meanings².

Once we have the term Euroscepticism defined, we can move towards the financing of the EU/EEC with a specific interest in the member contributions that are analysed and assessed in the analytical part.

² GUERRA, Simona. 'What is Euroscepticism and how do we measure it?'. New Horizons in European Politics Series [online]. 2015, 2015(1), 1-3 [cit. 2016-11-28]. Available from: https://www.academia.edu/11331246/What_is_Euroscepticism_and_how_do_we_measure_it_2015_, p. 13.

1. History of the UK and the EEC/EU



Source: The Guardian, Manchester, August 1 1961.

This chapter is meant to sum up the events and actions which happened in the UK after Second World War to the “Brexit”³ with a main stress put on the evolution of the UK’s attitude and aspirations connected to the common European market framework (EEC and EU).

After the second world war, the UK was a great enthusiast for setting up a body similar to the United States of America. But with the European Coal and Steel Community (ECSC) which was forged in 1951 Britain was not particularly involved in the whole process and even abstain from being one of the first six nations that founded the European Economic Community (EEC) in 1957 by signing the Treaty of Rome.

³ As I am about to use this term quite often I wanted to provide a brief definition. The definition of the word Brexit is quite straight-forward. The word is a combination of two words: a noun Britain and a verb (to) exit, in the meaning of leaving the EU, therefore Brexit. From the semantic point of view, it is a symbol of the highest dissatisfaction of the UK with the EU in the history of its membership.

When, after watching France and Germany forming a strong alliance, British government changed their mind, the application for the membership of the EEC was twice vetoed by the French president Charles de Gaulle.

The UK applies for a membership of EEC in August 1961.⁴ The formal application was proceeded by Prime Minister Harold Macmillan and there were many objections against this step⁵. The Macmillan's speech which contained the possibility to join the EEC, consisted of several points of which the most prominent one was the "*enormous monolithic strength of the Soviet power*"⁶. He spoke of "*the struggle for freedom*" and "*the duty and interest to add to Europe's strength in that struggle*".⁷ As mentioned before, there were opponents to this decision. One of them was a British Conservative Party politician Sir Anthony Fell. Mr Fell describe the UK's potential entrance to the common market as a "*gamble with British sovereignty*"⁸ and continued with a rather strong statement of: "*with 650 million people in the British Commonwealth is this the most disastrous thing any Prime Minister has ever done for many generations past*"⁹. After more than a decade, the UK got the application accepted after president de Gaulle left office in 1973¹⁰.

On Monday January 1st 1973, a Prime Minister Edward Heath¹¹ expressed "*his own hope and satisfaction at the successful outcome of the long march towards Europe*"¹².

⁴ TODD, John. The UK's relationship with Europe: struggling over sovereignty. Palgrave Macmillan, Springer International Publishing, 2016 p.10

⁵ DEVENNEY, Andrew D. Joining Europe: Ireland, Scotland, and the Celtic Response to European Integration, 1961- 1975. Journal of British Studies [online]. 2010, 49(No. 1), pp. 97-116 [cit. 2017-07-27]. Available from: <http://www.jstor.org.zdroje.vse.cz/stable/pdf/27752692.pdf?refreqid=excelsior%3A52fdf28f8e6861f4b6d1d7efbd1cb15c>. p. 98.

⁶ The Guardian, Manchester, August 1 1961. Available from: <https://www.theguardian.com/politics/2016/jun/25/a-timeline-of-britains-eu-membership-in-guardian-reporting#img-2>

⁷ dtto

⁸ Devenney, 2010, p.108

⁹ dtto

¹⁰ The main De Gaulle's concern and reason for not accepting UK's application to join EEC was the fear that enlarging of the community might lead to an Atlantic community, dominated by the United States. This made UK's membership of EEC unthinkable until the end of the De Gaulle's presidential mandate. Source: Devenney, 2010, p.105.

¹¹ The Labour Party Prime Minister (1970 – 1974).

¹² MCKIE, David and BARKER, Dennis, *We're in – but without the fireworks*. The Guardian archive, 1970-1979, 1973. Available from: <https://www.theguardian.com/century/1970-1979/Story/0,,106845,00.html>. p. 16-18

According to opinion poll on the EEC, by Research Centre for the BBC, claimed that 38% were happy about become part of EEC, 39% would prefer to not and 23% had no opinion at all.¹³ According to Mr. Heath the enthusiasm for the market existed predominantly among the young. Older generations remained pragmatic and were waiting for the fore coming actions connected to the entrance to the EEC.

Even though the UK was accepted to the EEC the economic situation worsened, the inflation was reaching double-digit value (mainly because of the “oil shocks”), unemployment also rose and this combination complimented with the power cuts caused British citizens to go on strikes.

The 1970’s were a period of up and downs for the British economy. Conservative party supported the membership of EEC but there was also an opposition in the right wing of the party followed with the left wing of the Labour party.

Labour Party General Election Manifesto of 1974 committed Labour to allow voters the possibility to make a decision if the UK should remain in the Single Market or leave it entirely.¹⁴ The membership was confirmed by the result of the very first nationwide referendum on the 6th of June 1975 when 67% of the voters said “Yes” to remaining in the EEC.¹⁵ The members of the “No” campaigns accepted the result of the referendum and made a promise to work in a constructive way within the EEC. Although there were several doubts embodied by the Roy Jenkins’s quote: “*It puts the uncertainty behind us. It commits Britain to Europe, it commits us to playing an active. Constructive and enthusiastic role in it.*”¹⁶ (In the analytical part of the thesis, I am going to compare the two referenda, the 1975 referendum with the referendum of 2016).

In the late 1970s and early 1980s the Labour Party tended to proclaim Euroscepticism more than the Conservative Party. This can be seen in the Labour Party Manifesto from 1979. It states there that Labour government would “*oppose any more*

¹³ Devenney, 2010, p. 100.

¹⁴ The Labour Party Manifesto: October, 1974, *Britain will win with Labour*. Available from: <http://www.politicsresources.net/area/uk/man/lab74oct.htm>

¹⁵ 1975: *UK embraces Europe in referendum*, BBC Home, *On this day*, 6th of June, 1950-2005. Available from: http://news.bbc.co.uk/onthisday/hi/dates/stories/june/6/newsid_2499000/2499297.stm

¹⁶ dtto

towards turning the Community into a federation”¹⁷. This Eurosceptic “mood” among the Labourists lasted until Neil Kinnock¹⁸ became a new leader of the Party in 1983.¹⁹

After her famous “No! No! No!” speech connected to the plans for single market currency²⁰ another twist on the relationship with the EEC was when in 1984 when Margaret Thatcher negotiated a permanent rebate for Britain on its member contribution, mainly because the UK received less agricultural subsidies than for example France.²¹

The 1988 Margaret Thatcher’s speech in Bruges²², led not only to her fall but also to the crisis in the Conservative party. Her speech is, as I sketched before, sometimes marked as the manifesto of Euroscepticism (but it was my intention to point out that the scepticism towards Common Market can be traced even before this speech).

16th September 1992 is sometimes called “Black Friday”, primarily because Britain was forced to withdraw from Exchange Rate Mechanism. Also in 1992, the Maastricht Treaty was signed by Margaret Thatcher's successor John Major. This meant a power shift towards the EU.

Tony Blair's positive relationship with the idea of European integration meant the narrowing of the attitude towards the EU, even proclaiming the idea of changing the Pound Sterling for euro.²³ The common currency idea was rejected by the Chancellor Gordon Brown and put Britain into the political crisis and allowed the Eurosceptic wings to gain more power.²⁴

In 2011, David Cameron declined the EU plan to restrict financial sector and gave more courage to the EU critics. During 2012 Conservative party lost one-sixth of their supporters and UKIP gained more voters by stepping up to the EU demands. David Cameron wanted to renegotiate the terms of UK’s membership and outlined the 3

¹⁷ 1979 Labour Party Manifesto, *The Labour Way is the Better Way*. Available from: <http://labourmanifesto.com/1979/1979-labour-manifesto.shtml>

¹⁸ Labour Party leader from 1983 until 1992.

¹⁹ Todd, 2016, p. 21.

²⁰ The whole speech available from: https://www.youtube.com/watch?v=Tetk_ayO1x4

²¹ SZCZERBIAK, Aleks a Paul TAGGART, ed., 2008. *Opposing Europe?: The Comparative Party Politics of Euroscepticism: Volume 1: Case Studies and Country Surveys.*, p. 190-193

²² Whole “Speech to the College of Europe“, is available from: <http://www.margaretthatcher.org/document/107332>

²³ Szczerbiak, Taggart, 2008, p. 180-183

²⁴ Todd, 2016, p.23

challenges that EU faced in his “big” Europe speech.²⁵ This speech was followed by another Cameron’s speech on immigration in Europe where he said that he will “*rule nothing out*” if the benefits system will not be revised.²⁶

During the 2015 the immigrant crisis got even more intense and that brought more voters to the UKIP, as a reaction to this, Cameron announced the “Brexit” referendum that took place in June 2016 with the result of the decision to leaving the EU.

2. What is Euroscepticism?

As the UK is facing one of its historical milestones embodied by the act of leaving the EU after the referendum from June 2016, the more and more debates about the unwillingness to be a part of the European integration process and about the overall purpose of the EU have been arising. The phenomenon of Euroscepticism is not yet connected exclusively with this referendum but has been immensely used and, in a certain way, distorted because of it.

The so-called UK Eurosceptics who express their doubts about the UK’s membership of the EU as well as about the future and purpose of the European integration bodies have been lately getting more and more influence and been having substantial impact on the international relations and their attitude have been extensively discussed throughout the past few months to that extent that I considered it to be essential to find correct definition, foundations, and division to the term Euroscepticism itself. Hence, for the sake of understanding of the term and the whole concept of Euroscepticism in the upcoming chapters I summarise the information about the definition and an origin of the term.

²⁵ The video that depicts complete speech available from: <http://www.telegraph.co.uk/news/worldnews/europe/eu/9820230/David-Camerons-EU-speech-in-full.html>

²⁶ dtto

2.1 Definition and origin of Euroscepticism

Even though there is not a one generally accepted definition of a term Euroscepticism, it is crucial to delimit it in order to elaborate, analyse and assess the British Euroscepticism in the upcoming chapters.

Most of the definitions that can be found either on the internet or in the other media are fairly vague. Some resources claim that the term itself has its origin in the famous "Bruges speech" of Margaret Thatcher in 1988 which is not entirely true.²⁷ Other resources propose that the term itself originates from journalism practice and therefore its determination is often cumbersome.²⁸ The origin of the term itself and its derivatives is undeniably connected with the EEC/EU and generally said, the integration processes in Europe.

Having said that there is not a single definition, the mainstream represented by Paul Taggart and Aleks Szczerbiak provide a fairly straight-forward interpretation of the term by dividing it into two subsections: "soft" and "hard" Euroscepticism.²⁹ *Soft Eurosceptics* do not have any objections to European integration or a membership of the EU/EEC but do have some against some of its parts. *Hard Eurosceptics* do not agree either with the European integration concept or a membership of the European integration bodies. Although there are opponents³⁰ to the mainstream interpretation of the term, it is still the most common way to describe it.

Although the source and origin of Euroscepticism can be traced, there is not one condensed definition of it and there are several reasons why it is so. A very humble definition of Euroscepticism can be that it is: "*a consistent resistance towards the project of the European integration and its current direction*"³¹. That is a simple definition that cannot be easily grasped and applied because the motivations for the resistance are diverse and not every objection against the European integration should be addressed as

²⁷ KANIOK, Petr. *Evropeanisté, eurogovernmentalisté a euroskeptici: reflexe euroskepticismu a jeho stranických projevů* [online]. 2006, Fakulta sociálních studií. Available from: http://is.muni.cz/th/12188/fss_d/, p. 22.

²⁸ SLABÝ, Petr. Příspěvek k dějinám britského euroskepticismu v letech 1945-1979 [online]. Praha, 2013, p.48.

²⁹ Szczerbiak, Taggart, 2008, p.23-28.

³⁰ For example: Petr Kopecký a Case Mudde.

³¹ Kaniok, 2006, p.10.

Euroscepticism.³² According to this definition an example the disapproval of the one particular EU policy should not be treated as Eurosceptic behaviour as well as the disagreement with the acceptance of new member states into the union, because this criticism is not connected with existence of the union itself but more about the protectionism of the national labour and other economic markets and even some Eurosceptic parties might vote for an acceptance of the new member states.³³

Therefore, there is no straight line in terms of defining Euroscepticism and this term should be used with more consideration, unlike the mass media do.

From the historical point of view, as I mentioned before, there is a misconception connected with Euroscepticism and Margaret Thatcher's speech. The assumption that the first consistent Eurosceptic speech was given by Margaret Thatcher in 1988 was declined³⁴ and proved that even before this event, there were actions that can be identified as the origins of Euroscepticism which escalated in the referendum in 1975³⁵.

The term then reaches its popularity peak mainly in the end of the 20th century and it continues also in the beginning of the 21st century and becomes a phenomenon that is fairly discussed in all European countries. Euroscepticism has been argued and exploited in the mass-media, by many politicians from all over the politics spectrum as well as by the scientists in their papers but the one, consistent and generally applicable definition has not been yet provided by any party involved in the discussion.³⁶

For the sake of the analysis and assessment of the British Euroscepticism I am going to use the distinction which is slightly different from the mainstream but, in my opinion, describes the whole concept in the most suitable way, i.e. that Euroscepticism should be exclusively connected with the resistance towards the whole concept of European integration and its current direction and not to particular politics or decision-making.

³² Szczerbiak, Taggart, 2008, p. 12.

³³ Todd, 2016, p.24

³⁴ Slabý, 2013, p. 83.

³⁵ For more information about the topic of Euroscepticism before the Bruges speech see the diploma thesis of Ing. Petr Slabý, named: "*Příspěvek k dějinám britského euroskepticismu v letech 1945-1979*" available from InSIS VŠE in Prague: https://www.vse.cz/vskp/38779_prispevek_k%C2%A0dejinam_britskeho_euroskepticismu_v%C2%A0letech_1945_1979

³⁶ Kaniok, 2010, p. 15.

3. Financing of the EU

This chapter should serve as a knowledge base for the topic of financing EU/EEC with a stress put on the member contribution to the common budget. Upon this information I am going to build its analysis and assessment in the upcoming chapters. The EU budget has a specific structure and the main aim is to keep it balanced. The structure and features of the EU budget are to be described in the section:” Where *does the money come from*”.

3.1 Where does the money come from?

The EU budget is mainly funded from the EU’s own resources, accompanied by other sources of revenue. It is based on the principle that expenditure must be matched by revenue and has in-built schemes to compensate certain EU countries.³⁷

EU’s own resources generate the main revenue (approx. 98%³⁸) and there are three kinds of them: *traditional own resources* (custom duties on imports from outside the EU and sugar levies), *own resource from value added tax (VAT)* meaning a standard percentage levied on the harmonized VAT base of each EU country and *own resource based on gross national income (GNI)* (a percentage that is levied on the GNI of each EU country) which has become the largest source of revenue.³⁹

Other revenue are generated from taxes on EU staff salaries, contributions from non-EU countries to certain programs and fines on companies for breaching competitions laws.⁴⁰ In the analytical part I am going to elaborate on the structure of the EU funding based on the data generated from eurostat as well as proposing a rough cost-benefit analysis of the UK’s economy with a connection to the member contribution vs. finance gained from the membership.

³⁷ *Where does the money come from?* European commission website. Available from: http://ec.europa.eu/budget/explained/budg_system/financing/fin_en.cfm#own_res

³⁸ General Budget Assembly. *European Union public finance*. Právo a publikace EU. Published: 2014-12-11, Available from: <https://publications.europa.eu/cs/publication-detail/-/publication/8bc08dd0-f1ed-4f45-bab4-75ac2a63d048>, p. 191.

³⁹ *Where does the money come from?* European commission website.

⁴⁰ General Budget Assembly. *European Union public finance*, p.197.

Analytical Part

Based on the information accumulated in the theoretical part I can now build an analysis of the EU budget and the role of member contribution and to verify or falsify the core hypothesis of the thesis and answer the complimentary questions.

The first chapter contains depiction of the first nationwide referendum in the history of UK which the in 1975 as well as the analysis of the actions and topics of discourse for the referendum on leaving EU in 2016. Each part is divided in to multiple subdivisions in order to separate individual topics form each other. Each topic is dedicated to a different feature of the referendum and analysed from the historical perspective with a stress put on its possible impact on the result of the referendum. In the end, I provide a comparison of the two referenda based on the previous analysis.

The second chapter contains an analysis of the UK's member contribution to the common EU budget as this was a widely communicated reason for leaving EU in 2016⁴¹. And the third chapter focuses on the impact that press and other media had with the anti-immigration related topics on the final result of the referendum held in 2016.

4. Two referenda (1975 vs. 2016)

As I sketched before, one of the aims of this thesis is to find similarities and differences between the two referenda about remaining in the Common Market. This chapter present an answer to the complementary question: *“What were the key factors that influenced the two referenda in 1975 and 2016?”* by analysing both of the fundamental factors of both of the referenda.

In the first part I am going to summarise and analyse the historical events that lead to the first referendum. In the second part I am going do the same for the “Brexit” referendum and in the third part I am about to compare and contrast both of them and possibly derive some conclusions from the analysis. These should establish a broader

⁴¹ Why Vote Leave. What would happen if we vote to leave the EU. [online]. Available from: http://www.voteleavetakecontrol.org/why_vote_leave.html

context and give more information and reasons why the result of the first referendum was a rather strong “Yes” and what made the British decide to leave EU in June 2016.

4.1 1975 Referendum



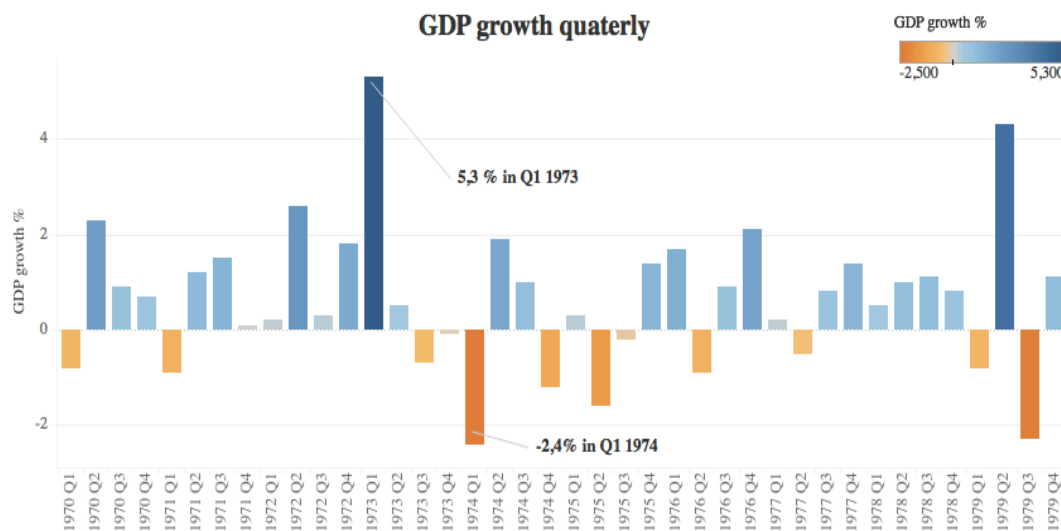
Source: European referendum 1975 | YouGov.co.uk

I briefly described the situation in the UK before the referendum in 1975 but in order to analyse the similarities and differences of the two referenda, more detailed summary is required. The referendum of 1975 has been perceived as an important milestone in the British history. The electorate were asked the question: “*Do you think that the United Kingdom should stay in the European Community (the Common Market)?*” and the answer of seventeen million was “Yes” and eight million voted “No”.⁴²

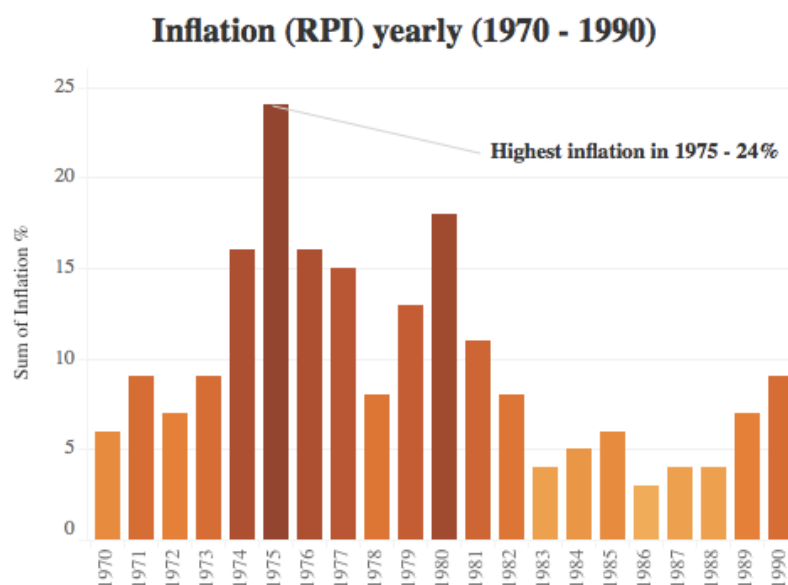
The UK became a member of the EEC in 1973 on the basis of a Parliamentary vote. Accession was accommodated and realized under the Ted Heath’s Conservative government and widely disagreed by the Labour opposition lead by Harold Wilson. The year after, there were two general elections, one of them meant Harold Wilson became

⁴² BUTLER, David and Uwe KITZINGER. *The 1975 Referendum*. 2nd edition. UK: Palgrave Macmillan, 1996. ISBN 978-0333662908, p. 5-7.

Prime Minister for the second time. He was facing a rather difficult situation which consisted of division of the party by Europe as well as the economic issues⁴³. For the detailed data see the graphs of GDP growth and inflation (RPI) enclosed.



Graph no. 1 GDP growth quarterly, source: own visualization, data from the Office for National Statistics (ONS)



Graph no. 2 Inflation (RPI) annually (1970 – 1990) source: own visualization, data from the Office for National Statistics (ONS)

⁴³ In the beginning of 1970s, in the UK mainly from 1974 to 1976, like almost all of the European countries, the UK was affected by the the world financial crisis caused by the slow collapse of Bretton Woods, the first oil shock which made inflation grow significantly to double digits values accompanied by the negative GDP growth. Source: Britain in the 1970s, Worst of times, best of times. The Economist, Available from: <http://www.economist.com/node/17090761>

Being in the opposition to the accession in 1973, Wilson had to come up with a suitable approach to dealing with the issue in Europe. He did that by reopening the negotiations about the membership of the UK in the EEC.⁴⁴

It is said that this referendum had a triple interest. The first was that even though it was proposed and promoted by those who thought it was the most convenient means to extricate Britain from membership of the European Community, it had a result that supported British participation to the extent that reached beyond any previous expectations. Secondly it provided a historical episode of fanciful fascination, clarifying the established patterns of UK's politics and overall governmental procedure. The third interest was represented by a undeniable innovation in British constitutional practice, as this referendum was the very first nationwide referendum in British history.⁴⁵

The period prior the referendum and during it is particularly interesting mainly because of the Wilson's manoeuvre of renegotiation and then referendum has since been recalled by David Cameron.⁴⁶

During the referendum period, the Conservative Party was relatively united in favour of EEC membership but Labour was deeply divided. Left wing of the Labour Party was strongly against the membership ("anti-Marketeters") yet the centre of the party incline more for the membership ("pro-Marketeters"). Because of this discrepancy in the opinions within the Labour Party, the debates resulted in a rather unusual step of suspending collective responsibility in the Cabinet.⁴⁷

The referendum "Yes" campaign was lead by Roy Jenkins whereas the "No" campaign was directed by Tony Benn and Enoch Powell. The leaders of both main parties (Wilson and newly appointed leader of Conservative Party Margaret Thatcher) eschewed any role in the campaigns. The result of "*The Referendum on UK Membership of the the European Community*" which took place on 5th June 1975 was 67,2% voters said "Yes"

⁴⁴ Todd, 2016, p.30.

⁴⁵ House of Commons Library. *The 1974-75 UK Renegotiation of EEC Membership and Referendum*. Briefing Paper. 2015, 1.(7253), 1-28. p. 3-5.

⁴⁶ Butler, Kitzinger, 1996, p. 7

⁴⁷ dtto

and 32,8% said “No”.⁴⁸ This meant that 17 378 581 voters were in favour of the membership and 8 470 073 voters were against it.⁴⁹

There were three most widely spread booklets on the topic of the referendum. The booklet named: “*Britain’s New Deal in Europe, Her Majesty’s Government have decided to recommend to the British people to vote for staying in the Community*” issued by the government which officially supported the UK’s membership of the EEC.⁵⁰ The other two were either for “Yes” or “No” answer to the referendum question. One named: “*Why you should vote YES*” and the other one: “*Why you should vote NO*”⁵¹. All of them contain chapters on jobs/trade, food/prices as well as an important part of the British discourse parliamentary sovereignty.⁵²

Based on these topics I decided to follow this structure, hence there are three topics or themes in the discourse in the upcoming sections, which played important roles in the result of the referendum. They described in the upcoming parts: Economy, jobs and trade, Agriculture, food and fisheries and Sovereignty and democracy as these three areas are acknowledged as crucial for understanding and analysis of this referendum.⁵³

⁴⁸ House of Commons Library. *The 1974-75 UK Renegotiation of EEC Membership and Referendum*. Briefing Paper. 2015, 1.(7253), 1-28. p. 6.

⁴⁹ dtto

⁵⁰ WILSON, Harold. *Britain’s New Deal in Europe, “Her Majesty’s Government have decided to recommend to the British people to vote for staying in the Community”*, HM Government[online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>

⁵¹ Britain in Europe. *Why you should vote YES, Referendum on the European Community (Common Market)* [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html> and

National Referendum Campaign. *Why you should vote NO. Referendum on the European Community (Common Market)* [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>

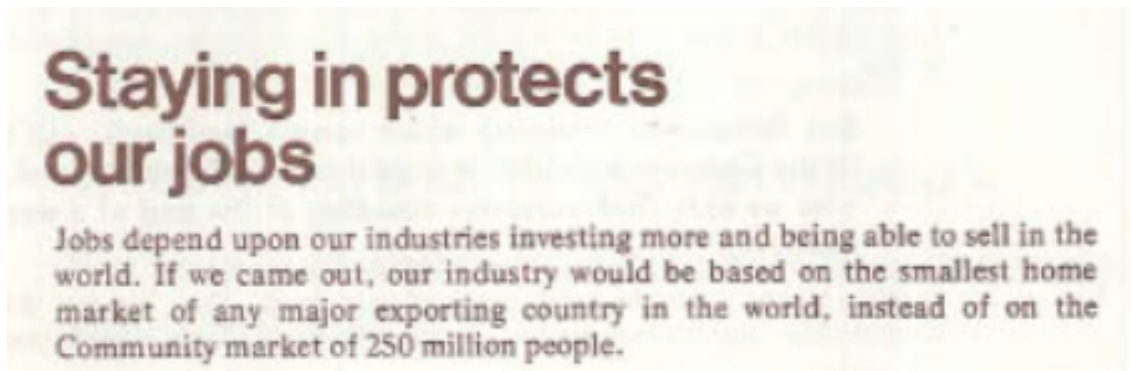
⁵² House of Commons Library. *The 1974-75 UK Renegotiation of EEC Membership and Referendum*. Briefing Paper. 2015, 1.(7253), 1-28. p. 22-25.

⁵³ Todd, 2016, p.31-32.

4.1.1 Economy, Jobs and Trade

Very important theme in the discourse was the possible impact of EEC membership on the economy, job market and international trade for both pro- and anti-Marketeers. If we think about the nature of EEC itself, this theme is surprising at all.⁵⁴

Both sides communicated in their campaigns a not very fortunate state in which the UK economy was but each took the matter from different perspective. The fundamental argument of the pro-Marketeers against leaving the EEC was “*why risk it*”.⁵⁵ Given the economic situation of the UK at that time, this strategy seemed effective.



Excerpt from “*Why you should vote YES*” campaign booklet

The economy served as an argument for the anti-Marketeers too, but for them it was EEC to blame for the recession. Stating that whole trade pattern was distorted causing a huge trade deficit⁵⁶. The topic of trade is argued in a different way by the pro-Marketeers as well. For instance, Margaret Thatcher said that “*on the broad strategic trade and aid argument we have preferential access to Western Europe, with which we conduct 50*

⁵⁴ Butler, Kitzinger, 1996, p. 15.

⁵⁵ Britain in Europe. *Why you should vote YES*, Referendum on the European Community (Common Market), 1975, [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>, p. 5.

⁵⁶ National Referendum Campaign. *Why you should vote NO*. Referendum on the European Community (Common Market), 1975, [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>

*percent of our trade. I doubt very much whether we should be able to get that on our own.*⁵⁷



Excerpt from "*Why you should vote NO*" campaign booklet

Another significant part of this section is the alternative membership of the European Free Trade Association (EFTA)⁵⁸ instead of in the EEC. In the "*Why you should vote NO*" booklet we can see "*EFTA countries are now to enjoy free entry to the their industrial exports into the Common Market without having to carry the burden of the Market's dear food policy or suffer rule from Brussels*"⁵⁹

The fact that even if the UK left EEC the international trade would be driven and formed by the Community is well stated in the editorial of The Times from 31 May: "*Whether in or out, Britain will be heavily dependent on trade with Europe; whether in or out, the conditions on which that trade will be done will be established by the European Community, primarily with a view to the national interest of the countries who comprise*

⁵⁷ Todd, 2016, p.36.

⁵⁸ EFTA is an intergovernmental organisation which was established for the promotion of free trade and economic integration to the benefit of its four member states: Iceland, Liechtenstein, Norway and Switzerland. Source: The European Free Trade Association website: <http://www.efta.int>.

⁵⁹ National Referendum Campaign. *Why you should vote NO*. Referendum on the European Community (Common Market), 1975, [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>. p. 17.

the Community.”⁶⁰ This corresponds with the Margaret Thatcher’s affirmation “*even if we could get into EFTA. That would be no answer to our problems.*”⁶¹

To sum it up, when reading both of the booklets I must agree with John Todd that the tone of both of the campaigns was rather negative⁶². The vocabulary used in the booklets was strong, going from the “*why risk leaving*” to the “*trade distortion*” or “*your jobs at risk*” accompanied by “*why can’t we go it alone?*” and many more. There was significant disagreement about the role of EEC in the economic decline of the UK but both sides agree on the fact that the UK’s economy showed signs of disarray.

4.1.2 Agriculture, food and fisheries

This topic is closely connected with the consequences of the Common Agricultural Policy (CAP) for the UK’s food prices. There contradictory opinions about the effect of the Wilson induced renegotiation brought any serious impact with regard to agriculture and fisheries.⁶³

The anti-Marketeers argued that the CAP is rigid and that it was only pushing the prices higher whilst pro-Marketeers presented membership of the Common Market as provider of “*Secure food at fair prices*”, claiming that “*Britain, as a country which cannot feed itself, will be safer in the Community which is almost self-sufficient in food. Otherwise we may find ourselves standing at the end of a world food queue.*”⁶⁴

Fisheries was another topic for anti-Marketeers. Mainly the omitting this topic in both the renegotiation treaty and at most of the official government speeches. The Minister for Agriculture, Food and Fisheries did not mention fishing in his speech during the pre-referendum period. Some claim that the pro-Marketeers “*were well aware that the renegotiation on fisheries had achieved little to nothing of substance and therefore*

⁶⁰ Todd, 2016, p.38.

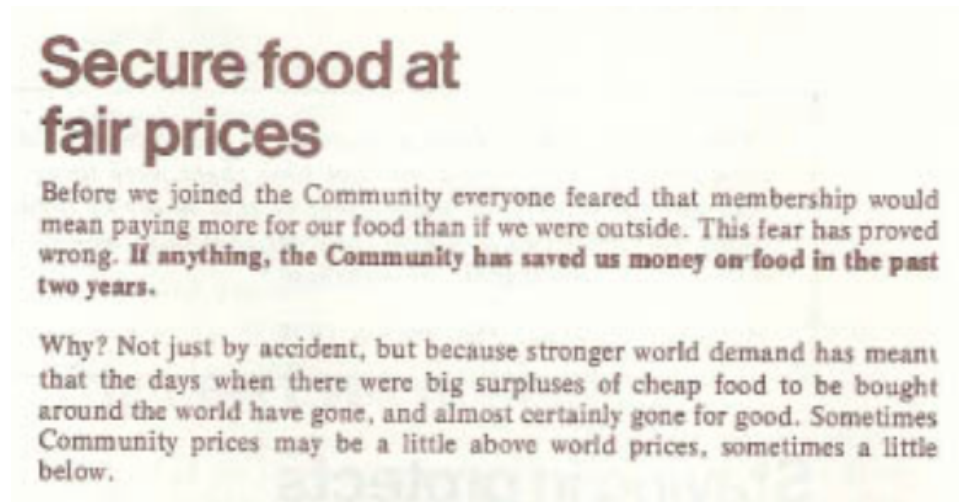
⁶¹ dtto

⁶² Todd, 2016, p.40.

⁶³ Butler, Kitzinger, 1996 , p. 48-50.

⁶⁴ *Why you should vote YES*, Referendum on the European Community (Common Market), Britain in Europe. 1975, [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>, p. 5.

sought to silence the issue”. The anti-Marketters tried to convince the voters that the prices of food escalated because of the UK’s membership of the EEC.⁶⁵



Excerpt from “*Why you should vote YES*” campaign booklet



Excerpts from “*Why you should vote NO*” campaign booklet

To sum it up, the debates about Agriculture, Food and Fisheries were not that intense as were the ones about the previous topic. The main point being the EEC and CAP and its influence on the prices of food in the UK.⁶⁶

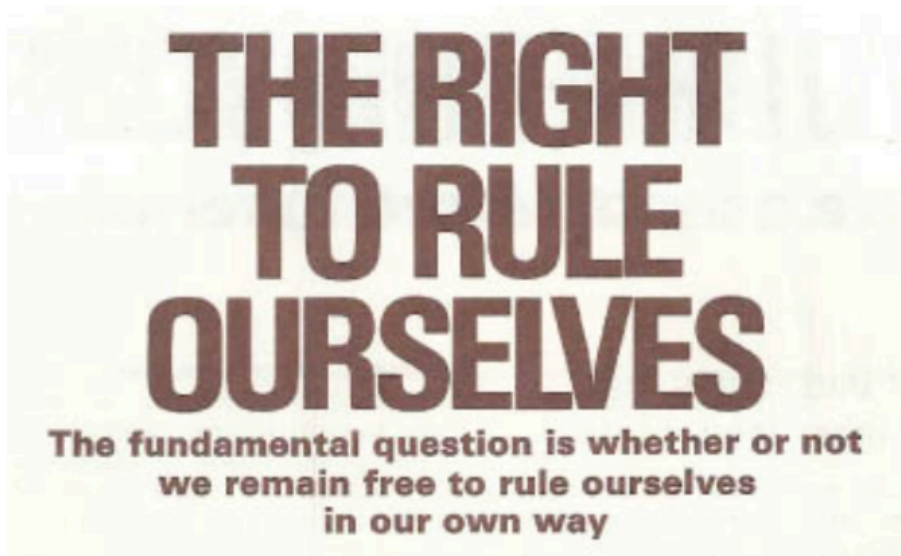
⁶⁵ Todd, 2016, p.42.

⁶⁶ LYNCH, Philip; Fairclough, Paul (2013). The European Union. AS UK Government and Politics (Fourth ed.). Hodder Education. pp. 1–340. ISBN 978-1-4441-8352-8, p. 18.

4.1.3 Sovereignty and democracy

The theme of sovereignty has been widely used during the whole period of UK's membership and even years before that. The patriotism and, to the certain extent, isolationism has been prominent in the British culture for decades or even centuries. The geographical position, the historical background and different mentality concerning Europe are just a few features that have been making the British to feel this way about the membership of either EEC or EU. It has been widely discussed among the EU's member countries as well as among their business partners and it is important to point that out here as this feature is important for the analysis of the UK's membership of the EU. The implications for UK's sovereignty and democracy concerning the membership of the EEC were extensively discussed in the 1970s and the topic stayed in the discourse until the referendum in 2016.

The one trend that can be traced in almost all of the debates and speeches, is the loss, transfer or sacrifice of the UK's sovereignty because of becoming part of the Common Market. The anti-Marketeters present the EEC as a institution which is trying to make Britain *“a mere province of the Common Market”*⁶⁷



Excerpt from *“Why you should vote NO”* campaign booklet

⁶⁷ National Referendum Campaign. *Why you should vote NO*. Referendum on the European Community (Common Market), 1975, [online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>. p. 18.



Excerpt from “*Why you should vote NO*” campaign booklet

Some stating that Common Market would “*merge Britain with France Germany, Italy and other countries into a single nation. This will take away from us the right to rule ourselves which we have enjoyed for centuries.*”⁶⁸

Nigel Spearing, a Labour Party politician, expressed very similar opinion by saying “*The Common Market executive in the Commission and in the Council is a supranational authority which is basically hierarchical in nature and in the end requires coercion rather than a consent.*”⁶⁹

These statements represent fundamental features of modern British Euroscepticism, containing fears of being part of one European state, as well as coercion and frustration from having to deal with politics of Common Market.⁷⁰ Although it might

⁶⁸ Butler, Kitzinger, 1996 , p. 51.

⁶⁹ Todd, 2016, p.44.

⁷⁰ Butler, Kitzinger, 1996 , p. 53.

seem that in the topic of sovereignty and democracy, the anti-Marketters held a stronger position, the pro-Marketters expressed their opinions as well. For instance, in the Government's referendum booklet it is stated that "*whilst EEC membership imposes new rights and duties on Britain it does not deprive us of our national identity*".⁷¹

WILL PARLIAMENT LOSE ITS POWER?

Another anxiety expressed about Britain's membership of the Common Market is that Parliament could lose its supremacy, and we would have to obey laws passed by unelected 'faceless bureaucrats' sitting in their headquarters in Brussels.

Excerpt from "*Britain's New Deal in Europe, Her Majesty's Government have decided to recommend to the British people to vote for staying in the Community*"

Another pro-Marketeer Geoffrey Howe, a Conservative Party politician argued that "the continued membership will act to the benefit of true sovereignty, sovereignty of the kind for which we have striven as elected representatives- namely, our power to influence our own destiny and our power, as elected representatives, to act on behalf of the people. That is what I mean by sovereignty I believe that that will be enhanced rather than diminished by continued membership of the Community."⁷²

To summarise this part, the topic of preserving sovereignty and democracy in the UK and their possible threads embodied by the membership of the EEC resonates probably now more than the two previous topics. We might find a lot of similarities in the discourse from this period and from the present. The British Eurosceptism has been very prominent

⁷¹ WILSON, Harold. Britain's New Deal in Europe, "Her Majesty's Government have decided to recommend to the British people to vote for staying in the Community", 1975, HM Government[online]. Available from: <http://hitchensblog.mailonsunday.co.uk/2015/08/the-1975-common-market-referendum-campaign-documents.html>. p.4.

⁷² Todd, 2016, p.48.

not only during the 70's but it was mainly escalated during this period also “supported” by the poor performance of the British economy.

4.2 “Brexit” Referendum



HM Government

Why the Government believes that voting to remain in the European Union is the best decision for the UK.

The EU referendum, Thursday 23rd June 2016.

Source: HM Government booklet, The EU referendum, Thursday 23rd June 2016, *Why the Government believes that voting to remain in the European Union is the best decision for the UK.*

In the previous chapter I described and analysed the referendum that took place in 1975. In this chapter I will do the same with the 2016 referendum, so-called “Brexit” referendum. In order to present and analyse the referendum it is vital to summarise the information about the historical background and economic situation of the UK before 2016.

4.2.1 Back to the Maastricht Treaty

For the purpose of the analysis of the “Brexit” referendum as well as for the final comparison of the two referenda, it is necessary to point out and determine the development of the British Euroscepticism after the referendum in 1975. This period offers crucial changes and re-occurring topics which need to be assessed.

After the downfall of Margaret Thatcher which was mainly caused by her intransigence over Europe, John Major became a new Prime Minister of the UK.⁷³ Major’s political career is marked by the debates about the Maastricht Treaty⁷⁴. Apart from the debates about the Maastricht Treaty, the topic of immigration and the crisis of the Eurozone connected with Economic and Monetary Union (EMU) are more prominent in the discourse during this period.⁷⁵ Concerning the Eurozone crisis and the criticism of the EMU, the negative attitude towards the Common Market and its institution intensified even more during this period. This can be demonstrated by the comment of Christopher Gill, Conservative Party member:

*“The Maastricht Treaty is a poor deal for British democracy because it ends the sovereign right of the Westminster Parliament to tax and to spend. It is a poor deal for the British people, because their democratically elected representatives will increasingly be seen to have had their influence over the nation’s affairs neutered.”*⁷⁶

And the fear of becoming a part of the “*United States of Europe*” is getting even more outstanding. The Daily Mail’s sceptical comment brings a great opportunity to observe a summary of the British attitude towards the Common Market tendencies to harmonize the whole Union as well as the financial support of the worse performing member states:

“For, in years to come, Britain’s taxpayers will have to hand over to the Poor Four (Spain, Portugal, Greece and Ireland) more than this Tory Government bargained for. The spectacle of Felipe Gonzalez acting the able-bodied beggar on behalf of the relatively prosperous Spanish people is enough to turn the stomach on a planet where

⁷³ MARR, Andrew. *A history of modern Britain*. London: Macmillan, 2007, p. 112-113.

⁷⁴ Formally referred to as The Treaty on European Union, signed on 7 February 1992. Source: WASSON, Ellis Archer. *Dějiny moderní Británie: od roku 1714 po dnešek*, Praha, 2010, p. 380.

⁷⁵ Todd, 2016, p.58.

⁷⁶ dtto

*poverty, disease and starvation are all too real. That is pork barrel politics. Support pledged for favours given...*⁷⁷

It can be seen here that the UK's tendency to feel separated from the continental Europe was becoming more and more visible. The European institutions are presented as undemocratic and uncountable and these arguments are used to describe the negative attitude towards the either EMU or the European integration in general.⁷⁸

The topic of immigration and security and their roles in the scepticism towards the continental Europe was not that visible but yet there were some comments that we might find similar to those that were presented during the period before the "Brexit" referendum. John Major's comment on this matter provides a concise summary of one way how this topic could be perceived:

*"All of us in this country live daily with the evils of terrorism and drug smuggling. No one doubts that we have to control immigration, in the best interests of everyone who lives in this country..... For most of our partners. The idea of an open frontier does not mean that there should be no limitations on what goods and people travel from one country to another. It reflects the fact that they cannot control these matters at the frontier and have therefore devised internal controls to do so. Our practice is different by virtue of our island status. Experience has shown that control at the frontier gives us the best possible chance of containing smuggling, terrorism and illegal immigration. We accept the right of Community citizens to move freely between member states, but we must, as we arranged under Single European Act, keep the controls that we consider necessary to control immigration from third-world countries and to combat terrorism, crime and trafficking in drugs. That means that we must retain frontier controls and we intend to do so."*⁷⁹

To compile this subject, there has been serious worries associated with the free movement of goods and people policy which started to resonate in the British society even before the immigration crisis. There is also a clear connection between the sovereignty and democracy topic and the matter of security and free movement of goods and people within the Common Area.

⁷⁷ Todd, 2016, p.68.

⁷⁸ Butler, Kitzinger, 1996, p 66.

⁷⁹ dtto

4.2.2 Prime Minister's speech

The debates about another referendum began in 2013, when Prime Minister David Cameron announced in his speech intention to reopen the negotiations about the UK's membership of the EU and promised to hold a referendum in 2016 provided that the Conservative Party wins the general election in 2015.⁸⁰ Although the debates the membership were becoming more intense since the formation of the Conservative-Liberal Democrat government in 2010. The Prime Minister was under pressure from the Conservatives to promise a referendum on UK's membership of the EU. The pressure was succoured by the rise of the UKIP with an expressive leader Nigel Farage. The situation reached its climax when more than 100 Conservative Members of Parliament signed a letter to the Prime Minister which stated their appeal to hold a referendum on Europe. The pressure remained stable and resulted in January 2013 in the announcement of renegotiate the UK's membership of the EU.⁸¹

In order to keep the structure consistent, I divide this part into four three key sections, as I did with the referendum in 1975: *Sovereignty and Democracy*, *Immigration and Economy*, *Jobs and Prosperity*. All of them are bound to specific time period beginning in 2013 and ending by the official announcement of the results of the referendum in 2016.

⁸⁰ Todd, 2016, p.83.

⁸¹ GIFFORD, Chris, *The Making of Eurosceptic Britain: Identity and Economy in a Post-imperial State*. 2008. 4I. S.I.: Ashgate. ISBN 0754670740, p. 83.

4.2.3 Sovereignty and Democracy



Source: LSE Digital Library, Better Off Out campaign, No to the European Union Yes to the Wider World

There have been a great number of discussions about the British sovereignty. This topic has its origin in the historical development of the UK decades or maybe even centuries ago. The UK have always been a sovereign country with a strong position on the world trade market. This mind-set has persisted until nowadays and can be traced in almost every debate about the UK's membership of the EU. The issue of Sovereignty and Democracy was mentioned in the David Cameron's speech in 2013:

"I know that the United Kingdom is sometimes seen as an argumentative and rather strong-minded member of the family of European nations. And it's true our geography has shaped our psychology. We have the character of an island nation-independent, forthright, passionate in defense of our sovereignty. We can no more change this British sensibility than we can drain the English Channel. And because of this sensibility, we come to the European Union with a frame of mind that is more analytical than emotional."

*For us, the European Union is a means to an end-prosperity, stability, the anchor of freedom and democracy both within Europe and beyond her shores-not an end itself*⁸²

He also mentions the “a gap between the EU and its citizens”⁸³ and addresses the dissatisfaction with EU’s institutions and their way of representing its citizens “there is a growing frustration that the EU is seen as something that is done to people rather than acting on their behalf.”⁸⁴ The entire speech is a kind of rejection manifesto to the EU, refusing the European identity and integration within continental Europe. Nigel Farage uses fairly similar arguments to support his Eurosceptic policies:

*“The fact is we just don’t belong in the European Union, Britain is different. Our geography puts us apart. Our history puts us apart. Our institutions produced by that history put us apart. We think differently. We behave differently... The roots go back seven, eight, nine hundred years with the Common Law. Civil rights. Habeas corpus. The presumption of innocence. The right to trial by jury. On the continent confession is the mother of all evidence.”*⁸⁵

Even though this speech has more sentimental tone than the David Cameron’s, it is interesting how it addresses the historical otherness as well as the geographical parting of the UK. The concerns about preservation of the UK’s sovereignty and democratic principles are also echoed in the press. Both *The Times* and *Daily Mail* presented articles and editorials on this topic.⁸⁶

To summarize this section, the topics of sovereignty and democracy were prevalent in the discourse in comparison with the previous periods. The themes of “island identity”, “historical independence” and “EU’s institutions dictate” is involved in almost any discussion about the UK and the EU in this time period.

⁸² Full speech available from: <https://www.theguardian.com/politics/2013/jan/23/david-cameron-eu-speech-referendum>

⁸³ *David Cameron’s EU speech – full text*, available from: <https://www.theguardian.com/politics/2013/jan/23/david-cameron-eu-speech-referendum>

⁸⁴ WASSON, Ellis Archer. *Dějiny moderní Británie: od roku 1714 po dnešek*. 1. vyd. Překlad Tomáš Znamenáček. Praha: Grada, 2010, p. 167.

⁸⁵ Todd, 2016, p.88.

⁸⁶ dtto

4.2.4 Immigration

As this topic should serve as an answer to one of the core questions of the thesis, which I stated in the Introduction, being: “*The negative media image of immigration displayed in the mass media might be one of the key features that influenced the result of the referendum in June 2016.*” I present and analyse some examples of the immigration media image in the period before the referendum in 2016. Because the matter of immigration is closely connected with the sovereignty, I sometimes address both of the topics in the analysis due to their relation. The immigration has always been an issue that the UK have been struggling against. The issue reached its climax when the new immigration wave reached Europe in years 2014-2015.

One of the proofs that the immigration became one of the fundamental issues for the remaining in the EU is that this topic is addressed in the official UK’s government booklet which was distributed to every household before the referendum took place in June 2016.⁸⁷

Controlling immigration and securing our borders

Securing our borders

The UK is not part of the EU's border-free zone – we control our own borders which gives us the right to check everyone, including EU nationals, arriving from continental Europe.

Immigration

The Government has negotiated a deal that will make our benefits system less of a draw for EU citizens. In future, new EU migrants will not have full access to certain benefits until they have worked here for up to four years. The Government will have greater powers to take action where there is abuse of our immigration system.

Excerpt from HM Government leaflet, The EU Referendum, Thursday 23rd June 2016, *Why the Government believes that voting to remain in the European Union is the best decision for the UK.*

⁸⁷ HM Government leaflet, The EU Referendum, Thursday 23rd June 2016, *Why the Government believes that voting to remain in the European Union is the best decision for the UK*, p. 6.

Even though the topic of immigration was presented in the greater extent in the newspapers than discussed in the Parliament, it was still considered as an important feature of the discourse.⁸⁸ It can be generally observed that when the subject of immigration is mentioned in the debate on Europe, it has usually negative connotation. One example is an article from *The Sun* on the topic of “Brexit”:

*“We must set ourselves free from dictatorial Brussels... Staying will worse for immigration, worse for wages and worse for our way of life... To remain means being powerless to cut mass immigration which keeps wages low and puts catastrophic pressure on our schools, hospitals, roads and housing stock.”*⁸⁹

It is essential to point out the name of this article as it is not only calling for leaving the EU but “urging” the readers to do so: *“We urge our readers to beLEAVE in Britain and vote to quit the EU on June 23”*. From the semantic point of view, we can again see that leaving the EU is presented as believing in the UK. From the economic perspective, there is an unusual connection of immigration and low wages, “catastrophic pressure” on school system, hospitals, roads and housing stock which stays unexplained in the article, it is solemnly presented as a fact. Moreover, if we compare the article with the information stated in the official booklet given by the Government⁹⁰, the message seems to be quite opposite, which is not a surprise but gives a fair image about the informational misbalance that the UK citizens must have faced. Considering the isolationism tendencies that were described in the previous chapters and which are historically and geographically linked with the development of the UK as a country, appeal similar to this might resonate in the British society even more.

As a demonstration that appeals like this were quite often displayed in the media, Nigel Farage assigned immigration as *“the biggest single issue facing this country”* during his party conference speech.⁹¹

Other example is the Parliamentary debate in which Nigel Dodds, the Conservative Party MP, asked: *“How many times do we hear complaints about*

⁸⁸ Todd, 2016, p.90.

⁸⁹ *We urge our readers to beLEAVE in Britain and vote to quit the EU on June 23*. The Sun.

⁹⁰ HM Government leaflet, The EU Referendum, Thursday 23rd June 2016, Why the Government believes that voting to remain in the European Union is the best decision for the UK, p. 6.

⁹¹ Todd, 2016, p.91.

*untrammelled immigration from EU countries as we no longer have the power effectively control our borders?”*⁹² The concern about the borders security is mentioned several times in the political debates and speeches. For instance, Adam Afriyie, the Conservative Party MP, states that: *“People want to know that their Government are already fighting to get control of our borders.”*⁹³

Another aspect of the immigration issue that is also frequently mentioned in the media, apart from loss of control of the borders, is so-called “*welfare chauvinism*” which *“describes the perspective that state support like unemployment benefit should be restricted to national citizens and not provided to those originating elsewhere.”*⁹⁴ A decent example of this is the quote from *The Times*:

*“If the European Union Commission wanted to give succour to Nigel Farage, it could hardly have done better than attack Britain’s tests for European Union migrants who claim welfare benefits. The commission claims its aim is equality: that Britain’s “right to reside” test discriminates against non-British EU citizens because British citizens do not have to pass it. In fact, this is a blatant attempt to use freedom of movement to open a new front in the war to restrict the power of nation states in matters of deep national significance.”*⁹⁵

A Daily Mail editorial states argued about the same topic: *“yet another sovereignty power grab from an EU elite, which is trying to seize control not only of Britain borders, but also our welfare state.”*⁹⁶ These articles and editorials arouse the negative associating, especially fear and hatred towards the immigrants and the free movement of people, which is the key politics of the EU, itself.

Last feature of the immigration topic I wanted to acknowledge is the linking of immigration with increasing number of crime incidents a decrease of national security.⁹⁷ An editorial from *The Sun* demonstrate this matter accurately:

“Today The Sun reveals the shocking figure that nearly one in five of all rape or murder suspects is foreign. The sheer scale of crimes committed by foreigners is astonishing. Confront politicians with an embarrassing statistic and they try to get off the hook by talking about “context”. So here is the context for that crime figure. A report published today shows that,

⁹² Todd, 2016, p.92.

⁹³ dtto

⁹⁴ Wasson, 2010, p.194.

⁹⁵ *Europe picks a fight and leads with its jaw*, *The Times*, June 2 2013.

⁹⁶ *The Daily Mail*, *Defend Britain from EU benefit tourists*, *Daily Mail Comment*, 31 May 2013.

⁹⁷ Todd, 2016, p.94.

because of a loophole in the immigration rules, more than 20 000 foreigners from outside the EU come to live here every year. It doesn't take a genius to work out that the two figures might be connected. The more foreigners who live here, the more likely it is that crimes will be committed by foreigners. The Government is trying to get a grip on immigration. The numbers overall are down. But crime figures like this show just how vital it is that loopholes are closed and sanity is restored to immigration."⁹⁸

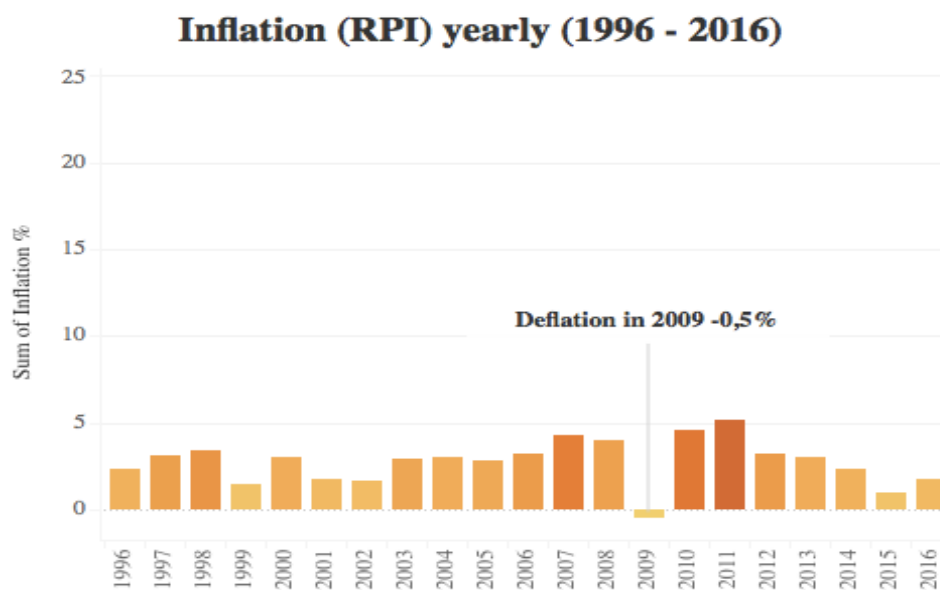
This editorial perfectly shows that when pure statistics is presented in the suitable way (for the presenter) it might bring a rather dangerous impact. Stating that if the number of immigrants increases then it is more probable that the number of crimes committed by the immigrants might arise as well, is just plain statistics. Although, in the context of the whole editorial it may be misleading for the readers. So overall this editorial is an excellent example of confusing the correlation with causality which might be not visible at the first sight for a regular reader.

To recap the whole section, there were multiple aspects associated with the immigration but none of them was positive. Considering the British Euroscepticism and the impact that mass media have had on the mind-set and behaviour of people in general, it is possible to derive the conclusion that the answer to the question *"The negative media image of immigration displayed in the mass media might be one of the key features that influenced the result of the referendum in June 2016"* is that the negative media image which immigration gained during the months and years before the referendum gave to those who wanted Britain to leave the EU a powerful point to convince the voters that there is another component of the EU due to which the UK should leave.

⁹⁸ *One in 5 murder accused foreign*, The Sun, 12th May 2013.

4.2.5 Economy, Jobs and Prosperity

The economic development in the period before the referendum was rather stable considering the fact that most of the economies were still recovering from the economic recession in 2008. The UK was, as most of the European countries, also influenced by the decrease of international trade and other economic activities to that point that according to the RPI index the economy was for a short period of time in deflation.⁹⁹ It was not a permanent state but it certainly influenced the performance of the economy as well as its key fragments.

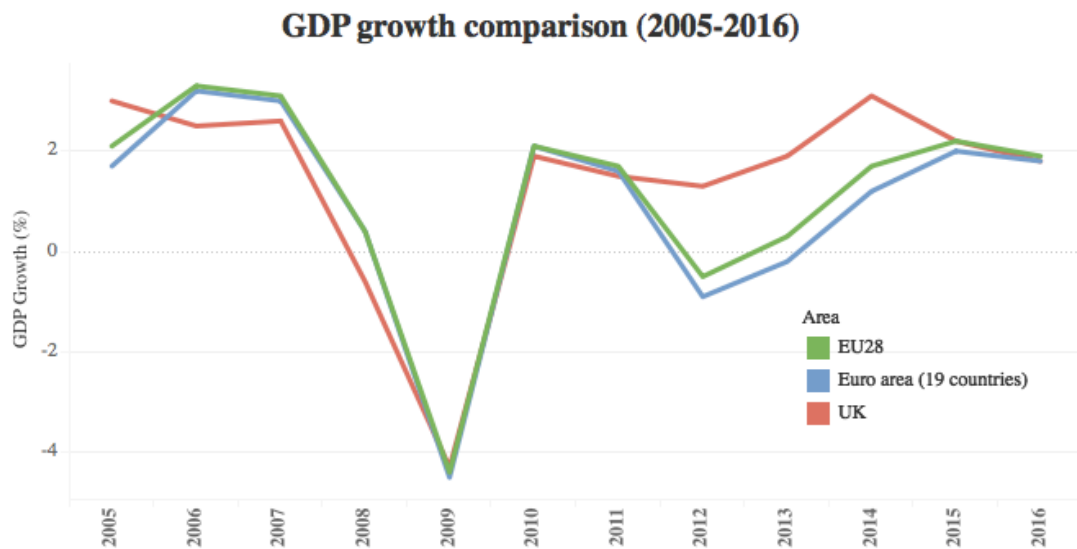


Graph no. 3 Inflation (RPI) yearly (1996-2016) source: own visualization, data from the Office for National Statistics (ONS)

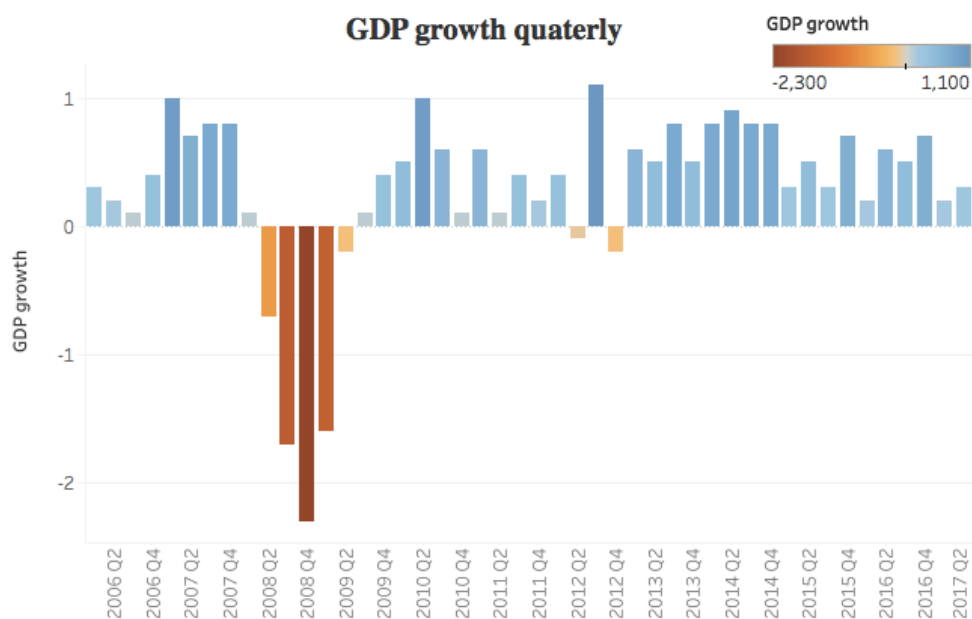
From the GDP growth point of view, the economy grew more or less about 1% a year, with two downfalls in the Q4 2011 and Q2 2012. Since then we can observe a steady growth. In comparison with the EU28, the UK was from 2011 until 2016 performing better than the EU28 or 19 members of the Euro zone. Since then the tempo of growth has been more or less the same as it is in the countries of the Euro zone or the EU28. As the UK's GDP growth oscillates around the value of 1% a quartering it is hard to

⁹⁹ Data from the Office for National Statistics (ONS).

determine any significant features but we can easily see that throughout the year it follows a certain trend.



Graph no.4 GDP growth comparison (2005 – 2016) source: own visualization, data from the EUROSTAT



Graph no. 5 GDP growth quaterly source: own visualization, data from the Office for National Statistics (ONS)

In the period from 2013 there were three major areas that could be identified from the Economy, Jobs and Prosperity point of view. First was a situation that, on one hand, the UK realized the profits of the membership of the EU but on the other hand, states a need to reform and decrease regulation from the EU's institutions. Second area is that so-called hard Eurosceptics were getting more and more attention in the British society and their criticism of the UK's membership of the EU was getting more and more influence. Third aspect of the discourse was a opposition to referendum as it could cause significant uncertainty for business.¹⁰⁰

David Cameron is a delegate of the first area. He stated that: *“Continued access to Single Market is vital for British businesses and British jobs. Since 2004, Britain has been the destination for one in five of all inward investments into Europe. And being part of the Single Market has been key to that success.”*¹⁰¹ but at the same time he pointed out that: *“Taken as a whole, Europe's share of world output is projected to fall by almost a third in the next two decades. This is the competitiveness challenge- and much of our weakness in meeting it is self-inflicted. Complex rules restricting our labour markets are not some naturally occurring phenomenon. Just as excessive regulation is not some external plague that's been visited on our businesses.”*¹⁰² Therefore, while noting that a membership of the Single Market is a fundamental feature for the development and prosperity of the UK's economy, he also claimed that there are certain prompts to the EU legislation.¹⁰³

Overall, the UK's Government was supportive of an idea of remaining in the EU, which is clearly demonstrated in the official booklet¹⁰⁴ issued by the HM Government named: *“Why the Government believes that voting to remain in the European Union is the for the UK”*, as well as the importance of the Single Market for the UK's international trade and the possible impact on it in case of leaving the Union:

¹⁰⁰ Todd, 2016, p.95.

¹⁰¹ *David Cameron's Europe speech in full*, The Telegraph, 23rd January 2013.

¹⁰² dtto

¹⁰³ Todd, 2016, p.96.

¹⁰⁴ HM Government, *Why the Government believes that voting to remain in the European Union is the best decision for the UK*, The EU referendum, Thursday 23rd June 2016.

A stronger economy

The EU is by far the UK's biggest trading partner. EU countries buy 44% of everything we sell abroad, from cars to insurance. Remaining inside the EU guarantees our full access to its Single Market. By contrast, leaving creates uncertainty and risk.

The EU's Single Market has over 500 million customers and an economy over five times bigger than the UK's. The Single Market makes it easier and cheaper for UK companies to sell their products outside the UK, creating jobs as a result.

Being inside the EU also makes it more attractive for companies to invest in the UK, meaning more jobs. Over the last decade, foreign companies have invested £540 billion in the UK, equivalent to £148 million every day.

Excerpt from HM Government booklet *Why the Government believes that voting to remain in the European Union is the best decision for the UK, The EU referendum*

The regulation issue as a main reason for leaving the EU was depicted the Eurosceptics even into more detail. For instance, David Rutley, Conservative MP argued: *“There are not just political reasons, but clear-cut economic reasons why we need to have a referendum, not least of which are the fact that 70% of the regulations that are an unacceptable burden on our businesses and their employees emanate from Europe.”*¹⁰⁵

David Nutall, Conservative Party MP, states similar opinion *“I want us to trade with our European neighbours, but I do not see why we should have to pay billions of pounds every year for the privilege of doing so.”*¹⁰⁶

The financial matter is, apart from others, mentioned in the “Vote Leave” leaflet which informs readers that remaining in the EU “is dangerous” and *“We will keep sending at least £350 million a week abroad”*.

¹⁰⁵ Todd, 2016, p.97.

¹⁰⁶ dtto

Why should we Vote Leave on 23 June

- The PM's deal leaves the EU in charge of the same things after his negotiation as before
- It is **not** legally binding - the European Court can tear it up the day after the referendum
- This is dangerous. We will keep sending at least £350 million a week abroad
- Immigration will continue out of control putting public services like the NHS under strain
- The European Court will be in charge of our borders, immigration, asylum and even our intelligence services
- If we Vote Leave, we will take back control and can spend our money on our priorities



www.voteleavetakecontrol.org

 Vote Leave

Excerpt from Vote Leave leaflet

The topic of possibility of causing an uncertainty for the businesses by setting up the referendum on leaving EU was displayed, for example, in the Daily Mirror editorial which was published the next day after David Cameron's speech. This editorial was criticising Prime Minister by stating: *"By opening this Pandora's Box, he creates years of uncertainty which could drive away investment from the UK, diminish our power within Europe and leave us estranged from our greatest trading partner."*¹⁰⁷

Overall, the topic of possible impacts, either positive or negative, of leaving the EU has been quite important in the discourse and mentioned on both sides of the spectrum.

4.3 Comparison of the two referenda

This chapter should summarize main features and characteristics of the two referenda and compare and contrast them. It offers a view on the evolution of the discourse on Europe and the membership of the Community. As I presented main areas that influenced the decisions and overall mind-set of the British public during these two

¹⁰⁷ Todd, 2016, p.100.

periods, I will provide just a brief recapitulation of them and then analyse the similarities/continuities and differences.

The most prominent themes of the referendum in 1975 were: Firstly, a conflict between pro and anti-Marketeers on the topic of economic impact of the membership of the EEC. Pro-Marketeers argued that the risk of leaving the Community is too high and anti-Marketeers blamed the Common Area from the distortion of the British international trade. From the discourse point of view, both sides' expressions were rather negatively oriented (fear from leaving, negative impact on the trade). Although none of them have more dominant position. Secondly, there was a topic of Agriculture, Food and Fisheries with a main issue embodied by the Common Agriculture Policy (CAP) and the opposite opinions about the impact on the British food supply and export/import. Third characteristic that was identified was a question of preservation or sacrifice of British Sovereignty and Democracy by being a part of the Common Market which was necessarily connected with obeying the legislation given by the EEC institutions. Another aspect that needs to be mentioned here is the length of the membership itself. The UK had been part of the EEC for about two years when the referendum took place. Additionally, the Conservative Government lead by Margaret Thatcher was in favour of the membership and the influence of the Eurosceptics was not that significant.

In order to summarize the referendum in 2016 so-called "Brexit", it is necessary to divide the topic into three major areas: Sovereignty and Democracy, Immigration and Economy, Jobs and Prosperity. The area of British sovereignty had gained over the years of the membership of the Common Market serious influence. When talking about sovereignty it is imperative to acknowledge the nature of British society, its geographical and historical background as this played an important role in the historical discourse. The immigration issue was illustrated in detail with weight put on its implications for the result of the referendum. The theme of Economy, Jobs and Prosperity is closely connected with the uncertainty brought upon the international trade in case of leaving EU. This uncertainty resembles a lot to the pro-Marketeer referendum in 1975 campaign's theme ("Why risk leaving?")¹⁰⁸. Another influence on the economy is the excess amount of regulations from the EU.

¹⁰⁸ Todd, 2016, p.48.

The main similarities of both referenda are the topics of sovereignty and impacts of the membership on the British economy and foreign trade. As it was noted before, the subject of sovereignty and its importance for the British has historical and geographical aspects. The UK has always been a sovereign country, independent and possessing freedom of making decisions for themselves. This feature was well displayed in the fear of becoming part of Europe in the sense of a potential loss of the national identity. In addition, the regulations and common EU/EEC policies like CAP escalated this fear even more. In both referenda, there was a considerable disagreement between the pro and anti-Marketeers about the impact of the membership on the UK's economic situation. The anti-Marketeers blamed the Common Market and its regulations for the poorly performing economy and the pro-Marketeers defended the membership as the only way how to preserve the international trade from decreasing.

The fundamental difference that I mentioned before was the length of the membership. In 1975, the UK had been a member of the EEC for a little bit more than two years, in contrast, in 2016, the UK has been a member of Common Market for more than forty years. Hence, the time aspect has probably played an important role in the result of the second referendum. This is connected with the increasing influence of UKIP and the Eurosceptics in general as well as with the EU legislation and the increasing amount of financing that the UK had to give every year into the common budget. The rising volume of the UK's member contribution has played a pivotal role in the "Leave" campaign as well as in the media communication in the period before the referendum in 2016.¹⁰⁹

Although the decision to leave the EU which was a result of the "Brexit" referendum was not unequivocal as the result of the previous referendum, the motivations for leaving can be easily traced.

¹⁰⁹ I analyse the member contributions in the upcoming chapter so I did not elaborate on this topic in this part. As an example of the presentation of the rising volume of the UK's member contribution, serves The Guardian article: *Britain's contribution to EU has risen by £2.7bn, quadrupling in five years*, The Guardian, 31 October 2014, available from: <https://www.theguardian.com/world/2014/oct/31/britain-eu-contribution-rise-quadruple-cameron>

What I wanted to point out in this chapter is the fact that the result of both referenda is closely connected with the previous development within the British society and all of their features are more complex than it can be perceived just from observing from far.

5 Analysis of UK's member contribution to the EU budget

The amount of financing that the UK sends to the EU budget every year has become a serious topic not only for the media but mostly for the Eurosceptics. It is given by the nature of the Single Market that member states accept the burden of the more developed economies to help the less developed ones. Although, in case of the UK the volume of financial support has a different scope.¹¹⁰ This chapter's aim is to verify or falsify the hypothesis that states: *"The UK's member contribution to a central EU budget has been significantly higher than the financing gained from the EU member activities and programs."* The first part consists of the introduction to the structure of the member contribution and the second presents the historical analysis of the UK's contribution and summarises the other funding and possible advantages of the membership of the Common Market.

5.1. Structure of UK's member contribution

As a member state the UK pays or contributes to the EU budget. The EU sends financing to the UK by providing funding for assorted programs. These programs include funds that support agriculture, develop regional economies and improve competitiveness. As all member states, the UK makes contributions to the EU budget in three ways. First, it collects customs tariffs and levies on behalf of the EU. Second, it contributes of its adjusted VAT-base. Third, it contributes a percentage of its Gross National Income (GNI) which is the greatest in volume from the three above-mentioned.¹¹¹ Although there are

¹¹⁰ KEEP, Mathiew. The UK's contribution to the EU budget, House of Commons Library, Briefing Paper, number CBP 7886, 16 March 2017, 1-18, p.2.

¹¹¹ KEEP, Mathiew, 2017, p.3.

various ways to measure the UK's net contribution to the EU budget, the analysis is based on the HM Treasury's approach.

The UK receives a rebate on its net contribution. The rebate was introduced in 1985 to correct the issue of the UK making relatively large contributions to the EU budget while receiving relatively little receipts from it. The rebate is deducted from the UK's contributions before it makes its payment to the EU budget.¹¹²

As mentioned before, the majority of the UK's contribution comes from GNI member contribution. The principle is that the EU uses the GNI contribution to balance its budget, to even the difference between the spending and the revenues.¹¹³

5.2 What the UK's gives and what it gets

This section provides a kind of cost-benefit analysis of the UK's membership from the financial point of view with a stress put on the recent years' development that resulted in the decision to leave the EU in 2016.

Based on the data of UK's contributions from HM Treasury (from 1973 until 2016) I made a graph that visualizes the trend in which the contribution has developed over time. The net contributions here are defined as the difference we get when the rebate and the public sector receipts are subtracted from the volume of gross contributions. To see the all important sums, I enclose the table with the data obtained from HM Treasury archive.¹¹⁴

¹¹² AYRES, Steven. The UK Funding from the EU, House of Commons Library, Briefing Paper, number CBP 7847, 29 December 2016, 1-20, p. 2.

¹¹³ KEEP, Mathiew, 2017, p. 5.

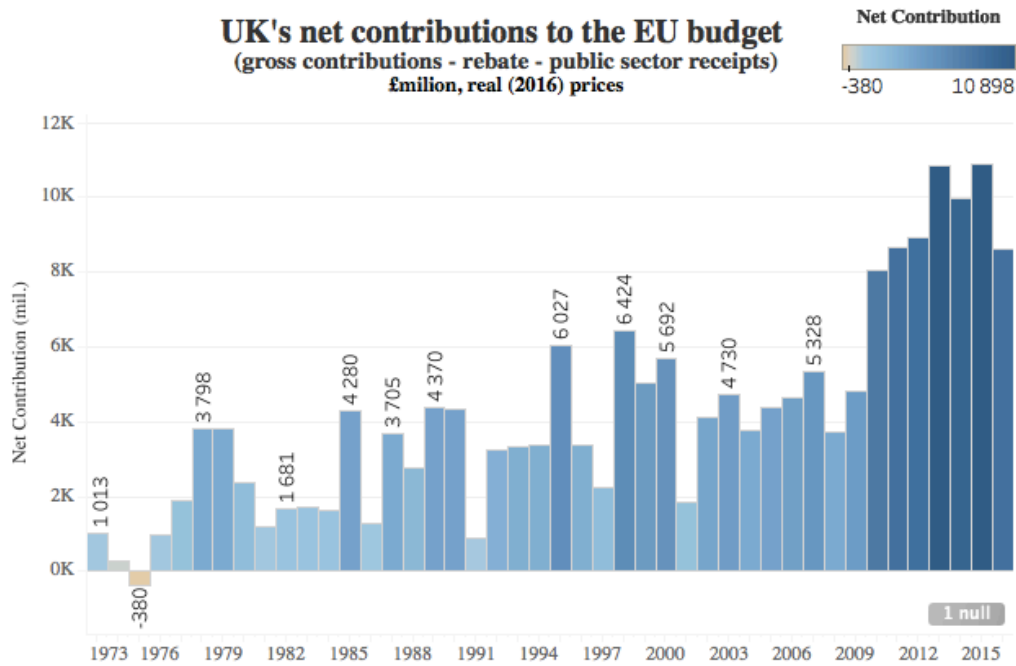
¹¹⁴ To explain the presented numbers, the Gross contribution states the measured number that the EU computes based on the its revenues/costs ratio, the Public sector receipts represent the EU funding that the UK receives for agriculture, social, economic development and competitiveness programs. The Rebate is the volume of the negotiated reduction from the Gross contribution and the Net Contribution is a final number that shows if the UK paid less than it received or vice versa. Source: KEEP, Mathiew, 2017, p. 5.

UK's contribution to the EU budget (1973 - 2016)

£million, real (2016) prices

Year of Y..	Gross contribution	Public sector receipts	Rebate	Net Contribution
1973	1 797	784		1 013
1974	1 548	1 283		265
1975	2 320	2 700		-380
1976	2 721	1 739		981
1977	3 804	1 900		1 905
1978	6 228	2 430		3 798
1979	6 481	2 660		3 822
1980	5 930	3 232		2 369
1981	6 503	3 243		1 188
1982	7 941	3 434		1 681
1983	7 823	4 001		1 701
1984	8 010	5 050		1 640
1985	9 327	4 510	393	4 280
1986	10 182	5 031	3 855	1 296
1987	11 198	5 011	2 482	3 705
1988	10 447	4 436	3 241	2 769
1989	10 543	3 994	2 178	4 370
1990	11 107	3 816	2 966	4 326
1991	9 530	4 538	4 099	893
1992	10 740	4 506	2 998	3 235
1993	12 410	5 115	3 946	3 349
1994	11 044	4 996	2 651	3 396
1995	13 336	5 499	1 810	6 027
1996	13 166	6 303	3 477	3 385
1997	11 298	6 590	2 451	2 258
1998	14 099	5 750	1 925	6 424
1999	14 251	4 819	4 392	5 039
2000	14 281	5 759	2 831	5 692
2001	12 619	4 615	6 135	1 868
2002	12 427	4 215	4 080	4 133
2003	14 099	4 793	4 576	4 730
2004	13 675	5 389	4 510	3 775
2005	15 364	6 515	4 470	4 379
2006	14 756	5 876	4 238	4 642
2007	14 425	5 017	4 080	5 328
2008	14 248	5 064	5 475	3 709
2009	15 672	4 882	5 981	4 810
2010	16 600	5 209	3 329	8 064
2011	16 444	4 425	3 366	8 655
2012	16 605	4 397	3 280	8 930
2013	18 768	4 136	3 802	10 830
2014	19 119	4 666	4 496	9 957
2015	19 806	3 932	4 976	10 898
2016	16 996	4 503	3 878	8 616

Table no. 1 UK's contribution to the EU Budget (1973 – 2016) source: own visualization, data: HM Treasury database



Graph no. 6 UK's net contribution to the EU budget source: own visualization, data: HM Treasury database

As we can see, the volume of UK's net contribution fluctuates over time. This is primarily caused by the fact that the member contributions in general chiefly consist of the GNI-based contributions. Hence, knowing that the GNI contributions are used to harmonize the EU's budget, it is not surprising that the UK's contribution oscillates in time.

Despite the above-described, there is an interesting trend, in the last six years, beginning in 2010, the number of the contribution had accelerated and in 2013 reached the triple value of the one from 2008. This shows the evidence of the solidarity of the stronger economies with the less developed ones. As the official House of Commons briefing paper states "Generally speaking, the richer Member States are net contributors to the EU budget – they contribute more to the EU budget than they receive from it."¹¹⁵ Additionally, the UK have been in the top 5 contributors since 2010 and in 2015 became the second largest one in absolute terms.¹¹⁶ This progression of the rising UK's contribution gives an explanation of the negativity of some UK's politicians, e.g. Nigel

¹¹⁵ KEEP, Mathiew, 2017, p. 7.

¹¹⁶ dtto

Farage, about the enlargement of the EU, as the new members have been mostly less developed countries.¹¹⁷

It was revealed in the introduction of the chapter the HM Treasury approach to measuring of the net contributions to the EU budget does not include the payments that the EU makes straight to the organizations or companies. Even though it is challenging to define the volume of these payments, the official Briefing Paper issued by the House of Commons declares that “In recent years these funds have been worth around £1 billion - £1,5 billion to the UK.”¹¹⁸ This sum reduces the number of the net contribution but considering its size, the UK still remains one of the highest contributors from the EU member states.

It is true, however, that the membership of EU brings more to the UK than the Public sector receipts and financing given to the organizations and companies. Yet it is hard to quantify the possible impact of the leaving, the main areas that will be influenced are: international trade, investment and jobs. Considering the fact that the UK’s main trading partners are the EU countries, the consequences of leaving the Common Market might be detrimental. Regarding the investment, UK has had a status of one of the world’s biggest financial centres. The act of leaving the EU might mean that the companies based in the UK cannot act within the EU framework. A clear demonstration is that some of the biggest financial firms began to move their bases from the UK’s territory.¹¹⁹ As the job market is closely connected with the financial market and the amount of investment as well as with the volume of trade, it is expected that the number of job positions will be reduced.

A rigorous study made by the HM Treasury presented an economic analysis of the long-run impact of remaining a member of the EU compared to the alternatives.¹²⁰ All of the alternatives result in the significant reduction of the UK’s economic openness and

¹¹⁷ UKIP in Romania. 21 December 2006, BBC News, Europe diary, [online]. Available from: <http://news.bbc.co.uk/2/hi/europe/6198491.stm>

¹¹⁸ KEEP, Mathiew, 2017, p. 3.

¹¹⁹ FINCH, Gavin. Frankfurt is the big winner in Battle for Brexit Bankers, Bloomberg, July 26 2017.

¹²⁰ The alternatives are: “membership of the European Economic Area (EEA), negotiated bilateral agreement, such as the one between the EU and Switzerland and the World Trade Organization membership without any form of specific agreement with the EU, like Russia or Brazil” Source: HM Treasury, HM Treasury analysis: the long-term impact of EU membership and the alternatives, Cm 9260, April 2016, 1-201, p. 6.

interconnectedness which were identified as key factors for the UK's economic development.¹²¹

To compile this chapter, the UK should have, from the economic perspective, stayed in the EU as any other option would have a harmful influence on its economic development. And this applies even though the amount of financing given to the EU budget have been lately higher than the funding received, through various sources, from the EU. This serves as a falsification of the hypothesis: *“The UK's member contribution to a central EU budget has been significantly higher than the financing gained from the EU member activities and programs.”* Hence, the result of the referendum in 2016 was purely based on the emotions. These emotions were driven by the historical background, different mind-set, media pressure, immigration crisis and many other key aspects which were characterized in the previous chapters.

¹²¹ HM Treasury, HM Treasury analysis: the long-term impact of EU membership and the alternatives, Cm 9260, April 2016, 1-201, p. 28.

Conclusion

The UK has always had a different attitude towards the continental Europe than the other countries that either was already in the Community or were aspiring to become a member of it. Even though it was vital for its international trade and foreign investment to trade and cooperate with the European countries, there has always been an ambivalent attitude towards the idea of the European integration. This is closely connected with the historical background of the UK. From the historical point of view, the UK has always been a more or less autonomous monarchy that was stimulating its economic growth through the international trade with other countries but remained independent on them. But during the 20th century, there was a visible necessity to integrate with Europe on another level. Although, the vibe of the “*awkward partnership*”¹²² lingered in the European environment until the June 2016 when UK’s citizens decided to leave the EU in the referendum.

For me personally was the result of the “Brexit” referendum at first quite shocking and it made me to search for the information and to analyse the possible motivations and reasons why the Britons decided to not to be a part of the EU anymore. This thesis has brought a substantial amount of information and opinions that can be interpreted in many ways, however, I admit that after completion of this thesis I understand the British mentality more. As there are not many academic or any other works concerned with this topic at the Czech literature market, I suggest that this thesis may serve the same purpose for the others who feel the same urges to comprehend the act of leaving the EU as much as I did.

During the research I encountered several obstacles, mainly it was a biased interpretation of some information or numbers in the media. Another was the fact that it was not possible to find a single source of all of the data connected either to the member contribution or the general economic performance of the UK’s economy, the data sets I found contained different values so I had to choose which source to believe the most.

¹²² The term “awkward partner” was first introduced by Stephen George in the late 1990s which should symbolise the UK’s “semi-friendly” attitude towards the Single Market. Source: STEPHEN, George. *An Awkward Partner: Britain in the European Community*. 3rd Edition. Oxford: Oxford Publishing, 1998, p. 32.

Also, I did not find almost any resource written in Czech that would be in the similar scope as I wanted to make my research on.

This main aim of the thesis was to describe and analyse the UK's membership of the EU. This was done by identifying and then inspecting of the areas that played a momentous role in the decision-making of the British government likewise the British citizens during the referenda 1975 and 2016. The main factors that influenced the referendum in 1975 were: the economic impact of the membership of the EEC on the UK's economy, the impact of the membership on the area of agriculture, food and fisheries, preservation or sacrifice of the British sovereignty and the length of the membership itself.

All of the topics were presented in different ways by both pro- and anti-Marketeers. The economic impact of the membership is a perfect example of this. The pro-Marketeers were quite sure about the positive effect of the membership and their main concern were the consequences of leaving the Single Market for the economic performance. On the other hand, the anti-Marketeers presented the EEC's trade legislation as harmful for the UK's international trade and were debating that the legislation distorts it. This contrasting perception of some membership feature is relatively common throughout the entire membership period. It is hard to determine if the either of sides was right or wrong because both of the opinions were supported by the data and from the global point of view it is generally impossible to set up a policy that would suit every member state as there are various differences in the structure and volume of the trade and even in the level of development of the economies and in terms of international the motto "one size fits all" can be applied at all.

The case of agriculture, food, and fisheries was primarily associated with a criticism the Common Agriculture Policy (CAP) and, on the other hand, a positive impact of the membership on the British food supply and export/import. In consideration of the fact that international trade is one of the fundamental parts of the British economic development and that its agriculture cannot provide enough supplies to satisfy the domestic food demand, the membership of the EEC was rather beneficial for the UK than the other way around.

The dilemma of preservation or sacrifice of the British sovereignty has more emotional and sentimental tone. As I described above, the UK has had a very protective attitude towards its rights to be a sovereign and democratic country. Despite this, it

became a member of Common Market which necessarily means that part of its sovereignty needs to be sacrificed in order to be a regular member and this applies to every member state. The other important thing is that the UK would need to obey the EU rules for trading even if it was not an EU member state. The EU makes its legislation with a regard to conditions and needs of its member states and the non-member states are bound to accept them if they plan to trade with the EU. This was very well communicated by Margaret Thatcher: *“On the broad strategic trade and aid argument, we have preferential access to Western Europe, with which we conduct 50 percent of our trade. I doubt very much whether we should be able to get that on our own.”*¹²³

The last and probably one of the most prominent features that lead to the positive result of the referendum in 1975 was the length of the membership of the EEC. The UK had been the EEC member for a little bit more than two years and this, with a combination of the support of the government, played a significant role in the decision-making of the UK's citizens. I also mean to refer to a fact that even though the media were not always supportive of the remaining in the EEC, the tone was not that negative as it was in the case of the second referendum.

Therefore, the result of the first nationwide referendum of EEC was that 67% of voters were supportive of the idea of continuing the membership of the EEC and were against it.¹²⁴ Nevertheless it served as a confirmation of the willingness to stay in the Single Market, the certain negativity and doubts were still present.

The period from 1975 until the David Cameron's speech in which he declared his intention to reopen the negotiations about the UK's membership of the EU in 2013 is marked by several events. First of the is the downfall of Margaret Thatcher caused, apart from others, by her Euroscepticism. Even though she approved the signing of the Single European Act in 1986, she developed a rather strong Eurosceptic attitude and it, with other events, lead to her resignation in 1990. Her successor became John Major. His Prime Minister's career is characterized, from the UK-EU relationship point of view, by the debates about the Maastricht Treaty, the Economic and Monetary Union (EMU) and immigration issues which the UK were facing in this period. The debates about the Maastricht Treaty and the EMU provoked and escalated the Euroscepticism among the

¹²³ Todd, 2016, p.26.

¹²⁴ 1975: UK embraces Europe in referendum, BBC Home, *On this day*, 6th of June, 1950-2005. Available from: http://news.bbc.co.uk/onthisday/hi/dates/stories/june/6/newsid_2499000/2499297.stm

Britons even more. With a combination of immigration issues that were mainly connected with the security matter, the UK was facing one the climax of the Euroscepticism. The situation intensified even more in 2013 when David Cameron succumbed to the pressure of the Conservatives and declared his intention to set up a second referendum on the Single Market in 2016.

I want to present the main areas of interest concerning the “Brexit” referendum as continuities from the previous periods. There are three of them: sovereignty, immigration and economic impact of membership. The issue of preservation of the British sovereignty can be easily identified as a long running trend in the British society. During the period before the referendum, this topic was widely addressed in almost every article oriented on the referendum matter. It was also mentioned in the David Cameron’s speech which he gave in 2013 with the intention to establish the referendum: *“I know that the United Kingdom is sometimes seen as an argumentative and rather strong-minded member of the family of European nations. And it’s true our geography has shaped our psychology. We have the character of an island nation-independent, forthright, passionate in defense of our sovereignty. We can no more change this British sensibility than we can drain the English Channel. And because of this sensibility, we come to the European Union with a frame of mind that is more analytical than emotional. For us, the European Union is a means to an end-prosperity, stability, the anchor of freedom and democracy both within Europe and beyond her shores-not and end itself”*.¹²⁵

The immigration crisis that started before was escalated by the new wave of immigrants from Africa in 2014/2015. This issue was addressed and displayed in a negative way in almost every media which signalizes the British attitude towards the migrants. Apart from the security prevention reasons, there were also the steps taken by the EU to tackle the crisis. The combination of the increasing Euroscepticism and the immigration crisis served as a base for the United Kingdom Independence Party (UKIP) and its leader Nigel Farage who lead an intensified campaign which has various pillars, one being the hatred against the immigrants. Therefore, the immigration is another continuity that has grown bigger in years and made a huge impact on the decision-making of the British in June 2016.

¹²⁵ Full speech available from: <https://www.theguardian.com/politics/2013/jan/23/david-cameron-eu-speech-referendum>

The topic of economy, jobs, and prosperity is the last classified continuity in the British Euroscepticism development framework. During the period before the referendum, there were two contradictory streams. One being the appreciation of the advantages of the membership of the EU for the UK's economy and second was the need of reforms and decrease of the regulations established by the EU's institutions. A separate category is the UK's member contribution to the EU's budget. The UK has always, apart from one year, been a net contributor. Beginning from the 2010 its member contribution almost quadrupled. This caused a grand dissatisfaction which was greatly displayed in the media. The fact that the UK has been a net contributor is nothing that should bring attention because there are more countries, usually more developed ones that also contribute to the EU budget than they officially receive from the EU programs or in another form. I assume that the recognition of this topic was mainly caused by the media which presented the sums without any explanation and without acknowledging the positive effects of the membership of the EU. On the other hand, it is needed to recognise that the UK's member contribution is one of the highest from all of the EU's member states. Although, it is essential to indicate that the advantages outweigh, at least from the economic point of view, the disadvantages. To demonstrate this I presented a robust analysis performed by the HM Treasury which shows that all of the alternatives to the membership of the EU would mean a rather dramatic decrease in the economic growth caused mainly by the decrease in the international trade and foreign direct investment from the EU's member states.

This thesis had a hypothesis of: *“The UK's member contribution to a central EU budget has been significantly higher than the financing gained from the EU member activities and programs.”* This hypothesis was falsified by the analysis of the UK's member contribution in the fifth chapter by showing that the UK has always, apart from one year, been a net contributor. The complementary questions/sub-hypothesis were: *“What were the key factors that influenced the two referenda in 1975 and 2016?”* and *“The negative media image of immigration displayed in the mass media might be one of the key features that influenced the result of the referendum in June 2016.”* The key factors of both referenda are listed and analysed above and I believe that I demonstrated the media's influence on the result of the “Brexit” referendum to that extent that I can say that the statement of the sub-hypothesis is valid.

Despite the fact it is pure generalizing, I would like to sum up the information about the matter of UK's membership of EEC/EU. To put in a nutshell, as is generally known human beings are not "*homo economicus*" therefore they do not always make rational choices. In the case of the UK's citizens, the historical background, different mind set, the media pressure and the long-running frustration from the relationship in which some of the British did not want to be in the first place, caused not only the result of the referendum but the act of establishing it. Even though it would be more beneficial, at least from the economic point of view, to remain in the EU, the British citizens decided otherwise. It will be extremely interesting to observe the upcoming actions and its impacts on the UK's economic development as well as on the other EU member countries because UK established, by the act of leaving the EU, an undeniable precedent.

I strongly believe that this thesis accomplished its main aim to analyse the UK's membership of the EEC/EU which is also the major academic contribution that I wanted to perform.

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