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REPORT

Contingency Planning The 1975 and 2016 Referendums

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ABSTRACT

In 2016, David Cameron proposed a national vote on the UK's membership of the EU. Although 'leave' was one of the options on the ballot paper, the government developed no contingency plans for Brexit. Forty-one years earlier, the British voters faced a similar proposition. They were asked whether their country should stay in what was then called the European Community (EC). For over a year before the vote, and despite the fact that opinion polls consistently showed 'yes' in the lead, the government engaged in an extensive contingency planning exercise.

In this report, Dr Lindsay AQUI asks two questions about government preparations for these two referendums:

- Why did officials and ministers plan for a 'no' vote in 1975 and what were their main considerations?
- Why did the same rationales for preparing for withdrawal negotiations in 1975 not apply in 2016?

The report concludes by considering the question:

- Should a government that holds a referendum develop a strategy for implementing an outcome it does not support?

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Introduction

‘We will give the British people a referendum with a very simple in or out choice’

This was David Cameron’s pledge on 23 January 2013.¹ Three and a half years later British voters decided, by a majority of 51.9%, to end their country’s membership of the European Union (EU). That outcome sent a shockwave through British politics and society, the full impact of which has yet to be felt. As this report is published, the aftermath of the Brexit vote has included Cameron’s downfall, Theresa May’s entry to Downing Street, defections from Labour and the Tories to the Independent Group of MPs and parliamentary deadlock over the withdrawal agreement. ‘Britain’s Brexit mayhem’, as it was termed by the *Independent*, is undoubtedly connected to the way that the government prepared for the vote.²

Although the then Minister for Brexit Oliver Letwin defended the government’s position of doing ‘absolutely no contingency planning’, there had been some limited internal discussions about the impact of a leave vote.³ While he was the treasury secretary, George Osborne confirmed that his department was working with the Bank of England to develop plans to counter ‘extreme volatility’ in the event of Brexit.⁴ During questioning by the Public Administration and Constitutional Affairs Committee (PACAC), then Cabinet Secret Jeremy Heywood pointed out that civil servants had explored ‘what was being said by people advocating leave and [tried] to understand what were the issues – the policy issues – that were likely to immediately arise’.⁵ However, there was no comprehensive effort to develop a strategy for leaving the EU.

Although a thorough investigation will have to await the release of official documents, it appears that the main arguments against contingency planning concerned strengthening Vote Leave’s position. Furthermore, the Scottish independence vote may have acted as a precedent. In 2014, Cameron’s government was clear that there were ‘no detailed plans for what would happen in the event’ of Scottish secession. A No.10 spokesperson justified the stance by saying “‘The government’s entire focus is on making the case for the UK staying together.’”⁶ Similar rhetoric surfaced in 2016. Cameron insisted that contingency plans might be seen as ‘unwarranted interference in the referendum campaign’.⁷ The risk that the plans would end up in the public domain was raised by former Cabinet Secretary Gus O’Donnell. He speculated that

¹ ‘David Cameron promises in/out referendum on EU’, BBC News, 23 January 2013.

² Joe Sharman, ‘Chaotic uncertainty’: How the world reported Britain’s Brexit mayhem’, *Independent*, 17 November 2018.

³ ‘Minister for Brexit defends the Government doing absolutely no contingency planning for Brexit’, *Independent*, 5 July 2016.

⁴ Emily Cadman and George Parker, ‘Treasury makes Brexit contingency plans’, *Financial Times*, 11 May 2016. See ‘HM Treasury analysis: the long-term economic impact of EU membership and the alternatives’, HM Treasury, April 2016 and ‘HM Treasury analysis: the immediate economic impact of leaving the EU’, HM Treasury, May 2016.

⁵ Jeremy Heywood, answer to question 48, ‘Oral evidence: Lessons Learned from the EU Referendum, HC 496’, 14 September 2016.

⁶ Jim Pickard, ‘UK government has no contingency plans in event of Scots’ Yes vote’, *Financial Times*, 1 September 2014.

⁷ ‘Was David Cameron negligent’, *Financial Times*, 21 July 2016.

while civil servants were undoubtedly, in his view, ‘mentally’ preparing for different possibilities, “How much they will write down is a different question”. He identified the ‘world of Freedom of Information’ as a potential obstacle to developing a leave strategy.⁸

The consequences of the decision not to develop plans have reverberated since the referendum and considerable opprobrium is directed at the Cameron government. The failure to plan has created additional uncertainty, both within the UK and internationally, and complicated the task of leaving the EU. The Foreign Affairs Committee described the lack of a plan as ‘regrettable’ while the PACAC concluded that the government ‘had a constitutional and public obligation to prepare’ contingency plans.⁹ The Constitution Unit’s Independent Commission on Referendums made a similar argument: ‘significant government preparation for implementing the outcome of a vote for change in a referendum is necessary’.¹⁰

The vote in 2016 was not the first time the British had been asked to answer the ‘European question’. In February 1974, Harold Wilson was returned to Downing Street at the head of a minority Labour government, committed to a fundamental renegotiation and national vote on Britain’s membership of what was then called the European Community (EC). On 5 June 1975 the UK went to the polls: 67% of voters said ‘yes’ to Europe.

The political aspects of the renegotiation are well known: Wilson proposed it to handle the division between the left-wing anti-Marketeters and centre-right pro-Marketeters in his party.¹¹ Yet 1975 has become the subject of renewed academic interest.¹² Brexit has of course occasioned considerable debate about the history of the UK’s relationship with European integration. But that is not the only reason to revisit the 1970s. The renegotiation was unprecedented. The UK had joined the EC only one year before Wilson was elected and Labour called into question the more than 10 years spent by successive governments attempting to secure EC membership. The vote was also the UK’s first-ever national referendum and as such constitutional questions were raised about how to conduct the poll. As a result, there was considerable uncertainty. In order to manage this situation, ministers and officials engaged in an extensive contingency planning exercise between February 1974 and June 1975.¹³

This report seeks to answer two questions. Why did officials and ministers plan for a ‘no’ vote in 1975 and what were their main considerations? Why did the same rationales for preparing for withdrawal negotiations in 1975 not apply in 2016? Officials and ministers serving the Wilson government were motivated by their context and the challenges they felt the UK would face outside the EC. Although the 1970s and 2010s are different, there were similar challenges and

⁸ ‘Gus O’Donnell: Civil servants will be “mentally” working on Brexit plan’, *Civil Service World*, 18 January 2016.

⁹ ‘Implications of the referendum on EU membership for the UK’s role in the world’, Foreign Affairs Committee, Fifth Report of Session 2015–16, p. 20 and ‘Lessons learned from the EU Referendum’, Public Administration and Constitutional Affairs Committee, Twelfth Report of Session 2016–17, pp. 51–52.

¹⁰ ‘Report of the Independent Commission on Referendums’, Constitution Unit, July 2018, p. 96.

¹¹ Roger Broad, *Labour’s European Dilemmas: From Bevin to Blair* (Basingstoke: Palgrave, 2001), p. 102; David Butler and Uwe Kitzinger, *The 1975 Referendum* (London: Macmillan Press Ltd., 1976), p. 45; Ben Pimlott, *Harold Wilson* (London: Harper Collins, 1992), pp. 648–668; and Stephen Wall, *The Official History of Britain and the European Community. Volume II: From Rejection to Referendum, 1963–75* (Abingdon: Routledge, 2013), p. 2. The terms ‘pro-Market(eer)’ and ‘anti-Market(eer)’ were used at the time as broad categories to describe individuals who were in favour of and against British membership of the Community, respectively.

¹² Robert Saunders, *Yes to Europe! The 1975 Referendum and Seventies Britain* (Cambridge: Cambridge University Press 2018).

¹³ Adam Evans, ‘Planning for Brexit: the Case of the 1975 Referendum’, *Political Quarterly* 89:1 (2018): pp. 127–133.

there is value in understanding how officials navigated those difficulties in 1975. Finally, there are important questions about whether a government that holds a referendum should develop a strategy for implementing an outcome it does not support. As is shown by the case of 1975, contingency planning can be a useful exercise for managing expectations before a change in policy takes place.

Why did officials and ministers plan for a ‘no’ vote in 1975?

Contingency planning was not, at first, commissioned by ministers. It began among a small group of officials called the Planning Staff, led by the Foreign and Commonwealth Office (FCO) Permanent Under Secretary Thomas Brimelow. An initial report entitled ‘If Renegotiation Failed’, made an ‘assessment of the implications of the failure of the renegotiation of the terms of British entry into the Community’. It was prepared on the basis that it might have been ‘needed by the Foreign and Commonwealth Secretary in his early days in office’.¹⁴ Drafting had begun before the outcome of the February 1974 election was known.

The key motivator for officials was an overwhelming sense of uncertainty about the challenges Britain might face outside the Community. The context of the 1970s is important here. The economic downturn following the 1973 oil crisis was compounded by high inflation, which stood at 17% at the end of 1974, and the weakened position of sterling.¹⁵ Politically, it was thought that Britain was becoming ‘ungovernable’, that it was blazing ‘the trail towards democratic failure’.¹⁶ For the *Economist* this was a time ‘of civil breakdown’.¹⁷ Lawrence Freedman’s damning verdict at the end of the 1970s was that Britain had become ‘an object of pity but not of respect’.¹⁸

This wider environment was not far from the minds of civil servants involved in thinking about the implications of withdrawing from the EC. One official pointed out the ‘low esteem in which foreigners at present held Britain’. ‘Our economic troubles, our labour troubles, our rate of inflation and the deficit on our balance of payments are all regarded as likely to lead to an internal crisis capable of making us unreliable as an economic partner and ally.’¹⁹ Another official highlighted the long-term political and historical background: ‘As an imperial power ... we could look after ourselves. Now we are much weaker’.²⁰ In addition, a ‘no’ vote would subject Britain to many unknown factors that could impact its political influence, Anglo-Irish relations, the Cold War and the economy. The sense that Britain would be plunging into uncharted waters was a key rationale for developing a contingency plan.

¹⁴ The UK National Archives (TNA), FCO30/2382, Butler to Hattersley, ‘The Consequences of a Failed Renegotiation’, 5 April 1974.

¹⁵ Bo Särilvik and Ivor Crewe, *Decade of Dealignment: The Conservative Victory of 1979 and Electoral Trends in the 1970s* (Cambridge: Cambridge University Press, 1983), p. 9.

¹⁶ Anthony King, ‘Overload: Problems of Governing in the 1970s’, *Political Studies* 23:2–3 (1975): p. 162 and Samuel Beer, *Britain Against Itself: The Political Contradictions of Collectivism* (London: Faber and Faber, 1982), pp. xiv–xv.

¹⁷ ‘It is a crisis election’, *Economist*, 9 February 1974.

¹⁸ Lawrence Freedman, ‘Whose Crisis?: Britain as an International Problem’, in Isaac Kramnick (ed.), *Is Britain Dying?: Perspectives on the Current Crisis* (London: Cornell University Press, 1979), p. 209.

¹⁹ TNA/FCO30/2385, Cable to Butler, ‘Political Implications of Withdrawal from the Community’, 17 September 1974.

²⁰ TNA/FCO30/2384, Marsden to Butler and Braithwaite, ‘Implications of withdrawal from the Community Paper B: General Political Consequences of our Withdrawal on our Position in the World’, 10 September 1974.

Britain's political influence

Between 1961 and 1967, Britain had twice failed to gain entry to the Community; successful negotiations between 1970 and 1972 took place under Edward Heath's government. Officials feared that if the renegotiation failed and the public voted 'no', 'the United Kingdom would find itself back in the situation from which we escaped by joining. It would be the Community which would carry weight in discussions with the United States and other Governments on economic, monetary and, in time perhaps, even political matters'.²¹ Upon receiving a draft of 'If Renegotiation Failed', Britain's ambassadors felt it understated the political risks. From Denmark, Andrew Stark wrote that outside the Community Britain could not have an 'influential role'.²² UK Permanent Representative to the European Community Michael Palliser said that Britain's power would be 'greatly reduced'.²³

Although contingency planning was initiated by civil servants, ministers were also interested in the political impact of leaving the EC. As a result, the European Community Strategy (ECS) Committee endorsed 'no' vote preparations on 25 April 1974. The head of the Cabinet Office European Unit, Patrick Nairne, was instructed to study the 'consequences of any decision to withdraw from the Community'.²⁴ From this point, civil servants worked in two parallel tracks. Brimelow's Planning Staff explored alternatives to EC membership and the European Unit focused on the consequences of withdrawal.

Britain's reduced capacity to shape global affairs would be compounded by the small range of alternatives to membership. There could be no 'return to the situation, or policies' pursued prior to Britain's entry to the Community. The 'most pragmatic and flexible' option was 'Going it Alone in a Cooperative World', which relied on growing international trade under favourable terms. The other two options, a free trade agreement with Europe and 'economic nationalism', were rejected due to the improbability of securing the former and the 'extreme' nature of the latter.²⁵

Following the ECS meeting, Nairne asked the FCO to consider the consequences of a 'no' vote on Britain's position in the world. There would be a 'closing of ranks' in Europe, a 'hard line' in the withdrawal negotiations and above all an 'acrimonious' atmosphere where the UK would be 'deeply resented'.²⁶ There would be no 'scope for re-building closer political links between the Commonwealth countries' and withdrawal would 'sharply reduce Britain's value to the US'.²⁷ The FCO held no illusions about the so-called 'special relationship'. It was described as 'a polite fiction veiling the fact that Britain, apart from the dwindling ties of a common language and some shared traditions, is one of many subordinate allies of the United States'.²⁸ In short, the

²¹ TNA/FCO30/2382, Brimelow to Tomkins, 'If Renegotiation Failed', 21 March 1974. The letter was copied to the other seven ambassadors.

²² TNA/FCO30/2382, Stark to Brimelow, 'If Renegotiation Failed', 8 April 1974.

²³ TNA/FCO30/2382, Palliser to Brimelow, 'If Re-Negotiation Fails', 5 April 1974.

²⁴ TNA/CAB134/3745, ECS(74) 4th Meeting, 25 April 1974.

²⁵ TNA/FCO30/2384, Cable to Braithwaite, 'If Renegotiation Fails: The Way Ahead', 20 August 1974.

²⁶ TNA/FCO30/2384, Marsden to Butler and Braithwaite, 'Implications of withdrawal from the Community Paper C: Political', 10 September 1974.

²⁷ TNA/FCO30/2384, Marsden to Butler and Braithwaite, 'Implications of withdrawal from the Community Paper B: General Political Consequences of our Withdrawal on our Position in the World', 10 September 1974 and TNA/FCO30/2385, Marsden to Butler, 'Implications of withdrawal from the Community Paper G: What would be the likely impact of UK withdrawal on the Commonwealth and developing countries?', 10 September 1974.

²⁸ TNA/FCO30/2384, Cable to Braithwaite, 'If Renegotiation Fails: The Way Ahead', 20 August 1974.

UK would be much weaker: its 'political links [to the EC would] be no greater than those of, say, Sweden'.²⁹

The Planning Staff and European Unit papers formed the basis of a submission to Callaghan. He offered no written comments on the substance of the report. Instead he asked for details about how withdrawal itself could be managed. Until December, contingency planning had focussed on the risks of withdrawal, rather than the actual process for doing so.³⁰ Work then began but was stalled between January and March when the renegotiation entered its most intense phase. It was in this period that deals on the budget and agricultural products from New Zealand, two key renegotiation objectives, were finalised and agreed at the Dublin Summit. The Cabinet subsequently debated and approved the renegotiation on 17 and 18 March.³¹ Following this, the European Unit began to consider a detailed plan of government action in the immediate aftermath of a vote to leave the Community.³²

From March, the Treasury took the lead in assessing the economic and financial impacts, the Department for Trade explored the implications for tariffs and The Ministry of Agriculture, Fisheries and Food (MAFF) focused on the agricultural aspects of withdrawal.³³ There was no further research into the political consequences of withdrawal or the alternatives to membership. Instead, the completed work was incorporated into a final plan, which was sent to Callaghan's office on 6 June while the votes were still being counted.³⁴

If the public did vote 'no', officials advised government action in three main areas. First, Wilson would need to make a statement in Parliament, secure endorsement of the outcome from MPs and meet with the Cabinet. Secondly, in a perfect world, Britain would 'negotiate withdrawal and future arrangements as one smooth operation'. Yet this was not a reasonable prospect if the government wanted to be free from the commitments of membership as soon as possible.³⁵ During the campaigns, the anti-Market Cabinet ministers published 'The Strategy of Withdrawal', which indicated that Britain should leave by an 'appointed day', 1 January 1976.³⁶ If the government accepted that timetable, officials assumed that 'the negotiation of a permanent future trading relationship would have to be completed after a Treaty of Withdrawal was concluded. Finally, the government would need to fulfil its financial responsibilities, including the monthly budget payment of approximately £25 million.³⁷

The main theme of the plan was clear: 'Withdrawal from the European Communities raises diplomatic, political, legislative, legal and administrative problems of great complexity.' However, the papers did not include a lengthy discussion of the political consequences of withdrawal. Instead, they contained implicit references to the challenges Britain would face as a result of its reduced status. Regardless of how the exit negotiations proceeded, 'they would be conducted on the basis of One against Eight, with the United Kingdom on one side of the

²⁹ TNA/FCO30/2383, Cubbon to Butler, 'Implications of Withdrawal', 28 June 1974.

³⁰ TNA/FCO30/2386, Cubbon to Butler, 'Implications of Withdrawal', 5 December 1974.

³¹ Mathias Haeussler, 'A Pyrrhic Victory: Harold Wilson, Helmut Schmidt and the British Renegotiation of EC Membership, 1974–5', *International History Review* 37:4 (2015): pp. 768–789 and Wall, *Rejection to Referendum*, pp. 511–590.

³² TNA/CAB193/121, Nairne to Neale, 'Post-Renegotiation: Where We Stand', 24 March 1975.

³³ TNA/CAB193/121, Minutes of a Meeting held in Conference Room C, Cabinet Office, on 16 April 1975.

³⁴ TNA/CAB193/122, Nairne to Weston, 'Referendum result: Withdrawal from European Communities', 6 June 1975.

³⁵ *Ibid.*

³⁶ 'Britain 'could leave EEC next year', *Guardian*, 21 April 1975 and Evans, 'Planning for Brexit', p. 130.

³⁷ TNA/CAB193/122, Nairne to Weston, 'Referendum result: Withdrawal from European Communities', 6 June 1975.

table and the other Member States on the other, assisted and represented by the Commission'.³⁸ This careful presentation was probably the result of a balance between officials' concerns about British influence and Callaghan's request for the plan to focus on the method, rather than the problems, of leaving the Community.³⁹

Anglo-Irish relations

'If Renegotiation Failed' highlighted the particular difficulties that a UK exit from the Community would create for Ireland. The FCO predicted that:

...the Irish might well find that they had little choice but to leave with us. This would cause a strong reaction not only on economic but on political grounds, since the Irish have been hoping to settle the Irish problem in a Community framework, and the consequences would be unpredictable.⁴⁰

The statement reveals a paternalistic attitude towards Ireland and assumptions about Britain's power. Nevertheless, from the very beginning of the renegotiation, officials were aware that Anglo-Irish relations would be compromised if the UK left the EC. It must be remembered that when contingency planning began, Bloody Sunday, the 1973 referendum on Northern Irish independence and the Sunningdale Agreement were all recent memory.

Arthur Galsworthy, the UK's Ambassador in Éire, felt that 'If Renegotiation Failed' had overstated Britain's influence. His assessment was that the Irish would 'decide to stay in, great though the difficulties of their situation could be'. EC membership had transformed Ireland in political terms 'from being simply an "island beyond an island" into a full member of a powerful Community'. The EC was the place where 'the old polarised Anglo-Irish relationship, hag-ridden by history and myth, can be replaced by a new relationship of community and equality'. It was also the 'framework within which the particular problem of the North can ultimately best be resolved'.⁴¹

The suggestion that Ireland might leave with the UK was dropped from the contingency plan during the final stage of drafting. Instead, officials agreed that 'Ireland would probably remain ... but there would be special bilateral problems to be resolved and also the need to avoid handling developments in a way that might exacerbate the Northern Ireland problem'.⁴² In the final plan, there was only a brief sentence on the 'special problems' Ireland would face.⁴³ The reasons for this are similar to those for removing overt references to Britain's reduced political status outside the EC. While it was important for civil servants to explore the full range of consequences, the final plan did not need to reiterate those points.

³⁸ Ibid.

³⁹ TNA/FCO30/2386, Cubbon to Butler, 'Implications of Withdrawal', 5 December 1974.

⁴⁰ TNA/FCO30/2382, Brimelow to Tomkins, 'If Renegotiation Failed', 21 March 1974.

⁴¹ TNA/FCO30/2382, Galsworthy to Brimelow, 'If Renegotiation Failed', 11 April 1974.

⁴² TNA/CAB193/122, Nairne to Part, 'Referendum 'No': Contingency Planning', 5 May 1975.

⁴³ TNA/CAB193/122, Nairne to Weston, 'Referendum result: Withdrawal from European Communities', 6 June 1975.

The Cold War

The crisis of 1970s and The Troubles were all ongoing during the renegotiation. So too was the Cold War. A UK withdrawal might enervate the Community governments and lessen Western solidarity. After reading 'If Renegotiation Failed', UK Ambassador to West Germany Nicholas Henderson wrote that if the EC was weakened, the chancellor might pursue 'reunification and do whatever deals were necessary with the Russians and the GDR [German Democratic Republic] to achieve this'.⁴⁴ Those views were reflected in the European Unit's response to ECS, which warned that 'Germany might be driven to choose between a dangerous nationalism and the pursuit of re-unification through accommodation with the Soviet Union.' More broadly, if Europe was damaged it was 'by no means certain that its other institutions, notably NATO [the North Atlantic Treaty Organization] and the WEU [Western European Union] would withstand effectively'.⁴⁵

While the political implications of withdrawal and the assessment of Anglo-Irish relations were not foregrounded in the final contingency plan, the Cold War retained a prominent place. In the event of a 'no' vote, officials urged that the government would need to reassure its allies of its commitment to the Atlantic Alliance.⁴⁶ Thus, the draft parliamentary statement included an explicit reference to other Western institutions of which the UK was a member: 'None of our other obligations and commitments, in NATO, WEU, OECD [Organisation for Economic Cooperation and Development], GATT [General Agreement on Tariffs and Trade], IMF [International Monetary Fund] ... will be affected.'

The context in which the plan was developed is important. The uncertainty that officials faced in considering the implications of withdrawal from the EC was heightened by the fact that this would take place during a period of political crisis, in the midst of ongoing sectarian violence in Northern Ireland and against the background of the Cold War. That wider atmosphere was also an important rationale for developing contingency arrangements. In this uncertain environment, it was all the more important for the government to be prepared.

The economy

The dire economic situation facing Britain was just as apparent as the political turbulence of the 1970s. 'If Renegotiation Failed' offered a bleak assessment. 'A country the size of Britain, with our degree of dependence on international trade, cannot afford to neglect the need to maximise our influence on the economic and monetary conditions in which that trade has to be carried on.' In economic terms, there was no 'reasonably sound alternative to membership of the Community' and the 'consequences of withdrawal would be grave'.⁴⁷

Britain's ambassadors concurred with this verdict. Henderson argued that the Community's objections to the alternatives to membership that Britain had proposed in the 1950s, such as a

⁴⁴ TNA/FCO30/2382, Henderson to Brimelow, 'If Renegotiation Failed', 3 April 1974.

⁴⁵ TNA/FCO30/2384, Marsden to Butler and Braithwaite, 'Implications of withdrawal from the Community Paper C: Political', 10 September 1974.

⁴⁶ TNA/CAB193/122, Nairne to Part, 'Referendum 'No': Contingency Planning', 5 May 1975 and Nairne to Barrett, 'Referendum 'No': Contingency Planning', 14 May 1975.

⁴⁷ TNA/FCO30/2382, Brimelow to Tomkins, 'If Renegotiation Failed', 21 March 1974.

free trade area, 'would apply with equal force today'.⁴⁸ Palliser disagreed and wondered whether there might be some interest in negotiating a trade agreement with the UK. However, he was careful to caveat his sanguinity: 'in the mood of bitterness and near-hostility that would be bound to surround our withdrawal, I would not be too optimistic even of this'.⁴⁹ Accordingly, officials ruled out the possibility of negotiating a free trade area when they considered the alternatives to membership and instead felt that Britain would have to 'go it alone'.⁵⁰ However, it was 'not prima face an attractive policy for a country which is as vulnerable economically and as dependent on raw material imports and world trade as the UK'.⁵¹ The Treasury felt that while the damage was 'mainly unquantifiable' it was 'likely to be substantial'.⁵²

Over the course of the planning exercise, the economic consequences of withdrawal became more prominent than the associated political risks. This was in part because the Treasury raised important questions that had not yet been considered, such as the point at which the government would stop paying into the EC budget and the possibility of being repaid some of the UK's contributions to the European Investment Bank.⁵³ Economic factors were also highlighted by the assessments prepared by other departments. MAFF referred to the 'dismay' that withdrawal would cause amongst farmers. Existing arrangements would have to remain in place until a new system was developed to replace the Common Agricultural Policy (CAP), the Community's system for agricultural support.⁵⁴ The Department for Trade argued that it would not be possible to quickly carry out a 'major reconstruction of our external tariff'.⁵⁵ For both sectors, withdrawal would have to be a slow operation.

Britain's financial stake in the Community, tariffs and agriculture support were all given detailed coverage in the final plan. There was a list of the UK's financial obligations to the Community, including upcoming payments and potential credits. Detailed guidance was provided on the subject of a successor tariff regime, including specific decisions that would need to be made about the Community's tariff changes and the implementation of EC trade agreements with Greece and Israel. The nature of Britain's dependence on food imports was acute, especially 'in the case of butter' where two thirds of Britain's supplies came from the EC. The guidance also specified the need for a period of 'at least three months' between the announcement of new agricultural and trading policies and their implementation.⁵⁶

It is clear from the analysis of the Treasury, MAFF and the Department for Trade, that economic considerations were an important rationale for developing a contingency plan. Although officials faced the problem of 'how to quantify the economic consequences of a change in our relationship', the final plan emphasised these considerations over, the impact of withdrawal on Britain's political influence, Anglo-Irish relations and, to an extent, the Cold War.⁵⁷ This was the result of the ways officials interpreted Callaghan's request for a plan that outlined the way the

⁴⁸ TNA/FCO30/2382, Henderson to Brimelow, 'If Renegotiation Failed', 3 April 1974.

⁴⁹ TNA/FCO30/2382, Palliser to Brimelow, 'If Re-Negotiation Fails', 5 April 1974.

⁵⁰ TNA/FCO30/2384, Cable to Braithwaite, 'If Renegotiation Fails: The Way Ahead', 20 August 1974.

⁵¹ TNA/FCO30/2384, Marsden to Butler and Braithwaite, 'Implications of withdrawal from the Community Paper B: General Political Consequences of our Withdrawal on our Position in the World', 10 September 1974.

⁵² TNA/FCO/30/2385, Bailey to Cubbon 'Economic Implications of Withdrawal from the EEC', 26 September 1974.

⁵³ TNA/CAB193/121, Fogarty to Cubbon, 'Referendum "No": Contingency Planning', 24 April 1975.

⁵⁴ TNA/CAB193/121, Brown to Cubbon, 'Referendum "No" – Contingency Planning', 24 April 1975.

⁵⁵ TNA/CAB193/121, Denman to Cubbon, 'Referendum "No": Contingency Planning', 22 April 1975.

⁵⁶ TNA/CAB193/122, Nairne to Weston, 'Referendum result: Withdrawal from European Communities', 6 June 1975.

⁵⁷ TNA/FCO30/2382, Goulding to Cable, 'If Renegotiation Fails', 22 May 1974.

task could be managed, without going into the substance of the 'problems which arise'.⁵⁸ As such, the plan focussed on the areas where immediate action would be necessary. However, it is clear that uncertainty, both in terms of the broad context of the 1970s and the specific nature of the problems that would result from a 'no' vote, was the key motivator for contingency planning in 1975. As such, the plans recommended caution and a temporary period during which the status quo would be maintained to ensure stability, especially in terms of agricultural and trade policies.

⁵⁸ TNA/FCO30/2386, Cubbon to Butler, 'Implications of Withdrawal', 5 December 1974.

Why was there no contingency planning in 2016?

According to Jeremy Heywood, David Cameron did not want the civil service ‘talking to the Leave campaign’ or ‘working out elaborate plans for what would happen in the event of’ Brexit. The arguments against contingency planning revolved around concerns that developing a strategy for Brexit might have legitimised the Leave campaign, especially if they ended up in the public domain. Yet Heywood also felt that ‘it would not have been possible for the civil service to come up with “the plan” for Brexit’. He cited the multiple strands of opinion in the debate and the fact that there was no concrete ‘set of propositions’ about how the UK should exit the EU.⁵⁹ For those who were involved, this environment justified the decision not to develop a contingency plan.

Yet it is clear that officials faced similar challenges in 1975 and were able successfully to navigate them. The National Referendum Campaign, the official organisation advocating a ‘no’ vote, certainly did not have a united view of the UK’s future outside the European Community, or much else. Although the anti-Market ministers published ‘The Strategy of Withdrawal’, this was not representative of the views of non-government figures involved in the campaign, such as Enoch Powell and Neil Marten. Thus, officials were not able to work from a concrete set of proposals. This combined with the general atmosphere surrounding the referendum meant there was a high level of concern about developing a withdrawal strategy. Many of the draft reports contained heavy caveats about their speculative nature, the fact that they reflected only one department’s view or that they were not yet ready for ministers.⁶⁰ There was even discussion of scrapping the work altogether. However, Nairne could ‘not see how we can drop the commitment placed upon us by ECS’ and reassured his colleagues ‘the exercise ought not to do much harm’.⁶¹

The risk that the government’s preparations might be leaked was prominent. When the FCO’s North America Department was brought into exercise, they were cautioned that ‘knowledge’ of the plans ‘should be restricted to the minimum’.⁶² The Planning Staff’s work on alternatives to the EC was defined as strictly for Braithwaite’s ‘own information’ and not part of the work commissioned by ECS. When planning entered its most intense phase, Nairne advised Callaghan that it was ‘best for it to be handled within a restricted circle’. To that end, he did ‘not propose to use the formal European Unit machinery’.⁶³ Despite this, contingency planning did become the subject of an article in the *Economist* and two academic conferences. However, there was little risk of a scandal: ‘Even the severest critics of the FCO would have taken it for granted that we would not have embarked on the process of renegotiation without studying the possible consequences of failure and the alternative options open to us in that event’.⁶⁴

There were also dangers in either exaggerating or understating the challenges of leaving the EC. Worries about the former were warranted given the views of the prime minister and foreign

⁵⁹ Jeremy Heywood, answers to questions 50 and 53, ‘Oral evidence: Lessons Learned from the EU Referendum, HC 496’, 14 September 2016.

⁶⁰ TNA/FCO30/2382, Goulding to Cable, ‘If Renegotiation Fails’, 22 May 1974.

⁶¹ TNA/FCO30/2383, Nairne to Butler, ‘Unit Paper on Implications of Withdrawal’, 4 July 1974.

⁶² TNA/FCO30/2384, Butler to Lord Nicholas Gordon-Lennox, ‘If Renegotiation Fails’, 17 July 1974.

⁶³ TNA/CAB193/121, Nairne to Weston, ‘Referendum ‘No’: Contingency Planning’, 11 April 1975.

⁶⁴ TNA/FCO30/2383, Cable to Elliott, ‘If Renegotiation Fails’, 9 May 1974.

secretary. In his memoirs, Wilson revealed his distrust of the pro-integration sentiment within the FCO; Callaghan shared this view and was suspicious of his own department.⁶⁵ This was something about which Nairne was acutely aware given the divisions in the government. He expressed his concerns openly in a note to Callaghan. He felt it would be 'difficult to produce a report, however hard we try, which will not appear biased towards Community membership in the eyes of those who would prefer us, whatever the outcome of the renegotiation, to leave the Community'.⁶⁶

In fact, it was suggested that the FCO needed to 'put rather more fully the arguments advanced by the anti-marketeters'.⁶⁷ Given the power the anti-Marketeters would have held if the referendum returned a 'no' vote, it made sense for the European Unit to consider 'The Strategy of Withdrawal', which indicated that exit negotiations could be completed by 1 January 1976. This was done even though the proposed date was thought to be 'unrealistic' because of the need for new agricultural and tariff regimes.⁶⁸ Thus, an update to Callaghan highlighted the 'severe practical difficulties' of attempting to withdraw by the new year.⁶⁹ In response, the foreign secretary warned against a timetable that was 'too leisurely for a Cabinet with a No vote' and asked a plan that outlined immediate action.⁷⁰ Yet Nairne stood firm. He emphasised that unless the government withdrew by unilateral action, 'There could be no prospect of settling the permanent post-withdrawal arrangements until sometime in 1976'.⁷¹ The final plan suggested that the UK 'propose to the other Community Governments – as a provisional target date – the effective completion of a treaty of withdrawal by 1 January 1976'. However, there might be 'conflict between the objective of a speedy release from our Community obligations and the achievement of a satisfactory result in a legal and amicable manner', especially if it was the government's objective to achieve an industrial goods free trade area.⁷²

Yet, in offering a balanced view, officials were subject to further criticisms. Some ministers felt they understated the problems of withdrawal. Roy Hattersley, the junior minister for Europe, felt that his department was not providing him with 'arguments as cogent or as forceful as those put forward by the anti-Marketeters'. However, civil servants were 'subject to certain limitations' and had been 'warned by Ministers not to get into a position where there appears to be a struggle between the FCO and the Labour Party'.⁷³ For Hattersley, 'the unfortunate fact was that [officials'] cautious prose ... did not make the same impact as the polemics of the anti-Marketeters'.⁷⁴ Yet it was difficult for to offer both strong and balanced arguments.

Officials also worried about strengthening the anti-Market case. In December, Callaghan was asked to decide whether he wished to share an interim report with his colleagues in ECS. Contingency planning had been commissioned by the committee and as such, the work would

⁶⁵ Wilson, *The Final Term: The Labour Government 1974-1976* (London: Weidenfeld and Nicolson, 1979) p. 54 and Haussler, 'A Pyrrhic Victory', p. 6.

⁶⁶ TNA/FCO30/2386, Nairne to Weston, 'Renegotiation: Consequences of Withdrawal', 19 December 1974.

⁶⁷ TNA/FCO30/2385, Cable to Butler, 'Political Implications of Withdrawal from the Community', 17 September 1974.

⁶⁸ TNA/CAB193/121, Minutes of a meeting held in Conference Room C, Cabinet Office, on Friday 2 May 1975, 5 May 1975.

⁶⁹ TNA/CAB193/122 Nairne to Barrett, 'Referendum 'No': Contingency Planning', 14 May 1975.

⁷⁰ TNA/CAB193/122, Weston to Nairne, 'Referendum No: Contingency Planning', 19 May 1975.

⁷¹ TNA/CAB193/122, Nairne to Weston, 'Referendum 'No': Contingency Planning', 22 May 1975.

⁷² TNA/CAB193/122, Nairne to Weston, 'Referendum result: Withdrawal from European Communities', 6 June 1975. See also, Evans, 'Planning for Brexit', p. 130.

⁷³ TNA/FCO30/2384, Fretwell to Cable, 6 August 1974.

⁷⁴ TNA/FCO30/2384, Cable to Fretwell, 6 August 1974.

normally have been discussed by ministers. However, in a departure from usual procedure, Nairne was 'inclined to advise that the Secretary of State drop the idea of circulating an ECS paper'. He argued that a discussion of the implications of withdrawal would create 'more questions than it answered.'⁷⁵ This was partly the result of the precarious nature of the government's renegotiation achievements in December. John Hunt, the cabinet secretary, counselled even greater caution: Callaghan should not even give an oral update lest he be drawn into 'a discussion of the substance' of the exercise.⁷⁶

Although the context of 1975 is different, some of the arguments against contingency planning made in 2016 also applied in the 1970s. In order to manage these challenges officials balanced the presentation of pro- and anti-Market views, considered carefully the timing of any presentation of the withdrawal strategy and departed from usual Cabinet committee procedures. Finally, it is worth saying that preparations for a 'no' vote were not developed in order to respond the anti-Market's pronouncements about the ease with which the UK could leave. However, civil servants used the plans to equip pro-Market ministers for engaging with their anti-Market colleagues and to manage expectations about the withdrawal negotiations.

⁷⁵ TNA/FCO30/2386, Nairne to Weston, 'Renegotiation: Consequences of Withdrawal', 19 December 1974.

⁷⁶ TNA/FCO30/2386, Hunt to Callaghan, 'Renegotiation: Consequences of Withdrawal', 21 December 1974.

Conclusion: Should we do contingency planning?

There are many parallels between the UK's two referendums on Europe. In 1975, officials raised concerns about the impact a leave vote would have on Anglo-Irish relations. The referendum raised the possibility that the division between Northern Ireland and Éire would be further entrenched by a UK withdrawal from the EC. That same problem is key to understanding the post-Brexit vote debate over the Irish backstop, even if it was not a prominent aspect of the 2016 campaigns.

In both cases there was frequent discussion of the general sense of economic and political uncertainty that would result from a vote to exit the EC/EU. In 1975, one of the strongest arguments against leaving the EC was the possibility that it would increase the cost of living, particularly the price of food. However, as Robert Saunders has pointed out, the risks of a 'no' vote resonated with a generation that had queued for food during sugar shortages in 1974 and remembered wartime rationing.⁷⁷ In 2016, similar warnings about collapsing house prices and job losses were dubbed 'project fear' by Brexit campaigners and dismissed as over-exaggerated catastrophising, or even worse, a lack of 'faith' in Britain.⁷⁸

However, it must be said that the two referendums took place in different contexts. The UK of 2016 was more self-confident state and the sense of economic and political crisis that pervaded the 1970s simply did not exist. Similarly, there was no ongoing global conflict like the Cold War against which officials and ministers had to consider the UK's security in the aftermath of a leave vote. Britain's democratic history had also changed. By 2016 there had been a total of 11 referendums, including one further national poll, held in 2011.

Given the differences between the two votes, what lessons can be learned from 1975? Any analysis involves counterfactuals. It requires us to consider whether the plans of 1975 would have worked, and if the process of negotiating the UK's withdrawal from the EU would be smoother or easier had the government developed a strategy for leaving. These are difficult questions to answer. Governments do develop plans to respond to political risks, like adverse results in referendums. In 1995, Québec, the majority French-speaking part of Canada, held an independence referendum. Although the national government denied planning for Québec's secession at the time, one of the prime minister's advisors recorded in his memoir that he 'quietly prepared a contingency plan'.⁷⁹ However, Québec voted against independence and so the plan was consigned to the archive.

The academic literature offers a general consensus that 'the absence of a planning process or contingency plan is generally considered to be a recipe for chaos, confusion and crisis mismanagement'. However, there is mixed evidence supporting a positive link between planning and outcomes. In some cases, such as the response to the 1996 bombing in Manchester, successful pre-crisis preparation led to 'establishing a crisis control centre within 30 min[utes]'. However, when a Boeing 737 crashed into the Potomac River in Washington DC in 1982, the 'swift and destructive power' of the elements of the crisis, including snow, ice, car accidents,

⁷⁷ Saunders, *Yes to Europe!*, p. 66.

⁷⁸ Asa Bennett, 'EU referendum: a timeline of Remain's 'Project Fear' campaign', *Telegraph*, 20 June 2016.

⁷⁹ James Bartleman, *Rollercoaster: My Hectic Years and Jean Chretien's Diplomatic Advisor, 1994–1998* (Toronto: M&S, 2005), p. 3.

packed trains and road gridlock, overwhelmed the authorities and plans faltered. Despite the mixed and non-linear relationship between planning and outcomes, ‘Governments need contingency planning for purposes of societal reassurance and political stability.’⁸⁰

Navigating uncertainty was an important factor in the ‘no’ vote preparations. The final plan offered a list of immediate action that would need to be taken and was designed to offer direction in what could have been a difficult moment for the government. While we cannot know how well or poorly the strategy would have worked, the plans tell us three important things. First, it was a useful exercise because it allowed officials to consider possibilities and to advise against scenarios that they felt would leave to adverse outcomes. Secondly, there are considerable challenges to developing contingency plans. However, as was demonstrated in 1975, they can be managed.

Finally, there are wider questions about the responsibility of ministers and civil service to be prepared to act in the public interest. In 1975, officials were determined to prepare for a no vote, despite the inherent problems. In Parliament, Wilson stated that the government ‘are naturally considering the implications’ of withdrawing from the EC.⁸¹ In his view, it was *natural* to be prepared to implement a major change in policy. Both ministers and officials felt a responsibility to develop a withdrawal strategy given the considerable uncertainty the UK would have faced had the 1975 referendum resulted in a ‘no’ to Europe.

Even if that same duty was felt in 2016, Cameron’s instructions to civil servants were clear. The risk of leaks, the possibility that the Leave campaign would be legitimised, the precedent set by the Scottish referendum and the difficulty of planning when there was no homogenous vision for Brexit all contributed to the decision not to develop a strategy for implementing a Leave vote. And yet, as the case of 1975 shows, those challenges are not insurmountable. Furthermore, a planning exercise would have facilitated important conversations about what officials and ministers felt would be possible in the aftermath of a Leave vote and could have pre-empted some of the controversy surrounding the deal negotiated by Theresa May.

Ultimately, it is impossible to know whether a contingency plan would have simplified the withdrawal negotiations or failed to deliver a better outcome. However, by developing a strategy for a ‘no’ vote in 1975, the government and officials approached polling day with confidence that they had considered the consequences of leaving the EC, a large number of alternatives and a roadmap for the immediate aftermath of the referendum. If we are to use referendums in the future, the government should be prepared to implement the outcome.

⁸⁰ Kerstin Eriksson and Allan McConnell, ‘Contingency planning for crisis management: Recipe for success or political fantasy?’, *Policy and Society* 30:2 (2011) pp. 89–99, pp. 90, 93 and 97.

⁸¹ Parliamentary Written Answer, Hansard 889, 27 March 1975, cc214.



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