Pearson Edexcel Level 3 GCE

History

Advanced

Paper 1: Breadth study with interpretations
Option 1H: Britain transformed, 1918–97

Friday 9 June 2017 – Morning

Extracts Booklet

Paper Reference

9HI0/1H

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Extracts for use with Section C.

Extract 1: From David Marsland, 'Creating Alternatives to the NHS', in Subroto Roy and John Clarke (eds.), *Margaret Thatcher's Revolution: How It Happened and What It Meant*, published 2005 (revised edition).

While the need for reform was urgent, it was not immediately answered. Until 1987 the Thatcher Governments were largely preoccupied with salvaging and restructuring the economy, with dealing with the trade unions, with defending British interests, territory and people against invasion by armed forces, and with responding to the destructive challenge of the miners' strike. There was little enough time or energy left over for radical, large-scale reform of welfare. However, even these early achievements made an indispensable contribution to that end.

Without the active shake-out of the economy, without the liberalisation of capital markets, without sweeping tax-cuts, without wholesale privatisation, and without the taming of the trade unions, the successful, modernised, enterprise economy today would have been impossible. Without these economic achievements, radical reform of welfare would have been inconceivable. At best we would have had – as we did not have – merely savage cuts in public expenditure, social division, and no welfare reform at all. The triumph of Margaret Thatcher in transforming a near-bankrupt economy into a thriving enterprise culture should not be underestimated.

Extract 2: From Martin Pugh, *Britain Since 1789: A Concise History*, published 1999.

By 1981, the economy was in a serious depression. Thatcher responded by increasing taxation and reducing government borrowing, which led to massive unemployment. Soon, the economy suffered its worst slump since the 1930s. During 1981, gross national product fell by 3.2 per cent and unemployment rose to 2.7 million. A quarter of British manufacturing capacity disappeared by 1983. Lost manufacturing jobs were to be replaced by new service sector employment. However, many of these new jobs were part-time and low-paid. As a result, 3.2 million were still unemployed by 1985.

Whatever recovery took place in the mid-1980s was largely stimulated by financial deregulation. Banks and building societies offered customers generous loans, which were often spent on imported goods. Consequently, householders' debts rose from £16 billion in 1980 to £47 billion in 1989. This artificial boom pushed Britain's trade deficit to a record £15 billion in 1988–89. Tax cuts, designed to help win the 1983 and 1987 elections, aggravated the situation. By 1990 this economic boom collapsed into a second depression. Britain's economic growth rate averaged only 1.75 per cent per year (1979–90), well below that for the 1950s, 1960s and 1970s. Thatcherism accelerated Britain's economic decline. She left behind a rapidly declining manufacturing base and an industry still short of investment.

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