• Britain caught acting like an imperial power in a post-imperial world that would not tolerate it - end of ‘world policeman’ role - ‘last throw of imperial stone’
• Change in relations between US and Britain
• Britain now realised importance of diplomacy rather than military intervention
• Last independent military intervention by Britain - any future conflict part of organisation with US - realised it no longer had power to act alone

Winds of change 1960 Macmillan
• Significant change in policy - recognition of independence movements and move to decolonisation
• Macmillan addressing a mainly white audience in Cape Town who believed in apartheid - was really talking to Head’s of state from around Commonwealth and to public opinion back home
• Iain Macleod wanted to speed up indolence procedure
• Policy successful
• Process not always go to plan but British decolonisation completed with a lot less violence than other powers
• By 1964, transition from Empire to Commonwealth was a significant achievement

Britain and Europe
• Vision: EEC closer ties to prevent future conflicts e.g. Schumann Plan 1950 promote rapid economic reconstruction and bind French and Germany (historic enemies) together
• The open door 1951-1957:
  • decision not to enter in this period reflects national consensus
  • Labour party - suspicious of free market principles behind Common Market
  • Conservatives wanted trade links with countries like Australia, Canada and New Zealand, more than Europe
  • Many people could not get war out of their heads - won, Germany enemies, French rolled over and were occupied
• Economic advantages of EEC disregarded
• EEC born without UK, Britain worried, at this time foreign policy focused on Cold War, the Commonwealth and the ‘special relationship’ with the USA

However, after Suez British political attitudes started to change…

• Locked outside 1958-1963:
  • fundamental reason why Britain changed its mind about EEC was economic but also foreign policy
  • realised that the old patterns of trade that kept Britain top were no longer as strong
  • 1959 EFTA (European Free Trade Area) = moderate success but not the same as EEC
  • USA keen to see Britain join as vital link between them and Europe (Britain act as ‘Torjan horse’ for America)
  • shift in British prestige already seen with Suez and decolonisation as well as establishment of EFTA
• Terms of entry a problem - EEC already developed procedures e.g. Common Agricultural Policy which Britain not see itself accepting - Heath tried to negotiate special trade exemptions for Imperial nations
• De Gaulle used France’s veto to block Britain’s application, determined to save EEC from ‘les Anglo-Saxons’
• His intervention cause very bad feelings between Britain and France
• France’s veto prevented Britain’s next application in 1967

Britain and America
• Burgess and Maclean affair (British spies who had given secrets to the Soviets) - ‘special relationship’ under strain
• Britain tiring of American pressure too join EEC compounded by the adverse affect of Suez Crisis had on this friendship
• Overall, Britain and US remained close allies in the Cold War
• 1963 Test Ban Treaty (nuclear weapons) showed strength of relations between Wilson and JFK
• BUT … military overstretched (problem for Wilson in 1964)
• Dependent on US power - shown by dependence on American Polaris submarine weapons system in 1960

End of consensus 1964-1975

Why did Labour win 1964?
• Role of Conservatives and scandals
• Douglas-Home no match for Wilson
• Labour party reunited
• White heat of technology

Labour’s economy
• Modernisation key for Labour 1964, lagging behind more advanced economies e.g. Japan, West Germany (affluence of post war boom no reflected in productivity / growth rate)
• Trapped in stop-go cycle, bursts of prosperity always leading to inflation, pressure on pound + regular balance of payments crisis (deficit of £400m awaiting Wilson) - devaluation or deflation?
• Devaluation = good idea as exchange rate 1964 $2.80 to the £ too high but Wilson not want to see Labour as party of devaluation - Attlee had to devalue in 1949 - wanted policies for economic growth to catch up with foreign competitors
• Deflation = wanted to escape old problems of stop-go
• Wilson choose not to devalue, thought modernisation and spending on science etc. would resolve economic problems
• Department of Economic Affairs created to modernise economy but failed e.g. Brown lacked consistency, came up with National Plan but not have support of united government
• Prices and income policy introduced - aim to keep down inflation (government set limits of price rises and call for wage restraint in negotiations between unions and employers
• Events leading from devaluation:
  • Sterling crisis 1966 (part due to Seamen)
• Labour’s election manifesto - “longest suicide note in history” - misss mash of left-wing promises
• FPTP = distorting effect on results e.g. Alliance and non-tory vote exceeding total tory vote by 3 million

‘High Tide of Thatcherism 1983-1987’
• Falklands turning point 1982 saw her boosted to win 1983 election
• Personal prestige boosted
• ‘Wets’ marginalised
• Mastered the press using ‘Bernard Ingham’ to great effect - secured favourable press through informal contacts and leaks
• Thatcher had now consolidated her position and felt strong enough to act
• Aims: privatisation of key industries, stimulation of free enterprise through tax cuts and regulation
• Defeated 3 enemies;
  • Left Wing Councils - problem because of 1986 Local Government Act abolish big metropolitan local authority been set up by Heath government - clear victory against ‘looney left’ but created problems in long term as now in firing line for dealing with issues not previously dealt with
  • Trade Unions - problem because concerned about power - new laws passed making strike ballots compulsory and banned mass picketing and huge stocks of coal built up. North Sea reserves helped to protect government from repeat of 3 day week 1973 - Thatcher “smashed the unions” by March 1985 witnessing their inability to intimidate governments, process caused many mining communities to suffer severe hardship and other industries reorganised e.g. British Airways (job losses), Thatcher continued to benefit from weaknesses and division of opposition parties
  • State Controlled Industry - problem because Thatcher regarded public sector as inefficient and costly - deregulation and privatisation - over 50 enterprises sold off cheaply to ensure all shares were taken up and government acquired huge amounts of money from this, BT 1984 followed by British Gas (1986), Rolls Royce (1987)
• Housing Act 1980 - sale of council houses and ‘Right To Buy’ homes to try to make Britain a ‘property owning democracy’
• Financial Deregulation - City of London and financial markets freed from tight controls regulated by Bank of England, ‘Big Bang’ 1986 internationalised stock market = bigger risks and bigger fortunes
• Marked shift in British economy - thousands took advantage of ‘right to buy’ scheme, shareholder numbers rose from 3mil to 9mil
• Lawsons budget 1987 = basic rate of income tax cut from 29% to 27% (25% by 1988) to boost incentives
• Personal pensions launched encouraging people to save for themselves rather than rely on state

Miner’s Strike 1984-5
• Scargill refused to hold strike ballot so did not gain total support for a national strike and weakened his case in tandem with a failure to overcome the historic regional divisions amongst miners
• Scargill launched miner’s strike in a bid to prevent the downsizing of the coal industry
• Miners lose as police a key factor (experienced due to 1981 social unrest and using new tactics and equipment) resulting in Battle of Orgreave
Suggested the Falklands diminished relationships with Europe
Thatcher attracted criticism for trying to make out the Falklands was a WW2 style victory
Objection to gloating in tabloids

**Europe 1975-1990**
- Referendum designed to resolve issues over Europe
- Began to resolve Labour’s internal divisions over the European question other than Britain’s relations with Europe
- Poor economic performance of 1970s caused in part to adjustments made to enter EEC

**Thatcher’s concerns**
- Protectionism - principle on which Europe operated was outmoded in age of economic globalisation
- Europe obsessed with dated concept of centralisation when this policy was collapsing elsewhere
- Disparity between the budget payments made by separate member states rewarded inefficient nations and penalised efficient and productive ones

**Thatcher’s priority**
- Secure a better deal for Britain over financial contributions to EEC - Britain paying in much more to EEC than was being returned in benefits e.g. Common Agricultural Policy
- Campaign for rebate successful by 1984

**Outcome**
- Played well with supporters at home, irritated European partners
- European relations generally remind good with Thatcher enthusiastic about Single European Market when negotiated 1985
- Cooperated with France over complexities of Channel tunnel project - symbolic link between France and Britain evident that Thatcher not all anti-European
- Most of her cabinet pro-Europe

**Turning Point**
- Burges speech 1988 - intended to be positive and set out her vision for Europe however it contained a number of provocative statements that infuriated many European leaders and raised doubts about Britain’s commitment to further European integration - speech emphasised that EEC was a trade association
- Fractious relationship with German chancellor Kohl - difference in style, Thatcher’s anti-German view of European history and tendency to point out the past

**Paradox**
- Despite all of this, it was Thatcher who presided over the process by which Britain was drawn even closer to Europe
- Single European Act 186
- Exchange Rate Mechanism 1990
- Importance of Europe to Thatcher; claimed she was mislead into ERM by former Chancellor Lawson and Foreign Secretary Howe - howe resigned 1990 and his resignation speech revealed serious divisions within Conservative party over Europe
- Speech amounted to devastating criticism of Thatcher for her obstructive attitude towards European development
- This speech was the prelude to her leadership struggle that led to her resignation November 1990

**Britain and the end of the Cold War**
• Chancellor Lamont announced an increase in interest rates from 10% to 12% and sold off £30bn worth of foreign reserves
• Dealers continued to sell pounds, Lamont pushes interest rates to 15%
• Bank of England spent high amounts from its reserves buying up the pound but all measures dailys
• Major and Lamont summoned cabinet for an emergency meeting with Admiralty House - accepted decision to give up struggle and withdraw from ERM
• Interest rates fixed at 12% down from 15% that day

Impact of Black Wednesday
• Humiliating defeat - withdrawal from ERM
• Within a short amount of time economy stabilised and it could be seen that coming out of the ERM had as many positive as negative points
• Major’s popularity took a hammering
• Conservatives reputation for economic competence and expertise destroyed
• Steep drop in opinion polls, labour gained 15 point lead
• Divisions within party about personalities and Europe widened - cabinet split between Eurosceptics (Howard, Lilley) and pro-Europeans (Clarke, Heseltine)
• The Eurosceptic wing of the Tories was strengthened, happy to see moves towards European integration suffer such a setback
• Public opinion turned against Constatives just as the Labour party was inventing itself

Economy 1992-1997
• Leaving ERM positives - prevent Britain from having to keep high interest rates to protect stability of sterling, allowed exchange rated to float downwards helping British exporters
• Unemployment slowed down, housing market began to pick up
• 1993-1997 economic recovery accelerated and government borrowing reduced as inflation came under control
• Why recovery?
  • American economy coming out of recession - world trade expanding
  • Britain doing better that foreign competitors due inapt to financial deregulation
  • Privatization of coal - many people acquired shares in the new privatised industries and the stock market was buoyed up
  • 1997 economic indicators positive - unemployment was down, productivity up, consumer spending up BUT despite promising situation, people were surprisingly reluctant to give Major’s government credit for this

Maastricht Treaty
• Aim of treaty ‘to create an ever closer union among the peoples of Europe’
• Terms included full European integration, a European Central Bank and a single European currency (euro) but Britain obtained an opt-out clause
• Treaty to come into effect in November 1993
• For treaty to become binding it had to be ratified by Parliament - the ERM fiasco made this problematic, Labour MP’s voted against ratifying bills
• Climax 1993 when organised resistance by Eurorebels defeated key Bill necessary for the Treaty to come into effect
• Having committed his government to Maastricht, Major was not prepared to accept the verdict of the Commons

Major moves
• Major reintroduced proposal to accept treaty, forced through
• Calls for referendum rejected as ‘unconstitutional’
• “…long term objective is a lower starting rate of income tax of 10%” - avoid being party of taxation, ensure taxation of income is not a disincentive to effort - measure introduced in 1999 budget

**Education**
• “…we will raise the proportion of national income spent on education” - improve educational standards and create a new Britain

**Health**
• “…we will raise spending on the NHS in real terms every year” - improve patient care and ensure welfare state is fit for purpose