Wilson forced to seek 2nd IMF loan.
- 1967- devalued- dropped 14% £2.80 to £2.40.
- Wilson became butt of cartoonists with his assertion ‘the pound in your pocket’ wouldn’t change in value.
- Rejected from EEC 1967 on basis of economics- devaluation damaged Labour’s credibility.
- Jenkins’ deflationary policies- mirrored ‘stop-go’ of 50s- raising taxes/tightening spending- unpopular.
- But achieved balance of payments surplus by 1970.
- Key factor in making Labour confident of victory in 1970 GE.
- By 1970- inflation still running at 12%.
- Reintroduction charges for prescriptions (abolished 1965).
- Free milk for secondary pupils taken away.
- Dental charges rise.

**Labour + Trade Unions**
- Trade Unions came to wield such influence due to Post-War consensus politics- importance of maintaining full employment.
- Macmillan + Wilson tried to maintain a good relationship- relied on coop with Prices + Income policies/Wilson made Cousins Minister of technology.
- 1966- relationships breaking down.
  - Caused economic problems- reduced productivity.
  - Showed union bosses were losing control.
  - ‘Wild cat strikes’ broke out- sudden local disputes without reference to national leadership.
  - But if Labour confronted the Trade Unions they risked alienating core support.
- In place of Strife 1969- to curb out of control unions + good for the economy.
  - 28-day cooling off period before strike could go ahead.
  - Government able to impose settlement when Trade Unions’ in dispute with not from it.
  - Strike ballots could be imposed.
  - Industrial relations court set up- prosecute those who break strikes.
- Trade Unions + Labour appalled- storm of protests including NUM, Callaghan + 50 MPs threatened to rebel.
- Setbacks (e.g. Rhodesia + Northern Ireland) Wilson gave in by compromising with TUC- humiliating climb down by Labour.

**Labour division**
- Wilson largely kept Labour unified but tensions between senior Labour politicians.
  - Concentration on technology modernisation united Labour + minimized underlying tensions e.g. Clause IV.
- Wilson feared leadership challenges:
  - Brown- resentful for losing leadership election to Wilson + by not being made Foreign Secretary 1964.
  - Jenkins- Wilson was suspicious of him as he previously supported Gaitskell + Wilson didn’t support Jenkin’s liberalizing legislation.
    - Seamen strike- Jenkins tried to get cabinet support devaluation- Wilson interpreted as a plot to replace him.
  - Callaghan didn’t get on with Jenkins e.g. disapproved of Jenkin’s pro-Europe stance + liberal legislation.
    - Jenkins critical of failure to devalue when Callaghan was chancellor/supported TV legislation which Callaghan helped block.

**Northern Ireland**
- 60s- growing tension- sectarian divides:
  - Nationalists -supportive of united Ireland.
  - Unionists- supportive of Northern Ireland + Britain union
  - Republican- rejects legitimacy of British institutions.
  - Loyalist- loyal to British institutions
  - Mainly Catholic
  - Mainly Protestant
- Discrimination against Catholics in employment/housing/politics/treatment by Royal Ulster Constabulary.
- 1967/68- Civil rights marches attacked by RUC- protest against discrimination- attacked by Unionists/RUC did little to protect marchers.