

# Pearson Edexcel Level 3 GCE

## History

Advanced Subsidiary

Paper 1: Breadth study with interpretations

Option 1H: Britain transformed, 1918–97

Wednesday 18 May 2016 – Afternoon

**Extracts Booklet**

Paper Reference

**8HI0/1H**

**Do not return this booklet with the question paper.**

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### Extracts for use with Section C.

**Extract 1:** From Sidney Pollard, *The development of the British Economy 1914–1990*, published 1992.

For the eleven years of the Thatcher experiment there need be no ambiguity of verdict. All the signs point in the same direction: the experiment ended in almost total failure. By the end of the period, in 1990, Britain had the highest rate of inflation among advanced economies, though the curbing of the inflation had been the Government's declared priority number one. Britain had the highest interest rates; and it also had high and rising unemployment; large-scale bankruptcies of firms in all sectors of the economy; falling output and declining national income; and the largest deficit on the current balance of payment in history. Over the period as a whole, despite the oil, Britain had, unbelievably, a slower rate of growth than in comparable periods before. In other respects also, such as the number of hours worked in industry, environmental pollution, the morale of the Social Services, and many more, Britain was at the bottom of the developed world.

**Extract 2:** From William D. Rubinstein, *Twentieth Century Britain: A Political History*, published 2003.

By 1983, the economy was beginning to recover. Because of North Sea oil, Britain had a strong balance of trade surplus, which reached £7 billion in 1981 and was still £3 billion in 1983. Many business people and professionals were now benefiting from Thatcherism. In 1988, Chancellor Nigel Lawson reduced the standard rate of income tax to 25 per cent and the top rate to 40 per cent, one of the lowest top rates in the world. This was arguably the most important and far-sighted taxation decision made by any modern government. It helped demand and regained British economic pre-eminence in Europe. Furthermore, in 1986 the London Stock Exchange was deregulated, modernising the City which re-emerged as one of the world's great financial centres. The latter half of Thatcher's premiership started a 'British economic miracle' which, by the end of the century, had produced the strongest economy in Europe with an unemployment rate half that of its chief European rivals.

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