**2. The Sixties, 1964 -1970**

**Practice essay question with sources**

With reference to the sources and your understanding of the historical context, which of these two sources is more valuable in explaining the reasons for Labour’s decision to devalue in 1967?

**Source A**

*Source: Extract from Harold Wilson’s ‘Pound in your Pocket’ speech to the nation on 19 November 1967.*

Tonight we must face a new situation, first what this means. From now on the pound abroad is worth 14% or so less in terms of other currencies. That doesn’t mean of course that the pound here in Britain, in your pocket or purse or in your bank has been devalued. What it does mean is that we shall now be able to sell more goods abroad on a competitive basis. This is a tremendous opportunity for all our exporters and for many who have not yet started to sell their goods overseas but it will also mean that the goods we buy from abroad will be dearer and so for many of these goods it will be cheaper to buy British.

**Source B**

*Source: Edward Heath speaking in the House of Commons on 22 November 1967 http:/hansard.millbanksystems.com/commons/1967/nov/22/economic-situation#column\_1324*

Now I come to the point where the Chancellor said that devaluation would be justified-[interruption.] This is the Chancellor’s own statement and I want to read it to the House. The Chancellor said: It is true that there ar circumstances in which a Government has no option but to devalue, namely, when internal costs and prices ae so completely out of line with other countries that there is no way of restoring a viable relationship. That is emphatically not the situation of Britain today. Has it become the situation in the last four months? I do not believe that it has. The Chancellor was right in July, and that is still the situation today. Those are the only circumstances in which the Chancellor believed that it was right for him to devalue for the benefit of this country. The Chancellor’s own words were: That is emphatically not the situation of Britain today. The Right hon. Gentleman concluded: Devaluation is not the way out of Britain’s difficulties. He was absolutely right. If the Chancellor had not given such an overwhelmingly powerful analysis of the consequences of devaluation and pointed to the fact that there was no justification for it, why has he done it? Why have the Government devalued? The country and the rest of the world must draw their own conclusions from what has been happening.