

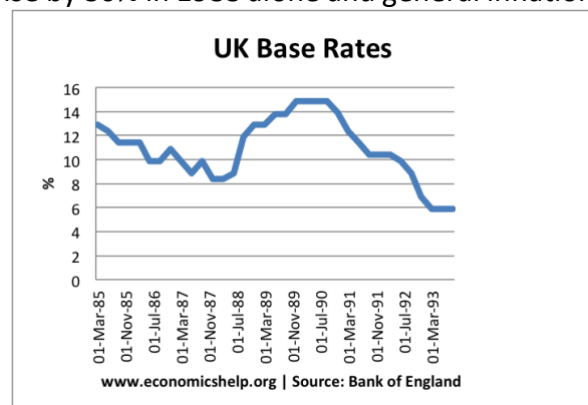
# THE STATE OF THE NATION 1990

During The 80's the Government felt they had presided over an economic miracle. The recession had removed a lot of inefficient firms and privatisation had increased productivity. By 1987 confidence was riding high and the Government was in boastful mood. In his Budget Speech Nigel Lawson explained:

“In 1987 as a whole, output grew by getting on for 4.5% ...rather more than the rate of inflation which average 4.2%. At the same time, unemployment fell faster than in any other year since the war, in every region of the country, and more than any other nation.

The plain fact is that the British economy has been transformed. Prudent financial policies have given business and industry the confidence to expand, while supply-side reforms have progressively removed the barriers to enterprise”.

It is a well-known adage that “Pride comes before a Fall”, and so it proved. By 1990 the country was again in crisis. Over-optimism, tax cuts and a reluctance to raise Interest Rates triggered a spending spree which once again triggered an inflationary spiral which proved difficult to arrest. People spent and borrowed to spend. House purchase in particular rocketed. The demand caused house prices to rise by 30% in 1988 alone and general inflation reached 9.4%. Much of consumer spending was on imported goods. By 1990 the negative Trade Gap had reached £20.31 billion – the highest on record. Panicked remedial action to slow spending and rein in inflation saw Interest Rates rise to 15%. Those who had borrowed now faced bankruptcy as they could no longer afford repayments. Optimism evaporated. The country once more faced economic upheaval.



Rising pressures took their toll on the public mood. Discontent once more overflowed on to the Streets. Large-scale and violent protests erupted to prevent the introduction of the new Poll Tax – the proposed overhaul of the Rating System taxing people rather than property. It was enough to topple the premiership of Margaret Thatcher. Her toughening and regal stance was creating rifts in the Conservative ranks particularly with regard to the further integration into the European Union. It was the end of an era. Hard-line Conservatism, which had rescued the country, was at an end.

Beneath the tempestuous waves of the macro-economic situation all was much more promising. By 1990 the technological revolution was well embedded. It was changing the working practices of both factory and office beyond recognition. Its scope and reach was accelerating. The impact on the home was equally impressive, yet, it had not reached the

individual at a personal and private level. Very few had a mobile phone and there was still no internet. The next revolution was still in the making. It would transform everything!