

My Telegraph piece on Nigel Lawson (with addition)

The sad news of Nigel Lawson's death gives us the opportunity to remember his great contribution to the success of our country. We mourn with his family but celebrate a life well lived. It was a life which made a big addition to the debate about how to promote prosperity for the many and how to fuel faster growth with better economic performance. The arguments he deployed are relevant today as we consider how to carry on the great task of promoting greater prosperity for more people.

Nigel Lawson proved that lower tax rates can bring more revenue and higher living standards. Faced with a Treasury that did not want to believe you can increase the income by reducing the tax rate, he made big reductions in the company tax rate and the rates of Income Tax. This helped propel the economy to faster growth. Rich people came or returned to the UK to invest, to create jobs and make their homes. Large international companies took a more positive view on the attractions of the UK as a place to put their car plant or their consumer product factory.

The Conservatives took over after a poor decade. Half the car industry output had been lost in the first ten years of European membership. With no tariff protection the UK industry lost out to continental competition. In the 1980s with new policies that were friendlier to business the industry was rebuilt by attracting in new overseas investors including the leading Japanese car makers.

He worked closely with Margaret Thatcher in the early years as Chancellor to liberate the self employed and small businesses, as well as to foster more large company business. I remember being able to draft for a speech of Margaret's the news that the Income tax rate cuts meant the rich paid more income tax in cash, paid more income tax in real terms, and paid a higher proportion of the total income tax take. The depressing socialist case against tax cuts for the rich seemed absurd. The way to tax the rich more is to set tax rates at levels they will stay to pay. Nigel was out to reverse the brain drain of the Labour years when successful UK people from pop stars to entrepreneurs left the country in search of lower tax rates. The government welcomed aspiration and recognised the importance of spreading wealth widely, not confiscating it for a jealous state to spend.

Nigel Lawson had been Energy Secretary and recognised from his experiences that introducing private capital and competition into major national monopolies could help transform the country. The privatisation of gas, electricity and telecommunications unleashed a feast of new investment. It transformed an out of date electro mechanical phone system with electronic technology and extra capacity. It drove down electricity prices whilst shifting from dirty coal to cleaner gas, making it a great environmental as well as business policy. It became possible to get a phone line quickly without having to share it with the neighbours. The UK got cheaper energy to

help business compete. Nigel and the Treasury resisted opening the monopolies up to maximum competition, though over time it was still possible to move policy in that direction. I always argued introducing competition would improve outcomes more than just changing ownership, though both were helpful.

Nigel Lawson was an innovative Financial Secretary to the Treasury setting out a new control system for the UK economy which worked well, combining controlling budget deficits with curbing money supply growth. After years of boom inflation and poor output the UK economy started to perform much better. It was a pity that later as Chancellor he lost faith in his own economic policy framework, accepting official advice to seek to join the European Exchange Rate Mechanism. This introduced an unwelcome lack of discipline into money and credit, created a fast inflation and then led to a traditional boom/ bust cycle as the authorities battled with their own past mistakes. It also led to tensions with the Prime Minister who believed the advice she was given that the Exchange Rate Mechanism would be destabilising.

Nigel Lawson achieved a great deal for our country. He showed that a country needs to earn its living, and can only do that when it backs the entrepreneurs and investors and allows lower tax rates to work their magic. Just as Ireland today shows how a low corporation tax rate gives them a giant advantage in attracting big business, jobs and investment, so Nigel Lawson reminds us just how much we need such bravery again to grow faster and offer better pay and wider ownership to the many. The Opposition parties in Parliament seem to think you can keep upping the tax rates on the enterprising and successful, apparently unaware of the history. Tax too much and the enterprising will leave. Tax too much and the new factories go elsewhere. Tax too much and you will raise less revenue for public services not more. Thanks to Nigel we know what works better.