

We mourn the loss of a great man, Nigel Lawson

I mourn the passing of Nigel Lawson. He gave great service and lifted the UK economy after the bruising experiences of the 1970s. He showed that lower tax rates, more competition and nationalised industry reform boosts living standards and opportunities for the many.

In 1983 I was appointed Head of Margaret Thatcher's Policy Unit. I pressed successfully to merge the Economic Adviser to the PM job in with being Head of the Policy Unit. Alan Walters had departed leaving a vacancy for Economic Adviser. As I advised that the main policy task was making sweeping changes to the UK's wider economic policy and performance it would be good to unite these roles. It was also necessary in my view to change the way the Economic Adviser role was performed. Alan had allowed or encouraged himself to be part of the public story. He got himself involved in the crucial relationship of PM to Chancellor in a way which made it difficult for the Chancellor. Stories of public splits were not helpful to either principal.

I was positive about Nigel's appointment as Chancellor. I liked the work he had done as Financial Secretary to the Treasury to establish a new economic policy framework. Control of state borrowing allied to money and credit restraint would provide the best backdrop for low inflation and growth. I thought he would be a tax cutter, as big reductions in personal and business income taxes were essential to end Labour's brain drain sucking talent and investment out of the country. Privatisation and wider ownership were critical to economic progress. Nigel as Energy Secretary seemed sympathetic to such moves, which would help pay for the programme whilst curbing the deficit.

I explained to a nervous Treasury I would give my views only to the PM. In order to be involved in budget planning I agreed to all those papers being excluded from general Policy Unit consideration. Budget secrecy was taken very seriously then. I was delighted with the big reductions in tax rates, which as I hoped brought in more revenue not less. Margaret and Nigel liked the proposals on privatisation, where I recommended John Moore as a Treasury Minister to drive a government wide programme of reforms, sales and wider ownership. Inflation came down and growth improved.

It then became apparent to me that the Chancellor had changed his mind about his Medium Term Financial strategy and had moved to a personal belief that the UK should join the European Exchange Rate Mechanism instead. I warned the PM in private why this would be a harmful and destabilising course. She did not want to believe Nigel would do that, but eventually accepted the evidence. It was such a pity, as their joint enthusiasm for lower taxes, more growth and wider ownership was so successful. The move away from a UK domestic financial discipline to trying to harness to German discipline by proxy spoilt their later partnership in office. Ultimately through John Major's insistence on joining it led to another boom bust and the large

Conservative defeat of 1997. The period of shadowing the DM as the main policy guide had itself given the UK an inflationary boom, as it led directly to creating more money to try to keep the exchange rate down. Meanwhile the German cornerstone of the ERM was based on a low inflationary Germany using domestic money targets to keep their own prices down.

Nigel Lawson went on to make a further important contribution to modern politics through the Global Warming Foundation. He sought to spell out the economic realities and challenges on the road to net zero to remind us that the policy comes with a price tag that needs to be affordable and fitted into a cogent economic policy framework.

Today's Treasury could learn a lot from Nigel's success with big tax rate reductions, incentives for more self employment and small business and transformational policies to major industries. He will be long remembered for his big contribution to UK economic and industrial policy.