

Our policies working - Lawson

From Frances Williams and
Bailey Morris, Washington

Mr Nigel Lawson yesterday used the occasion of his first important keynote speech as Chancellor of the Exchequer to extol the virtues of the Government's economic strategy and to hold it up as an example to the rest of the world.

He told finance ministers and bankers gathered in Washington for the annual meeting of the International Monetary Fund and the World Bank that Britain's exercise of firm financial discipline had laid the foundation for healthy and sustained growth. "The strategy works," he said.

Mr Lawson said the British economy had been growing at an average annual rate of about 2½ to 3 per cent since the recession bottomed in early 1981, which compared favourably with trends before the recession began.

He was scornful of those who have been predicting that the recovery is about to fade. He said there were no signs that the United Kingdom recovery was coming to an end. On the contrary, provided firm money and fiscal policies were maintained, "we will see the recovery spread more widely throughout the economy," he said.

In his most vigorous defence of government policy since he became Chancellor, Mr Lawson said: "Critics who said there could be no recovery without the Government's stimulus, have been proved wrong. Those who now argued that the recovery was not sustainable, that it was unbalanced and that inflation was bound to rise again were wrong."

● WASHINGTON: Mrs Thatcher last night flew into Andrew's Air Force Base, for the start of her three-day tour of the US.

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