

PIT STRIKE

Lawson puts the final cost at £2,500m

By Jonathan Davis, Business Correspondent

The Chancellor yesterday gave the Government's first official estimate of the final cost of the miners' strike. It has added £2,500 million to public spending in the current financial year, knocked Britain's balance of payments by £4,000 million and reduced the level of national output by over 1.25 per cent since it began a year ago, he said.

The £2,500 million estimate of the public spending costs is a full £1 billion more than any previous official estimate and means that the Government has now brought its calculations closer into line with the estimates of most City economists. Until yesterday, the Government has made all its estimates of the cost on the assumption that the strike would have finished by last Christmas.

Mr Lawson made it clear in his speech that there would be further public expenditure costs in the coming financial year. The nation has paid a "heavy price," he said, but "the costs, both economic and constitutional, of submitted to this strike would have been infinitely greater than the costs that have been incurred in successfully resisting it".

The public spending impact of the strike consists partly of direct additional spending and partly increased borrowing, primarily by the National Coal Board and the electricity industry. The strike has added £2,750 million to the public sector borrowing requirement in the current financial year, Mr Lawson said. The previous Treasury estimates were that the strike has added £1,500 million to both the PSBR and the Government's overall public spending totals.

Some details of the strike on the National Coal Board's finances were given today by Mr Peter Walker, the Energy Secretary. He said the board expected to have a deficit on revenue account this year of at least £1,850 million, with additional losses in 1985-86. The board is expected to overshoot its external financing limit by more than £700 million.

The Government is asking Parliament to approve £1,000 million of additional deficit grants to the coal board, to cover the immediate shortfall, but it is also having to introduce new legislation to obtain further subsidies.

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