

# Miners' strike blamed for 0.5% fall in production

By Peter Wilson-Smith

Britain's national output fell by about half a per cent in the second quarter of this year according to the preliminary figures from the Central Statistical Office.

The blame for the fall is placed squarely on the miners' strike. Coal production normally accounts for about 1.5 per cent of total national output, but is running well below that level because of the dispute.

The latest figures bear out the caution from Mr Nigel Lawson, the Chancellor, about the prospects for growth this year.

He told the Commons on July 31 that the reduced coal output meant "it is unlikely that the rate of growth this year will quite reach the 3 per cent that was envisaged at the time of the Budget."

The CSO figures show that the output measure of gross domestic product, considered the most reliable guide to short-term movements in the economy, fell by 0.4 per cent between the first and second

## GROSS DOMESTIC PRODUCT

All constant factor cost, seasonally adjusted; 1985 = 100

	output data	Average estimate
1979	103.3	102.6
1980	100.0	100.0
1981	98.1	98.6
1982	99.7	100.7
1983	102.2	103.9
1983 Q1	101.0	103.5
Q2	101.2	103.0
Q3	102.8	103.6
Q4	103.9	105.4
1984 Q1	104.1	106.3
Q2	103.7*	

\*Preliminary estimate  
Source: Central Statistical Office

quarters, although it was still 2.5 per cent higher than in the second quarter a year ago.

The coal strike is estimated to have reduced output by about half a per cent in the first quarter and 1.25 per cent in the second quarter.

Officials believe that allowing for the miners' strike the economy grew at underlying

rate of about 3 per cent in the year to June, and there was a small increase of about quarter per cent between the first and second quarters.

However, the underlying trend is still in sharp contrast to the experience across the Atlantic where the American economy has been growing rapidly.

Revised second quarter US gross national product increased at an annual rate of 7.6 per cent the Commerce Department announced yesterday. This was slightly higher than the initial flash estimated of 7.5 per cent although it represents a slowdown from the first three months of the year when growth was running at an annual rate of 10.1 per cent.

The impact of the coal strike on British output has been largely confined to the coal industry itself although some secondary effects have become apparent in the electricity and iron and steel industries.

In particular, the net output

of the electricity industry has been depressed because it has been forced to spend more buying oil to fuel power stations instead of coal.

The CSO estimates that of the 1.25 per cent reduction in gdp in the second quarter because of the coal strike about quarter per cent related to the indirect effects of the dispute.

Although output of the production industries was down about 3 per cent between the first and second quarter, largely because of the strike, the service sector of the economy has continued to grow, with distribution industries, hotels and catering all moving ahead.

The second quarter fall in output was rather smaller than many City economists had expected. However, that latest figures were seen as a further sign that the rate of growth in the economy, even allowing for the miners' strike, slowed in the first half of this year, compared with the second half of last year.

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