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Mr Mason's House Party

In conditions of secrecy which would do credit to a Conclave of Cardinals electing a new Pope, the Minister of Power spent last weekend entertaining the leaders of the British fuel industries. The purpose of the meeting, at the Civil Defence Staff College at Sunningdale, was to discuss the development of British fuel policy since the publication of the White Paper in November last year, and to attempt to reach some agreement on policies for the future. Frank speaking seems to have been the order of the day—for some of the sessions, even top advisers were excluded—and the Ministry of Power went to great lengths to preserve the silence of those present. Even Lord Robens, chairman of the Coal Board, and normally as voluble outside the conference chamber as he is in it, was keeping quiet about what went on. But no white puffs of smoke emerged to indicate that a new fuel policy had been discovered, so it is safe to assume that the old one still forms the basis for argument.

Unless the other chairmen were on their toes, there is a danger that the problems of coal were allowed to dominate the proceedings. It is, for instance, absurd that, although the chairmen of the electricity, gas, coal and steel industries were at the meeting, nobody was there to represent the oil industry. (The nuclear power industry was also unrepresented, but this is a less serious omission.) In these circumstances, it is only too easy to forget that oil has an important part to play in the generation of power. Such indications as there are tend to suggest that the movement in prices may favour oil, even when compared with natural gas. The British Steel Corporation has suggested that for very large contracts, natural gas may be unable to compete with oil, the price of which has been falling in relative terms for some years. Even the Government's own White Paper shows how rapidly oil is overtaking coal; within the next few years it will become the most important primary fuel.

In these circumstances, Lord Robens probably did well to persuade the ministry to undertake yet another review of the place of coal in the total energy policy. The ministry has announced its willingness to undertake such a study in conjunction with the coal board and the electricity generating industry, as part of a general review of energy problems. This was the only significant announcement to emerge from the ministry after the meeting, although it did add that the chairmen of the industries "warmly welcomed the ministry's intention to arrange for more frequent meetings with them collectively".

On the face of it, it is difficult to see how a new review could come to conclusions any different from the last one. But there are a few straws of comfort for the miners. For one thing, the Ministry of Power has been hinting that the production of natural gas may not quite reach the most optimistic targets set for 1975. Instead of 4,000 m cu ft, the figure now seems likely to fall to about 3,000 m cu ft, a cut which represents no less than 12·5 million tons of coal. This would make a significant difference for the mining industry, raising its targets for 1975 from around 120 million tons to 132·5 million tons.

But Lord Robens is also likely to argue at a more academic level than this. There are economists (supported by the report of the Brookings Institute) who believe that the present fuel policy exaggerates the rate at which coal generation should be supplanted by nuclear generation. Although there are now only a few who refuse to believe that nuclear stations are capable of generating electricity more cheaply, this is bought at the cost of very heavy capital expenditure. The capital expenditure on coal is now almost a subject for historians. Once the most inefficient of the pits are closed, the argument goes, the coal industry will be able to take advantage of the very real advances in productivity to produce low cost energy, and without heavy demands on capital. Nuclear energy, on the other hand, makes heavy demands on capital expenditure in order to produce—in the words of the Brookings Institute—"only modest gains in fuel economy". On this argument, the difference between a very rapid rate of shrinkage for the coal industry, such as is envisaged by the White Paper, and a more modest rate of decline would be small.

This, of course, is now quite a familiar argument, and constant reiteration is unlikely to have convinced the doubters. Sir Henry Jones of the Gas Council is still optimistic about the supply of natural gas, and is unlikely to accept any reductions in his targets unless they are forced on him by limitations of supply. Sir Stanley Brown of the Central Electricity Generating Board argues that the savings from nuclear generation really are substantial, despite the heavy capital cost. All that has changed is that the man in charge of the Ministry of Power is himself a former miner—and so far this does not seem to have influenced his decisions much. It would involve a radical change of policy for the minister now to say that the fuel policy decided last year had set targets for the contraction of the coal industry which were in error. He is, however, quite likely to admit that the targets, though right in principle, cannot in fact be achieved in practice. This would mean that the Coal Board would be given a further breathing space, and allowed to spread the pit closures over a longer period. There is no reason why this would be a disastrous thing to do, provided that in the process the principles of the White Paper were not lost sight of. It would perhaps be best for the minister simply to declare that, by 1975, primary fuels should be expected to compete on cost.