



10 DOWNING STREET

THE PRIME MINISTER

26 March 1981

Dear Mr. Campbell-Savours,

When you came to see me on 4 March you explained your concern about the decision which had been taken by the British Steel Corporation to close their new ingot mould foundry at Distington. You told me that you understood that the decision to close had been taken by the management of the BSC FFE Group, which does not include Distington foundry, and that both management and workers at Distington believed that the decision had been made on the basis of an unfair assessment of the past performance and future potential of Distington foundry.

Norman Tebbit, who was present at our meeting explained that he had already asked Mr. MacGregor about the Distington decision, and that the Government could not cross-examine BSC managers without undermining Mr. MacGregor's authority.

As I agreed at our meeting, I wrote to Mr. MacGregor to ask him whether he personally was satisfied with the decision which had been taken at Distington. I attach a copy of Mr. MacGregor's reply. You will see that in it he refers to one of the documents which you sent me following our meeting, namely his letter of 27 February to the Distington Joint Representation Committee.

In his letter to me, Mr. MacGregor makes it clear that he is satisfied that the right decision has been taken and that the management assessment which led to it was fair and correct.

As I explained to you, the Government cannot intervene and overturn decisions which have been taken by BSC management. In this case there is no doubt that there has to be a cutback

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in BSC foundry capacity, and since Mr. MacGregor has now assured me, as he has I understand also assured the Select Committee on Industry and Trade, that the decision to close Distington was soundly based, I do not believe there are any grounds on which the Government can intervene further in this matter.

Yours sincerely,

MT .

Dale Campbell-Savours, Esq., M.P.