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10 DOWNING STREET

THE PRIME MINISTER

12 February 1981

Dear Mr Sidaway,

Thank you for your letter of 4 February about the position of private sector steelmakers and BSC pricing policy. I have seen copies of your recent correspondence with Sir Keith Joseph on the same subject, but I am afraid that there is little more that I can add to what he has already said.

I am very conscious that the severe drop in demand for steel is causing acute difficulties for both the public and private sector steelworkers in the UK where they have now been faced with a prolonged spell of severely reduced capacity working. As you know the problem extends throughout Europe and there is now excess capacity for the foreseeable future. In such a situation, competition from sources both at home and abroad is bound to be fierce, but I do agree that there are particular problems where part of an industry is subsidised. It is a matter of great concern to me that this country should emerge from the current recession with a strong and healthy private sector; our economic strategy is designed with this in mind.

I can only add that the point of view you express is being given full and serious consideration in the Government's evaluation of BSC's Corporate Plan.

Yours sincerely  
Margaret Thatcher

R. Sidaway, Esq.

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