



10 DOWNING STREET

THE PRIME MINISTER

19 March 1981

Dear Mr MacGregor

Mr. Dale Campbell-Savours, M.P. came to see me on 4 March to express his concern over the BSC's decision to close the new Distington ingot mould foundry in his constituency.

He told me that he was not questioning the need to reduce the foundry capacity in the Corporation, but he believed, as did the workforce and most of the local management at Workington, that the decision to close the Distington foundry had been taken on the basis of an incorrect assessment of the relative costs of producing ingot moulds at the three BSC foundries. He repeated to me his assertion, made in the House of Commons on 18 February, that the Distington foundry had been treated unfairly because it was part of a different group within BSC from the other two ingot mould foundries, and that the basis of comparison between the foundries had been distorted by this bias.

I explained to Mr. Campbell-Savours that, although I understood the concern felt by his constituents, the Government could not intervene in decisions which had been taken by BSC management. I undertook, however, to write to you to ensure that you had been satisfied personally about the way in which the decision to close Distington had been arrived at.

Since meeting Mr. Campbell-Savours, I have seen a copy of the memorandum dated 27 February which you sent to the Joint

/ Action Committee

Steel
cc to PM Meets
with Dale Campbell
Savours

Action Committee at Distington, from which it is clear that you have personally reviewed this decision, spending a considerable amount of time on it, and that you are satisfied that the decision was the correct one. Mr. Campbell-Savours' research assistant sent this document to me. I personally should welcome your own confirmation that you yourself have total confidence in the Corporation's assessment which led to the decision to close Distington.

signed

MT



Ian MacGregor, Esq.