Extract from Reen'd of Keeting with British Accompace: Britismed 27.6.80

The Prime Minister said that she recognised that it was not easy to hold wages down but that it had to be done.

The <u>local representatives</u> said that the RAF was considering paying £60-90 million extra to buy Sea Harriers from America rather than Britain and that there was a delay over the decision on buying 10 more Harriers in addition to the original order. The <u>Prime Minister</u> said that she had mentioned the Harrier issue to Harold Brown while he had been in London and that she would look further into it.

The British Aerospace representatives said that the Navy needed another 10 aircraft and that the decision appeared to be stuck at the political level in the Ministry of Defence. The Prime Minister said that the decision-making process in the Ministry of Defence was not of the best. The Chiefs of Staff appeared to want everything, and did not realise that life was an either/or business. She said that it was difficult to decide these big issues, but that she was dissatisfied with the way that decisions were being reached at present.

CONFIDENTIAL

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