



SECRET

Defence

5

Ref. A027

PRIME MINISTER

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OD: Lightweight Torpedo

Paragraph 5(a) and (b) of my brief for this item raised some doubts about Sting Ray: but I assumed that OD were likely to give the go ahead because I had been told that the Chancellor of the Exchequer would not press his opposition to the project.

4. His minute of today makes it clear that I was misinformed. (Some members of OD may not have seen it and we shall have spare copies available for handing out if necessary). There is one point which I would like to add to those made by the Chancellor. Mr. Pym says (paragraph 7 of OD(79) 17) that he is prepared to accommodate Sting Ray "within whatever Defence budget ceilings are agreed". This is however a circular argument. The Cabinet have not yet approved the Defence budget for the later years, and once Sting Ray has been approved it will be that much harder to contain the Defence budget within what the Cabinet are likely to think would be a reasonable level.

*JH*

(John Hunt)

23rd July, 1979