

PRIME MINISTER

*Min. Stephens. arranged. Defence  
cl. 3.17.  
I have explained the position to  
Lord Weinstock who is now quite relaxed.  
He is looking forward to the dinner. Can you  
please arrange it. M.W. this*

Lord Weinstock sent the attached letter round by hand this afternoon. You were due to dine with him and Mr. Woodrow Wyatt on Friday, but you had asked Caroline Stephens to postpone the occasion, though Lord Weinstock does not know this.

I have spoken to Mr. Nott's Office, and they say that a decision on the heavyweight torpedo is not likely to be taken before the early autumn at the earliest. There is no question of a choice having been made secretly between the American weapon and the GEC torpedo - if that is indeed what Lord Weinstock thinks. But it is possible that, against an eventual decision by Ministers to buy the American torpedo, MOD officials have begun to prepare a draft Memorandum of Understanding and have shown this entirely informally and without commitment to the Americans. It would take some little time to check this possibility. But what is certain is that Mr. Nott has not seen a draft MOU, nor did he discuss the heavyweight torpedo when he saw Mr. Weinberger in Washington recently (though he did press the virtues of Sting Ray on the Americans).

I think that this means that I can safely ring Lord Weinstock and tell him that there must be some misunderstanding, and that no decision has been taken on the torpedo, and will not be taken for some time to come. There would therefore be no question of him and you being in a false position if you met for quite other purposes. Would you like me to do this (warning him that Friday's engagement is being postponed anyway for other reasons)?

*Yes please  
M.T.*

30 June, 1981.

*M.W. Perhaps we  
had better  
carry out this  
engagement - unless  
he would like it  
postponed until the position  
is clearer.*

THE GENERAL ELECTRIC COMPANY LIMITED

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30 June, 1981

Dear Margaret,

I have just heard by telephone from the United States that, following John Nott's visit, a memorandum of understanding is being prepared by which your government will agree to buy the American heavyweight torpedo instead of our 7525.

This immensely important contract has become the focus of issues of such significance to my Company, and in my sincere belief to the nation, that I could not possibly accept such a decision with equanimity.

I did not think that our projected talk on Friday evening was meant to be about matters directly concerning my business. Rather I hoped we could talk about general questions, and that I might have been able to contribute something useful to you in the consideration of your policies for the next year or two.

In all the circumstances, I don't

THE GENERAL ELECTRIC COMPANY LIMITED  
15, MARK LANE, LONDON, E.C. 3

See how such a conversation can take  
place just at the moment without  
putting us both in a false position.

Yours sincerely,

Arnold

Rev. Hon. Margaret Thatcher, M.P.