


PRIME MINISTER

IAN GILMOUR'S STATEMENT

As you have already heard, Ian Gilmour's Statement went badly. There was support for him from the Government side only from Peter Bottomley and hostility - explicit or implicit - from everyone else who spoke.

Peter Shore said that the Statement was very unsatisfactory. Recent events in Iran strongly reinforced the case for a measured delay. The House and country were now totally confused. In the debate last week, Government speakers had clearly said that existing contracts would be unaffected. To introduce retrospective sanctions now made a complete nonsense of the Bill which had been passed. He demanded a very early debate, and complained that Ian Gilmour had said nothing about the other topics of conversation at Naples.

The Lord Privy Seal quoted from Douglas Hurd's speech in the Second Reading Debate on the Iran Bill, which left all the options open. He said that the timing of a debate would be decided in conjunction with our partners and through the usual channels. He said that it was not the custom to make a Statement after informal meetings of Community Foreign Ministers.

Julian Amery said that sanctions posed an awkward dilemma: if they failed, our authority would be still further weakened and if they succeeded, they would strengthen the hand of opponents of the present Iranian Government. The Lord Privy Seal said that most people were against sanctions because they normally did not work. The Government made their reasons clear in the House for going ahead with them in this case.

Tam Dalyell asked what on earth had changed in the last 72 hours. The Lord Privy Seal said that nothing had changed. We could not rely on the 1939 Act solely, because it did not deal with service contracts or transport.

/ Sir Derek Walker-Smith

Sir Derek Walker-Smith said that he understood there were legal difficulties in Germany and Italy over retrospection. He asked how we differed from them. The Lord Privy Seal said that it was beyond his competence to answer that question. We aimed to act simultaneously and with the same degree of severity as our partners.

David Winnick said that the Government had cheated over the sanctions debate. The people who would actually suffer would be those with jobs in this country. Sanctions would be a futile and farcical gesture and would not help to release a single hostage. The Lord Privy Seal said that Mr. Winnick was totally wrong.

David Ennals said that the Government were going against the will of the House. The debate last week had been held on the clear understanding that sanctions would not be applied retrospectively.

Sir Nicholas Bonsor said that he was not aware that the legislation would be retrospective. It would do enormous damage to British industry.

Hal Miller said that the position was very confusing and disturbing for the motor industry. He wanted to know why back-dated powers had to be invoked.

Tony Marlow said that President Giscard did not seem to be acting in a coordinated way with his partners, and he feared the consequences of the sanctions decision for Talbot cars.

Bowen Wells said that the retrospective element was not made plain to the House. The Government would have to compensate those affected by it.

In answer to all of this the Lord Privy Seal said that the date of 4 November had been chosen because it was the date when the hostages were taken. Compensation was an important issue but there was no precedent for it in sanctions cases. The Government Front-Bench had always kept open the possibility of retrospection.

Jack Straw said that hundreds of firms and thousands of work people would feel deceived by the Government's decision. Several Members asked how many workers would be involved, and the Lord Privy Seal confessed that he did not know. He said that every relevant matter would be considered and that he would certainly make enquiries to find out how many people were affected.

Les Huckfield said that the House had been misled. Sam Silkin said that great emphasis had been laid on the non-retrospective character of the Iran Bill.

Leslie Spriggs said that Members who had supported the Bill had been let down. He had not supported it because he did not trust the Government and he had been justified in that attitude.

After quite a lot more of this sort of thing, Peter Shore said that the Lord Privy Seal had not satisfied the House, in particular on retrospection. He called for a further Statement tomorrow on wider issues.

Tam Dalyell then immediately moved an S09 application, saying that a lot of firms had signed contracts since November and that the matter was therefore urgent. He said that people were now having to make decisions to reflect the Government's change of stance. He said that some people would now say that the Government were creatures of the Americans, subject to every pressure from Washington. There was great confusion between the Opposition Back-Benchers, the Speaker and the Lord Privy Seal about whether the Government were committed to a debate on the 1939 Act powers before they came into force or not. When it became clear that the Lord Privy Seal could not give that assurance, the Speaker granted an S09 debate for tomorrow.

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