The content of this report is not attributable to the speakers at the Symposium but instead are based on the notes taken by scribes at the Symposium. Accordingly, the content of this report should not be quoted or considered as representing the views of the speakers present.
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BACKGROUND

The Scottish Parliament has been an associate member of NCSL since 2005. NCSL is a bi-partisan organisation representing legislators at State level in the United States of America (USA) and supporting the legislators and staff of the USA’s 50 States, commonwealths and territories. The aims of the organisation are to firstly, improve the quality and effectiveness of state legislatures, secondly, promote policy innovation and communication among state legislatures; and, lastly, ensure state legislatures have a strong, cohesive voice in the US federal system. As part of the means of achieving these aims NCSL organise a wide range of meetings, seminars and conferences for US State Legislators.

During Scotland Week 2013, Presiding Officer, the Rt Hon Tricia Marwick MSP, and the President of NCSL, Terri Norelli, announced that NCSL would be holding a Symposium of Legislative leaders in the Scottish Parliament in July 2013. Legislative leaders are Speakers, Majority and Minority leaders at State level in the USA. The conference represented the first occasion on which NCSL had met outside of North America.

The conference programme was structured following discussions in Washington D.C., around the following themes:

- The impact of the Scottish diaspora on the making of the USA
- The constitutional debate in Scotland and the UK
- The global economic outlook and the impact of US State budgets
- Doing business in Scotland and the US
- Global energy supply and demand
- Legislative Leadership, and
- Social media and legislatures

The conference was attended by 53 delegates representing 29 States and 3 commonwealths and territories of the USA.

The formal proceedings of the conference took place in the Scottish Parliament from 10-12 July 2013. However on arrival in Edinburgh, the delegates attended a viewing of American exhibits at the National Library of Scotland and a welcome reception at Edinburgh City Chambers which was hosted by the Lord Provost of the city, the Rt Hon Donald Wilson.

This report provides an overview of the discussions which took place during the formal sessions of the Symposium. The content of this report is not attributable to the speakers at the Symposium but instead is based on the notes taken by scribes at the Symposium. Accordingly, the content of this report should not be quoted or
considered as representing the views of the speakers present. Instead this report is intended to provide a general overview of the discussions that took place at the Symposium.

OPENING CEREMONY

The Symposium’s Opening Ceremony was held in the Debating Chamber of the Scottish Parliament. Delegates were addressed by the Presiding Officer of the Scottish Parliament and by the President of NCSL. The Royal Conservatoire of Scotland gave a performance to welcome delegates. The Presiding Officer and the President of NCSL are pictured with delegates below.

Scotland and the Making of the United States of America

Speaker: Tom Devine, Senior Research Professor in History and Director of the Scottish Centre of Diaspora Studies, University of Edinburgh

Chair: Linda Fabiani, MSP and Member of the Scottish Parliamentary Corporate Body (SPCB)

Following the Opening Ceremony, the first session of the Symposium heard from Professor Tom Devine about the impact of the Scottish diaspora on the making of
the USA. Professor Devine began by quoting Andrew Hook’s\textsuperscript{1} observation that Americans’ understanding of the history of Scotland is largely viewed through a prism of Brigadoon, whisky, golf, tartan and Sean Connery. He felt that this understanding was symptomatic of a historical amnesia and missed the important effect of 18th century Scotland on the United States, especially on American thinking.

Professor Devine covered three main themes in his presentation. These were as follows:

\textbf{1. The Scots’ influence on education, learning and especially American universities in the 17th and 18th centuries}

Research by James McLachlan shows that between 1700 and 1776, 816 men crossed the Atlantic with some university education. Of those, a third were educated at Aberdeen, Edinburgh or Glasgow universities. In some states – Virginia, Maryland and North Carolina - half of university educated men were Scots.

Scots were very influential in the founding of a number of American universities. During the American Revolution, the Scottish President of Princeton University - John Witherspoon - modelled the university’s syllabus on that of Scottish universities. Princeton, at that time, was the Alma Mata of many politicians and was known as the “seminary of statesmen”.

In the 18th and 19th centuries, the curricula of many universities, especially outside of New England, were based on the Scottish curricula and used Scottish philosophical and historical texts, such as William Robertson’s The History of America.

\textbf{2. The extent that 18th century Scottish thinking influenced the founding documents of the United States of America}

Professor Devine noted that, until the mid to late 1990s, the orthodox view of the United States’ founding documents was that there were three intellectual strands which influenced them:

\begin{itemize}
  \item A. Classical authors
  \item B. English philosophy, including John Locke; and
  \item C. Mid-18th century French enlightenment philosophy.
\end{itemize}

However, Professor Devine asserted that the Scottish enlightenment was also very important. The influences of thinkers such as Hume, Smith, Kames, Hutcheson and Reid are evident in founding documents. For example, Rev. Francis Hutcheson wrote about the right of a colony to resist if ‘mother countries’ became tyrannical and the Declaration of Independence echoed the words of Thomas Reid who wrote “Most truths are self-evident”.

\textsuperscript{1} Former Emeritus Bradley Professor of English Literature at the University of Glasgow.
Professor Devine argued that unlike its French equivalent, the Scottish enlightenment was not overtly hostile to the church, thus making Scottish ideas more palatable to the Christian gentlemen in the Americas. However, while Scottish ideas were embraced by revolutionary Americans, Scots in America were overwhelmingly loyalist and many left for Canada following the American revolution.

Later, Sir Walter Scott’s romanticised version of Scotland became powerfully influential in America. Mark Twain argued that Scott’s romantic vision of Scotland had a negative impact on the southern states’ identity and was a causal factor in the Civil War.

3. **Why Scotland had these effects**

Professor Devine emphasised the impact of the high number of Scottish immigrants to North America in the 18th century, many of whom would have been educated men—teachers, university professors, clerics, merchants, physicians etc. Scotland had, in the 16th and 17th century, comparatively high rates of elementary literacy due to the high number of parish schools. Borough or Grammar schools provided a rigorous secondary education for 9-13 year olds. Boys were expected to be fluent in Latin and Greek by the age of 14 and it was at this age that boys would go to university.

From the late 17th and early 18th century until the 1920s, the rate of economic transformation in Scotland was the fastest in Europe. This led to a growing wealth for the elite and middle classes and an expanding service industry, including further education. The Scottish education system, therefore, produced a surplus of educated Scots, many of whom emigrated to further themselves, largely to North America and India. It is in this environment that the Scottish enlightenment flourished.

Lastly, Professor Devine noted that trade between North America and the Clyde ports in Scotland was extensive. This trade meant that not only goods travelled across the Atlantic, but that it was a highway for ideas, books and concepts too. The seminal works of the Scottish enlightenment influenced both the European and North American worlds of intellect.

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**Remarks by the American Charge d’affairs a.i. to the United Kingdom, Barbara Stephenson**

*Chair: President of NCSL, Speaker of the New Hampshire House of Representatives, Terie Norelli*

The Chair for the session, President of NCSL, Terie Norelli, introduced Charge d’Affairs a.i., Barbara Stephenson and referred to her career to date in the US State Department, US Diplomatic Service and postings in Panama, Iraq, Northern Ireland and London. The Chair pointed out that when Ambassador Stephenson started her State Department career in 1985 there were few female role models for her to
emulate in the US Diplomatic Service. Today that has changed and Ms Stephenson is an example of female leadership to other women in the US Diplomatic Service.

The Ambassador began her remarks by asking for a show of hands of NCSL delegates, asking them if this was their first visit to the UK. Most of the delegates raised their hands. The Charge d’Affaires congratulated the NCSL on their choice of venue as Edinburgh is one of her favourite cities. NCSL, Ms Stephenson considered, had chosen a great overseas location for their first leadership conference outside of the USA as Scotland’s contribution to the US is still layered in the values that has shaped Americans.

Ms Stephenson remarked on the earlier presentation at the symposium which had highlighted the very influential role Scots have played in the founding and development of the USA. She referred to the important bilateral relationship, ‘the special relationship’, between the UK and the USA, the language and cultural crossover, and the common values that the two nations share.

Ambassador Stephenson rejected the view that global shifts in political and economic power had devalued the US-UK relationship. She pointed out that as two major powers which share such close values and ties, the ‘special relationship’ was as important for the USA now as it has ever been. The Charge d’Affaires also countered the view that the ‘Pacific pivot’ of the USA, a focus on US bi-lateral relations with new economic powers in the Asia/Pacific region, did not signal an abandonment of the US-Europe relationship. She quoted former US Secretary of State Hillary Rodham Clinton when she said recently “that the U.S. is not pivoting away from Europe to Asia, but wants to pivot with Europe to Asia”.

Within this geo-political context, Ms Stephenson pointed to the start of negotiations on the establishment of the Transatlantic Trade and Investment Partnership (“TTIP”), which would see a free trade area established between the EU and the USA. TTIP, once agreed, will become the largest free trade agreement in history. She highlighted the fact that the US and EU economies combined account for 33% of global economic output and 50% of global trade. TTIP will be vital in establishing new global benchmarks for trade practices and set the global trends in international trade for the coming decades.

Referring to the official position of the US Government on the upcoming Scottish Independence Referendum in 2014, Ms Stephenson said that the constitutional future of Scotland within the UK was solely a matter for the Scottish people and the US remained neutral on this issue. However, as a close ally, the USA both cares and is interested in the developments taking place in Scotland.

The Charge d’Affaires concluded her remarks by stating that the challenges faced by the USA and Europe, both today and in the future, are best addressed by working in close partnership with countries like the UK. The USA’s strong stance is that building partnerships is fundamental to combat the challenges that need to be faced in the 21st century.
The Constitutional Debate in Scotland and the United Kingdom

Speakers:

James Mitchell, Professor of Public Policy, University of Edinburgh
Charlie Jeffrey, Professor of Politics and Director of the Academy of Government, University of Edinburgh
Michael Keating, Professor of Politics, University of Aberdeen

Chair: President-Elect of NCSL, Oregon Senator Bruce Starr

Professor Mitchell began by setting out what he considered to be the four overlapping sets of issues/questions that he considered underpinned the ‘Scottish Question’ and which would be central to the debate during the referendum campaign. These were:

1. The Constitutional question – Scotland’s relations with the UK. The nature of the debate has reflected changes in society and economy, and crucially the understanding of the role of the state.
2. Identity – This relates to whether we are Scottish or British or a combination and is complex. He argued that identity is important but not a key driver of the referendum debate.
3. Public policy – views on public policy are central to the debate; issues such as welfare and what kind of society we want. Following devolution, the Scottish Parliament is able to diverge from policies south of border on issues such as free prescriptions, free personal care, tuition fees and policing.
4. Party political – the multi-party nature of the Scottish political system is significantly different from that in England, particularly with regard to the central role that the SNP plays in Scottish politics.

In terms of what is on offer to voters at the referendum, Professor Mitchell noted that there are no formal proposals currently for the Scottish Parliament to have no more powers. In his view, a clear ‘No’ vote would make further powers unlikely. With regard to ‘Yes’ vote, Professor Mitchell emphasised that there are as many forms of independence as there are states in the world. Independence, in his view, has been a way in which the SNP motivated and mobilizes its members – acting as a slogan rather than a policy. The SNP, he noted, has become forced to define and refine what it means by independence.

With regard to the meaning of ‘independence’, Professor Mitchell referred to the DVLA question which had been initially raised by Kenny MacAskill, MSP, before 2007. Mr MacAskill had referred to an independent Scotland sharing some UK-wide institutions, for example, the DVLA. Interviews conducted by James Mitchell with members of the SNP on this issue indicated scope for co-operation. In Professor Mitchell’s view this exemplified the way in which the relationship with the rest of the UK, in the event of independence, would continue to be re-negotiated.

Professor Mitchell concluded by suggesting that the issues brought to the fore by the debate will not disappear regardless of the result. If there is a “Yes” vote, then
Scotland’s relations with the UK will continue be negotiated. If there is a “No” vote, Scotland’s relations with the UK will continue to be negotiated. The Scottish Questions will therefore persist.

Professor Jeffrey considered the constitutional debate in Scotland from the perspective of its impact on the rest of the UK with a particular focus on England. In particular, he highlighted how the constitutional relationship within the UK was continually evolving: Wales is on its third version of devolution with a fourth reform commission currently appointed and Scotland is on its second version of devolution.

Professor Jeffrey questioned why the UK was so unstable observing that there have been as many constitutional changes in the UK as the USA has had since its founding. He argued that the UK is constitutionally promiscuous. Relationships have evolved in a piecemeal way. There are now asymmetrical arrangements with different set of powers and constitutional forms.

In particular, Professor Jeffrey identified the emergence of England as a political factor of importance. This, he considered, has emerged in two ways. Firstly, England has emerged as a unit of government, and secondly, as a distinct political arena. England has not been treated as a distinct political unit since before the Act of Union, but devolution has revealed what is left, with England emerging as a default political system. In terms of England’s emergence as a political arena, Professor Jeffrey emphasised a number of trends evident from public attitudes research as evidence of the emergence of an English political arena. These were:

1. A clearly emerging English identity, as opposed to British identity, becoming evident in England;
2. A sense of resentment about Scotland. This takes the form of resentment about the perceived beneficial financial deal that Scotland receives and that Scotland is over-represented in Westminster;
3. Hostility to the European Union in England is stronger than anywhere else in Western Europe and this again plays into a stronger sense of English identity;
4. Immigration: the English are more concerned about immigration than any other constituent part of the UK; and,
5. Lastly, there is an emerging demand for political change in England’s institutions with polling finding majority support for England-wide governing arrangements of some sort.

Professor Jeffrey concluded by questioning what the impact would be if England does emerge as a fully-fledged political unit and whether, in many respects, England poses a bigger challenge to the ‘Union’ than Alex Salmond?

Professor Keating sought to situate the constitutional debate in Scotland within a wider, primarily Western European context, noting that the fundamental question central to all these debates is the relationship between the nation and the state in Europe. He noted that whilst the nation and the state were synonymous in some jurisdictions such as France and Germany, this was clearly not the case in multinational states such as the UK, Spain or Belgium. In addition, Professor Keating noted the complexity of the constitutional situation in these states often causes
terminological confusion. In Southeast Europe, the plurinational states and multiple identities involved make these polities even more complex and the issues involved very difficult to resolve.

Professor Keating questioned the reasons for the re-emergence of sub-state nationalism in these jurisdictions, arguing that the main reasons were economics, politics and the ways in which we define the political communities in which we live.

In terms of economies, there is evidence that States are finding it increasingly difficult to manage the significant economic disparities within their economies. The divergent approaches to the role of the State, and in particular the welfare state, across Europe was also highlighted as a key variable which could intersect with nationalist movements. The role of the welfare state, as the key means of maintaining social solidarity within states, has become increasingly questioned and fragmented.

The combination of these trends, Professor Keating suggested, has raised fundamental questions about why a political community should be Spain, the UK or Belgium. Nationalists and autonomists are asking why there is a need for a State in the wider community of the European Union. The European project, it was proposed, was put in place to deal with nationalism and has been so successful in this regard that it has brought into question the need for the old states.

In particular, Professor Keating cited three places in Western Europe as being the prime locations where sub-state nationalist movements had become the dominant political issue. These are the UK, Belgium and Spain. In Spain, in the past the motivating factor for nationalist movements had been linguistic and cultural, however these issues were now not the principal cleavages. In the Basque country, a power-sharing arrangement and attempts to put together a peace process are the current focus. In Catalonia, a historically very moderate nationalist movement has radicalised and there is now an impetus for independence. British politicians have been more liberal than Spanish politicians in accepting that there are multiple nations within the State and the lack of a similar acknowledgement in Spain has led to a significant increase in support for independence in Catalonia. In Belgium, the Flemish tended to consider that they are contributing too much to Wallonia and Brussels and there have been regular constitutional revisions.

Professor Keating concluded by emphasising that the meaning of independence is becoming increasingly fluid and that classic conceptions of sovereignty and of the State lost their meaning and traction as the relationship between the definitions of the state and the nation become increasingly contested in States where the nation and the state are not synonymous.
Budget Outlook and Trends

Speakers:

Murdo Fraser, MSP and Convener of the Economy, Energy and Tourism Committee

NCSL Vice President, Nevada Senate Assistant Majority Floor Leader, Debbie Smith

Stewart Stevenson, MSP and former Scottish Government Minister

Eric Turner, Indiana House Speaker Pro Tempore

Chair: Duncan McNeil, MSP and Convener of the Health and Sport Committee

The Chair for the session, Duncan McNeil MSP, welcomed delegates to the session and noted that the purpose of the session was for the politicians on the panel to provide a perspective on budgetary issues within their jurisdictions.

Murdo Fraser MSP

Murdo Fraser MSP opened his comments by observing that ‘Thrift’ or thriftiness is a characteristic often attributed as being synonymous with Scottish culture and perfectly describes the restrained and disciplined attitude towards spending that we must all now possess.

Turning to the recent global economic crash, Murdo observed that UK public finances suffered the worst of any economy starting, in 2008, with the banking crisis and economic downturn which created the worst financial uncertainty since the 1930s. This didn’t happen by accident, it was preceded by an inflationary boom where we borrowed more and didn’t worry about how we paid it back. Cheap credit and a fiercely competitive financial services industry ensured loans were ‘affordable’ to all allowing ‘thrift’ to essentially go out of fashion. This was mirrored by UK Government policy, Murdo Fraser observed. Gordon Brown as Chancellor had assured us that “there would be no return to boom and bust” but that was what happened. He paved the way for personal borrowing to hit an all-time high but at that time when tax receipts were at an all-time high, paying down debt didn’t happen.

When the Liberal Democrat and Conservative coalition came to power in the UK a programme of austerity was implemented which sought to eliminate our massive overspend and deficit within 5 years but the impact of the Eurozone and borrowing has essentially stymied this ambition. The UK has had to cut public sector spending with big cuts falling on defence and transport budgets whilst the NHS, health and overseas aid budgets have been protected. Interest rates have been cut and have been held at a low level for 5 years which should help businesses and borrowers. Quantitative easing has also been used. Since 2010, the deficit has reduced by one-third and there are some signs of recovery with 1.3 million jobs being created in the private sector and GDP growing slowly. Exports are increasingly going to new emerging areas with BRIC (Brazil, Russia, India and China) nations a key market.
Murdo noted the on-going policy debate regarding how to respond to the global recession noting that some might argue that borrowing more money rather than austerity is an alternative choice to increase economic growth. The problem with that approach, he considered, is that it will probably alarm the markets and interests rates would go up. Indeed Germany is probably the best promoter of the austerity approach achieving the best budget results in Europe. Whilst in Japan a range of approaches have been used none of which have been successful.

Turning to the Scottish economy, Murdo stated that Scotland essentially mirrors the UK economy with oil and gas underpinning the North east of Scotland and food and drink another successful sector. The Scottish Parliament, he noted, raises very little of the monies it distributes as funding is allocated to the Scottish Parliament via a UK Government formula, the Barnett Formula, that is based on population share. This has resulted, Murdo considered, in Scotland being somewhat insulated from the UK austerity programme. Oil and gas reserves make for a good long lasting revenue but we must be aware of the demographic challenge that sits alongside this. We have an ageing population which in time will add demand on the NHS and pension provisions.

Murdo concluded his remarks by observing that our challenge is that we cannot spend more than we earn. We cannot expect the next generation to pay off our debt. We must return to restrained and disciplined spending and we must return to the virtue of thrift.

Eric Turner, State of Indiana

Mr Turner began by providing an overview of the State of Indiana noting that Indiana has a population of around 6 ½ million and a state budget of $14½ billion. The previous Governor of Indiana, Mitch Daniels, had inherited a large budget deficit in 2004. During his tenure as governor he cut the state workforce by 18% and introduced a right to work law, tax relief on property, and balanced the state budget through budget austerity measures and increasing spending by less than the inflation rate. He reduced a $700 million budget deficit into a $2 million surplus making Indiana one of only nine states to have AAA status.

Other policies pursued by the previous Governor included freezing state employee wages, and a host of administrative changes for state agencies has resulted in gradually reducing the workforce and by 2011 Indiana had fewer state-level employees per capita than any other state. A reapportionment of education funding based more heavily on the number of students at a school and removing some public school funding to finance a new voucher system was also introduced.

Commenting on the current economic position of Indiana, Eric Turner observed that in the last Parliamentary session there was a 5% cut in income tax and state inheritance tax has been eliminated. Job growth is currently faster than 42 other states with revenue up to 1.5 to 3.5%. A lease for toll roads ($4 billion) spanning across a variety of counties funded a long term transport programme and other infrastructure initiatives are creating jobs. A ticket tax makes up the £5 million dollars required to up-grade the facilities which support the motor sport industry.
At a state level Indiana, Mr Turner concluded, is preparing for the future and at year's end had £100 million surplus. Corporation tax has been reduced from 8.5% to 6.5% and there has been telecoms deregulation with new inventions encouraged. The State has committed to £500 million for next 20 years to improve facilities for the Indiana 500 motor event which will be recouped through motor sports income.

Stewart Stevenson MSP

Stewart Stevenson concentrated his remarks on the need to ensure that impact of the economic tsunami that has been experienced in recent years does not result in undermining the foundations of social cohesion in Western societies. In Stewart's view it was essential to provide sufficient protection to the public realm in order to sustain social cohesion. To do this we must retain what is essential and protect the support provided for critical services.

Scotland, Stewart observed, can certainly be described in terms of 'small is beautiful' with a population of around 5 million. It is this 'small is beautiful' concept that provides an interesting insight. Google is perhaps the best example of a relatively small company employing a huge number of people with Apple exhibiting the same type of model. This means we must, in terms of economic growth, support the small guys because they may be the big players of tomorrow. We must not be afraid to support a whole range of emerging ideas and other small businesses and we must not be afraid to support those who may fail. It is only then that we effectively mine and extract the talent that will lead the economic growth of tomorrow.

Debbie Smith, Nevada

Ms Smith began by noting that the state of Nevada is often described as a 'bell weather' state in that its inherent characteristics act as a yard stick to illustrate future trends. Nevada is predominantly reliant on tourism and it is this and the taxes gained from the gaming industry which forms most of the state revenue. The state of Nevada was therefore especially vulnerable to the consequences of an economic downturn and was one of the last states to recover in a recession and has experienced an even worse economic decline than that of the great depression.

Currently, the unemployment rate of 9.5% is now gradually beginning to come down. At the onset of the recession, the construction industry in Nevada collapsed almost overnight. Urban areas lost 60% of their value which impacted on property tax which the state is dependent upon for funding (there is no income or corporation tax in Nevada and the budget instead relies upon gaming and room taxes). As a result, the state budget was cut by one third.

While economic conditions were good, Ms Smith commented, Nevada experienced unprecedented growth with service sectors especially thriving. However, in the current economic climate, the tax code has been restructured in order to ensure that it is less reliant on gaming and sales taxes, which account for more than 60% of state revenue funding. This year, Nevada had a balanced budget albeit the general fund was $200 million down.
Ms Smith concluded by highlighting that the impact of the recession had resulted in a policy shift which aims to move away from overdependence on service sector revenue towards a growing commitment to sustainable energy. Renewable energies such as geothermal fields and wind farms provide good opportunities to diversify especially given 87% of the land is federally controlled. Corporate tax incentives have also attracted businesses, such as Apple, whilst education is seen as key to attracting high tech industries.

Humza Yousaf, Minister for External Affairs and International Development, Scottish Government

Chair: President-Elect of NCSL, Oregon Senator Bruce Starr

The Minister opened his remarks by describing his role as representing Scotland, making links globally and international engagement. With regard to the United States, he emphasized the importance of the ‘global Scottish family’ (those with Scottish ancestry living outside Scotland), and the values of Scotland shared with the USA due to influence of Scots on American history. He said that all this encouraged closer economic links between Scotland and individual States of the USA. In terms of Scottish Government engagement, the Minister highlighted Scotland Week and Tartan Day as recent examples of the Scotland Government’s engagement with the USA.

Turning to the current constitutional debate, regarding proposed Scottish independence, the Minister observed that the Scottish Government viewed independence as redressing a ‘democratic deficit’ the current systems and that independence would give political power to people to make more decisions in Scotland thereby enabling Scotland to fulfil its economic potential. He added that a ‘social union’ would still remain even in the event of independence. He noted that the Scottish Government with independent powers would seek to play a full part in international bodies such as the EU and the UN and have continuing excellent relations with the USA. He highlighted the debate around NATO, saying that the Scottish Government would wish to remain in NATO if independent.

In terms of the referendum process, the Minister emphasised the co-operative ethos of the Edinburgh Agreement between the UK and Scottish Government regarding the 2014 referendum. He referred to Bill Clinton’s recent comments, on a visit to Glasgow, that this was the right approach and that Scotland would be better for it regardless of the outcome of the referendum.

The Minister then turned to Scottish-US economic relations and noted that the USA was the biggest inward investor, in Scotland, the biggest overseas export market for Scottish produce, a major employer in Scotland and that there were more Americans studying in and visiting Scotland than from any other country. He said he hoped that the high number of American students choosing to study in Scotland would ensure a close future relationship between the two countries.
Closing his remarks, the Minister said that he hoped that delegates had been given a sense of the extensive relations between Scotland and the USA. In this vein, he highlighted the Commonwealth Games and Homecoming celebrations were being held in Scotland during 2014 and invited all delegates to visit Scotland again to enjoy those events.

The Global Economic Outlook and State Budgets

*Speaker: Nigel Pain, Head of Economic Outlook unit, OECD*

*Chair: Christina McKelvie, MSP and Convener of the European and External Relations Committee*

Mr Pain’s presentation provided an overview of the impact of the global financial crisis before turning to consider the policy measures, the OECD considered, were required to return the global economy to higher rates of growth.

Current economic performance when compared with previous recessions, of the 1970s and 1980s, indicated that there was a slower recovery taking place at present than has been the case in the past. Whilst some economies are doing relatively well, such as the United States and Canada, many countries such as those in the Euro-zone, Japan and the UK continue to experience significant difficulty. The best economic performers post-crisis include major emerging market economies (BRIC nations) such as China and India, experiencing output 50% and 30% higher than pre-recession levels respectively (compared to 3-5% in the USA & Canada). However, some of these economies, such as Brazil and Russia, are struggling and experiencing growth stagnation. Overall, the recovery is slow although the level of output is now ahead of where it was in 2008 when the crisis occurred. However, global economic performance remains well short of the growth of around 4% that was happening prior to the crisis.

In terms of forecasts of economic performance, Mr Pain noted that the OECD predicts growth of around 3% in 2013, rising to 4% in 2014. Forecasts from other economic bodies, such as the IMF, indicate a similar outcome.

In terms of the policy measures required to improve global economic performance, Mr Pain highlighted a range of measures including:

- Fiscal consolidation needs to continue as debts must be gradually brought down, but consolidation must be smart, growth-friendly and equity-friendly. All sectors need to feel that the burden is shared equally across the economy.

- Structural reforms are needed, and much more needs to be done to improve labour market outcomes. A steady rise in long-term unemployment and workers’ permanent exit from the labour market leads to a loss of skills, so it is vital that individuals in this position are kept in touch with the labour market.
• Global markets should be kept as open as possible, as a new wave of protectionist measures since the start of the crisis has held back improvement. Emphasis must be placed on facilitating global trade; Trans-Atlantic, trans-Pacific and global negotiations are important in that regard.

• All countries need to undertake fiscal consolidation to bring down debts. The US debt (110% of GDP) is far too high to be sustained indefinitely; fiscal consolidation must be maintained to address that. Well over half the necessary fiscal consolidation has been achieved in the US, but the UK has hardly started the process.

Mr Pain concluded his presentation by observing that a multispeed global recovery is taking place. However, even countries that are doing well in global economy are still doing worse than they were prior to the crisis. Large policy challenges remain and there are new uncertainties about emerging markets, such as China, which is currently experiencing a rapid build-up of credit in the private sector (which is what happened in Europe and the US before the crisis). The slowing of credit growth in China may lead to lower activity levels. Whilst China is still the engine of growth, advanced economies need to gain momentum despite the challenges ahead.

Future of Global Energy Supply and Demand and What it Means for States

Speaker: Mark Finley, General Manager, Global Energy Markets, BP

Chair: Senator Leticia Van de Putte, Texas

Mr Finley began his presentation by noting that it would be based on BP’s Energy Outlook 2030, summarising BP’s most-likely case scenario for supply and demand trends. His presentation would consist of two parts. Firstly, a high-level summary of BP’s energy projections and then secondly, a discussion of specific types of fuel and the supply and demand issues associated with these fuels.

In relation to global energy trends, Mr Finley made the following key points:

• Demand in OECD and non-OECD countries: Primary energy use in OECD countries is expected to show no or little increase. Population increases and industrialisation in non-OECD countries is expected to drive growth in energy consumption.

• Sectors of demand: Transport usage is predicted to be the slowest growing sector. Energy used for power generation accounts for more than half of the total increase in energy use between 2011 and 2030. Energy use for industry also grows significantly (by 31%) and accounts for 25% of the total increase in energy use.
• Sources of energy: Renewable energy supply will grow more than any other source, but from a very low level. By 2030 it is predicted that renewables will account for roughly the same proportion of total energy production as nuclear. The use of oil is projected to grow at a very slow rate.

• Growth by sector and region: Industry is the biggest driver of growth of energy consumption by end-users of energy. While energy used to produce electricity shows high growth, use of oil in electricity production will decrease. The growth the amount of energy used for transport is slower than other sectors and may include some gas and biofuels, along with oil.

• As with the increase in demand, non-OECD countries contribute the majority of the increase of supply of energy by 2030, around 80% of the total. Asia will account for roughly half of all energy supply in 2030.

• Oil’s share of the total world energy market peaked in 1973 but has been falling since. Its current percentage share of global energy is the lowest BP has ever recorded. This year coal has a higher market share than oil and this is largely due to coal mining in China. Natural gas’ share of the market has been increasing over the last 40 years.

• Renewables’ share of the market has and will increase markedly and will reach the same levels as hydro and nuclear in 2030; however, fossil fuels will still account for 80% of the world primary energy market.

In terms of projected trends for specific types of fuels, Mr Finley highlighted the following:

Oil

• Oil’s high price has caused it to lose market share everywhere where it faces competition. Oil’s share of electricity production has declined from 22% in 1973 to 4% in 2011 and is projected to decline further to 2% in 2030.

• All of the increase in demand for oil to 2020 could be met from non-conventional sources (tight oil, biofuels and oil sands) and these sources will account for around 70% of the increased supply up to 2030.

Natural Gas

• North America will drive growth in supply over the next 20 years and production in China will also increase. It is possible that OPEC countries, in response to having to reduce oil production, will increase gas production which is not covered by quotas.

• There will be little shale gas production in the EU and it will become increasingly dependent on imports.

• While China is expected to increase its natural gas production, its demand is likely to grow more. China will have to expand its natural gas imports.
Coal

- Due to rising demand in China, coal is the fastest growing fossil fuel. China now accounts for 50% of global coal consumption. China and India will account for 90% of the increase in coal consumption up to 2030.

Nuclear

- Use of nuclear fuel is not expected to rise in OECD countries. There will, however, be growth in Russia, China and other developing countries.

Renewables

- Use of renewables is projected to increase to 2030. However, there are questions, Mr Finley suggested, regarding whether the technology will achieve the efficiencies required to compete without subsidies. Carbon taxes may also affect the uptake of renewable energy.

Mr Finley concluded by observing that there is enough energy that the world needs for economic growth. Competition and innovation continues to drive efficiencies in both supply and demand. However, BP projections indicate that CO2 emissions will continue to grow.

Challenges of Doing Business in the Turbulent Global Marketplace

Speakers:

Anne MacColl, Chief Executive, Scottish Development International

David Brooks, Director of Global Processes, IBM

Nosheena Mobarik, OBE, Chair of CBI Scotland

Chair: Patricia Ferguson MSP

Anne McColl

Anne McColl opened her remarks by noting that the US is Scotland’s biggest trade and investment partner, which would be key to Scotland responding to the challenges of the global marketplace. In her presentation, Anne focussed on three main areas:

- Scotland’s economy within the global outlook;
- The importance of innovation; and,
- Why Scotland’s focus on international trade and investment is critical.

Scotland in the global economy

Scotland’s history of reliance on heavy industries like shipbuilding and coal mining was outlined before the more recent shift to higher value industries, such as oil and
gas, renewables, financial services, life sciences and creative industries, marking the considerable change that has taken place in recent decades as Scotland has responded to changes in the global economy.

Anne said that the job of Scottish Development International (SDI) was to improve business confidence internationally and to look for niche markets overseas that Scottish companies could fill. She pointed out that Scotland had a strong skills base, due to the high quality of university education, and good natural resources, both of which make Scotland competitive globally in key sectors.

Innovation

Anne highlighted Scotland’s record of innovation in a number of fields, including, television, genetics and penicillin for example. In terms of current technologies, Scotland is innovating in renewables, marine energy, the digital sector and new medical tests. In particular, Anne emphasised the quality of research done in Scotland and the strength of Scottish universities. As examples of Scottish excellence in this area, Anne highlighted that Scotland has the highest concentration of universities per head of population in Europe whilst more than half of Scottish research is rated internationally excellent. For Scotland to capitalise on its record of innovation, Anne emphasised that, Scotland needs to capitalise on these strengths to open up new markets through developing closer links between research and industry.

International Trade & Investment

The Scottish Government’s aim to increase exports by 50% by 2017 and the 25% increase in exports over the last five years was noted. In terms of the US, there has been a 33% increase in exports to the US over the past five years. Anne noted that currently food & drink exports to the US are worth around £1 billion a year – almost 20% of total Scottish food & drink exports.

The importance of attracting new inward investment was also highlighted with Scotland’s record as being the best performed area of the UK, outside London, in terms of attracting foreign investment being noted. The key role of the US as the largest inward investor to Scotland, accounting for a third of all inward investment projects in the previous year, was also emphasised.

David Brooks

Mr Brooks began by discussing the development of IBM’s business in Scotland since opening here in 1951. The focus of IBM’s business, in Scotland, over that period has shifted from manufacturing components to the service sector. The business has become more client-based, focussing on communication issues. More generally, David underlined the importance of awareness of local cultures when operating as a global company. Using China as an example he provided an overview of the different business culture and social networks and milieu in China compared to Europe and the USA.
Lastly, Mr Brooks spoke about his experience as head of IBM’s operations in Cairo, Egypt during the 2011 revolution, as an example of coping with a turbulent global marketplace. IBM had major clients in Egypt, such as Skype and Coca-Cola. During the protests, the internet was shut down by the Egyptian government. David explained the steps he, and his workforce, took at this time to ensure his clients retained their services.

Nosheena Mobarik

Ms Mobarik provided an overview of the key priorities of the CBI in relation to international trade which broadly are:

- Encourage trade liberalisation and free trade deals;
- Open up company ownership rules and stimulate investment;
- Provide certainty over customs and import procedures;
- Ensure fairness in taxation and intellectual property rights; and
- Promoting trust in business.

Nosheena summarised what she considered to be some key areas of turbulence in the current global marketplace, namely, instability, new and disruptive technologies, global competition and high debt levels of states and individuals, particularly in the West. Given that sovereign deleveraging takes on average 10 years exports will be a vital part of this process. However, Nosheena noted that too much UK trade is tied to low-growth European economies, with only around 6% of exports going to the BRIC nations. In terms of Scotland, improving Scotland’s connectivity with emerging nations should be considered a priority.

Nosheena emphasised the importance of trade liberalisation between Europe and the US and said that ultimately it is good for business and an effective poverty reduction strategy. However the importance of political reform taking place alongside economic reform was stressed in order to ensure that political structures and processes were fit for the 21st Century would be essential. Nosheena quoted Eric Hobsbawm on this issue:

“although globalisation brings us ever close in some ways – the world’s political structures are just not suited to the 21st century and globalisation in other ways creates an ever widening gulf”.

Ms Mobarik concluded by saying that although the turbulent global marketplace is challenging, companies which are bold and international in outlook can prosper.
Leadership in the 21st Century

Speaker: Sadie Moore, Director of Training, Coro Southern California and Adjunct Assistant Professor, University of Southern California

Chair: Debbie Smith, NCSL Vice President and Nevada Senate Assistant Majority Floor Leader

Dr Moore outlined the major themes of her presentation, saying that her aim was to help the delegates increase their communication competence which would, in turn, lead to better decision-making. She stressed the following leadership competencies:

- Encouraging real diversity of thought;
- Creating processes for innovative thinking;
- Increasing awareness of work and leadership style;
- Increasing awareness of how you know what you know; and
- Increasing awareness of how you make decisions.

Dr Moore advocated the use of the “4WH Inquiry Tool” which consists of asking who, what, when, where and how and thereby intentionally omitting “why”. This, it was suggested, more gently and effectively pulls to the ‘why’ in the end, creating greater clarity and accountability, and thus allowing those whom delegates lead and/or work with to follow through and participate, challenge assumptions and create ownership of solutions.

The use of asking ‘WHY’ was specifically discouraged by Dr Moore, as that has the potential to push people to answer on the defensive, and may lead directly to interpretation (i.e. assumption-based) rather than relying on verifiable and observable data. She encouraged delegates to instead use 4WH as a tool for exploration, gaining as much descriptive (rather than interpretative) data as possible. The application of this model of inquiry increases diversity of thought within a person and their team, allowing delegates to be more conscious of their own and others’ point of view.
Panel Discussion on the Art of Legislative Leadership

Speakers:

Susan Deacon, Assistant Principal Corporate Engagement, Edinburgh University and former MSP and Scottish Executive Minister

Christopher Rants, former Speaker of the Iowa House of Representatives

Shap Smith, Speaker of the Vermont House of Representatives

Lord Wallace of Tankerness QC, Advocate General for Scotland and former MSP and Deputy First Minister of Scotland

Chair: Sadie Moore, Director of Training, Coro Southern California and Adjunct Assistant Professor, University of Southern California

Discussion in this session sought to draw on the experience of senior politicians and the advice that they would give to delegates with regard to legislative and political leadership. An overview of some of the advice offered by the panellists is summarised below.

Christopher Rants:

Having recently retired after 18 years in the House, Christopher encouraged the delegates to think about what they would like to say in their retirement speeches. He also advised delegates to have dinner with every member of their party so that they could build relationships and know what makes folk tick.

Susan Deacon

Susan received two pieces of advice when entering Government; the first from a former colleague and the second from her mother. Firstly, trust their instincts and secondly, be yourself. Authenticity and trust were also highlighted as being extremely important.

Referring to a recent meeting with Shirley Williams, Ms Williams had advised, “If you can't connect with people you shouldn't be in politics.” Professor Deacon considered that this attribute is even more important in the social media world, as she thought there was currently too much emphasis on process and not on the human dimension.

Shap Smith

Speaker Smith offered four pieces of advice to delegates. Firstly, he described the art of legislative leadership as learning how to fake it. Secondly, delegates were told to remember that they were elected as the electorate had confidence in them and saw something in them that they felt they needed. Thirdly, Shap observed that hadn’t appreciated when he started how much of a counsellor he was required to be as leader of the house, for example, having to hear the same story multiple times.
and having to maintain the same interest! This was a learning experience. Lastly, he observed that he wished that he’d had more media training before being on the television.

**Lord Wallace**

From his time as leader of the Scottish Liberal Democrats and being in a coalition government, Lord Wallace offered delegates the following advice:

- Learn the skills of Government;
- Know your party; what are the boundaries, what’s sensitive etc;
- Don’t be a prisoner of history, for example, your party may have come from a background of opposition but can change;
- Have dinner with your colleagues;
- Have friends you can sound off to and trust;
- Include others in your circle who don’t have the same views as you;
- Team building is important. You are not leading anything without your team;
- Have patience and tell colleagues why you’re doing things;
- You can’t be a leader if you don’t have colleagues; and
- Take time to make decisions but then stick by them.

**Workshop on Social Media and Legislatures**

*Speaker: Dimitrios Christopoulos, Assistant Professor, MODUL University Vienna*

*Chair: Senator Richard Moore, Massachusetts*

Professor Christopoulos began by introducing the themes for his presentation which included the question of whether social media impacts political campaigns; the volatility and salience of political messages; and, the differences between social media and traditional print media. He indicated that he intended to propose that social media is no different from other types of media and that it is just hype to suggest that it is.

Professor Christopoulos began by addressing the question of whether social media increases the volatility of electoral contests and whether social networks can have an
impact on the outcome of elections. He referred to the possible dawn of ‘Twitter politics’, which could be viewed as shallow and fast moving. Using the example of the 1984 US Presidential Election, to discuss electoral volatility, Professor Christopoulos referred to research which showed that in the 1984 election, a quarter of the US electorate made up their mind as to who they would vote for in the last week of the campaign. Furthermore, one third of voters changed their minds on who they would vote for within the final three days before polling as opposed to the candidate they said they were going to vote for. Accordingly, it was important to be aware that campaigns were always volatile even before the development of social media, and evidence on whether social media affected or amplified volatility is anecdotal.

Professor Christopoulos moved on to address the question of what is new about social media. He argued that social media’s effectiveness depends on the illusion of a personal connection, and discussed the fact that, while voters have always been influenced by the views of their friends, ‘opinion leaders’ can now be targeted using social media at a very local level. He mentioned that approaches from other disciplines had been used by political scientists to study social media. These included the concept of diffusion, borrowed from innovation studies, and the concept of contagion, taken from epidemiology.

Professor Christopoulos discussed the ‘illusion of reciprocity’ that social media creates and highlighted the fact that it can appear apolitical because it is so personal. He discussed the concept of an ‘honest signal’, and the way in which receiving a personalised message through social media can create a false assumption of reciprocity.

In terms of the use of social media as a means of mobilising protest, Professor Christopoulos highlighted the need to distinguish between strong and weak social ties, with social media acting as a weak tie. He argued that Twitter can influence someone to attend a demonstration, but that their decision would depend on the strength of the social tie involved. He asserted that the probability of someone engaging in protest was dependent on what their social circle did. He concluded that strong ties matter for mobilisation, while weak ties matter for campaigning.

Professor Christopoulos discussed the Arab Spring and the role of social media as a mobilising force. He argued that it was not the case that the uprising was created by Twitter as, according to the Dubai School of Government, only 0.2 per cent of the Arab population are active on Twitter. The Arab Spring, Professor Christopoulos concluded, was a warning against imposing, on other parts of the world, Western assumptions about how people mobilise, and noted that in the Arab Spring people communicated directly by using mobile phones and texting. The view that the Arab Spring protests were twitter-motivated was false. He also highlighted that Facebook can be inefficient for protest, as people can be prosecuted for inciting protest when there is written evidence online.

Professor Christopoulos moved on to discuss targeted political campaigns, and outlined the various forms of targeting, such as profile-based targeting, opinion leader targeting, propagation targeting and geolocator targeting, using the Obama 2012 campaign to exemplify these strategies. The Obama campaign focussed on 26
different voter segments in using social media, and noted that the viral strategy can be viewed as ineffective, as 're-tweeting' was not a huge part of the campaign. The Obama campaign was compared with those of Mitt Romney and Ron Paul, which had a higher percentage of re-tweets but lower numbers and therefore a smaller effect.

In total, the 2012 Obama presidential campaign generated 770 million paid ad impressions on Twitter. Of these, 65 million were re-tweeted, a re-tweet rate of 8.4 per cent. By contrast the Romney campaign has 32 million paid ad impressions on Twitter, with 15 million re-tweeted, a rate of nearly 50 per cent. This showed that people receiving Romney's message were more engaged and likely to re-tweet, however, this rate was eclipsed by the sheer volume on the Obama side. In contrast, Senator Ron Paul has 12 million paid ad impressions on Twitter, but these resulted in 30 million retweets, giving a retweet rate of 250 per cent.

On the question of how political communication has changed, Professor Christopoulos argued that, although social media has an unanticipated reach, virtual networks are different from real life networks. The important thing is to understand the value and salience of specific political messages. In this regard, social media should be viewed as supplementing, rather than supplanting, traditional media methods.

Of key importance, for social media campaigns to be effective, was maintaining both a campaigns’ social media infrastructure as well as communicating on a regular basis with the various target groups in order to keep a network relevant. For example, President Obama’s social media infrastructure from the 2008 election was retained intact and used in the 2010 US congressional mid-term elections, as well as the 2012 presidential election. This included retaining rented offices and political staff around the USA so that Obama campaign ‘hit the ground running’ in the 2012 election.

In this regard Professor Christopoulos also pointed out that yesterday, 11 July, President Obama’s official White House Twitter account send out 6 tweets, all on different topics aimed at different voter segments, and spaced at hourly intervals. This, he stated, was an example of a social media strategy spanning not just a single campaign, but an on-going permanent strategy to keep social media networks intact and active for future political use.