

MEETING OF THE PARLIAMENT

Wednesday 27 April 2005

Session 2

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Scottish Parliament

Wednesday 27 April 2005

[THE DEPUTY PRESIDING OFFICER *opened the meeting at 14:30*]

Time for Reflection

The Deputy Presiding Officer (Trish Godman): Good afternoon. The first item of business is time for reflection. Our time for reflection leader today is Miss Eilidh Letham, a sixth-year pupil of Airdrie Academy.

Miss Eilidh Letham (Airdrie Academy): Good afternoon. Last year, I was given the opportunity to travel to Peru with a team from my school. My teacher had been there the previous year and had come across a little school high up in the Andes near the city of Arequipa. Knowing that she was a teacher, her guide introduced her to the village elder, who showed her around.

The school there consisted of two classrooms and little else. The desks were broken and the school had to close for most of the year because the windows were smashed and it was too cold for the pupils to work. The school had very few resources: it had no electricity or running water and barely enough pencils and paper for the children to write. The building itself was drab and in desperate need of a paint. My teacher promised the elder that she would return with a group from her school who would refurbish the little school.

So, our quest and adventure began. With the help of the Airdrie community—our school, parents, friends and family—our team raised enough money to go to Peru and completely refurbish the school. We had to buy our materials in the main city of Arequipa and transport them to the village, first by truck and then by donkey. The journey took two days.

We replaced all the windows, painted the school inside and out, dug a trench to bring running water into the village and put in the first toilet. The people of the village came in from the fields to help us; all of us worked together. The schoolchildren were our constant companions and followed us everywhere. Because the village was so isolated, the children were fascinated by our digital cameras, CD players and torches—in fact, they were fascinated by anything electronic.

We lived in tents at the side of the school and endured temperatures of -20° at night and searing heat during the day. We lived on beans, okra and guinea pig, which the villagers kindly cooked for us. We also had to battle constant fatigue, as we struggled to get used to the high altitude.

As I reflect on my experiences, I have realised that, when you enter a community where the people have so few possessions, you become aware of how spoiled and pampered you are. We were carrying huge rucksacks full of things that we felt we could not possibly live a month without, whereas the children lived in shabby little houses and were amazed by a simple packet of crayons. We saw that even the simplest things made the children happy. When we left, we gave them the small gifts that we had brought with us: paper, pens, toys and so on.

It was great to see them trying to work out how to use a yoyo or practising with skipping ropes—although blowing bubbles was definitely the favourite. It was then that the difference in cultures became clear. Kids in this country are not happy unless they are given an iPod or a mobile phone, but the kids in the village were so appreciative of the simple things that we had brought. We knew that they would get endless hours of fun from their new gifts.

Working on the project brought us closer together as a team. Each of us felt that we had achieved something that would change those people's lives for ever. Working as a team also meant that we could motivate one another. Even on the days when our energy levels were low, we got out of bed to find half a dozen or so little helpers who were ready to start the day's work. When we finished the project, it was great to see the children return to their new improved school with their best clothes on and their faces washed, eager to learn.

The people in the village saw education as a valuable opportunity, yet in this country we take education for granted. If the children could not go to school, they would be out in the fields, earning a living through hard labour. However, they knew that, with a little education, they could get a better job with better wages.

Our sense of pride was overwhelming: we had worked hard for nearly a year and half on our fundraising and, now that we could see the fruits of our labour, we knew that it had all been worth while. My future life will always be touched by those people: the simplicity of their lives, their lack of material goods, their contentment, generosity and kindness and, most of all, their humility. The adventure has inspired me to do more: I want to make a difference and to help to make the world a community of mutual respect.

Financial Services Strategy

The Deputy Presiding Officer (Trish Godman): The next item of business is a debate on motion S2M-2729, in the name of Jim Wallace, on the financial services strategy.

14:34

The Deputy First Minister and Minister for Enterprise and Lifelong Learning (Mr Jim Wallace): I am delighted that, following a positive and constructive debate last month on life sciences, we have the opportunity for parliamentary discussion on another—albeit longer-standing—Scottish success story.

Financial services are a powerhouse of the Scottish economy. They contribute £5 billion to gross domestic product and directly account for more than 100,000 jobs. Scotland is undoubtedly the most important United Kingdom financial services centre outside London; indeed, it is one of Europe's leading financial centres. The success of our financial services has been sustained over 300 years amid significant political, economic and societal change in Scotland. However, I firmly believe that devolution—the establishment of this Parliament and the use of the levers that we now have—stands us in excellent stead to support the industry's continued and enhanced success into the future.

I am well aware that that support involves knowing when not to intervene, as well as ensuring that the public sector continues to provide the world-class skills and transport and communications infrastructure on which financial services companies, and the economy as whole, so obviously depend. The returns will be significant and far reaching. For example, the financial services industry is key to achieving our priority of sustainable, long-term growth in Scotland; to strengthening Scotland's international image as a modern, highly skilled and competitive nation; to retaining our skilled young people and attracting fresh talent from elsewhere; to delivering improvements in financial literacy and financial inclusion; and to helping to maintain the vibrancy of the arts, culture and sport in Scotland. Supporting success is critical for those many reasons.

We already have a number of striking examples of success. We have companies that we are proud to see competing with distinction on a global scale in an industry for which Scotland's reputation is world class. It is imperative that we do all that we can to preserve and enhance that competitive edge, over and above the support that we give to new start-ups and growing companies.

It is widely recognised that achieving that will require significant and collaborative effort. I was

therefore particularly pleased that we were able to respond positively to an approach in 2003 to establish a financial services strategy group. That broad-based group brought together senior representatives of the industry, Government and trade unions. They all have different roles but, as "A Strategy for the Financial Services Industry in Scotland" states, they have a shared vision of

"An innovative, competitive and thriving international financial services industry in Scotland, underpinned by world-class infrastructure and universally recognised as a leader on the global stage."

Publication last month of the strategy document represents the culmination of the first phase of the work. We now want to maintain that collaborative approach so that we can ensure timely and effective delivery.

Mr John Swinney (North Tayside) (SNP): The strategy document presents information on the occupational structure of the financial services industry in Scotland. What has been the pattern of employment in the financial services sector, particularly in relation to the skills level of the individuals in the industry? Table 1 in the document shows that 8 per cent of individuals in the financial services sector in Scotland are in

"professional occupations such as actuaries and economists".

Can the minister give us some historical figures to show whether that percentage has increased or decreased? My concern is that, because of the lack of financial services companies' headquarters in Scotland, the skills base is being eroded.

Mr Wallace: I do not want to take a huge amount of time going over the figures, but Mr Swinney and colleagues will note that that section of the strategy contains figures and tables on the absolute numbers in employment. Increases in banking employment have been the main driver of a steady increase in overall financial services employment in the past six years. The professional services jobs to which Mr Swinney referred are part of the 90,000 indirectly supported jobs over and above the 100,000 financial services jobs to which I referred—they comprise jobs in business services, utilities, transport, hospitality, accountancy, legal services and computing.

Against the backdrop of changing local and global circumstances, the strategy sets out a medium and long-term agenda. It also identifies quicker wins for delivery over the coming 12 months. I am confident that the right priorities have been identified. The quality and breadth of experience of those involved in the process and the rigorous analysis of threats and opportunities—as well as strengths and weaknesses—that underpin the strategy justify our confidence in the industry. No one will

underestimate the challenges ahead, but it would be a mistake to underplay our strengths or the progress that has been made to date. That would simply play into the hands of our competitors.

Before addressing the specific aims of the strategy, I want to offer some thoughts on the vexed issue of offshoring. As firms in Scotland fight to compete with lower-cost but increasingly skilled labour overseas, there are understandable fears that Scottish jobs will disappear to India or further east. Although I do not underestimate the challenges that face financial services companies in Scotland, I sometimes question some of the assertions that are made about offshoring. For example, the number of contact centre employment jobs in Scotland has remained stable at around 50,000 since 2001.

Whether, and what, to offshore will always be a decision for each individual company. I am delighted that the Royal Bank of Scotland, Standard Life and others have chosen not to offshore. Equally, however, I want Scotland-based companies to remain competitive, as that is the only way in which to secure a successful future for the industry and to safeguard jobs over the long term. Indeed, our response must be to build on the experience and skills of our workforce, allied to a firm commitment to lifelong learning and retraining, so that we increase the value of the jobs that are based in Scotland.

Jim Mather (Highlands and Islands) (SNP): In producing the strategy, has the minister taken cognisance of Ross Leckie's paper for the Policy Institute? If so, what lessons has he learned?

Mr Wallace: The paper is not one that immediately comes to mind. I cannot say whether it was considered by the working groups that were established as part of the strategy group. No doubt we will get the benefit of Mr Mather's insight into that paper when he makes his comments.

Scotland has been a real beneficiary of outsourcing—not to be confused with offshoring—whereby jobs are moved to specialist operators that can offer advantages of scale and expertise. That process can help to maintain the competitiveness of Scotland-based companies, so I was delighted to participate in Huntswood's announcement that it will site its new facility at Strathclyde business park, creating up to 355 good-quality jobs.

In the context of our framework for economic development and "A Smart, Successful Scotland", the strategy is focused on ensuring a collaborative approach that will increase and sustain the competitiveness of our financial services industry. I believe that it is both ambitious and deliverable. The strategy builds on three strategic aims: first, to strengthen our world-class workforce and improve

the business infrastructure; secondly, to build the industry's profile within and beyond Scotland, by influencing, marketing and communicating effectively; and, thirdly, to exploit market opportunities through innovative products and services.

Murdo Fraser (Mid Scotland and Fife) (Con):

The minister mentioned the importance of infrastructure. Is he aware of the recent survey by Scottish Financial Enterprise that suggested that 77 per cent of financial services companies believe that Scotland's transport connectivity compares unfavourably with those available to financial services sectors in other countries? Some 70 per cent of respondents reported that they were dissatisfied with Scotland's current transport infrastructure. Are those figures of concern to the minister?

Mr Wallace: I am well aware of that survey. It also acknowledged that, in the strategy, the Executive has recognised the importance of improving Scotland's transport infrastructure. Scottish Financial Enterprise has contributed to and welcomed the strategy and is working with the Executive and the other organisations involved to deliver it. The issue of transport took up a lot of time in discussions on the strategy. We knew that the report was coming from SFE and we saw that report as a contribution to our work. We should not underestimate the considerable public investment that has been made to improving Scotland's transport infrastructure, to which I will refer in a moment.

People are the industry's biggest investment and it is recognised that we have a world-class workforce. As well as the growing prestige of some of our indigenous companies, recent inward investment successes show that, if we continue to offer high-quality skills and a competitive environment, Scotland can compete internationally and win. In developing our skills agenda, we will ensure that the needs of the financial services industry are fully addressed so that maximum benefit is derived from schemes such as that outlined in "Determined to Succeed" and from the record level of funding that is being invested in our colleges and universities.

As Murdo Fraser pointed out, and as the strategy document notes, good infrastructure is vital. Good connectivity—from mobile phones and digital communications to local rail links and direct international air routes—is key to the future competitiveness of the financial services and other sectors.

Stewart Stevenson (Banff and Buchan) (SNP): Will the member give way?

Mr Wallace: No, I have given way quite generously already.

We will ensure that the strategic needs of the industry are taken into account, notably through the review of the national planning framework and in the national transport strategy, so that we derive maximum benefit from the record £1.6 billion investment in transport.

I am committed to working closely with counterparts at a United Kingdom and a European Union level to help to shape better, more effective and proportionate regulation. Regulation is often maligned—and over-regulation is deservedly maligned—but I have been struck by the extent to which a robust regulatory framework is viewed as desirable by overseas firms looking for a European base. The issue ought to be kept under review. Although the vast majority of regulation that affects the industry originates at an EU or UK level, I will work with the industry to ensure that our domestic regulation is both appropriate and proportionate. Such dialogue is already helping as we develop legislation on bankruptcy and diligence.

The second strategic aim is about the pride that we should have in a real success story for Scotland. However, the value of that success is compromised if it is not widely promoted and therefore widely recognised. The second strategic aim acknowledges that, to be competitive, Scotland's financial services industry must have a high profile globally and locally. Only then will we attract the investment and top-quality people that we need, encourage the financial services community to make Scotland its first-choice base and reinforce Scotland's credibility as a global player.

By delivering clear and consistent messages about Scotland and its financial services industry, we can continue to build its profile at home, in London and overseas. Scottish Development International will play a key role in those efforts. Last month, I was pleased to announce a substantial increase in SDI's staffing overseas, specifically including the recruitment of a financial services executive in New York.

Effective promotion of Scotland will be crucial in delivering the objectives of the fresh talent initiative. Our investment in education and skills, in encouraging start-ups and in supporting companies to grow and internationalise will help in nurturing and retaining skilled Scots. It will also help in attracting from elsewhere the bright, hard-working and motivated people whom we need.

The third strategic aim is innovation. In the global environment, innovation is critical to maintaining a competitive edge. Evidence suggests that engagement in the global marketplace significantly increases productivity. We have financial services companies that are innovating and competing well in international

markets. However, to sustain such levels of innovation, the industry needs to be supported by leading-edge research and technology, as well as by a world-class supply network.

I have referred to the need to cultivate ever-better links between our industry and all levels of our world-class education system, but, equally, I believe that there is more to be done to promote better understanding of the industry's needs among suppliers. That can be of considerable benefit to suppliers, but it will also enhance the competitive edge of our financial services companies through exploiting innovation in the supply chain.

The three strategic aims are all crucial and all interlinked. They all demand a contribution across the public and private sectors and by trade unions. The detail is set out in our implementation plan. The strategy is ambitious, but we were of one mind that we had to focus on delivery. The first-year implementation plan sets out 31 actions and I am determined that that approach to delivery, together with rigorous assessment, is maintained in the years ahead.

Let me turn briefly to some of the key points. On skills, we have published a database of relevant labour market and education initiatives, which we have shared with human resources professionals across the industry. On transport, we have reached agreement with the industry to fund jointly a scoping study to identify and appraise options for improvements to the Edinburgh to Glasgow rail service. We have begun exploring with First ScotRail and Network Rail—as well with as the mobile telecoms operators—how best to address the gaps in mobile phone coverage on the Glasgow to Edinburgh rail line.

On delivery, we have established a Financial Services Advisory Board to continue the strategic level collaboration and to act as champion and guardian of the strategy. That is a good start, but, as chairman of FISAB, I want to ensure that we deliver all the actions in the implementation plan over the coming year. That will involve forging better direct links between the industry and the research community to promote greater innovation; developing financial education, financial literacy and financial inclusion not least to ensure that our workforce is well equipped to benefit from the opportunities in the financial services industry; and building SDI's strength in financial services in New York to ensure that we can sell Scotland at its best in that fertile market. I look forward to the inaugural meeting of FISAB on 31 May.

I thank all those who generously gave time to develop the strategy, particularly Bill Black and Susan Rice, who chaired the steering group. We have set out a vision of an innovative, competitive

and thriving international financial services industry in Scotland and a strategy to maintain and build on success. I look forward to seeing the benefits flow to our industry, our wider economy and the people of Scotland.

I move,

That the Parliament recognises the central importance of financial services to the Scottish economy; believes the industry's future success is fundamental to achieving sustained economic growth in Scotland; congratulates all those involved in the development of *A Strategy for the Financial Services Industry in Scotland*; believes that the involvement of high level representatives from industry, trade unions, government and other public sector partners will help secure continued success in an increasingly competitive global market, and welcomes the commitment of the Scottish Executive to maintaining a long-term partnership while focusing on effective and timely delivery of the *First Year Implementation Plan*.

14:49

Jim Mather (Highlands and Islands) (SNP): I have a personal interest in our financial services industry. As an accountant, I was a foot-soldier in the industry and early on realised its importance to Scotland. That view was enhanced when I became a supplier to the industry with IBM and with my own business. In addition to that, I worked for 18 months on secondment to help to automate brokers and modernise the life and pensions sector.

As a nationalist, I have always believed that Scotland's market is the world. I believe that our financial services' market is the world, too. Indeed, such is the significance of our financial services industry that I know that it will not achieve its absolute and fullest potential until Scotland becomes independent. At that time, the voluble, practical and credible nature of our financial services industry will, in turn, help Scotland by telling Governments exactly what is needed if the nation is to remain competitive and successful.

That view is increasingly held by people in the industry, just as it is increasingly held by the population at large. Indeed, last week, a business audience in Livingston defeated by 92 per cent to 8 per cent a motion proposing to hold Scotland back by maintaining the present situation. The view is also held by economists such as Alberto Alesina and Enrico Spolaore, who, in their book "The Size of Nations", say:

"Political integration between two countries results in a positive market size effect and a negative effect through reduced openness vis-à-vis the rest of the world."

Indeed, I would go further and say that the agglomerating, gravitational-pull effect of London is the most pressing danger for Scotland's financial services. I am sad but not surprised that, in the document that we are discussing today, the Executive once again dodges that issue.

Nevertheless, the strategy document is a welcome recognition of a spontaneous and successful cluster. After years of effort to create clusters, the financial services cluster was delivered to Scottish Enterprise, fully formed, by the industry, largely unaided by agencies and Government. I would argue that, now, Scottish Financial Enterprise is a hugely successful and unpaid arm of economic development and inward investment.

The first-year implementation plan is worthy, albeit limited. It is a workmanlike effort, but it will frighten none of our competitors. Indeed, it could be argued that it will become one of their best sales aids, as it allows them to point to the weaknesses in our current position. Furthermore, it does not do what Ross Leckie of Martin Currie called for last year in his Policy Institute paper. He said that we needed

"an exemplary environment for financial services, one in which Scotland becomes the finest place in the world to conduct financial business."

That is well within the reach of Scotland, as I will prove.

The Executive's plans fall somewhat short of the specific pleas that Ross Leckie made, including his suggestion that the Scottish Parliament should have a financial services sub-committee that would

"establish a 'shadow' Scottish FSA. This would monitor regulation from Europe, Westminster, the Financial Services Authority, or even the Scottish Parliament and local councils, which affects the Scottish financial sector. Rules which adversely affect Scottish interests could be identified, and their impact calculated, by 'Regulatory Impact Assessments'. The First Minister could then direct Scottish representatives in the originating body, where they would press to have these rules changed."

Little in the Executive's document matches the practical attributes of the Irish International Financial Services Centre, so, in that respect, the strategy will do little to accelerate Scottish financial services business and employment beyond trend growth.

As a piece of writing, the strategy document is not as tight and accurate as it could and should be. For instance, Standard Life was founded in 1825, not 1852—I hope that that will be corrected in the portable document format file. Also, there is an obvious mismatch in the claim that financial services account for only 6 per cent of Scottish GDP yet is responsible for 9.3 per cent of employment. That does nothing to bolster our credibility.

Most important, in the words of last week's Scottish Enterprise headquarters report, it does not do enough to stop

"the drift of HQ ownership to London".

That phenomenon has accelerated in recent years. Because Scotland is without tax powers, we have seen more UK consolidations that have converted many Scottish financial services companies into UK subsidiaries, such as Scottish Provident, Scottish Mutual, Scottish Amicable, Scottish Equitable, Scottish Life and Scottish Widows.

Historically, Scottish financial institutions were protected by small-“n” nationalism. However, that was only a palliative and not a robust long-term solution, although it created the breathing space that was needed to enable RBS and the Bank of Scotland to grow and flourish. I put it to the chamber that now we need more than palliatives and small-“n” nationalism. All our financial services companies are operating in the real world and the Parliament urgently needs to join them to create the conditions that they need if they are to grow and flourish. We must listen to people such as Ross Leckie, who says:

“The financial sector is a potent and promising part of Scotland’s economy. But it faces a number of threats. To counter these, the Executive must use its full powers to optimise the environment – in terms of taxation, regulation and infrastructure – for the sector.”

He goes on to say:

“Annulling the reservation of tax and regulatory powers to Westminster would be controversial. But economic autonomy need not, as its critics suggest, lead to a crisis of confidence and the withdrawal of funds from Scottish insurers, banks and investment managers.

Nonetheless, a prerequisite must be a political consensus in Scotland which sees low taxes and light regulation as of paramount economic importance to the economy.”

For our part, we in the SNP remain committed to playing a part in creating such a consensus and such a formula for national recovery.

Ross Leckie is far from being the only person in the financial services industry to voice such a view. In October 2003, Donald MacRae said:

“Only by making the Scottish Parliament responsible for raising the tax it spends will the linkage between the Scottish Parliament and the Scottish economy be enhanced to a credible level. Fiscal devolution should match political devolution.”

Why does he say that? He says that because, like us, he sees the enormous potential of our financial services sector. We have a unique legal system, a unique actuarial system, high-integrity and highly competitive banking, high-integrity audit, quality fund management performance, quality life and pensions performance and a reputation for integrity. Our reputation is built on the fact that we are a Bank of Credit and Commerce International-free zone, a Barings-free zone, a Barlow Clowes-free zone, an Enron-free zone and a WorldCom-free zone. Because of that integrity, we meet or

exceed the International Institute for Management Development competitiveness criteria. That has been boosted by the recent recovery and restitution by Aberdeen Asset Management to holders of its split-capital trusts.

In short, we have the structures, the people, the products and the reputation and, with the addition of some fiscal fairy dust, we can have a true market—not just the UK, the diaspora or the English-speaking world, but the discerning, wealthy people of all nationalities.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Will the member give way?

Jim Mather: I give way to that wealthy man of Scottish nationality.

Mr Stone: On the fiscal fairy dust, if the member’s leader—Mr Salmond—has his way, he will replace all the jobs at Faslane by having the people look after conventional submarines, save the regiments and carry out all his other promises. However, the fact is that, if the Barnett formula were taken away, we would have to raise taxes in Scotland. Surely that would send our financial institutions fleeing across the border.

Jim Mather: Jamie Stone obviously does not understand the dynamics of the virtuous circle. I recommend to him—[*Interruption.*] I apologise. It says on my phone, “Tell Jamie that there is a virtuous circle. Tell Jamie that if one has a competitive regime, one has much higher growth. Tell Jamie that that is the experience of other countries.”

We need a discernible edge. We need competitiveness, innovation and entrepreneurship. Those factors are mentioned in the strategy, but we need them to be applied to Government as well as to the industry and individual employees, who carry much of the competitive burden by accepting average salaries that are £4,750 per annum less than the UK’s average financial services salary. Other countries are working to create more competitive platforms—this month’s Scottish Enterprise headquarters report tells us that those other countries, including Ireland, the Netherlands, Belgium, Singapore and the accession states, are sharpening their pencils.

The key point is that creating a more competitive financial environment and a sharper pencil through decent fiscal measures would give us not only a more competitive regime—with the industry being more rooted in Scotland—but a situation in which Scotland was a better country in which to invest. A higher proportion of the funds that are under management in Scotland would be invested here, producing not just a higher return for investors, but a more diverse economy, a more populous country and a more resilient and robust society.

I move amendment S2M-2729.1, to insert at end:

“also recognises, however, the threats to the Scottish financial services industry as well as the opportunities and echoes the calls from within the industry for Scotland to have a separate and competitive fiscal regime in Scotland that could strengthen the industry and the case for increased investment in Scotland.”

14:59

Murdo Fraser (Mid Scotland and Fife) (Con): In this debate, I suppose that we should all start by declaring interests. I have a few rather small policies with various Scottish financial services providers. To my eternal regret, I also have a pension with Equitable Life. I remember that when I started work as a young lawyer, one of the senior partners took me aside and said to me, “Young man, if you get yourself a pension with Equitable Life you will never go wrong.” I hope that he is enjoying his retirement in straitened circumstances. All that I can say is thank goodness for the Scottish Parliament’s final salary scheme.

The Scottish Conservatives welcome the opportunity to debate the future of the financial services industry, which is a key component of the Scottish economy. As the minister said, the industry generated £5 billion in 2003, which is nearly 6 per cent of gross domestic product. It accounts for 108,000 jobs in Scotland directly and almost 90,000 more jobs in a range of related industries. The sector is a keystone of the Scottish economy.

The industry proposed the financial services strategy group, which was established in September 2003 in partnership with the Executive. We have supported that group and the steps that the Executive has taken to assist it. As always, we hope that the Executive’s glossy publication proves to be more than that and that we have delivery on the ground.

One example of that is in transport infrastructure, which I raised in my intervention on the minister. The industry needs people to be able to move around easily, but its view is that that is not happening. I quoted to the minister the results of the SFE survey that showed that 70 per cent of people in the industry were dissatisfied with Scotland’s transport infrastructure. Their priorities were delivery of the rail links to Edinburgh and Glasgow airports, more direct flights, a high-speed link between Edinburgh and Glasgow and completion of the M8. They seek greater connectivity across the board, particularly to London, which is the key financial centre and provides access to wider world markets.

There is much to do. I have talked about transport in the Parliament on numerous

occasions. The Executive needs to start delivering improvements to our transport network, because we have seen precious little progress in the past six years. We have had plenty of talk and glossy publications, but precious little delivery. We should start to see that.

Mike Rumbles (West Aberdeenshire and Kincardine) (LD): Will Murdo Fraser give way?

Murdo Fraser: Happily.

Mike Rumbles: I assume that Murdo Fraser welcomes the western peripheral route around Aberdeen and all that it will do for business and the economy in north-east Scotland. The Scottish Executive is undertaking that initiative.

Murdo Fraser: People have waited a long time for the western peripheral route, as they have waited a long time for other road improvements in the past eight years.

Mike Rumbles: People had waited 18 years before that.

Murdo Fraser: When we have anything like the number of roads and new transport connections that were constructed in the 18 years of Conservative government, I will shake Mr Rumbles’s hand warmly and thank him, but that time will be many years in the future and I suspect that he will have retired by then.

I will say a little about the banking industry, because Scotland has succeeded in banking. Two of Europe’s top seven banks by market value—the Royal Bank of Scotland and HBOS—are Scottish. We can say proudly that two world-class companies are headquartered in Scotland. When those two banks published their results a few weeks back, I was pleased to lodge a parliamentary motion that congratulated them on their success. Unlike some in other political parties, I do not think that we should begrudge profits in the banking sector or elsewhere. It would be hard to find a country other than Scotland in which large profits for domestic companies were viewed as anything other than a success story.

Both the big banks are excellent employers. Their staff share in the companies’ successes. High profits mean that large sums are paid in corporation tax to the Exchequer to fund all the public services on which we depend. Moreover, high profits mean high dividends. Those dividends go into the pockets not of mythical bodies called City fat cats, as some claim, but of institutional shareholders, which are overwhelmingly pension fund providers for millions of ordinary working people up and down the land. High-profit companies such as the Royal Bank and HBOS benefit millions of workers directly throughout Scotland and the United Kingdom.

Stewart Stevenson: Will the member give way?

Murdo Fraser: I will do so shortly. I hope that Mr Stevenson agrees that we should be utterly unapologetic about celebrating the success of those companies.

Stewart Stevenson: In doing so, I declare the five relevant items in my entry in the register of interests. Does the member agree—as I think that he might—that the most disgraceful act of the present Government was to take £42 billion out of pension funds by changing the capital gains tax arrangements? Gordon Brown's first act was to caw the feet from pensioners.

Murdo Fraser: I thank Mr Stevenson for that intervention. Unusually, I agree with him. I will deal with that point in a moment.

In the past five years, financial services in Scotland have grown by almost 36 per cent and have grown almost four times faster than the overall economy has. That is good news. However, there are threats to the industry's success and, for once, most of those threats arise not from the actions of the Scottish Executive but from the actions of the UK Government at Westminster. That is what our amendment refers to. Over the past eight years, we have seen a collapse in the savings culture. The savings ratio in this country—the amount of money in the economy that is saved as a percentage of GDP—is at a historic low. That has not happened by accident.

First, as Mr Stevenson said, we have had Gordon Brown's £6 billion-a-year stealth tax raid on the pension funds, with changes to advance corporation tax payments. The losers from that are investors and private pension funds up and down the land. Secondly, we have had the extension of the means test, by way of pension tax credit across the board. Some 5 million pensioners up and down the land are now subject to means testing. Some 1.5 million pensioners who are entitled to claim means-tested benefits do not do so, probably because the 16-page form is too complicated to fill in or because they do not want the Government to know every detail of their financial affairs. Who can blame them?

The joint impact of those changes has meant a collapse in confidence in the pensions and savings industry. What is the point of someone saving and putting money aside for the future if it counts against them when they retire? If they are means tested on everything, where is the incentive to save? If their pension fund has lost its value because of poor performance in the stock market compounded by Gordon Brown's tax raid on pensions, why should they bother with a private pension at all? Will the state not just look after them when they get old?

It used to be said that the UK had the best pension provision in Europe. Sadly, those days

are gone—destroyed by Gordon Brown as chancellor. We must start to restore confidence in financial services. We need to provide incentives for people to save and to invest in pensions for their old age; the country cannot afford to support future generations of pensioners purely out of general taxation. The current Government has been incredibly short-sighted in its approach. It is deterring people from saving and investing for the future, and it or a future Government will reap the consequences of that.

Although we should be pleased at the success, to date, of the Scottish financial sector, there is no doubt that it is being held back by the actions of the UK Government. That is why we need a change at the top—a change to a Government that is prepared to promote savings.

I move amendment S2M-2729.2 to insert at end:

“notes, however, that, as a result of Labour's stewardship of our economy, the savings ratio is at a historically low level, means-testing has been extended to 5 million pensioners, £5 billion per year has been removed in additional taxes from pension funds and public confidence in the pensions industry has been destroyed, and therefore believes that the financial services industry in Scotland requires a UK government that is committed to restoring trust in the industry and improving incentives to save.”

15:07

Christine May (Central Fife) (Lab): I enjoyed Jim Mather's speech. All that it needed was the addition of some white sauce and onions and we would have had that classic dish of tripe and onions that is known by many but loved by very few—a little like SNP economic policy. Nevertheless, I recognise the support, albeit qualified, that Mr Mather gave to the industry.

Jim Mather: Will the minister give way?

Christine May: I am delighted to give way.

Jim Mather: I have promoted the member ahead of her time.

I suggest that Christine May have a chat with Bristow Muldoon. When I took that tripe and onions to Livingston Football Club for a debate with the club last week, the vote of 25 businesspeople was 23 to 2 in my favour. It was Bristow Muldoon's Ceausescu moment, and Christine May's is coming.

Christine May: I am grateful for that intervention.

I want to celebrate Scotland's place as the sixth largest financial centre in Europe and the largest centre in the UK outside London. That success story is not new, but has been built on previous success. The difference today—it is a very good reason for having the debate—is that that continuing success is in no small part down to the

economic policies that have been introduced and pursued by the best chancellor that this country has ever had, Gordon Brown, supported by the Executive, which has taken that economic potential and developed the financial services strategy.

We have heard about the success of two of Europe's top banks by market value that are headquartered in Scotland—RBS, which is third, and HBOS, which is seventh—and, I suspect, we will hear later of the part that they play in sustaining the economy in other parts of Scotland that Edinburgh and Glasgow perhaps do not reach. Growing the economy is our priority, and the continued success of the financial services sector is crucial in achieving that objective.

We know what the competitive pressures are like; we have all heard how difficult it is to grow and sustain market share in a global economy. Hence, I welcome the financial services strategy group and I look to its primary purpose, which is to develop a strategic view of the industry's long-term potential and development needs and to set out the goals. We now have the first year implementation plan.

Let us look at the leading sectors. Banking is obvious, with 59 per cent; life, pensions and general insurance have 10 per cent. They are the major players but it is important to remember the many companies that support them in ancillary services and in the smaller niche markets of the financial services sector.

It is important to remember that more than half of the jobs in the sector are customer facing. That is why, in the second part of my speech, I will concentrate on skills development and training. The latest publication from Future Skills Scotland shows that there were 5,500 vacancies in banking, 58 per cent of which were hard to fill. There is a need for the strategy to concentrate on matching the supply and demand sides of the industry. The Financial Services Skills Council, which is represented in the Parliament today, is working with the industry and the Financial Services Authority to develop a long-term employer-focused strategy to develop the necessary skills so that we can fill those vacancies.

I turn to what is being done in my constituency as a microcosm of what is being done across Scotland. A company called MGt—I recall it starting up in Kirkcaldy about six years ago with four men and a good idea—has grown to employ hundreds of staff in Kirkcaldy. It has expanded to a brand new office in Methil, where it has been able to create 60 jobs that are soon to be increased to between 100 and 120 with the help of a regional selective assistant grant.

The financial services strategy that was developed as part of the national strategy by

Scottish Enterprise Fife and the Fife Community Partnership recognised that Fife is Edinburgh's financial edge; it identified opportunities in Edinburgh as well as opportunities for businesses to relocate and recruit. A programme of training and development was started with the colleges, industry and employers and with training providers so that when the jobs come along, there is a pool of ready-skilled labour from which people can be recruited. I am delighted to say that almost all the jobs in the example that I gave—MGt in Methil—have gone to local people who might have expected to work in the metal-bashing industries or manufacturing. Traditionalists might well say that the new jobs are no substitute for traditional manufacturing jobs, but that company and others are stowed out with applications for employment, almost all of which are from quality applicants, many of whom the companies could recruit.

We should acknowledge Scotland's unique selling points for keeping and growing its place in the financial services industry—our quality of life, which does not exist in many of the world's larger cities, and the quality of our education and skills training. Jim Mather compared us unfavourably with Ireland, but what he said is not borne out by the surveys that have been done by those who seek to expand in the sector; they say that the skills and training development to which they have access is as good as that which exists anywhere else.

For those reasons, I am pleased to support the motion and to urge all members to attend this evening's Sector Skills Alliance Scotland reception, at which the Deputy First Minister will speak.

Mr Stone: Nice one.

Christine May: Indeed.

Members will have the opportunity to meet people who are involved in the industry. They will explain better than I can how much they appreciate what the Executive is doing for them.

I support the motion.

15:15

Mr Kenny MacAskill (Lothians) (SNP): It is a pleasure to speak in this debate on an issue that is vital to the economy both of Scotland and, in particular, of Edinburgh, of which city it is my privilege not only to be a representative but a resident. The city's banking and financial services industry has gone from strength to strength. As Christine May and others have said, the Royal Bank of Scotland and HBOS have clearly shown the way but other financial services companies, equally, have been successful, whereas other industries, such as those that involved the likes of

Bartholomew and Henry Robb, have passed by the wayside.

Two important aspects need to be touched upon in today's debate. First, as the Minister for Enterprise and Lifelong Learning and every other speaker mentioned, we should offer congratulations on a Scottish success story. Secondly, we need to address how we build upon, maintain and manage that success in the global world in which we live. The city's financial services industry has been successful globally but, as my colleague Jim Mather mentioned, there is mounting competition from areas such as Dublin across the Irish sea, the Netherlands and beyond.

It is important that we highlight success. I agreed whole-heartedly with Mr Fraser's comments and I was quite happy to sign up to his motion congratulating the banks on what they had delivered. I also agree that the Scottish Socialist Party group's response to that motion was churlish. Indeed, the failure of SSP members even to dignify today's debate with their presence seems to me somewhat shameful. The SSP might consider Edinburgh's financial institutions to be the running dogs of capitalism, but they fuel the Scottish economy and are a great success story. There is something churlish—indeed, something downright ignorant—about the SSP's failure to participate in the debate.

There is something particularly Scottish about our frequent failure to recognise or praise success. In Scotland, we are prone to praise our sporting successes. Although they are few and occur on isolated occasions, we are happy to praise them. However, to some extent, any success in the corporate sphere or in the boardroom is denied. We do not simply hide our light under a bushel; often, it is frowned upon for people to portray such success.

The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson) rose—

Mr MacAskill: I am more than happy to say that such success should be portrayed, but I simply point out to Mr Wilson a fact about Scottish culture. Mr Wilson may dispute that—I will be more than happy to hear from him—but I believe that there is a cultural problem in Scotland that fails to highlight success. In the past, we have been prepared to celebrate the success of ships that were built on the Clyde or in Edinburgh, or of other manufacturing achievements—

Allan Wilson: Will the member give way?

Mr MacAskill: Give me just one minute.

However, we have been reluctant to recognise the relationship that exists between what we used to manufacture and what we do now in managing funds and operating in the banking sphere.

Allan Wilson: For the purposes of the *Official Report*, I should make it clear that I wholly agree with Mr MacAskill on this occasion. I simply draw to his attention the fact that our strategy for Scotland's financial services industry is entitled "Success".

Mr MacAskill: I am delighted that we are singing from the same hymn sheet, if not from the same document.

Having decided that we should congratulate our financial services industry on its success and build upon that success, we must answer the question how we take the industry forward and support it. The Royal Bank of Scotland is the biggest company not only in Scotland today, but in Scotland's history. I note the absence from today's debate of Mr Mundell, who has previously criticised me and my party for our support of, and admiration for, Finland. However, the proportion of Scotland's GDP that is generated by the Royal Bank of Scotland is approaching Nokia proportions in relation to Finland. Therefore, any criticism that Mr Mundell applied to Finland could equally be applied to this country.

We must recognise the importance of not just the Royal Bank of Scotland, but all the banks in the sector and the matters that affect them. The sector is fundamental not just to our economic success but, as the SSP should acknowledge, to our success in bringing about the sort of society that we wish to create in Scotland. If our economy does not generate wealth, we will have nothing to divvy up and spend.

On how we do that, I believe that we need to learn two lessons from across the Irish sea. First, Ireland has low levels of corporation tax. Our countries do not simply share a confident financial services industry; Ireland's constitutional powers give it a mechanism that provides the Irish with an added advantage and competitive edge that Scotland lacks. We need to address that.

Secondly, there needs to be a more strategic direction. We have seen the success that Ireland has created in the Dublin docklands. As a resident of Edinburgh, I believe that our equivalent to the Dublin docklands must be west Edinburgh. With the global headquarters of the Royal Bank of Scotland, west Edinburgh is the dynamo for moving not just the Edinburgh economy, but the Scottish economy. The task cannot be left simply to the City of Edinburgh Council—there must be national strategic direction. That issue has been touched on, and there are other members in the chamber today who represent Edinburgh. I pay tribute to Edinburgh Chamber of Commerce, which has sought to draw together a political consensus that recognises that the issue is important and cannot in many instances be left to the council.

I welcome many of the transport proposals for Edinburgh, although I share the desire of others to see them delivered. If there were fewer consultation documents, announcements and proposals, and if some tarmacadam—never mind a railway line—were laid, we would be happier. However, the issue is not simply the transport infrastructure that has been mentioned. In the west of Edinburgh there is a traffic problem, and it cannot be left to the City of Edinburgh Council to deal with it through the road network. The problem has a national dimension and must be dealt with by Scotland, rather than passed to the council. It should not be left to the council to take the rap or to council tax payers to foot the bill.

We must address the question of skills. That comes against the backdrop of the debate about immigration—or no immigration, as some parties would have it. We must invest in skills. To continue the sporting analogy, just as successful Scottish football clubs invest in talented foreign footballers, we must ensure that we bring in talented individuals from abroad. We must also bring in many people who are not particularly talented but who can provide skills that our people cannot provide. We have failed to do what the Irish have done. They have invested far more in seeking not just the return of the Irish diaspora, but the recruitment into Ireland of new people. They have invested €1 million in having people return or migrate to Ireland, whereas we are left with proposals and documents such as the fresh talent initiative. We need to do better, because at the end of the day the success of the financial services industry is pivotal to the success not just of my home city but of Scotland.

I support the amendment in the name of my colleague Jim Mather.

15:22

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I am grateful for the opportunity to speak in this afternoon's debate and pleased that we are having it. I am also pleased that the words "celebrate" and "success" have been used in the same sentence by so many members this afternoon. It is a pity that the tone of their voice sometimes did not match the words on which they were choking.

I genuinely believe that there is an excellent story for us to tell this afternoon. To make that statement is not to bask in self-congratulation or complacency. All of us have a responsibility to celebrate success when we see it. That success has been achieved by very many people and organisations, nowhere more than here on our doorstep in the capital. As the representative for Edinburgh East and Musselburgh, I am delighted that there is such a positive story to tell about what

has been achieved in the financial services sector in this area. There are challenges that lie ahead, on which I will touch in a moment. However, it is important for us to recognise just how significant financial services are to Edinburgh, and how significant Edinburgh is to the financial services sector.

Employment is one of the key issues. I refer not just to direct employment, but to the swathe of indirect employment that the sector provides both in the city and much further afield, as I am sure colleagues would acknowledge. Edinburgh has 39 per cent of total Scottish financial services employment. Around 35,000 people work in the financial services sector in Edinburgh. More than 85 per cent of those jobs are full time. Edinburgh dominates the insurance and pensions company sector, with almost 40 per cent of all Scottish employment in the sector. We must not understate the significance of Edinburgh in this debate.

As I said, this is not just about employment. Edinburgh has put itself on the global map as a leader in the sector. It is internationally recognised; it is the UK's largest financial centre after London and is in the top five in Europe. It is also Europe's second largest banking sector, with a market value in February 2003 of £60 billion. Therefore, when the focus shifts towards the problems and difficulties that we face—and I, for one, never shy away from addressing such issues—we should balance that by pointing out what has been achieved on our own doorstep.

I pay tribute to some of the local agencies that have brought about that success. My list is not comprehensive, but I want to single out the City of Edinburgh Council, which has shown real leadership in this area. I will say more in a moment about one of its forthcoming initiatives. As Kenny MacAskill pointed out, the members of the Edinburgh Chamber of Commerce have been getting round the table—and getting others round the table—to ensure that we build on the success that has been achieved. Scottish Enterprise Edinburgh and Lothian has also played a full part and, critically, all our colleges and universities have been getting round the same table and working to make a difference.

Of course, we should not forget the sector itself, by which I mean not faceless institutions but some leading individuals in Edinburgh and Scotland. I will not name names, because doing so is always invidious and dangerous. We know who they are. However, in my role as an Edinburgh MSP and in other capacities, I have been delighted to work with some of the field's key leaders, who do not just talk the talk but walk the walk of positivity. They make a difference and we politicians have a lot to learn from them.

However, I said that we have to address certain

challenges in Edinburgh and the Lothians, and I will not miss another opportunity to revisit some of them. Transport has already been mentioned. It is incumbent on us all to face up to Edinburgh's transport challenges. We should not simply oppose others' proposals; everyone has an interest in coming up with solutions for the future. Indeed, I would argue that they have an obligation to do so. The same is true for all sectors.

We talk a lot about the social impact of Edinburgh's shortage of affordable housing, but we should not underestimate its impact on the labour market, including our financial services sector. As a result, we need to tackle Edinburgh's current and future housing needs. It is imperative for any approach to involve a partnership between the council and the Executive, and I am pleased that that is happening. After all, when we have debates on the economy or, as today, on the financial services sector, we should never leave issues such as housing in a separate box.

As ever, I defer to my colleague Christine May on the issue of skills—and, before she lobbies me again, I will say that I hope to attend, at least briefly, tonight's event. However, I should say that skills are an absolutely critical issue in Edinburgh and the Lothians and I am pleased that the various players and organisations that I mentioned are working together to do something about the matter.

We must address certain other issues, because Edinburgh is not all a land of milk and honey. People forget that the city has concentrations of poverty, such as Craigmillar in my constituency. As a result, in debates such as this, we should look at what we can do to close the gap between rich and poor. That does not sit at all uncomfortably with our aim of building on the success of our financial services sector, and I am pleased that the city council's strategy for the future—and the Scottish Executive's strategy for cities, which acknowledges their role as engines of growth—recognises the need to do both things side by side.

I have deliberately left the rather worn begging-bowl message to last, because I know that it gets wearing for ministers to hear it. However, we must remember that this city's growth and success, which the financial sector has partly contributed to and which it requires to continue, brings with it challenges and implications with regard to the additional costs of managing the capital. I will not go through a list of the public services that are so affected, not least by such things as the forthcoming G8 summit, although there are many debates to be had on those issues. I merely note the point and leave it hanging for now.

I return to one of the positive initiatives that are being taken under the leadership of the City of

Edinburgh Council. Some colleagues may be aware of those initiatives, and I am delighted that the council, working in partnership with Scottish Enterprise Edinburgh and Lothian, is launching Edinburgh's first business assembly. The first meeting of that assembly will take place shortly, on 11 May. That is practical, positive action to bring together business leaders from across the city with other key players and partners to ensure that practical and positive solutions can be developed for the future. I am pleased that Sir George Mathewson of the Royal Bank of Scotland will address that first meeting on 11 May.

I for one am certainly not complacent about the issue. What we see throughout the success story that we have heard about this afternoon is evidence of people working together for the greater good. What better example could this Parliament look to than what has been achieved in the financial services sector? I hope that we do more to work together for the greater good in future.

15:31

Donald Gorrie (Central Scotland) (LD): I am happy to support Jim Wallace's motion and to welcome the financial services strategy, which looks as if it will build efficiently on the existing successes of the financial services sector in Scotland. The sector has grown by a third in five years, which I think is even more than the Liberal Democrats have grown in that time.

Financial services are one of the Scottish success stories, but there are obviously problems. The world has a great drive towards centralisation that we must resist, but we have to ensure that we have people—financial services are all about people, brains, initiative, honesty and working together.

To attract and keep people, we must have a decent transport system and people have to be able to fly directly to and from Scotland. My idea of hell on earth is Heathrow—if I find myself spending my time in Heathrow, I will know that I have gone to hell. We need direct flights and internal transport but, contrary to what some members have said, I believe that the Executive is tackling the issues and has started to make some good investment in transport infrastructure. Housing is also an issue. People must have affordable housing adjacent to places such as Edinburgh, Glasgow and Aberdeen, to where they are attracted to work in financial industries. We have to get our planning and housing working together.

To bring on more talent in future, we have to improve financial education in our schools, colleges and universities and get rid of any faint

thought—still promoted in some areas by our socialist friends—that profit and private enterprise are bad things. We must also build on such things as the fresh talent initiative. We must develop a Scottish voice, both for our own people and in order to attract more people here. Nobody with any sense at all, given a job in Scotland that is as good as an equivalent job in London, would choose to live in London. That would be insanity. We can offer a really good quality of life, and that has to do with not only what nature has given us but our opportunities for culture, sport and good family life.

We must also tangle with bureaucracy. I have a standard boring part in all my speeches about reducing bureaucracy, and I am pleased to see that we now have an organisation called IRIS—improving regulation in Scotland. I assume that improving regulation means decreasing it; if not, I am in trouble. We have to help to combat bureaucracy, and I am encouraged that our Liberal Democrat colleagues in London are trying to prune heavily or dismantle the Department of Trade and Industry.

Stewart Stevenson: Can the member give us one example of a piece of secondary or primary legislation that he would take out of the statute book?

Donald Gorrie: No—not off the top of my head. However, bureaucracy is not about only secondary legislation; it is also about the way in which secondary legislation is interpreted and the 30-page forms that are sent to people to fill in. There are ways of regulating sensibly, and some regulation is necessary to stop the cowboys and keep up standards. The problem is the way in which regulation is done, as it involves excessive use of pages of paper and words.

Susan Deacon: The issue is about not only what we put on the statute book but how we take decisions ourselves. On some matters, such as taking forward transport infrastructure projects—for example, the trams in Edinburgh—I am sure that we could move further and faster in the Parliament and take decisions in a way that enables such projects to be delivered more quickly. Does the member agree?

Donald Gorrie: Yes. We are still governed by legislation that was supposed to control the railway mania of the 1840s—I hope that we have progressed since then.

I will raise two other points, which are not about the big picture. The first is on personal debt, which is a grave scar on our society. The average Scottish household is calculated to be £13,400 in debt and a third of our households, with an income below £15,000, are in arrears on credit cards, household bills and so on. The banks and financial

institutions are open to serious criticism because they do not properly control giving people credit. Some people have multiple debts but get more and more credit. That is wicked and we should stop it.

Secondly, we must develop more support at a local level. Financial support and other assistance should be provided for local development trusts, social enterprises, community development schemes and so on. We want to have a bottom-up culture. We can achieve that by having systems whereby the Executive has money that is available to local people, who say what they want to do with it. Instead of inventing a great scheme that is imposed on everyone, all having to do what we tell them to, we should say, “Here is a fund. People in your housing estate, small town or village should come up with good ideas and you will get the money to start the project. You should also attract investment from other sources.” Good schemes could be a big source of local investment. For example, if a community owned a wind farm—or even one turbine, as happens in some cases—that would produce an income stream for the community that could be invested in other projects.

We must get the voluntary sector and communities to make money in an entrepreneurial way as well as look for grants for doing good things. We could attract savings and carry out schemes better at a local level, whether through credit unions or the creation of local banks—which exist in other countries but not here, apart from in Airdrie—and encourage local patriotism.

Christine May: Will the member give way?

Donald Gorrie: I suspect that I am over time.

The Deputy Presiding Officer: You may take an intervention, Mr Gorrie.

Christine May: On the point that Mr Gorrie makes about the ability of local communities and small community-based enterprises to invest capital on their own behalf, does he accept that that would probably require considerable changes to the capital investment and lending regulations? Will he encourage the minister to deal with that point in his wind-up speech?

Donald Gorrie: Yes. The system needs to be changed and improved. I have had conversations with the minister about that. Hitherto, the system has not dealt well with the very small local business start-up—whether it is a business for a person to make money out of or a community business. We want to change the rules to help people. If a few things get shipwrecked, so be it. At least something will have been achieved.

Community takeovers have made a difference in places such as Gigha, and the approach could be

replicated throughout Scotland. As well as applauding companies such as the Royal Bank of Scotland, let us help every village and housing estate in Scotland to improve through their own efforts.

15:40

Mr Ted Brocklebank (Mid Scotland and Fife) (Con): I am happy to take part in the debate. Like other members, I must declare an interest, because I have one or two pension funds, although I am happy that none is with Equitable Life. I congratulate the youthful Murdo Fraser on being likely to be around for long enough to be able to get something from his parliamentary pension. Because of my advancing years, I am not in such a fortunate position.

J M Barrie said:

"There are few more impressive sights in the world than a Scotsman on the make."

Barrie himself was no slouch when it came to turning his literary talent into bawbees. By any standards, the Scots have been great wealth creators in all corners of the world. Scots such as Andrew Carnegie and Alexander Forbes-Leith dominated the early days of America's steel industry. The great trading house of Jardine Matheson laid the foundations of Hong Kong, and even if some of the substances that the Lewis-born Matheson exported to and imported from China perhaps did more harm than good, there is no denying the great commercial legacy that Jardine Matheson bequeathed to the far east.

Unit trusts were invented in Dundee, which is close to my home, and money from the city largely funded the American railroad system and built several of that country's great cities. Robert Fleming, a Dundonian, set up one of the United Kingdom's earliest merchant banks and one of his great-nephews, Ian Fleming, made even J M Barrie look like a pauper by producing a series of books about a spy called James Bond.

At all levels, Scotland has much to be proud of in its entrepreneurial record. That financial legacy is still with us. We have international entrepreneurs, such as Ian Wood of Aberdeen and Tom Hunter, and we have great banks and financial institutions. As members have heard, in Scotland we are fortunate to have the headquarters of two of the world's leading banks and I think that Edinburgh is still Europe's third most important financial centre.

Although I have no time for the 1980s mantra, "Greed is good", I have no qualms about saying that profit is very good. The hard fact is that we cannot decide how to spend money until we can make money. I, too, am sorry that Tommy Sheridan and his Scottish Socialist Party MSPs

are not in the chamber, because although he and I might have issues about how wealth is distributed, I doubt that even he would deny that wealth must first be created. We create wealth by encouraging businesses. I am sure that I will be corrected if I am wrong, but to the best of my knowledge, no one on the front bench of the Westminster Government or the Scottish Executive has ever run a business. That is an astonishing fact.

Mr Stone: I have run a business.

Mr Brocklebank: Mr Stone might be sitting on the front benches, but he is not a minister yet.

In that context, it is not surprising that Scotland's public sector spending accounts for well over 50 per cent of gross domestic product. Public sector spending has crowded out the private sector, which generates the wealth on which the public sector depends. This Executive's record has been characterised by an ideological obsession with ever-greater spending, bereft of reform. Spending on housing and community amenities in Scotland is 49 per cent higher than it is in the rest of the UK and spending per head on health is 14 per cent higher than it is in the rest of the UK.

Christine May: The member suggests that public sector spending brings no benefit to the private sector. Does he accept that in Fife some £75 million per year is spent on contracts that are placed with the private sector, which contributes to the growth of the economy?

Mr Brocklebank: I also note that Fife Council employs the highest number of council workers per head of population of any council in Scotland. I do not know whether that is entrepreneurial.

Spending per head on education is 11 per cent higher in Scotland than it is in the rest of the UK, but despite massive spending increases our public services continue to fail many people.

Of course we welcome the financial services industry strategy and we applaud its vision of an "innovative, competitive and thriving" international financial services industry in Scotland. That is as it should be and we welcome that Scottish success story.

We also welcome Jim Wallace's claim in the introduction to the strategy document that

"Growing the economy is this government's top priority".

However, the same Jim Wallace supports a 50 per cent top income tax rate for high earners. Is that really the way to encourage young entrepreneurs or enterprising executives to stay in Scotland or, indeed, to come to Scotland under the Executive's fresh talent scheme? Too often, it seems that, far from being the enterprise minister, Jim Wallace is the anti-enterprise minister. He defended Scotland's woeful transport infrastructure and the

Executive's aspirations to improve it, but as the Minister for Transport, Nicol Stephen, conceded at yesterday's meeting of the Finance Committee, although the Executive has been in power for six years and has produced many strategies, Scotland still has no national transport plan.

I make no political point when I note that, over the years, many of our brightest young entrepreneurs have left Scotland to make their fortunes overseas. Frankly, I see nothing wrong with that. Almost without exception, they have returned to invest their wealth and experience in Scotland. What incentive does the Executive or the United Kingdom Government—which controls such non-devolved policy areas as regulation, competition, taxation and pensions—offer the young executive who is considering setting up a business in Scotland, the returning entrepreneurs or non-Scots who would like to invest here?

Despite the fine words that we have heard, Labour has consistently let down financial services both north and south of the border. The Conservatives in the Scottish Parliament are the only group that will deliver on cutting back the cost of government and, in doing so, set businesses free to flourish. We will cut non-domestic rates to less than the English level, open up Scottish Water to full competition and hack our way through the red tape that is strangling our businesses.

Stewart Stevenson: Will the member give way?

Mr Brocklebank: I am just finishing.

We do not believe that it is the Government's job to produce the next generation of Carnegies, Jardine Mathesons or Ian Woods, but it is the Government's job to produce the climate, the skills and the training that will allow people's entrepreneurial and financial abilities to flourish once more.

I have pleasure in supporting Murdo Fraser's amendment.

15:47

Scott Barrie (Dunfermline West) (Lab): Other members have begun their speeches by declaring their financial interests. I may not be able to do that, but following Ted Brocklebank's criticism of public sector workers—today is not the first time that he has made such criticism—I wish to declare my interest as someone who, prior to entering the Parliament, spent their whole working life in the public sector and was proud to do so. That said, I acknowledge that for the public sector to thrive and flourish, we need a dynamic wealth-producing private sector so that we can spend resources as we see fit and achieve the redistribution of wealth of which many members are in favour.

There is no doubt that financial services play an important and developing role in the Scottish economy. As we have heard, Scotland is the most important UK financial centre outside London and has a worldwide reputation for excellence. Growing the economy is the Executive's top priority and the continued success of the financial services sector will be crucial to the achievement of that objective. However, we cannot ignore the huge competitive pressures in what is a truly global industry. We must ensure that the success of the financial services sector is maintained if we are to grow Scotland's public and private sectors.

The statistics on the sector are impressive; Susan Deacon mentioned a number that relate to Edinburgh. One in 10 members of the Scottish workforce is employed in the sector, either directly or indirectly. As others have said, the fact that Edinburgh is a huge financial centre has significance not only for the capital city, but for the wider Scottish economy. I will return to that point when I discuss how Edinburgh's importance as a financial centre affects my constituency in Fife.

I turn to the amendments that are before us. Once again, the only means of driving forward not only the financial services sector, but the wider Scottish economy that the SNP can offer in its amendment is the prospect of separation. We should acknowledge that the SNP is at least being consistent. It is the same old story involving the same proposed solution and the same slogan, but with little detail on, and not a clue about, what should actually be done. If we strip away the rhetoric that Jim Mather employed in his speech, we find that we are left with pretty thin gruel. It is clear that the SNP wants greater powers: its members constantly say so and yet they say nothing about how those powers would be used.

In some respects, the Tory amendment is even more remarkable. Of all the many criticisms that the Tories could level at the current United Kingdom Government, surely stewardship of the economy is the last one that they should have highlighted—I say that from the Labour perspective. Undoubtedly, under Gordon Brown's stewardship, the UK economy—and, indeed, the Scottish economy—has prospered. Unemployment is down, employment is at record levels and interest rates are down, as is inflation.

Jim Mather: Today's GDP data remind us that, in terms of economic growth to the fourth quarter of 2004, the UK economy grew at 3.1 per cent whereas Scotland's economy grew at 1.9 per cent. The gap persists. Is the member blind to the gap that has existed for 30 years?

Scott Barrie: I think that I heard the member say that the Scottish economy has grown. Perhaps it has not grown at the same rate as the economies of other parts of the United Kingdom,

but the fact is that it has grown. The Scottish economy is now growing at a greater rate than was the case in the past. Yet again, instead of constantly referring to the statistic as a negative, we should be celebrating the fact that the Scottish economy has grown and that it is growing at a rate that is greater than that of many of our international competitors.

Let me turn to the issue of public confidence in pensions, which is an issue that is highlighted in the Tory amendment. I think that I am not incorrect in saying that lax regulation under the stewardship of the Tories led to pensions scandals such as the Mirror Group scandal, as a result of which hard-working individuals were deprived of the pensions that they had saved for.

The Tories can say what they like about pensions, but I will hear no criticism of a Government that has at its heart an attempt to address the issue of our poorest pensioners. I am thinking of pensioners such as my grandmother, who had to rely on supplementary benefit when she was alive and who had none of the welcome financial additions that the Chancellor has made available to millions of our pensioners who have exactly the same life opportunities as she had.

I turn from the national to the local. As other members have acknowledged, Edinburgh is not only a national but an international financial centre, the effect of which is not limited to jobs within the Edinburgh city boundary. Three thousand financial services jobs are directly located in the Fife area alone. The Bank of Scotland's national Visa centre—now part of HBOS—has been located in Dunfermline for the past 20 years. Intelligent Finance is also located in my constituency at Rosyth. The company is a tremendous 21st century success story, providing high-skill financial sector jobs that offer excellent prospects. It is a company that has developed its business during the present Government's tenure of the UK economy.

The situation that I have just described is in stark contrast to the picture that Murdo Fraser attempted to paint. He highlighted the issue of transport infrastructure, but where are the improvements that he told the chamber had happened during the 18 years of Tory rule? They certainly did not happen on the railways.

I do not want to reprise my members' business debate of a fortnight ago, but if we are serious about resolving the staff difficulties and shortages that bedevil part of the Edinburgh economy, we must improve transport links across the Forth. If we do so, the skilled workforce that exists in Fife can partake of the quality of life to which Christine May alluded. People need to be able to get to Edinburgh quickly and comfortably. The Tories did nothing about that and, albeit that it has not done

so quickly enough, the Scottish Executive, working with Fife Council, is now funding the long-overdue improvements to the rail infrastructure.

Again, in spite of what Murdo Fraser claimed, the road network was also neglected under the Tories. The Kincardine bypass was not completed; the new Kincardine bridge was not even costed; the A8000 was never dualled; and—so that I am not accused of parochialism—the missing M74 link was not built. All those improvements are now being addressed by the Scottish Executive and yet none of them was addressed by the Tories when they were in power. Good, effective transport links—road and rail, car and public transport—are crucial to ensuring that employment opportunities can be taken up.

Financial services are a great Scottish success story. It is a little sad that more members did not turn up for the debate. I can only suggest that they may be doing other things. It is slightly damning of the Scottish Socialist Party in particular that it chose not to participate. Its action sums up its approach—criticise success, bemoan failure.

I welcome the support that all contributors to the debate have given to the financial services sector, which is vital to Scotland's future economic success. We should welcome the success that it has had and wish it all the best for the future. The debate is not just about the future of that sector but about the future of the Scottish economy.

15:55

Mark Ballard (Lothians) (Green): There is no doubt that the financial services sector is a Scottish success story. Throughout the debate, we have heard statistics, particularly from Lothians MSPs on the tremendous employment that comes from financial services in Edinburgh and the Lothians. It is entirely natural for the Executive to want to support an industry that makes up such a significant part of the Scottish economy.

I will focus on the third strand of the strategy—innovation—which seeks to

“Exploit market opportunities through innovative products and services”.

One of the biggest, fastest growing and most important of the new markets is ethical investment, which is a response to the movements of the 1970s and 1980s, when people began to think about boycotting certain products because of their poor ethical record. Now we are seeing a movement in which people actively choose the highest ethical standards, whether in fair trade products or, increasingly, in financial services products.

When I read the first year implementation plan, I assumed that ethical investment was one of the

new markets to which it referred. I would be interested to hear the minister confirm that. If it is not one of the new markets, I would be interested to hear from him how in future he intends the strategy and the financial services industry to address the potentially huge ethical investment market to best effect. We must recognise that ethical investment is a win-win situation and that our money, our pensions, our investments and our insurance premiums can support companies and industries that value their social and environmental record as much as they value their financial bottom line.

Businesses that exhibit proper corporate social responsibility also turn out to be businesses that grow and do well, because if a company has good management and good corporate governance in relation to what it does for the environment and the local community, it will have good governance when it comes to developing its business. It is not surprising that many ethical investment funds have outperformed other funds in their market, or that the huge growth in the number of ethical banks, ethical pension funds and ethical financial services advisers continues, because people are getting a good service that meets their financial and ethical needs.

I hope that the minister will confirm that the strategy looks at how we can develop ethical investment and the highest standards of investment in Scotland.

Susan Deacon: I echo and endorse many of the sentiments expressed by Mark Ballard. I note that he touched on corporate social responsibility. Will he join me in applauding the efforts made by many of our financial institutions that are headquartered in Edinburgh, including some of our leading banks, which have translated into practical effect support for communities and various other activities under the banner of corporate social responsibility? I am sure that the Executive could do much to work in partnership with the sector to build on those efforts.

Mark Ballard: I welcome all the efforts to move towards corporate social responsibility. I spent most of Sunday last helping to clean up the Water of Leith in conjunction with Standard Life, which operates on the river. That is a good example of a company getting involved in improving its community and environment.

Donald Gorrie, among others, touched on the issue of domestic financial services. Although Scotland has some big, successful banks, many people here do not have access to the financial services that they need, and many small, ethical companies—the kind of community firms to which Donald Gorrie referred—do not get the financial services that they need.

Credit unions and other forms of microcredit are vital and should appear in the strategy. We cannot value only the big players while ignoring small but vital community-level financial services. Credit unions offer finance to people who are turned down by the banks; they offer access that is needed by the wider community and stop people falling into the hands of loan sharks and unscrupulous lenders.

As well as supporting credit unions and microcredit, we must look at initiatives such as the Grameen Bank in Bangladesh—initiatives that offer local social enterprises a chance to grow and develop. Although that approach should go hand-in-hand with better management on the part of social enterprises, we must consider how we invest in and support environmentally and socially sustainable community enterprises. With Christine May, I would be interested to hear from either the minister or the deputy minister how the strategy will seek to meet the needs of those who are too often excluded from the financial services that they need.

We need more ethical investment, more community-focused investment and—I very much agree with the minister on this point—a robust regulatory framework to support that ethical and community investment. Competition is not about low taxes and it should not be about low regulatory burdens; it should be about having the highest standards, particularly in an area such as financial services. Those high standards will attract people to invest in Scotland and Scotland-based financial institutions, rather than the fact that there is a low or diminished regulatory framework.

If we look at ethical investment as one of the fastest growing financial services sectors globally, we in Scotland will have a real opportunity to take the lead once again in innovative financial services and to continue our good track record in the area. I hope that we will hear from the minister and the deputy minister evidence on how we can have an ethical financial services strategy as part of the financial services strategy.

16:02

Stewart Stevenson (Banff and Buchan) (SNP): I start by making reference to my register of interests, which shows my investment in Bank of Scotland stock—now Halifax and Bank of Scotland stock—my pension from the Bank of Scotland, my investments with Scottish Provident and Standard Life, my membership of Amicus, the trade union that was party to the strategy group, my wife's pension and investments with the Royal Bank of Scotland, and my brother's continuing employment in a very senior position with that bank. Apart from that, I have no interest whatever in the debate.

Some people's credit is already overdrawn—I refer to Jamie Stone. However, in the context of this debate, the credit of this Parliament is substantial, because it was an act of this Parliament in January 1695 that established the Bank of Scotland, which opened for business on 17 July of that year. Of course, the Bank of Scotland was set up because William Paterson, a Scot, had established the Bank of England the previous year, causing a certain amount of resentment. Therefore, English interests came to Scotland to establish the Bank of Scotland together with local interests.

The initial board of the Bank of Scotland had 12 members, six English and six Scottish—very fair and very reasonable. Of course, the articles of association passed by this Parliament stated that only directors who lived in Scotland could vote at board meetings—very fair and very equitable. If only we had such rules in business today.

Our Scottish banks continue to have substantial and important international connections. The chair of the group that produced the strategy document, "Success", Susan Rice, is an American who has experience of an entirely different banking regime and brings an enormous amount to Scotland. The Executive always encourages the best team working and she has tremendously effective academic connections, as her husband is the boss of the University of Aberdeen.

Banks get involved in a range of things and I was pleased to hear the Greens refer to credit unions. They represent tremendously important grass-roots banking that we must do more to encourage. The Bank of Scotland creditably bailed out a credit union in Sighthill that got into trouble because of the malfeasance of some of the people involved.

Banking is not as boring an industry as some people think. I share with members the fact that the last person to die in a duel in Scotland was the Bank of Scotland manager at Kirkcaldy. He had a dispute with one of his customers, was challenged to a duel and, foolishly, accepted the challenge and lost. The gun that killed that manager may be examined in the Bank of Scotland museum to this day.

I characterise the strategy as a bears-in-the-wood strategy, although there are a few bulls out there too. I shall explain why I so characterise it. There are a number of rules about bears. The first is that when one is making love to a bear, one stops when the bear wants one to and not a second before. The document is about the financial bears of Scotland making love to the Scottish Executive. That is excellent, but although the document articulates clearly what the banks want from the Executive, it articulates rather less clearly what the Executive wants from the banks. I

repeat the first rule of bears: one stops making love to bears when they want one to.

Banks are getting engaged with Government more than they used to. As long ago as 1998, Gavin Masterton, the then treasurer of the Bank of Scotland, asked me whether he should join a Labour Government-initiated group to discuss banking. I replied, "Yes of course you should. If you don't agree with them, it's time you went and told them, and if you do, you should support them in all their efforts."

Rule 2 of the bears in the woods is important too: it is the bears' wood, not our wood, and we touch very little on what they do in the wood. The implementation plan for the first year, which was published last month and which, helpfully, is also called "Success", contains 31 objectives. I pose the question: how many of those objectives are ones that we would not have progressed anyway, given pressures from elsewhere? I am not terribly clear whether many of them are financial-services based, but, again, they illustrate perfectly the fact that the bears own the wood. There is a danger in seeming to listen to banks more than we listen to others.

The third rule of the bears in the woods is that bears leave the wood only when they are hungry. That is why the banks are now engaging with Government in Scotland.

Mr Wallace: Stewart Stevenson has presented the strategy as being solely for the banking sector; indeed he seems to think that banks and bears are synonymous—I am not sure whether there is a lot of bull there too. Will he acknowledge that, although banks are an important part of Scotland's financial services industry, the industry embraces many more sectors? Will he clarify whether he thinks that banks and bears are synonymous or whether he thinks that the woods also belong to others?

Stewart Stevenson: That is an interesting intervention. I will say that many of the objectives in the document, such as improving the mobile phone operation between Glasgow and Edinburgh, are excellent and will benefit many people apart from the banks. However, that illustrates the point that I was making: what in the document is specific to banks? Comparatively little.

Let us welcome the fact that the Government and banks are talking and listening to each other. I have a lot of time for banks, not least because of their healthy dividends—I am not ashamed to say that. I would say, though, that there are things missing from what we have before us. For example, there is nothing about the Government encouraging or promoting the establishment of funds that would enable entrepreneurs, at early

stages—but after Scottish Enterprise might have helped them—to develop ideas, move ideas into production and support innovation. We do not need to rely on the state to do that, but the state's role is to facilitate, encourage and create a framework within which that might happen. That is something that we should think about.

I cannot leave the subject of bears in woods without a brief mention of bears' lavatorial habits. Bears leave their digestive waste in the woods. We must think about that in the following way. Over the past 30 years—save for five months—Scotland's interest rates have been higher than those in Germany or the euro zone. One of the interesting things is that the banks rather like that situation because, when interest rates are high, the margins between borrowing and lending on the banks' books rise, as do banks' profits. Let us not imagine that the banks' high profits are simply and solely due to their entrepreneurial skills and their focus on getting the best bang for their buck; they are also due to the choices that Governments make. The interests of banks and the interests of the public do not always wholly coincide.

It is important that Governments and banks keep talking, but we must get the banks to listen a little more closely to what Government and the public want from them and not simply listen to what the banks want from us.

16:12

Mr Frank McAveety (Glasgow Shettleston) (Lab): I was tempted to observe that the answer to the question of what bears do in the woods might sum up the member's contribution.

Today's debate is about what we have in the Scottish economy, the role of the financial strategy, the role of a range of financial institutions and what that means for the citizens who we represent.

A number of members have alluded to the fact that, for much of this debate, members of one of the smaller parties have chosen not to be present. I understand that that is because the leader of that party has decided that today is the day that he will dress up as Robin Hood in Glasgow. Of course, that might beg the question of who is playing the part of Maid Marion and Friar Tuck. We can decide that over the next few days.

Essentially, this debate should not be about criticising the opportunity to make profits and create prosperity for many of our citizens; it should be about how we can encourage that further and ensure that the maximum number of individuals in this country share in that prosperity. That is the defining characteristic that separates people on my side of the chamber from those on the right of the chamber, who try to claim that the 18-year

period during which their party was in power is something on which we can look back fondly. The Conservatives are now trying to kid the people of the United Kingdom that there is a benign, new force around the spirit of Michael Howard that will make a Government led by him dramatically different.

My experience during the 1980s in the area that I represent and in which I live—and I have said this repeatedly—is that the employment opportunities in the public and private sectors were massively diminished. That problem affected not only the major industries that characterised the engine-room of the Glasgow economy, in the east end of the city, but also the public sector.

This morning, on a visit to North Lanarkshire with the Education Committee, I heard of the genuine debate about people not being able to recruit classroom assistants to enable us to fulfil many of the laudable intentions of the Executive in relation to education. That would have been inconceivable 20 years ago. In both the public and private sectors, the debate is now about ensuring that people have the right skills and educational knowledge to ensure that they are adaptable and we can make the progress to which all of us in the chamber are committed.

For me, the question is how the financial services strategy will create the space for and encourage greater employability of citizens, representatives and individuals in areas such as Glasgow Shettleston. The financial services strategy group raises some important issues, one of which is the need to develop people's skills from an early age and to recognise that people need to adapt their skills during their working life. Secondly, there is a notion that apprenticeships are something from Scotland's industrial past, but in recent years the financial services industry has increasingly demonstrated that it plays an important role in the modern apprenticeship programme, especially in relation to information technology and the sharing of financial expertise.

The third and most important issue is how we connect our communities to economic activity and provide opportunities for them. I welcome the air links that have been introduced since 1999, which have developed employment opportunities and access for companies. The connectivity that is created by our major investment in transport is critical to Scotland's future development. The Executive's decision on the M74 is controversial, but it is welcome because, in the long run, together with the east end regeneration route, which is being funded by the local authority, it will open up my area and the south-east of Glasgow to economic opportunities.

The fundamental debate is about how we engage in the process to make large-scale

infrastructure decisions in an intelligent fashion while trying to ensure that there is employability for folk who have been excluded for far too long. It is not a debate in which we attack individuals who have demonstrated their willingness to give such support.

I put on record the fact that, during the 2003 Scottish election campaign, I was supported by Mr William Haughey, who was born in the Gorbals. I make that quite clear; I have never been transparent about it in terms of making a declaration of interests. There is something in the debate about the development of businesses such as Mr Haughey's company that offends me greatly. His company started as a small enterprise and has developed into a UK-wide enterprise, but it has two critical differences. First, he has always been committed to employing people from local neighbourhoods—areas from which many other national companies would find it difficult to recruit. Secondly, when he had a chance to sell his company two years ago because of its great success, he chose not to do so because he wanted the headquarters to remain in Scotland and he wanted to ensure that the company's focus and source of expertise continued to be the immediate community from which it came. Those are noble objectives, and anyone in the Parliament who criticises such intentions should examine their conscience.

Finally, I will touch on two or three fundamental issues. Understandably, Jim Mather focused on the issues that he has consistently raised in the chamber. I profoundly disagree with him; he said that we need some fiscal fairy dust, but I thought that he peddled a fiscal fairytale today. I hate to think that he would take the role of Rapunzel in that fairytale, but we will see what time brings. He also raised a much more critical question. Christine May was asked about it but she chose not to respond because she was focusing on skills and development. She was asked the great Livingston question but, as she represents Central Fife, the Livingston question that she faces next weekend is, "Can Dunfermline win the six-pointer at Almondvale and ensure that they are not relegated?"

I conclude by mentioning two further issues that have not featured in the debate but are important for the financial services industry. First, the industry must support and be sensible about the financial inclusion agenda. There have been some welcome developments in that area, but they have not gone far enough. I welcome the inclusion agenda that the Executive is promoting, but it is important to ensure that the private sector plays its role in assisting individuals, particularly those who are least advantaged in terms of economic activity.

Secondly, I welcome the report by the Treasury Select Committee at Westminster on the

automated teller machine network, which considers the role of major institutions, including banks—which do not charge for the use of ATMs and, I hope, will not do so in future—and the relationship of other major agencies such as the Post Office with the ATM network and LINK. That is about the social obligation that banks and financial institutions should have to those who are most disadvantaged.

Stewart Stevenson: Does the member share the pride that Scotland should have in the innovation of NCR and its worldwide success in the development and manufacture of ATMs?

Mr McAveety: Absolutely. I repeat that we want to combine the great Scottish characteristic of innovation in the development of technology with that other great Scottish characteristic of social obligation. We recognise that market forces in our society are more dominant—some would argue that they are too dominant. The debate should be about the social obligation and what is almost a social contract that should exist between financial institutions and the individuals who have accounts or the many individuals who do not have accounts but should be able to access accounts. I welcome the parliamentary report that was produced a few weeks before the dissolution of Parliament for the general election.

I will conclude now, because the Presiding Officer is looking at me rather alarmingly. I hope that part of our overall strategy is a fundamental refocusing of our efforts and our investment on the communities that are most excluded from employability and employment. We must combine that with ensuring that as those communities climb the rungs of economic activity, they have the pride to have local accounts and the range of options in retirement that many members have openly spoken about in their declarations of interests.

We can make a more effective contribution than we have made in the past. That is why I welcome and am happy to support the Executive's motion.

16:21

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): It is a pleasure to participate in the debate. Given the circumstances of the general election and all the fighting out there, the debate has been well tempered. In summing up for the Liberal Democrats, it is my duty to comment briefly on the speeches by members from all parties, all of which have been interesting and thought provoking.

The minister, Jim Wallace, was right to pay tribute to the industry. Scotland has the biggest financial centre outside London and it underpins much of what we do. I go further and say that it is one of the geese that lay the golden eggs that

keep the Scottish economy strong. Mr Wallace was also right to refer to connectivity, research and the vital link between education and the industry.

Jim Mather referred to a gentleman who I last remember was the Conservative candidate in Gordon against Malcolm Bruce—Ross Leckie. He is a distinguished graduate in the classics, but he is not as knowledgeable about economics, as far as I recollect. I shall return to him.

Murdo Fraser was right to pay tribute to the industry, which generates £5 billion and 6 per cent of GDP. He also drew to our attention transport infrastructure. Jim Wallace parried that by saying that the Executive recognises the issue's importance and is addressing it.

Christine May brought out the issue of quality of life apropos Scotland and Ireland. She was right to draw our attention to that, because I say with all due respect to my SNP colleagues that I am not sure whether something of a shibboleth is not involved. I am a quarter Irish and my wife is Irish. The situation in Ireland is not quite as rosy as we think it is. The quality-of-life choice between working in Scotland or Ireland is clear and does not always go Ireland's way. I say that although I am partly Irish.

Jim Mather: Would not the member swap our meagre 1.9 per cent growth rate and our trend of a rate of 1.6 per cent over 30 years for the Irish growth rate of 5 per cent? The Irish have come through their difficulties and are back to growing at a rate of 5 per cent, which has been their average in the past 10 years.

Mr Stone: I would not swap. My knowledge of Ireland, which I suggest is fairly detailed, tells me that the growth of that economy involves inherent instabilities. We all wish the Irish well, but I suspect that problems may come around the corner for them sooner than we or anyone would like them to.

Susan Deacon was right to draw our attention to the indirect employment that the Scottish financial sector's success creates. Every business, from a sandwich bar to Robbie's Heel Bar—which I say to Mr Neil is not far from the SNP's headquarters; I have just plugged it—depends on people who want services such as having their shoes repaired. The big earners who work in the industry do much.

Donald Gorrie was correct to draw our attention to personal debt. He told us that the average debt is £13,400 per family, which is pretty scary, particularly as he referred to families with incomes of below £15,000.

That draws us into the issue that Mark Ballard—who is no longer in the chamber—mentioned, of corporate social responsibility.

I commend Ted Brocklebank for one thing: his Rolls-Royce arranging of the contributions of Scottish entrepreneurs over the years. His speech was well researched historically, but it exposed a question that will be examined in the light of the general election. If all the money is to be taken out, which services will be hit? Is it so bad that Fife employs so many people in the public sector? I am not so sure. That will be brought out in the debate in the run-up to events in another place a week on Thursday.

Mark Ballard made a good speech, which was not out of tune with what many members have said. When he referred to the Water of Leith, the image of the water of life flashed into my mind—but discussion of the Scottish whisky industry is for another day. It was a thoughtful contribution on a subject that the chamber knows about and understands. Corporate social responsibility is an important issue, and through all of us working together—ministers, back benchers, the financial services industry and Scottish industry in general—we can do much; however, it is a matter of offering carrots and inducements rather than sticks to the industry.

I turn finally to Stewart Stevenson's remarkable speech. He told us that the Bank of Scotland was established in 1695 and that the last person to die in a duel was a bank manager from Kirkcaldy. I did not know that. O ye banks and bears!—braes, I mean. It was an extraordinary speech, and one that I shall not forget for a long time.

Attention has been drawn to the fact that no SSP members have been present today. All of us who are here can unite in saying that if that party wants to be taken seriously and to be seen as grown up rather than just as posing, it will have to tackle the serious issue of what is to be done about the financial sector in Scotland, which underpins the Scottish economy. All the other parties recognise that. Until the SSP addresses the issue earnestly, it cannot be taken seriously.

My final remark—which I shall try to make in a gentlemanly way—arises from what Jim Mather said about fairy dust. As the Scottish National Party is possibly not feeling too good, the great question to the audience is, "Do you believe in fairies?" We are supposed to roar back "Yes!" and breathe life into the SNP, but I am not so sure that that will help it. The SNP must address the issue that I raised in my intervention. It says that it wants to save the regiments, to support all the jobs at Faslane and to do lots of other things, but how would it do those if the Barnett-Goschen money went? It would have to put up taxes—anything other than that is a fairytale.

I support the Executive's motion.

16:27

Bill Aitken (Glasgow) (Con): If the Executive was looking for a fight over this issue, it has certainly not found one. If the motion were to be amended by Murdo Fraser's amendment, it would be acceptable to us.

What Jim Wallace said in his opening speech is quite right: financial services have been a veritable powerhouse in Scottish industry generally. He dealt briefly with the history of financial services, and he was right to do so. He then proceeded to deal with offshoring, which deserves to be examined in greater detail. The fact that companies now seek to go offshore and might seek to have some of their services provided from India and the far east is a matter of great concern. There is not a lot that we can do about that, bearing in mind the wage structures that prevail in some parts of the world, so we must reckon on making our own financial services industry as competitive as possible.

Jim Mather started by saying that the financial services industry should tell the Government what is needed. With respect to Jim Mather, the industry has been doing that for many years, but the problem is that, in many respects, the Government has not been listening. The setting up of IRIS and various other organisations has been welcome, but it has not been accompanied by a reduction in regulation or by a degree of impetus to make Scotland a bit more entrepreneurial. If that is a principal Executive priority, I am afraid that the Executive is not devoting to it the energy and commitment that is needed.

Stewart Stevenson: I am sure that Bill Aitken will want to respond to my request for information. Which particular regulation or piece of legislation, that is within the competence of the Scottish Parliament and related to banks, would he abolish?

Bill Aitken: Mr Stevenson might recall the Land Reform (Scotland) Act 2003, on which he and I have crossed swords over the years and which is damaging enterprise and the financial services industry generally. There are many other examples that do not relate to the Scottish Parliament: some European Union regulations that encumber business could also be considered.

Mr Mather went on to speak about the enormous potential of the financial services industry. We have to make sure that it realises that potential and that we do everything possible to allow that. As it happens, we are not doing that today.

Kenny MacAskill dealt with Ireland, as did Stewart Stevenson. In summing up for the Liberal party, Jamie Stone was correct to point out that the Irish situation is not as it once was. The Irish quite unmercifully and totally correctly exploited

EU money; who could blame them for that? However, with the enlargement of the EU, that money is running short. As the Irish Minister for Finance considers the problems that confront him, I bet that he is deeply regretting the fact that membership of the common currency inhibits what he can do with interest rates, which is an important regulatory function that could correct his difficulties.

Jim Mather: The Irish are currently presenting Ireland as the only English-speaking country in the euro zone. In a climate in which our direct inward foreign investment has fallen through the floor, theirs has held up to about 50 per cent of the previously high level.

Bill Aitken: Yes, but problems are waiting further down the road. For example, it is true that Scotland had the highest incoming investment from Europe during the years of the Conservative Government, but that has dried up and there is no reason to suppose that the Irish situation should be any different.

Donald Gorrie pointed out the growth in financial services and quite rightly praised us, but he then related that growth to the growth of the Liberal Democrats. Liberal Democrat membership of Parliament is today exactly the same as it was in 1999. Indeed, if the Scottish economy and financial services sector had performed in the same way, they would be stagnating. Fortunately they have moved on, although I hope that the Liberal Democrats will not. Donald Gorrie made the correct point that Heathrow is a conception of hell. Of course, that depends on who one is with, according to the Irish philosopher, Sartre. Donald Gorrie also appeared to think that IRIS is completely new, but it has been on the go for quite some time. He raised the valid point that there is a problem with credit, its availability and the social problems that that causes.

Ted Brocklebank, in his usual erudite and eloquent manner, talked about the history of how financial services have benefited Scotland, and he pointed out the dangers of a high level of public sector involvement. When Scott Barrie made the important concession that there must be a vibrant private sector to sustain the public sector—which was unusual for him—I hoped that he had become a born-again capitalist. Unfortunately, during the rest of his speech he reverted to type. Mark Ballard made some totally worthy points about ethical investment.

Stewart Stevenson made a quite incredible introduction to his speech in what must surely rank as the longest declaration of interests in history, involving himself and his wife; indeed, at one stage I thought that his budgie was going to be named as a beneficiary of the RBS pension fund, but that did not happen. He was quite right to point

out that the financial services industry has introduced several innovations, such as the automated teller machine; Scotland deserves that credit.

Although we can agree or disagree with what has been said, our problem is with the UK Government, which has made systematic raids on pension funds and has imposed 66 tax increases since 1997. As for the Scottish Executive, although we recognise its welcome commitment to the M74 extension in Glasgow, it has failed sufficiently to improve our transport infrastructure, which is totally inadequate for Scotland's commercial needs.

Allan Wilson: How would the Conservatives' proposed cuts of £32 billion in public expenditure provide the necessary public investment to improve the transport infrastructure?

Bill Aitken: The minister is being a little more than naughty—he knows full well that the Conservatives' proposals are simply in line with those of the Labour Party, if we bear it in mind that we would not spend more than a Labour Government would spend. It is quite wrong to suggest that we would impose £32 billion of cuts; it is totally and utterly untrue.

The way in which Scottish Enterprise works is another issue that must be considered. Scottish Enterprise is not carrying out its proper function, which should be to provide training. Despite Frank McAveety's comments, Scottish Enterprise's purpose should not be to try to choose winners.

Although much has divided the parties in this interesting debate, I suspect that we are all united by one principle, which is that Scotland's vital financial services industry is performing well and could, with some support from the Executive and the UK Government, perform much better.

The Deputy Presiding Officer (Murray Tosh): I call Alex Neil to close for the SNP. He may take a little bit longer than the advertised time.

16:36

Alex Neil (Central Scotland) (SNP): I will, of course, take advantage of the Presiding Officer's kind offer, but first I apologise to the Deputy First Minister for missing the first part of his speech. I also declare my interest as a director of the Scotland Funds and as a former non-executive director of a life and pensions company.

The Scottish National Party is the only party in today's debate that can honestly say that our word is our Bond—he is phoning up half a million of our people as we speak.

Before dealing specifically with the financial services industry and the Executive's strategy for

it, I will make a couple of general points about some issues that have been raised in the debate. First, I find it absolutely incredible that Scott Barrie and other Labour members think it acceptable that the growth rate of the Scottish economy continues to be about 60 per cent of that of the rest of the UK, particularly when the rest of the UK relies so heavily on the assets of the Scottish economy. Scotland's oil and gas not only helps the UK's balance of payments position, but makes a huge contribution—some £10 billion in extra oil revenues this year—to the UK Treasury. That will go a long way towards helping the Chancellor of the Exchequer to deal with his so-called black hole.

Secondly, I find it incredible that the Irish experience is being written off as if we have nothing to learn from it. Ireland is a small country that has few indigenous resources other than peat, but its GDP per head now exceeds that of Scotland and that of the United Kingdom as a whole. If the Irish economy continues to grow at 5 per cent per annum, by the end of this decade Ireland's GDP per head will be 20 to 30 per cent higher than the GDP per head in this country. To write off that remarkable achievement as if there is nothing to be learned from it is absolutely crazy and absurd.

Another point to make about Ireland's success in financial services and other major sectors of the economy—I say it as one who categorises himself as being to the left of centre rather than to the right, although it is a fact of life—is that much of that success can be put down to Ireland's having introduced a tax regime that provides low corporation tax and double taxation arrangements with other countries. It is not only the SNP that says that; the people who lead the financial services sector in Ireland say that the combination of low corporation tax and double tax arrangements has been the main driver of the success of Ireland not just in obtaining inward investment, but in laying emphasis on indigenous growth of companies that are now based in the Irish economy.

Mr Stone: The save the regiments people just love me. I have seen the Irish Navy—it is a couple of coastguard cutters with pop-guns. The Irish certainly do not intend to maintain anything like the Scottish regiments. How does the member square Alex Salmond's policy of having a U-boat fleet and saving the regiments with what he is saying?

Alex Neil: Jamie Stone should never believe what he reads in the *Daily Record*. I certainly do not. His point is irrelevant to the debate—to be frank, it is a lot of nonsense.

My next point concerns how well the financial services sector in Scotland serves the rest of the Scottish economy. We are all signed up to the

idea that our priority must be to increase not only the growth rate but the competitiveness of industry and commerce in Scotland. It is a fact of life that one of the major costs that our industry has, but which our competitors do not have, is our relatively high real interest rates. Over the past 30 years or so, the level of interest rates in real terms has run at about twice the real level in the United States and in Europe. I will not make the point—although it is an obvious point to make—that if we were an independent country we would not be in that position.

Allan Wilson: If Scotland were an independent country, at what level would interest rates be set?

Alex Neil: The shadow monetary policy committee that was set up by *The Scotsman* consistently sets interest rates at between 1 and 2 per cent below the rates that are set by the Bank of England. Although the Bank of England was set up by Paterson, a Scotsman, it is the bank for England. It has certainly not been the bank for Scotland or the Scottish economy during the past 30 or 40 years.

If the minister will listen, I will make the point that, even with a devolved Parliament, we can start to address some of the problems, especially the cost of borrowing for investment by industry in Scotland. Many of the German Länder do not place emphasis on helping to fund small start-ups that do not add value; they fund high growth start-ups, but not low growth ones. They also give high priority to providing funding through equity and loan capital at non-commercial rates to both start-up and existing businesses, which allows them to grow and to invest. I say to the Executive that it would be worth its while, as a way of developing the financial services sector in Scotland, to study other regional European Union Government schemes, local banks and local credit associations that help to fund local businesses and which offer non-commercial terms and conditions. I refer not just to interest rates, but to matters such as security, capital repayment holidays, interest holidays and so on. We could learn from comparable regions across the channel.

How do we grow the financial services sector in Scotland? We have a strong financial services sector, but how can we build on that sound platform? We should consider the strategy that in Indonesia is called localisation. We must recognise that we live in a global economy and that we must be free and open. We must also recognise that the competition no longer consists just of other banks or pension funds down the road in Edinburgh, in the United Kingdom or even in Europe, but may be a bank in Wisconsin, Singapore or elsewhere—we are talking global. However, the fact that we are living in a global economy does not mean that we must put up our

hands and say that there is nothing we can do to promote our industry.

At the core of the localisation strategy that is followed by Pacific countries lie, on the one hand, recognition that we live in a global economy and, on the other, management of local resources to fulfil the demands of the global economy. In our case, the local resources would be financial services and the skills that go with those services. We agree with many of the recommendations in the strategy and with points that have been made, but we want to be able to add to that, to expand things and to set our heights even higher.

Moreover, we should not just pay lip service to infrastructure. In that respect, I must acknowledge that today marks the official opening of the M77 between Kilmarnock and Fenwick. The SNP also supports the decision on the M74 extension. We find it incredible that the Greens are always telling us about how to boost industry when the worst thing that could happen to the financial services sector would be implementation of the Green party's air transport policy, which would mean that the cost of connecting to the rest of the world would be multiplied by a factor of about five.

Mark Ballard: We are talking about transport policies to boost infrastructure, but does Alex Neil realise that many financial services companies in London supported congestion charging because it allowed them to get round London? Indeed, some of the biggest supporters of congestion charging in Edinburgh were also financial services companies. The SNP, along with other parties, blocked that policy, which would have made life better for people, including those who work in the financial services industry, who use public transport or cars.

The Deputy Presiding Officer: You have about one more minute, Mr Neil.

Alex Neil: I thought that that intervention would help to fill some time, Presiding Officer. I say to Mark Ballard that the key infrastructure issue for the financial services sector and other industries is direct air links, particularly those across the Atlantic, rather than congestion in one or two cities.

We support the Executive's moves to boost the financial services sector and to support its development in Scotland. However, we want to go further: obviously, we believe that if we were independent, we would be able to go much further than we can under devolution.

We also want the Executive to consider new and innovative ways of helping our financial services to assist the rest of our economic base, particularly in respect of the problem of having to face a real interest rate that is twice that of our competitors. Inroads that were made into that problem would add significantly to the impact of the strategy for

the financial services industry in Scotland and its wider strategy of there being a smart, successful Scotland.

16:47

The Deputy Minister for Enterprise and Lifelong Learning (Allan Wilson): I am very pleased to have Alex Neil's endorsement of the Executive's "A Smart, Successful Scotland" policy. Perhaps I should start my speech with the points on which we agree and come in due course to those on which we might disagree.

The strategy that we have outlined, which is entitled "Success", is all about how, within the UK's stable macroeconomic policies, a devolved Administration might best help the financial services industry to develop, expand and create more employment and wealth in Scotland. As I said earlier, I agree with many of Kenny MacAskill's comments about celebrating Scotland's success and, as a result, improving the culture of success in the country.

In that respect, like every other member who has spoken this afternoon, I condemn the SSP's absence from the chamber. Its members have no concept of success and crucially fail to understand that the financial services industry is as important as any other industry in the country in creating employment and wealth and in giving people economic opportunities. Because they fail to understand that, they are not here this afternoon and will not receive the Scottish people's support.

Susan Deacon: Will the minister give way?

Allan Wilson: Certainly.

Susan Deacon: If the SSP members had turned up, they might have taken the opportunity to recognise the contribution that the workforce in the financial services sector makes. Would the minister like to do that?

Allan Wilson: I would indeed. I agreed with everything that Susan Deacon had to say. It is critical that we understand that the creation of employment and wealth is not simply for the productive sectors or the manufacturing sector, and that public sector administration and investment, too, make a significant contribution to the creation of employment and wealth. Of course, the financial services industry is critical to that process here in Scotland. If I have a minor criticism of what Kenny MacAskill and Susan Deacon said, it is that it is not only Edinburgh that benefits from a strong financial sector in Scotland. Glasgow and the west of Scotland and the rest of the country also benefit from a strong financial industry.

In that context, I found what Murdo Fraser and his Conservative colleagues had to say

breathtaking. As an exercise in trying to rewrite history, it was something to behold. Murdo Fraser said that pension credit reduces the incentive to save. That is completely wrong, of course, because pension credit reforms saving by getting more cash to those who have saved. In fact, it is a benefit to those who saved their hard-earned money and not the opposite, as Murdo Fraser claimed. He also said that the Tories claim that pension credit is not working because people are not taking it up. Again, that is simply not true. Already, 3.2 million pensioners are getting pension credit, with an average household award of £40 a week, and the numbers are going up every day. The two basic claims that underpinned Murdo Fraser's speech are false.

Murdo Fraser: Would Allan Wilson concede that there are, according to best estimates, 1.5 million pensioners in this country who would be entitled to pension credit but who do not claim it?

Allan Wilson: That is quite a different premise from the claim that Murdo Fraser previously made. We are committed to increasing take-up of pension credit. He referred to it as a means-tested benefit, but it can be claimed by a simple free phone call, after which the credit is set for a period of five years. That is in complete contrast to the system that the Tories had introduced before pension credit was set up.

Mark Ballard made some significant comments about financial inclusion and I support in large part what he had to say. My colleague the Deputy Minister for Communities launched the Executive's financial inclusion action plan in January, to set out exactly what is needed to ensure that all people can get the financial services and products that they need. That includes working with credit unions, which might be able to provide a better service to our more disadvantaged communities, as well as with the banks to which Mark Ballard and other members referred.

Donald Gorrie referred to the burden of debt. The solution to the problem of debt is to ensure that more people have more money, and that can be achieved in a number of ways, principally by helping more people into employment. We will take no lessons from anybody on that, given our record on creating employment opportunities in Scotland. The solution is also a matter of ensuring that people get access to all the benefits to which they might be entitled and of helping people to understand their finances better. That is the point that Donald Gorrie was making, and the Executive is committed to that.

Mark Ballard: I thank the minister for recognising the importance of financial inclusion. Donald Gorrie, Christine May and I talked about the role of social enterprises in providing financial services. Does the minister see any potential role

for the co-operative development agency in helping to provide financial services on a co-operative basis?

Allan Wilson: We expect to outline our proposals for the co-operative development agency within the next month. I am sure that the member will welcome the proposals when they are published.

Ted Brocklebank made two criticisms: that there is too much regulation and that the United Kingdom Government has done nothing for the financial services industry. I will read a quotation, which is not from me. It states:

"We have got the most successful economy in the developed world. It's completely stable, low inflation, low interest rates, virtually no unemployment and quality sustainable growth. Now America doesn't have that with its deficit, France hasn't got it with its very, very high unemployment; Germany hasn't got it with zero growth and high unemployment ... A business doesn't want that changed".

It was not a Labour politician who said that but Digby Jones, the director-general of the Confederation of British Industry. The Tories used to claim that they were the party of business, but in fact the UK Government can now claim in its support the words of none other than the director-general of the CBI.

Mr Brocklebank: Does the minister think that Digby Jones would agree that an economy of which 54 per cent or thereabouts is in the public sector is a healthy economy? Is that healthy for Scotland?

Allan Wilson: If the member does not mind my saying so, there was a complete contradiction between what he said and what Murdo Fraser said. Murdo Fraser called for more public sector investment in our roads and transport infrastructure, but Mr Brocklebank and his colleague Baillie Bill called for less public expenditure. There is a fundamental contradiction at the heart of the Tories' economic policy in that they tell us that we need to invest more in our infrastructure to help business to grow and then tell us that £35 billion of public sector cuts are required to achieve that objective.

Bill Aitken: Will the minister give way?

Allan Wilson: No. I will move on.

The Presiding Officer (Mr George Reid): You have three minutes.

Allan Wilson: Okay. I will give way.

Bill Aitken: Surely the minister must recognise that I made it clear that investment in transport infrastructure would be funded by a reduction in the budget of Scottish Enterprise, which should be restricted to doing what it should be doing.

Allan Wilson: That is not what the Tories' finance spokesman down south said. Oliver Letwin told us that we should expect "painful cuts" as a consequence of what the Tories would do on public expenditure. There is a dichotomy.

It is to the Tories' eternal shame that one of the ways in which they intend to balance the books is by dispensing with the new deal. That is one of their stated policies. The new deal, more than any other single measure, has made youth unemployment negligible in this country and has made a major contribution to restoring social and economic equality in this country.

We have significantly slimmed down the administrative burden of financial services regulation by rationalising regulatory structures. There is probably no better example of that than the Financial Services Authority, which was created from nine other bodies.

I have difficulty taking seriously a party that has no monetary policy, no fiscal policy and no idea of what interest or exchange rates would be. Nevertheless, Alex Neil said that we could reliably understand that the SNP's word is its bond. Of course, Alex Neil's bond is in fact an offshore trust fund. We will take lessons about growing the population when the SNP can convince the good Mr Connery to return to these shores.

There was a very significant news release today. The registrar general for Scotland estimated that Scotland's population was 5,078,400 on 30 June 2004, which represents an increase of 21,000 on the previous year. Scotland is growing: migrants are coming here and young Scots are staying in Scotland because, unlike Mr Connery, they recognise success when they see it.

I have always thought that the SNP's economic policy owed a little to the works of Lewis Carroll, to say the least. However, the revelation that Mr Jim Mather's strategy for the financial services industry is to sprinkle some "fiscal fairy dust" on the sector left even me speechless. He argued that London acts as a magnet that sucks talent and investment down south, but if London is a magnet, the poles are reversed. Gross value added statistics show that the Scottish financial services industry continues to outperform the industry in the rest of the UK.

Jim Mather: Will the minister give way?

The Presiding Officer: No, the minister is in his final minute.

Allan Wilson: Growth in the Scottish financial services industry, as measured by gross value added contribution, outstrips growth in the industry in the rest of the UK. Since 1999, the sector in Scotland has grown by more than a third, compared with growth of about a fifth in the UK financial services industry as a whole.

The reality—not the fairytale—is that so-called fiscal autonomy is not a dream but a nightmare. It is not in the strategy because no one in the financial services industry believes in it. The only people who believe in fiscal autonomy are the fairies, SNP members and Alex Salmond.

Business Motion

17:01

The Presiding Officer (Mr George Reid): The next item of business is consideration of business motion S2M-2735, in the name of Margaret Curran, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 4 May 2005

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Business Motion

2.35 pm General Question Time

2.55 pm First Minister's Question Time

3.25 pm Themed Question Time—
Justice and Law Officers;
Enterprise, Lifelong Learning and
Transport

followed by Parliamentary Bureau Motions

4.05 pm Decision Time

followed by Members' Business

Wednesday 11 May 2005

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Procedures Committee Debate:
Report on Private Legislation

followed by Justice 1 Committee Debate: 3rd
Report, 2005, Inquiry into the
Effectiveness of Rehabilitation in
Prisons

followed by Business Motion

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 12 May 2005

9.15 am Parliamentary Bureau Motions

followed by Executive Business

11.40 am General Question Time

12 noon First Minister's Question Time

2.15 pm Themed Question Time—
Finance and Public Services and
Communities;
Education and Young People,
Tourism, Culture and Sport

2.55 pm Executive Business

followed by Parliamentary Bureau Motions

5.00 pm

Decision Time

followed by
Curran.]

Members' Business.—[Ms Margaret

*Motion agreed to.***Decision Time**

17:02

The Presiding Officer (Mr George Reid): There are three questions to be put as a result of today's business. The first question is, that amendment S2M-2729.1, in the name of Jim Mather, which seeks to amend motion S2M-2729, in the name of Jim Wallace, on the financial services strategy, be agreed to. Are we agreed?

Members: No.**The Presiding Officer:** There will be a division.**FOR**

Adam, Brian (Aberdeen North) (SNP)
 Canavan, Dennis (Falkirk West) (Ind)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 White, Ms Sandra (Glasgow) (SNP)

AGAINST

Aitken, Bill (Glasgow) (Con)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Brown, Robert (Glasgow) (LD)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Davidson, Mr David (North East Scotland) (Con)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fox, Colin (Lothians) (SSP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Gorrie, Donald (Central Scotland) (LD)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)

Kane, Rosie (Glasgow) (SSP)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Mitchell, Margaret (Central Scotland) (Con)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Tosh, Murray (West of Scotland) (Con)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Baird, Shiona (North East Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)

The Presiding Officer: The result of the division is: For 21, Against 70, Abstentions 6.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S2M-2729.2, in the name of Murdo Fraser, which seeks to amend motion S2M-2729, in the name of Jim Wallace, on the financial services strategy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Aitken, Bill (Glasgow) (Con)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fraser, Murdo (Mid Scotland and Fife) (Con)

Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Scanlon, Mary (Highlands and Islands) (Con)
 Tosh, Murray (West of Scotland) (Con)

AGAINST

Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Canavan, Dennis (Falkirk West) (Ind)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Fox, Colin (Lothians) (SSP)
 Glen, Marlyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kane, Rosie (Glasgow) (SSP)
 Kerr, Mr Andy (East Kilbride) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lyon, George (Argyll and Bute) (LD)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McMahon, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Swinburne, John (Central Scotland) (SSCUP)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Adam, Brian (Aberdeen North) (SNP)
 Baird, Shiona (North East Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Gibson, Rob (Highlands and Islands) (SNP)
 Grahame, Christine (South of Scotland) (SNP)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Lochhead, Richard (North East Scotland) (SNP)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 McFee, Mr Bruce (West of Scotland) (SNP)
 Neil, Alex (Central Scotland) (SNP)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scott, Eleanor (Highlands and Islands) (Green)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Sturgeon, Nicola (Glasgow) (SNP)
 White, Ms Sandra (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 10, Against 63, Abstentions 24.

Amendment disagreed to.

The Presiding Officer: The third and final question is, that amendment S2M-2729, in the name of Jim Wallace, on the financial services strategy, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

FOR

Adam, Brian (Aberdeen North) (SNP)
 Alexander, Ms Wendy (Paisley North) (Lab)
 Arbuckle, Mr Andrew (Mid Scotland and Fife) (LD)
 Barrie, Scott (Dunfermline West) (Lab)
 Boyack, Sarah (Edinburgh Central) (Lab)
 Brankin, Rhona (Midlothian) (Lab)
 Brown, Robert (Glasgow) (LD)
 Canavan, Dennis (Falkirk West) (Ind)
 Chisholm, Malcolm (Edinburgh North and Leith) (Lab)
 Craigie, Cathie (Cumbernauld and Kilsyth) (Lab)
 Crawford, Bruce (Mid Scotland and Fife) (SNP)
 Curran, Ms Margaret (Glasgow Baillieston) (Lab)
 Deacon, Susan (Edinburgh East and Musselburgh) (Lab)
 Eadie, Helen (Dunfermline East) (Lab)
 Ewing, Mrs Margaret (Moray) (SNP)
 Fabiani, Linda (Central Scotland) (SNP)
 Ferguson, Patricia (Glasgow Maryhill) (Lab)
 Gibson, Rob (Highlands and Islands) (SNP)
 Glen, Marilyn (North East Scotland) (Lab)
 Godman, Trish (West Renfrewshire) (Lab)
 Gorrie, Donald (Central Scotland) (LD)
 Grahame, Christine (South of Scotland) (SNP)
 Henry, Hugh (Paisley South) (Lab)
 Home Robertson, John (East Lothian) (Lab)
 Hughes, Janis (Glasgow Rutherglen) (Lab)
 Ingram, Mr Adam (South of Scotland) (SNP)
 Jackson, Dr Sylvia (Stirling) (Lab)
 Jackson, Gordon (Glasgow Govan) (Lab)
 Jamieson, Cathy (Carrick, Cumnock and Doon Valley) (Lab)
 Kerr, Mr Andy (East Kilbride) (Lab)

Lamont, Johann (Glasgow Pollok) (Lab)
 Livingstone, Marilyn (Kirkcaldy) (Lab)
 Lochhead, Richard (North East Scotland) (SNP)
 Lyon, George (Argyll and Bute) (LD)
 MacAskill, Mr Kenny (Lothians) (SNP)
 Macdonald, Lewis (Aberdeen Central) (Lab)
 Macintosh, Mr Kenneth (Eastwood) (Lab)
 Macmillan, Maureen (Highlands and Islands) (Lab)
 Martin, Paul (Glasgow Springburn) (Lab)
 Marwick, Tricia (Mid Scotland and Fife) (SNP)
 Mather, Jim (Highlands and Islands) (SNP)
 Matheson, Michael (Central Scotland) (SNP)
 Maxwell, Mr Stewart (West of Scotland) (SNP)
 May, Christine (Central Fife) (Lab)
 McAveety, Mr Frank (Glasgow Shettleston) (Lab)
 McCabe, Mr Tom (Hamilton South) (Lab)
 McConnell, Mr Jack (Motherwell and Wishaw) (Lab)
 McFee, Mr Bruce (West of Scotland) (SNP)
 McMahan, Michael (Hamilton North and Bellshill) (Lab)
 McNeil, Mr Duncan (Greenock and Inverclyde) (Lab)
 McNeill, Pauline (Glasgow Kelvin) (Lab)
 McNulty, Des (Clydebank and Milngavie) (Lab)
 Morrison, Mr Alasdair (Western Isles) (Lab)
 Muldoon, Bristow (Livingston) (Lab)
 Mulligan, Mrs Mary (Linlithgow) (Lab)
 Murray, Dr Elaine (Dumfries) (Lab)
 Neil, Alex (Central Scotland) (SNP)
 Oldfather, Irene (Cunninghame South) (Lab)
 Peacock, Peter (Highlands and Islands) (Lab)
 Peattie, Cathy (Falkirk East) (Lab)
 Pringle, Mike (Edinburgh South) (LD)
 Purvis, Jeremy (Tweeddale, Ettrick and Lauderdale) (LD)
 Radcliffe, Nora (Gordon) (LD)
 Robson, Euan (Roxburgh and Berwickshire) (LD)
 Scott, Tavish (Shetland) (LD)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Iain (North East Fife) (LD)
 Smith, Margaret (Edinburgh West) (LD)
 Stephen, Nicol (Aberdeen South) (LD)
 Stevenson, Stewart (Banff and Buchan) (SNP)
 Stone, Mr Jamie (Caithness, Sutherland and Easter Ross) (LD)
 Sturgeon, Nicola (Glasgow) (SNP)
 Swinburne, John (Central Scotland) (SSCUP)
 Wallace, Mr Jim (Orkney) (LD)
 Watson, Mike (Glasgow Cathcart) (Lab)
 White, Ms Sandra (Glasgow) (SNP)
 Whitefield, Karen (Airdrie and Shotts) (Lab)
 Wilson, Allan (Cunninghame North) (Lab)

ABSTENTIONS

Aitken, Bill (Glasgow) (Con)
 Baird, Shiona (North East Scotland) (Green)
 Ballard, Mark (Lothians) (Green)
 Brocklebank, Mr Ted (Mid Scotland and Fife) (Con)
 Davidson, Mr David (North East Scotland) (Con)
 Douglas-Hamilton, Lord James (Lothians) (Con)
 Fox, Colin (Lothians) (SSP)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gallie, Phil (South of Scotland) (Con)
 Goldie, Miss Annabel (West of Scotland) (Con)
 Harper, Robin (Lothians) (Green)
 Harvie, Patrick (Glasgow) (Green)
 Kane, Rosie (Glasgow) (SSP)
 Mitchell, Margaret (Central Scotland) (Con)
 Ruskell, Mr Mark (Mid Scotland and Fife) (Green)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, Eleanor (Highlands and Islands) (Green)
 Tosh, Murray (West of Scotland) (Con)
 Turner, Dr Jean (Strathkelvin and Bearsden) (Ind)

The Presiding Officer: The result of the division is: For 78, Against 0, Abstentions 19.

Motion agreed to.

That the Parliament recognises the central importance of financial services to the Scottish economy; believes the industry's future success is fundamental to achieving sustained economic growth in Scotland; congratulates all those involved in the development of *A Strategy for the Financial Services Industry in Scotland*; believes that the involvement of high level representatives from industry, trade unions, government and other public sector partners will help secure continued success in an increasingly competitive global market, and welcomes the commitment of the Scottish Executive to maintaining a long-term partnership while focusing on effective and timely delivery of the *First Year Implementation Plan*.

Make Poverty History

The Presiding Officer (Mr George Reid): The final item of business is a members' business debate on motion S2M-2207, in the name of Des McNulty, on the make poverty history campaign 2005. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the UK Government's commitment to the millennium development goals; welcomes the First Minister's recent statement that Scotland's devolved government can contribute to international development; notes that the crucial G8 meeting will be held in Scotland in July 2005; notes with concern that the current debt crisis, trade injustice and shortcomings of aid further exacerbate poverty, inequality, the HIV/AIDS crisis and environmental degradation across the developing world; notes that, if the international community is to make poverty history, then there needs to be further co-ordinated political action by the world's governments, including the United Kingdom, aimed at trade justice, dropping the debt and providing more and better aid, and considers that the UK Government should lead the way for change and use its influence when it holds the presidency of the G8 and chairs the EU to make poverty history in 2005.

17:07

Des McNulty (Clydebank and Milngavie) (Lab): The 1945 United Kingdom Government set as its objective the eradication of what Beveridge called the five great wants. The foundations that were laid at that time, which included the creation of the national health service, have relieved the population of this country from ignorance, idleness, poverty, illness and squalor. We have ensured that people in this country have food on their tables and roofs over their heads. When someone falls ill, doctors provide treatment without charging. Our children have school places that do not depend on their parents' ability to pay.

Sixty years after the creation of the welfare state in Britain, the challenge that we face is to overcome those great wants once again, this time on a global basis. In tackling that task, I do not pretend that the same solutions that were appropriate here will provide the answer, but I believe that we all have a shared responsibility to respond to the needs of Africa and other parts of the world where people are living in misery and distress. This year—here in Scotland—we have a great opportunity to usher in changes that are even more far-reaching than those that were wrought by the great reforms of the post-war Labour Government.

I could talk about the role that Tony Blair and Gordon Brown have played in waking up international Governments across the world to those issues, but I do not believe that tackling the wants to which I have referred should be a

politically partisan issue; we should all support the objectives of the make poverty history campaign. I am grateful to the 49 colleagues from across the parties that are represented in the Parliament for signing my motion, as well as to the 412 MPs at Westminster who supported an early-day motion along similar lines.

I recently travelled to Ghana with Oxfam, where I met rice and tomato farmers who eke out a precarious existence from their land. Although Ghana has water, sunshine and other natural advantages for growing those and many other crops, it has become a net importer, rather than a net exporter, of foodstuffs that it could easily grow for itself. There is a lack of equipment, especially machinery for harvesting, processing and packaging the crops. Ghana needs practical aid and assistance in the agricultural sector, as well as in education and health, so that its people can make the most of their tremendous potential.

The aid for local projects that is provided through Oxfam and other aid organisations is vital, as is the development aid that is provided through our own and other Governments. Relatively small amounts of financial support can make a huge difference to a small community—and there are many needy communities in sub-Saharan Africa. The Governments of rich countries like our own have a heavy responsibility: they should increase significantly the proportion of aid that they provide to at least the United Nations target of 0.7 per cent of gross national product.

It is arguably even more important for the arrangements that govern world trade to be changed than it is for countries to meet their aid obligations. Western Governments are imposing trade arrangements on the rest of the world that undermine the development of agriculture and the manufacturing industries of those poor countries.

Currently, poor farmers in countries such as Ghana are excluded from world markets. Indeed, they are even undercut in their own local markets by subsidised farmers and food corporations from the west. Sophisticated marketing and packaging, together with the huge subsidies that are paid to farmers in the United States of America and Europe hobble development in Africa. How can we credibly proclaim our concern for the world's poor if we do not end unfair trade across the world?

The make poverty history campaign is a coalition of 400 charities, campaigns, trade unions, faith groups and celebrities, all of whom are united by a common belief that 2005 offers a unique opportunity to radically change the face of world poverty. Those of us who support the coalition do not want empty commitments or commitments that are rendered meaningless because of the long timescales that are attached to them. We do not want tied aid, which benefits the economic

interests of the donor and not of the recipient. We do not want an out-of-balance trade system that helps the wealthy and harms the poor. We do not want debt relief to be offered with conditions that harm instead of help the countries that need our assistance.

There are only 68 days left until the G8 summit at Gleneagles in July. I will be at the demonstration on 2 July; not to protest, but to express my commitment towards the creation of a more just world. Hundreds of thousands of people will also be at Gleneagles to do the same thing. So far, 100,000 people have registered as supporters of the make poverty history campaign website and, as we speak, over 1 million white wristbands are being worn.

If we look for inspiration, let us look no further than Nelson Mandela. His commitment to majority rule through 27 years of incarceration on Robben Island and his commitment to reconciliation during the transition to democracy in South Africa shows that each of us can make a contribution.

Since stepping down as president of South Africa, Nelson Mandela has continued working to bring the world's attention to the life-and-death matters that affect millions of people in Africa. He has courageously and openly talked about the terrible impact that HIV/AIDS has had on members of his own family. His example is a beacon to us all: it should awaken us all to the devastation that that disease, and poverty more generally, has wrought in Africa.

Earlier this year, Nelson Mandela said:

"Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings.

... overcoming poverty is not a gesture of charity. It is an act of justice. It is the protection of a fundamental human right, the right to dignity and a decent life.

While poverty persists, there is no true freedom. ...

The G8 leaders, when they meet in Scotland in July, have already promised to focus on the issue of poverty, especially in Africa.

I say to all those leaders: do not look the other way; do not hesitate. Recognise that the world is hungry for action, not words. Act with courage and vision. ...

Sometimes it falls upon a generation to be great. You can be that great generation. Let your greatness blossom.

Of course, the task will not be easy. But not to do this could be a crime against humanity, against which I ask all humanity now to rise up."

The great achievement of the generation of our parents and grandparents in the aftermath of the second world war was to lay the foundations of the modern welfare state in Britain and to eradicate the five wants. I want the great achievement of our generation to be the bringing to an end of world poverty. We need to make substantial progress

towards that goal in 2005. If we do so, I believe that we will all be able to stand, as Nelson Mandela said,

“with our heads held high.”

17:15

Mrs Margaret Ewing (Moray) (SNP): I am sure that I will not be the last to congratulate Des McNulty on bringing the motion before the chamber, because it is a subject on which there is cross-party agreement. I congratulate him on the endless work that he does on behalf of the cross-party international development group of the Scottish Parliament, which is one of the most successful cross-party groups.

The debate reflects many of the aspirations of the Scottish people. This country has not had a kailyard attitude. It has always reached out to other areas. We are a democracy, and we believe that not only should we address domestic matters, which are much in our minds, but we should look out to the international community. We have a long history and strong tradition of doing that. It is engrained in the psyche of the Scottish people. We saw that in a recent YouGov poll, which showed that 78 per cent of voters who were questioned on their major priorities said that they wanted all political parties and politicians to join together to ensure that world poverty was eradicated.

We must remember what is happening while we are speaking. Bob Geldof has many years' experience of working on poverty and he points out that we can all count—one, two, three—and click our fingers. Every third second a child dies from avoidable disease and poverty, which is a blot on the conscience of us all. We must endeavour more strongly to prevent that happening. If this debate lasts for 45 minutes, 900 children will have died by the end of it.

On the localised aspects of international development, broken promises lead to broken hearts. I would like to put that on our agenda. The main UK target is that by 2015 the number of people living in poverty should be reduced by 50 per cent. However, at the current rate of change, it will be 150 years before that target is reached.

That brings me to the important subject of debt relief. In Zambia, for example, debt repayment costs £25 million, which is more than the total education budget, yet 40 per cent of women in Zambia cannot read or write. Many aspects of debt relief, and many aspects of the motion, are not the responsibility of this Parliament, but we should address them and our voice must be heard. A step in the direction of debt relief would be significant, not solely in sub-Saharan Africa, but in many other parts of the world.

Targets are an issue. There should be a genuine attempt by all Governments to contribute 0.7 per cent of their national income to ensure that the rich north can help the poorer south. However, only a few countries have achieved that target—Luxembourg, the Netherlands, Norway and Sweden. Those small northern democracies are working hard to achieve that target. I would be proud if Scotland joined them as soon as possible. I urge the Executive to use all its best abilities to bring Scotland into that premier league.

What can we do? We can do various things. The Parliament has a limited budget of £3 million per annum for such work. In responding, will the Minister for Tourism, Culture and Sport confirm whether that is a set figure? The Scotland branch of the Commonwealth Parliamentary Association has also brought forward a report indicating small things that could be done. I hope that the minister will show how the Parliament and the Executive can deal with international affairs, because it is a matter of great concern to people throughout Scotland and beyond.

If we have to choose a target, it must be Malawi. Having seen what we did on the CPA visit to Malawi, and given our traditions, there should be a facility for the Parliament to adopt many of the wonderful projects that are already happening there and to build on the good will and the history that we share.

In addition, there should be co-ordination of assistance, in particular to sub-Saharan Africa. I am grateful that the First Minister intends to visit sub-Saharan Africa next month. However, there is a genuine need to co-ordinate the manner in which help is distributed to small villages and remote areas. That can be achieved through simple measures such as exchange schemes, twinning and supporting enterprise, health, education and other public services. The parliament can help achieve that co-ordination.

We should have the courage and commitment to move beyond our limited resources and limited powers to achieve an unlimited dedication to eradicating the poverty to which Des McNulty refers in the motion.

17:22

Mary Scanlon (Highlands and Islands) (Con): I congratulate Des McNulty, not only for bringing forward the debate, but for the persistence and commitment he has shown on this issue in the six years since the re-establishment of the Parliament. I also congratulate Margaret Ewing on her leadership of the delegation to Africa. My colleague Ted Brocklebank found the visit moving and interesting, given that it was his first visit to the area.

It is important and appropriate that the Parliament highlights our concerns on this issue following last week's world poverty day. The International Monetary Fund and the World Bank were mentioned in an article in *The Economist* of 23 April last, which made reference to

"the exasperating charade that is the debt relief debate."

The article noted:

"behind the general pledges are deep divisions about what debt relief is really for."

A further article on page 89 of the same issue, referred to the American millennium challenge account, which is a good subject for debate. The Americans try to find out whether countries have high trade barriers, misaligned exchange rates, unstable prices and other indicators such as honesty, soundness and freedom from corruption, before giving them money. While I am not sure that that is entirely the correct way to proceed, it is a topic for much-needed debate.

Wealth can be redistributed only if it is first created. As Ted Brocklebank said earlier, it is the profits we make and the tax we pay that contribute to debt relief.

The make poverty history coalition has been successful in drawing renewed attention to this cause. The YouGov survey states that 72 per cent of Scots believe that they have personally taken action on the issue since the previous general election and that 79 per cent expressed their concerned belief that politicians and parties should do more to end extreme poverty.

Conservatives support and encourage free trade. We will continue to press the European Union to reduce tariffs and protectionist measures on imports from poorer countries so that they can participate in trade as equal partners, rather than having to trade with the fortress Europe that currently exists.

Although, as Des McNulty said, this is not a party-political issue, I put on record the fact that, like his party, my party is committed to increasing international development support by £800 million over the next three years and to working towards the United Nations target of spending 0.7 per cent of national income on aid by 2013.

Given that time is short I will move on. My son is a qualified civil engineer with a masters degree and a specialism in providing clean water. He applied to VSO over a year ago and was prepared to give two years of his life to earn £20 a week because he wanted to help people. Despite the great need throughout the world and despite his going through all the courses and getting all the injections, VSO has not got back to him for 12 months. I do not mind naming and shaming, because when young people come forward to

make such commitments, they should be accepted. My son spent nine weeks in Ethiopia at the tail end of last year and I was surprised to hear from him that the clothes that we send from the UK are not given out free of charge to people who need them, but are on sale in local shops and markets.

An end to global poverty can be achieved only by good governance, free enterprise, free markets and fairer trade. The growth of free markets will do more to lift people out of poverty than many of the aid programmes throughout the world. The most obvious example to give is the European Union's common agricultural policy, which I think I have mentioned before. Given that the Presiding Officer is knocking his microphone to get me to finish, I will do so now.

The Presiding Officer: I am just trying to get everybody in. Not everybody will get in unless I take a motion without notice to extend the debate until 6.15 pm, which the minister has agreed to.

Motion moved,

That, under Rule 8.14.3, the debate be extended until 6.15 pm.—[*Des McNulty.*]

Motion agreed to.

17:27

Trish Godman (West Renfrewshire) (Lab): Like others, I thank Des McNulty for lodging the motion for debate, although, having known him for as long as I have, I am not in the least bit surprised at his lodging such motions. I do not intend to speak for very long; I thought that I was going to be sitting where you are sitting, Presiding Officer, so I have not prepared much.

Many members, including you, Presiding Officer, will have been asked to speak at Burns suppers this year. When I was asked to speak at a couple, I did some rooting around to find out about Scots males, in particular, abroad. I was surprised and impressed by, and proud about, what I found out about some of the Scots who have worked and lived abroad, particularly in underdeveloped and poorer countries. Many have gone abroad to teach through their churches; indeed, the village school that Nelson Mandela attended was opened and run by a Scot from one of the churches.

Bernard Lunan, a doctor with whom I worked in Glasgow royal infirmary, spent his holidays working in small villages in Africa, teaching people how to give injections and medication so that they could help to prevent the avoidable diseases that Mary Scanlon mentioned.

Susan Bhaumik, who was a teacher in Drumchapel, spent a long time in Tanzania and asked us to send books no matter what they were,

because the school in which she taught had only three books, which were so old that she had to keep Sellotaping them together.

In time for reflection today, Eilidh Letham from Airdrie told us about her experiences as a young girl spending a month with children in Peru. She said that, when she went across with her fellow sixth formers with her knapsack, iPod, mobile phone and make-up, she discovered that the girls in the village had no idea about any of those things and were more interested in the paper, pencils and crayons.

Scots have always given of their time, talent, skill and money, but what can we in this new Parliament do to address the issue of world poverty? I believe that global citizenship should be included more fully in the school curriculum—hearing the young girl talking today about her experiences in Peru made me think about that. Jack McConnell has said that he wants to make Scotland a fair-trade country. Fair trade had small beginnings in the Co-operative movement and we see where it is now. I for one would support that development. As Mary Scanlon said, ministers in Scotland can argue further about the reform of the common agricultural policy, which denies trade access to farmers from poorer countries.

Des McNulty mentioned HIV and AIDS. For some time, African leaders denied that there were problems in their countries, which is partly why we find ourselves in the situation that we are in today. However, drug companies have, at last, responded to the pleas to allow cheap generic drugs to be sent to Africa, which is now happening.

We must ensure that the specific sums that Gordon Brown has mentioned are clearly pledged at the G8 summit. We must use all channels—external, diplomatic and political—to champion trade justice, increase aid and cancel the debt. However, the aid needs to be focused and I hope that it can be focused on health and education.

The involvement of local and national communities is imperative. They know best the paths by which they can get themselves out of poverty. Aid must enable poorer countries to plan effectively and to take control of their own budgets in the fight against poverty.

The G8 summit offers us a unique chance. Let us ensure that, in this year of the G8 summit, this new Scottish Parliament can change the lives of those people who live in poverty.

17:31

Donald Gorrie (Central Scotland) (LD): I congratulate Des McNulty on sponsoring this important debate and on making a good speech.

We must pay tribute to the people at various levels who genuinely promote the issues of overseas fair trade and removing poverty.

I will focus on some of the problems. First, Governments, including our own, do not do enough to challenge the multinational companies. We do not try to impose corporate accountability; instead, we allow those companies to have a voluntary system of so-called corporate social responsibility. However, many companies act irresponsibly and are harmful to poorer countries. We have to get a grip on the multinationals.

We also have to examine the conditions that are attached to aid. When aid is given—whether it is multilateral aid or our own bilateral aid—we often insist that the heavily indebted poor countries privatise public services, which is highly disastrous, and we try to get them to concentrate on producing exports rather than on farming to grow the things that they need to eat. We use our aid budget to pay for debt relief, which means that it is not real relief. It might help in one way, but we remove the help with the other hand because we reduce our aid budgets. In many cases, we are not acting as straightforwardly as we should be.

We spend huge sums of money paying consultants, although that ill is not limited to overseas activities. I think that, on the whole, we could quite happily remove consultants from the scene.

As some of our briefing papers suggest, we should concentrate on helping children. I particularly like the slogan “Help girls get even”. I am sure that some of our female colleagues would support that notion. They think, quite rightly, that they are even, but, overseas, girls are not even and get a worse deal than boys in education and so on. We should concentrate on that.

Above all, we should concentrate on helping communities to help themselves. A lot of the Governments of the countries that we are talking about are crooked and a lot of multinationals are immoral. However, the people at a local level are genuine and need some help. I think that we can do more to help them to help themselves.

Ernesto Sirolli has a great reputation and has set up an institute that helps communities to help themselves. When he was young, he was an aid worker in Africa. People in Rome told him, “Get these guys to grow carrots,” so everyone carefully grew carrots. One morning, however, they woke up to find that all the carrots had been eaten by the local hippopotamuses. From that, he learned that great schemes that are devised somewhere else are absolutely no use. We have to help communities to help themselves.

A couple of ideas that are mentioned in the briefing papers are well worth pursuing. One is the

use of gold reserves to fund debt relief. The other is an innovative and ingenious idea that would be effective if we could implement it: a worldwide tax on aeroplane fuel. Obviously, no country will introduce such a tax if it thinks that doing so will disadvantage it in relation to its competitors, but a worldwide tax to tackle poverty is an idea that we should pursue.

17:35

Richard Lochhead (North East Scotland) (SNP): Like everyone else, I welcome this debate and congratulate Des McNulty on bringing it forward. Once again, we should take pride in the fact that our Parliament has been outward looking since it was founded in 1999. We have had a number of debates on similar themes over the years and the subject of tonight's debate is one on which we can all unite. Trish Godman mentioned Burns suppers and I think that, if Rabbie Burns was around today, he would have something to say about the fact that the developed world is so wealthy while there is such chronic poverty elsewhere on the planet. We remember the sentiments of "A Man's a Man for a' that", which is the Parliament's unofficial anthem.

This debate will help to add momentum to the run-up to the G8 summit in July, the twin themes of which are Africa and climate change. It will be good to see the heads of state coming together to discuss those issues. The world is getting smaller, but, unfortunately, globalisation has so far been about some countries economically exploiting others rather than about intervening to try to tackle poverty. When people come together in the future, the objective should be to tackle poverty and not to exploit economically countries in the developing world.

Both themes—Africa and climate change—relate to making poverty history. Throughout the debate, many people will eloquently roll statistics off their tongues, but in the tsunami that happened a few months ago we saw how the most vulnerable communities in the world are hit hardest by such events. Of course, that brings to mind the issue of climate change. When we consider the devastation that climate change can wreak, we realise what a threat is posed to many developing countries. We know that climate change will mean warmer summers, wetter winters, extreme weather conditions and rising sea levels. We must remember that the wealth that exists in the developed world was built on the back of the developing world. The emissions that occur because of our prosperity in the developed world are causing climate change, which will impact on the whole world, but particularly on the poorest societies.

When we talk about making global poverty history, we have to think about how we will help to tackle poverty. Members have put forward many solutions, but we must remember that the developing world needs energy. That is perhaps the biggest challenge that it faces in the coming decades if poverty is to be tackled. Economic development requires energy, but at the moment many societies have problems with accessing it. On the one hand, we in this country have to reduce greenhouse gas emissions to limit the impact that climate change will have throughout the world. On the other hand, we have to help countries to develop economically so that poverty can be eliminated, and that means that they will need access to energy.

Our water industry helped some of the Asian regions that were hit by the tsunami a few months ago. We can lend our expertise in that field, but we also have huge expertise in energy. If we want to help to develop the economies of developing countries, we will have to lend some of that expertise. Believe it or not, some of the world's experts on solar energy are based in Scotland. Of course, the potential of that form of renewable energy in the developing world is huge. Perhaps we should consider how we can use our energy expertise to help the developing world. I believe that that is an area in which the Scottish Parliament can contribute.

In the run-up to the G8 summit, Scotland has an opportunity to make its voice heard. The people of Scotland will, no doubt, turn out in great numbers at the march in Edinburgh on 2 July. We should pay tribute to the many thousands of people in Scotland who, year in, year out, do their bit for the international community to tackle poverty overseas. As the response to the tsunami showed, hundreds of thousands of Scots want to do something to help and they are more aware than ever of the level of global poverty.

In the run-up to the G8 summit, hundreds of thousands of Scots will have the opportunity to make their voice heard and to join the make poverty history campaign. At the summit, the world's leaders will have their opportunity to join the campaign and to make a real difference. We should all bring our voices together and put the pressure on in the run-up to the G8 summit in July.

17:40

Mark Ballard (Lothians) (Green): I join other members in thanking Des McNulty for initiating the debate and for making an excellent introductory speech. What is more important in the world than working to make poverty history? The 400 non-governmental organisations that are involved in make poverty history have undertaken a brilliant campaign to increase awareness of the need for

more and better aid, for dropping the debt and for trade justice.

What does that mean in practice? I will start with more and better aid. As has been said, only four countries meet the 0.7 per cent UN guideline. The amount of aid that rich countries give as a proportion of gross domestic product declined from 0.34 per cent in 1990 to 0.23 per cent in 2002. Britain stands out because it has made a commitment to increase aid to 0.7 per cent on a timetable that runs to 2013. I think that 2013 is too far away, but I am glad that we have a timetable.

We need better aid. As has been said, about a quarter of global aid is tied to products that are from a donor country. Too much aid is connected to the imposition of free-market economics—neo-liberal economics that do nothing to aid countries.

We have seen positive commitments on debt, such as the British Government's commitment to wipe out £5 billion of the debt that is owed by the most indebted third-world countries. However, only £1.2 billion of that debt has been dropped, because the countries that are involved must follow the heavily indebted poor countries programme, which forces them into a pattern of structural adjustment.

We must think about how to challenge the reasons why we need to give those countries aid. We must challenge the causes for those countries' overwhelming debt levels. Sub-Saharan Africa was given £212 billion of aid between 1990 and 2002, yet poverty there increased.

The commodity prices for the top 10 tropical products mean that, if we had had sensible intervention in the markets for those products, the countries that are those products' primary producers would have earned an extra £242 billion of income from trade. That money was wiped out by the unfair trade rules. That is why Des McNulty and others were right to say that the trade rules are the fundamental problem. We must tackle them if we are to move towards making poverty history.

The so-called free-market model that bodies such as the G8 are imposing on third-world countries involves forced import liberalisation—more of our stuff going there. That is matched with an uncertain future for export earnings and difficulties for those countries in exporting their products to us. Time and again, the World Trade Organisation's international trade rules are biased in favour of big business from the west and against the interests of poor countries.

I favour a rule-based system of world trade, but I oppose a rule-based system for world trade that is biased against the interests of the poor. We must tackle that problem if we are really to make poverty history. We need a different basis for

trade—a basis that tries to distribute resources fairly. No more than a fair share of the earth's resources and no less than a decent standard of living for everybody should be our goal, not the interests of a few big countries and big companies. If we accept that, we can take a step to make poverty history.

17:44

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I join others in congratulating Des McNulty on lodging this motion and on making such a passionate speech. More generally, I congratulate him on the work that he and others do on raising such issues, week in, week out, in the Parliament through the cross-party international development group. It is also appropriate to recognise the contribution that you made, Presiding Officer, to developing that group in the first session of the Parliament before you obtained your current, elevated position.

I join other members in recognising the magnificent work that is done by the hundreds of NGOs in building up the remarkable movement that is the make poverty history campaign. It is also important to recognise the work that has been done and is being done tirelessly at a local level. I shall mention just two examples. The first of those is my next-door neighbours at the Traidcraft shop in Portobello. Through years of voluntary effort, they have promoted fair trade and have, quietly and effectively in the local community, highlighted the issues and politics surrounding that at the same time as developing their range of excellent products.

Here in the Parliament, another activity that caught my imagination was the lobby that we received several months ago from a group of women clergy—the first lobby of this Parliament on the make poverty history campaign. Those of us who attended the lobby, including the First Minister, could not fail to be moved by the prayers and songs in which those women led us on that day. Indeed, it is women's role and gender issues that I want to focus on today. We must recognise that, just as women are having a disproportionate impact in raising these issues at so many different levels and in making a significant contribution, women are also disproportionately affected by poverty throughout the world. In that context, I will elaborate on the point that Donald Gorrie raised.

One of the millennium development goals is to reach gender parity in primary education. Some progress has been made, but that goal has certainly not been met. There are more than 100 million children in the world who still do not receive an education, and more than 60 million of those children are girls. The disproportionality varies in certain parts of the world and increases at later

stages of life. In Africa, for example, only one in five girls attends secondary school. The impact of that cannot and should not be understated. The global campaign for education has said that world Governments need to take drastic action now to prevent devastating economic and social costs. It has predicted that the slow progress on girls' education will account for 10 million child and maternal deaths and will cost impoverished countries as much as three percentage points in lost economic growth. If the make poverty history campaign can influence world leaders—not just in the G8 nations, but in many of the nations that are affected—to take action in that key area, that will leave a tremendous legacy for the world and will have an enormous impact for generations to come.

I will conclude by making a couple of observations about the make poverty history campaign. I am delighted that the Parliament is engaging so directly in the issue. It is right that, as individuals, we can and should voice our opinions. As an institution, we have a role to play and I hope that, as the Parliament grows and develops, we will strengthen our voice on global issues. As politicians and political parties, too, we have much to learn.

Many people are engaging in this movement and the campaign who are not engaged in more conventional politics—perhaps because of the scale of the ambition and the importance of the goal; perhaps because of the passion and conviction; or perhaps because of the fact that the movement is based on peaceful protest and co-operation: who knows? Many of us cut our teeth in politics in campaigns such as the fight against apartheid and international liberation struggles. Most of us are a bit greyer and wider these days, but we are hopefully a bit older and wiser. I hope, too, that we are no less passionate or committed to building a fairer and more just world in the future.

The Presiding Officer: I call Rosie Kane, to be followed by Linda Fabiani. I ask members to keep speeches tight, please.

17:49

Rosie Kane (Glasgow) (SSP): Thank you, Presiding Officer. I will do that.

I thank Des McNulty for securing the debate and congratulate him on the work that he does and the speech that he made. Making poverty history should always be at the top of our agenda, and we should try to keep it there. As someone said earlier, it is about deeds and not words. I hope that the work of the cross-party international development group, the NGOs and others is about deeds and not words.

Our briefings from NGOs and other organisations inform us about the subject but they make very painful reading. Friends of the Earth tells us that one third of the world's population currently lives in water-stressed countries. That figure will increase dramatically in the near future. It is bad enough to live in such an area, but that stress often leads to war, exploitation, movement of people, disaster, hunger and, of course, poverty. Each day, 30,000 children die of poverty. We have heard all the statistics and figures but we cannot say too often that 800,000 people suffer from chronic illness and 1.1 billion lack access to safe drinking water—I have two bottles of water beside me and I have almost finished both of them. That beggars belief in 2005. We have to address those issues if we are to make poverty history.

The total debt of the 52 poorest countries in the world is around \$375 billion. G7 countries promised to write off \$100 billion of that debt but the actual amount that was written off was \$46 billion. That is only 12 per cent of what was promised and so leaves 88 per cent not dealt with.

All those facts and figures are the reason why we cannot look to the G8 leaders to make poverty history because they are part of the problem. For example, G8 leaders are hand in glove with the arms industry, which relies on instability and death for its existence and development. There are around 639 million arms and light weapons in the world today; 8 million more are produced every year. Workers' skills are used to make those machines and company directors need folk to use them to ensure their profits. Death, destruction, mayhem and, of course, poverty are the outcome.

Will the G8 leaders tackle their big business friends and other world leaders or will they continue to plough taxpayers' money into weapons instead of bread, scanners and solutions for environmental destruction and poverty? As we speak, children around the world are involved in armed conflict instead of being at school and learning to read and write. In 2003, children made up 40 per cent of some of the armed groups in the Democratic Republic of Congo. Sadly, if any of those little kids find their way to our shores for safety, it is likely that some of us will end up struggling with the Home Office to keep them safe. We often have to wave them back to dangerous and difficult situations.

I fear and predict that the current situation will prevail. I fear that the G8 leaders will make noises about making poverty history but we cannot rely on those guys—and they are all guys—because they and their good buddies would not be able to ply their trade in a world in which there was no poverty.

I know that we in this chamber care about making poverty history. Des McNulty has been active and vocal on the issue, as have others—all are to be applauded. However, if we are going to move forward, we have to move forward hard and honest and straight.

I know that my time is running out but if members will indulge me for a wee minute, I will tell you about two children in Glasgow, one from Mozambique and one from Sighthill. The child from Mozambique is asked by the Glasgow child, "What does your dad do for a living?" The child from Mozambique says, "He digs diamonds." The boy from Glasgow says, "You must be loaded. I cannae afford diamonds." The boy from Mozambique says, "I've never seen a diamond and I certainly couldn't afford one. We can't afford food and that is why we are here."

I know that poverty will be history when world leaders unite in the struggle in our streets and say, "Please donate. We want to create mayhem. We are greedy. We want instability. We want war. We plan to destroy the environment. Give generously." When they are rattling cans and wearing badges, poverty will indeed be history.

The Presiding Officer: There are four speakers left so I ask them to try to give their speeches in three minutes.

17:54

Linda Fabiani (Central Scotland) (SNP): I welcome the opportunity to debate the subject; I also welcome the motion in general. I particularly endorse the call for necessary political action by the world's Governments. I would like the United Kingdom to take this year's opportunity to lead by example. At the beginning of the debate, Margaret Ewing spoke about how we will not achieve the millennium development goals, judging by current progress. So let us have the UK lead the way by immediately implementing the 0.7 per cent of GNP target. I would love to see this Parliament lobby the UK Government to achieve that target in the year in which the G8 meeting takes place in Gleneagles.

In reality, the UK's pledge to pay 0.7 per cent of GNP is 35 years old, so it is no great shakes that the Chancellor of the Exchequer now says that he will meet the target some time in the future. After some 35 years, the Government is spending only half that amount on aid. I ask members to think about this: since making that pledge in 1970, the UK Government has underspent its aid budget and short-changed the world's poorest by £76 billion. We owe that to the undeveloped countries. If we are serious about leading the way, let us start by promising something extra. It would be good if we were leading the way.

I have loads to say, but I assure the Presiding Officer that I will look at the clock all the time while I run through these points quickly. On the role of women, which was mentioned by Susan Deacon, I firmly believe from my limited experience of visiting underdeveloped countries that women are key. We must educate girls and women, who can pass that education on to their children. Women lead civic society in all the underdeveloped countries. The saying that men talk but women do may be a cliché but it is often also a reality. We need to fund women from the bottom up.

I also want funding to be given to small initiatives. We are good at pointing out all the big things that need to be done, but small initiatives in countries and communities are what really help things to happen. Such initiatives can also bypass corrupt Governments, which people always cite as an argument for not delivering aid.

We also need communication strategies. Let us consider the use of community radio, mobile phones and existing solar technology. When I was in the Andean region of Latin America, I was fascinated by the dependence of the indigenous populations on community radio for so much learning. That was absolutely fantastic.

I am aware that I am running out of time, but I want to congratulate the NGOs on the way in which they have co-ordinated their actions in the make poverty history campaign. Such coming together is not new, although it is wonderful that it is very formalised this time round. However, the NGOs have been co-ordinating for years in initiatives such as the jubilee 2000 campaign. Oxfam and all the other organisations have always worked together towards the goal of eliminating poverty.

While I am on the subject of the jubilee 2000 debt campaign, I want to mention that we need to revise some of the debt relief stuff. The way in which we currently administer export credits is an absolute nonsense. We need to look at that again.

We also need to consider other initiatives. I am not convinced about the use of gold bullion, which Donald Gorrie suggested, but whatever happened to the Tobin tax? I bet that loads of members were once signed up to that idea. Perhaps we should reconsider such a tax on currency transactions.

Finally, I must mention—as it is also a local issue for me—the campaigners of the jubilee 2000 drop the debt campaign, who will do a wonderful cycle around the UK that will culminate at Gleneagles. Those folk have done such things for years. They have been at every single summit since the one in Birmingham in 1998. For the record, I can say that although I will not be able to cycle with them I am happy to sponsor them.

17:58

Sarah Boyack (Edinburgh Central) (Lab): It is difficult to work out what to say in three minutes, so I will cut to the chase. Des McNulty's motion gives us a superb opportunity not only to acknowledge the points that he passionately and articulately put on the agenda tonight but to think about what we can do next. That is the key challenge.

When I met South Africa's Minister of Water Affairs and Forestry yesterday, it put into context the debates that we have about Scottish Water and the problems that we face in Scotland. Her challenge is to bring sanitation and drinking water to 15 million people. I was quite proud that she was visiting Scotland to look at our technology and to discuss what support we can provide. Our problems pale into insignificance beside those that South Africa faces.

That kind of thing brings home to us what we can do, both as individuals and as a Government or Parliament. In that context, I want to highlight two issues: fair trade and the importance of education. I am extremely proud of what we are doing to develop fair trade. Edinburgh has become a fair trade city; colleagues from around the chamber will be able to mention other fair trade villages, towns and cities in Scotland. The fact that we are to become a fair trade country is important for the long term. It is not just about individual consumer choices. It is about changing people's lives by giving them fairer trade opportunities, so that we know that we have paid a fair price for our goods, that the workers will not be exploited and will not work in environmental degradation, and that there will be investment in local schools and hospitals. The debate must be about what happens in July, but it must also be about the long-term links that we can develop.

I am very impressed by what has been done in our schools. In the run-up to the G8 summit, the City of Edinburgh Council has a huge programme of cultural, political and educational events to get people involved, so that we can build long-term links and build on the superb work that is being done, to which other members have referred. The summit should be not something remote that happens in Gleneagles and its impact should not be limited to a demonstration.

I went to Stenhouse Primary School for the First Minister's Malawi launch, at which he awarded an Orkney school the opportunity to go to Malawi. Stenhouse Primary School has had a five-year link with Malawi, which is a practical link. Schools across the country need to have such links, so that our young people can understand what they can do to change the world. Des McNulty was right to say that our generation can make a difference, but there must be long-term movement.

The last point that I want to make is about climate change. Richard Lochhead was right to raise the issue. Climate change is not just about flooding. Evidence that has been given to the Environment and Rural Development Committee's inquiry into climate change indicates that it will transform harvests around the world. The problems that countries have at the moment will be dwarfed by the changes that will come in the future. It is difficult to get one's head round those changes, because they are so significant.

There are changes that need to be made at national Government level, but there are also issues that we need to raise at the G8 summit. If we are to make poverty history, we must address some tough questions: climate change, cutting our carbon emissions and changing the way in which we do things. We have started to think about those, but we are only at the starting point. There is a huge agenda that I hope will be part of our long-term programme. The trade agenda and the trade justice movement are vital, but we must also examine our economies and change the business-as-usual rules, which will not allow the world to operate. Making poverty history must be linked to addressing climate change.

The Presiding Officer: The final slot will be shared between Sandra White and Stewart Stevenson.

18:02

Ms Sandra White (Glasgow) (SNP): This is the first time that I have shared anything with Stewart Stevenson.

I congratulate Des McNulty and commend him for what he has done today. In all the years that I have known him—mostly on hustings during election campaigns—he has always put the issue of poverty at the forefront.

I want to concentrate on the millennium development goals. In 2000, almost all the countries in the world signed up to a programme for eradicating extreme poverty by 2015. Eight goals were set. I cannot go through them all, but Susan Deacon and Linda Fabiani spoke about empowering women. We also need to combat HIV/AIDS and to work towards providing education and getting rid of poverty and hunger. Sarah Boyack asked how we can achieve that in the future. One thing that we must do is provide more and better aid. Linda Fabiani mentioned the target for overseas aid of 0.7 per cent of GNP. The Parliament should pressurise the Westminster Government—whoever is elected to it—to ensure that that is achieved. There should also be better aid, targeted at the right areas.

Debt cancellation is one of the biggest issues that we must tackle. Other members have spoken

about fair trade policies. Margaret Ewing mentioned Zambia, which offers an example of what is happening. Before 1975, Zambia was one of the wealthiest sub-Saharan African countries, but it is now one of the poorest. The life expectancy of Zambians is 33 years—they die earlier than people anywhere else in the world. Other members have mentioned the education system in Zambia and the suffering of women there. In 2004, Zambia used 7.35 per cent of its gross domestic product to repay its debt. What is the situation now? Despite all the efforts that have been made, debt reduction is only 5 per cent of what was promised under the HIPC initiative, which Mark Ballard mentioned. We must do something about cancelling the debt. After all, as Donald Gorrie pointed out, these countries have had to privatise their public sector industries so that outside firms will come in. Such a situation is ridiculous and cannot go on. We must support action to ensure that the Westminster Government reduces or cancels the debt of these poor countries.

18:05

Stewart Stevenson (Banff and Buchan) (SNP): I thank the Presiding Officer for squeezing me in. I will make a few, very brief points.

We should take a more radical approach to the things that we do to support the third world. First, and in our own self-interest, we could support the people who grow the crops that are used to make the drugs in our society. After all, that is a rich source of finance to our budget. The Scottish heroin industry, illegal as it is, is worth £2 billion a year. We should divert that money to support the farmers who are held captive in order to grow the raw materials for drugs.

Fuel is a great problem around the world, but many of the countries that face such problems have lots of sunlight, which is ideal for making biofuel. We could develop biofuel expertise in this country and go out and help other countries to develop their own biofuel industries. After all, biofuel can even power aircraft nowadays.

Some have suggested that poor countries can sell their CO₂ emission rights to rich countries. We should stop such a proposal dead in its tracks. If we do not, we will cut off certain opportunities for poor countries, which need CO₂ emissions for particular stages in their development.

Trish Godman mentioned fair trade. I think that fair trade products are great; I buy fair trade bananas all the time. However, we need a fair trade plus system in which our enterprises engage at a grass-roots level and invest in the people who produce products whose ethical and health aspects we value so much.

We must build self-sustaining economies in much of the third world, which means supporting people, not Governments. Interestingly, as the banks discovered in the squatter camps in South Africa, when money is lent to people who are poor and are not used to debt, they always pay it back. Such lending is safe and it is self-interest that takes one down such a route. For example, Freddie Laker's airline went bust because of a debt that was a fifteenth of the debt of British Airways at the time. However, British Airways did not go bust because the debtors could not and dared not pull in the debt. Third world countries should get together, pool their debt and call the first world's bluff.

The Presiding Officer: I am sorry to have rushed members along, but the number who wanted to speak shows the commitment to the subject.

18:07

The Minister for Tourism, Culture and Sport (Patricia Ferguson): I join other members in thanking Des McNulty for bringing the debate to the Parliament this evening. As others have pointed out, he has been committed to the issue for as long as some of us have known him—which, for some of us, is probably longer than we would like to admit. I also join other members in congratulating the make poverty history coalition on the effort and resources that it has put in to building one of the UK's biggest movements committed to tackling poverty. I welcome its work in bringing issues of poverty to the forefront and in stimulating debate in Scotland on trade, aid and debt.

As we know, this year offers an unprecedented opportunity to make a real difference. Not only has the Commission for Africa published its report and not only will the UN summit take stock of progress on the millennium development goals, but this is the 20th anniversary of Live Aid, when the grim reality of the suffering and death of our fellow human beings in Africa was brought, perhaps for the first time, into the living rooms of millions of people in this country. Moreover, this year Britain holds the presidencies of the EU and the G8 and the most influential leaders of the prosperous world will meet in Scotland for the G8 summit. This is both a challenging year and one of great opportunity—I believe that Scotland must seize the opportunity to play its part in the fight against world poverty.

In passing, I have to say that I was very interested in Richard Lochhead's remarks about Robert Burns. I understand that a humanitarian award will be made at this year's Burns an' a' that festival, which is entirely appropriate for the man who wrote "The Slave's Lament". The song's

depiction of the way in which the developed world treated the developing world at the time was a foretaste of the problems that we now have.

It is unacceptable that, in our world today, one in five of the population lives in abject poverty and that malnutrition, illiteracy, conflict, AIDS and death from hunger and preventable diseases are a reality that millions of people around the world have to struggle with on a daily basis. For progress to be made, prosperous countries such as Scotland must be more responsive.

As members know, foreign policy is reserved to the UK Government, but the Scottish Executive strongly believes that all levels of government have a role to play. We are playing our role by supporting the UK Government's programme and by taking forward our own international development policy, which the First Minister launched last month.

The immense response of people in Scotland to the Asian tsunami is just one example that demonstrates that people in this country care deeply and actively about the suffering of their fellow human beings in developing countries and that they want to help to make a real difference. The tragic tsunami disaster also showed us that, as Richard Lochhead said, impoverished people already living precarious lives tend to be the most vulnerable. Our international development policy sets out the part that Scotland will play in tackling world poverty and our contribution towards achieving the millennium development goals.

As we know, the UN summit that is to be held in September will discuss the millennium development goals. The summit will throw up both positive stories and negative ones. I believe that Scotland shares the concerns of many in the international community about those countries that are falling behind. We know that Africa, unfortunately, will be one of the regions that will need more support in meeting the goals. We want to target our efforts to ensure the best possible impact, which is why sub-Saharan Africa will be one of the main focuses of our long-term efforts.

Scotland already has strong and well-established ties with Africa, so it makes sense to use those relationships in making our contribution. The Commission for Africa report highlighted, among other things, the importance of tackling HIV and AIDS and the tuberculosis that can accompany those conditions and is often the killer disease. It also talked about boosting health and education capacity in Africa. Scotland has specific skills in those areas and we intend to put them to use.

As we have heard, the First Minister will travel to Malawi next month. He will use that visit to build links with the leaders of that country and with other

stakeholders and to develop a relationship based on partnership working. As Sarah Boyack said, he will be accompanied by children from Sanday Community School in Orkney and by five Malawian children. They are the winners of our schools competition, held both in Malawi and in Scotland, which aimed to encourage children to think about the value of education. That trip is not just about building relationships; it is also about raising awareness.

I have been struck by the contribution made by a number of colleagues emphasising the role of women and the necessity of assisting women wherever we can. In the debate that Margaret Ewing led on the Commonwealth Parliamentary Association's trip to Malawi, I had the opportunity to mention Bottom hospital in Lilongwe, where one woman in 27 dies in childbirth—a figure that is quite unacceptable.

The Scottish Executive warmly welcomes the strong lead that the UK Government is taking through its presidencies of the EU and the G8 in calling on the rest of the international community to tackle poverty. We also support the emphasis that the UK Government is placing on Africa.

The G8 summit is significant and it comes at a significant point in our journey towards alleviating world poverty. By publishing our international development policy, we hope to build on the momentum that will be generated by the G8 summit this summer. However, our work is aimed at the long term; it is the responsibility of us all to ensure that international development issues do not fade away into the background once July has come and gone. We must ensure that the momentum is sustained and we must continue to raise awareness of the issues. We must also continue to press ahead with actions that will bring about positive change for our fellow human beings who live in poverty in developing countries.

I commend the international development sector in Scotland for its dedication, its professionalism and its tireless efforts to tackle the problems that are related to poverty. Since I took on my current role, I have become only too well aware of the kind of work that is going on. It is often not lauded and it is often not heard about.

The make poverty history campaign is a good example of how individuals and groups with various backgrounds—NGOs, faith groups, trade unions and celebrities—can come together to use their collective voice to bring poverty-related issues to the public arena. The campaign shows the strength of force that a collective voice can have. It is important that the discussion continues, that the debate continues to rage and that the momentum continues to be built on over the coming years.

Sarah Boyack, along with other members, mentioned the idea of Scotland becoming a fair-trade country. I am keen to work with colleagues in the Parliament who have already indicated an interest in taking forward that idea, which I believe we can make a reality.

The Scottish Government is committed to supporting that process and to playing its part in making poverty history.

Meeting closed at 18:15.

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