



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# MEETING OF THE PARLIAMENT

Wednesday 14 September 2011

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## Scottish Parliament

*Wednesday 14 September 2011*

[The Presiding Officer *opened the meeting at 14:00*]

### Time for Reflection

**The Presiding Officer (Tricia Marwick):** Good afternoon. The first item of business is time for reflection. Our time for reflection leader today is Michel Syrett, mental health champion from Action in Mind.

**Michel Syrett (Action in Mind):** People who have mental health conditions remain among the most excluded within our society. Nowhere is that exclusion more evident than in relation to the workplace. More than a quarter of a million people who have mental health conditions—42 per cent of the total number of claimants—are unemployed and receiving unemployment or incapacity-based benefits in Scotland.

We know that appropriate employment actively improves mental health and wellbeing. People who have mental health conditions can and do pursue successful careers, and we know that most people who have a mental health condition and are out of work would like to be in paid employment. However, a combination of stigma and discrimination, low expectations and failure to provide the necessary support continues to deny many the chance to work. Too often that failure leads to hopelessness and despair.

In the face of the negative images that surround people who have a mental health condition, too many people give up on themselves and their possibilities: they resign themselves to a life on the margins of society.

It is especially important that younger people with mental health issues receive positive messages of hope, enabling them to contribute to society as equal citizens. When someone who is at the beginning of their working life has a mental health problem, their talents and abilities do not simply dissolve into the ether. As such, it seems hugely unfair to slam shut the door of opportunity when they have only just reached out to knock on it.

Employers have their own reasons for focusing on the challenge. In a recent report, the Scottish Association for Mental Health estimated that mental health problems at work cost Scottish employers more than £2 billion a year, which is approximately £1,000 per average employee. With one in four people suffering from mental illness at some point in their life, even the best recruits will require work-based support if their skills are to be

retained and used effectively. It is, therefore, in the best interests of the Scottish economy, businesses and society as a whole that more is done to retain people who experience poor mental health in work, as well as to support those who are eager to get into work.

Employment has a central role in our society and it is vital to improving the quality of most people's lives. Increasing access to paid work is essential in changing the way in which people who have a mental health condition are viewed in our society. Enabling people who have mental health conditions to contribute their talents through gainful employment challenges myths and stereotypes and offers hope to those who develop such conditions.

Thank you.

## Post-16 Reform

**The Presiding Officer (Tricia Marwick):** The next item of business is a statement by Michael Russell on post-16 reform. The cabinet secretary will take questions at the end of his statement, so there should be no interventions or interruptions.

14:03

**The Cabinet Secretary for Education and Lifelong Learning (Michael Russell):** Last week, the First Minister set out our programme for government and outlined the Government's ambitions for the current session of Parliament. That was followed, earlier this week, by our refreshed economic strategy, which we will debate shortly. Both documents make it absolutely plain that a high-performing education and skills system is vital to creating the new Scotland that we wish to see, to building our workforce, to improving people's life chances, and to maintaining our competitiveness, both at home and abroad.

We now have an enormous opportunity to build on what we have achieved so far—an opportunity that the Government fully intends to take.

During our first term, we intensified the most important education reform programme in a generation: the curriculum for excellence. We also undertook a thorough examination of higher education and consulted, through our green paper process, on a sustainable Scottish solution to the funding challenges that are facing our universities. Because of their high ambitions, the process of change to realise curriculum for excellence and improve Scottish education in both those spheres is unfinished business. Therefore, to complete the reforms we must maintain momentum.

This term I want to move to reform the broader post-16 education system, many parts of which have remained untouched for decades. The college sector, for example, has remained virtually unchanged since devolution—indeed, since incorporation in the early 1990s, when local accountability was weakened and competition encouraged. Some of that has, over time, led to wasteful duplication. That can no longer remain the case.

Today, I have published "Putting Learners at the Centre: Delivering our Ambitions for Post-16 Education", a pre-legislative paper that outlines my proposals for the reform of post-16 education. The title that we have chosen reflects our overarching ambition to radically improve the offer to learners and to make the whole system work better for them.

Education has many different and important purposes. The eminent educationist, Frank Coffield, observed:

"Our learners become (or already are) not just workers, but ... parents, citizens, consumers ... We need to educate them for all these roles".

Asked what he wanted for his own children, he added:

"I want for every child what I want for"

my

"children: a high-quality initial education, an appropriate vocational education and training, and a job worthy of a human being. For many young people ... their 21 hours per week in college may prove to be their only experience of education after they leave school at 16; so we must use that time wisely."

I absolutely agree with that view.

Our reform programme will have at its centre learners and their readiness for work and life in general. As indicated last week by the First Minister, the bedrock of our proposals is opportunities for all. We will ensure that every single young person aged 16 to 19 has a place in post-16 education and training appropriate to their needs and circumstances. We believe that that, together with wider action to improve young people's outcomes from early years through to adulthood, is the best way of giving them the strongest start in life. We will build on opportunities for all with a comprehensive programme of action based on the eight thematic priorities that I have set out in our paper.

The first priority is the learner journey. Scotland needs a post-16 education system in which everyone, regardless of their background, has the opportunity to access and progress through learning successfully. In addition to our new commitment to young people, we will make progression, particularly between college and university, easier—and faster, if that is what learners want. We will also introduce more higher level and technical apprenticeships, and we will modernise the careers service to ensure that, alongside universities and other providers, it plays a full part in raising people's aspirations from an early age.

My second priority is widening access, which is essential to helping everyone get on the right journey. Although most young people stay in learning after 16, too many still do not. We know all too well that that damages their job prospects and, over time, their life chances. Even for those who stay in the system, opportunity is not as fairly distributed as we would like. We will therefore legislate to ensure fairer access to higher education, protect places for Scottish students, and introduce tougher measures to ensure that learners from more disadvantaged backgrounds

get the chance to study at university and are able to stay there.

Given our specific commitment to young learners, we will improve provision for young learners who have dropped out of learning. That will include the implementation across Scotland of activity agreements, to which I expect youth work and community learning and development to make a significant contribution.

The next theme is student support, which is a major factor in successfully widening access. On this, we have made clear our commitment to making the system simpler, fairer and more affordable, which we will do by introducing a minimum income of £7,000 for the lowest-income students, by exploring the introduction of entitlement-based support for non-advanced study, and by building on the success of part-time study by developing better support for part-time students.

The fourth issue in the paper is jobs and growth. In order to compete successfully, both here and abroad, Scotland's employers need a workforce that is equipped with a broad range of skills, knowledge and attributes. Although our education and training system has served Scotland well to date, more can be done. For example, we must strengthen the essential role that universities play in growing our economy through their international contribution. Moreover, we must respond to economic imperatives by better aligning learning and skills with our ambitions for jobs and growth. In practical terms, that means focusing our investment where it has maximum economic and social return and on those people who most need Government support.

We will therefore work much more closely with employers to ensure that the training and qualifications courses that are delivered meet their needs. We will prioritise skills development in key economic sectors and sectors where there are large numbers of job opportunities. We will also focus funding on nationally recognised qualifications. In pursuing the latter approach, I of course recognise that some types of access courses that do not lead to recognised qualifications provide a very important first step into formal learning for many people. We will protect those courses.

The next item is research, which is a major contributor to economic growth. We must maintain Scotland's world-leading position in university research and maximise its contribution to sustainable growth, but to build on our successes, we need to go on improving our approach. That will mean focusing our investment on excellence and closer alignment with national priorities, and ensuring that business, industry and the economy

are better supported by knowledge exchange, innovation and exploitation of research.

My final two priorities relate to how the system can deliver more effectively and efficiently. We have to get in place delivery structures that meet our priorities and which work for learners and employers. They must be sustainable. Do we have the right configuration of colleges? The fact that we have essentially the same arrangement now as we did in 1993 after the Tory reforms that Margaret Thatcher instigated should surely give us pause for thought.

Ideally, I would wish to see emerge regional groupings of colleges, with a spread of specialist, higher-level and access-level provision delivered locally; greater collaboration between universities, with the possibility of mergers where that makes educational and financial sense; and closer integration of local skills and employment services, including Skills Development Scotland and, crucially, Jobcentre Plus. There are some good examples where that is already happening, but we need to accelerate the process of change and build the best practice into the system as a whole.

Finally, I turn to funding, performance and governance. This Government spends close to £2 billion each year on post-16 education—that is in the region of £50 million each and every week. We therefore have a duty to give learners, employers and taxpayers every confidence that public funds are being invested wisely and are delivering teaching and learning of the highest possible quality. As I have made plain on many occasions, I have particular difficulties with the complexity and lack of transparency of the existing college funding model and with the governance arrangements that apply to our colleges and universities. On that point, I agree with Malcolm Chisholm who, only last week in the chamber, called for the democratic accountability of colleges to be increased. He will agree, I think, that the same is required of universities.

We will therefore move to funding models that reflect need and are based on outcomes, will raise standards and performance, and will make the governance of colleges and universities more open, transparent and accountable. Members will be aware that I have established two governance reviews—one for colleges and one for universities. They will report in December and will inform the process.

The pre-legislative paper that I am launching today sets out in detail the ambitious steps that I want to take in partnership with universities, colleges, training providers, staff, learners, trade unions, business and others to achieve our vision for post-16 education. Throughout the document, we have outlined our legislative intentions and I expect a bill in the second half of next year, but it

is clear that not everything needs legislation. I am ambitious for the people of Scotland, and the proposals—both legislative and non-legislative—that our paper contains will ensure that our ambitions are realised.

In reforming post-16 education, I have three key objectives. A reformed system must support jobs and growth, improve people's life chances and be sustainable. Those are the criteria against which each element of the reform programme will be tested.

Reform of post-16 education is urgently needed; some might argue that it is overdue. To compete successfully in a rapidly changing global economy, Scotland's employers need a high-performing, well-educated and skilled workforce. We do well, but we can do better.

We have a duty to learners—and to employers—to ensure that they acquire the knowledge, skills and attributes that we know will be important, whatever direction our economy moves in. In addition, we have a wider public duty to target our investment where it will produce the maximum economic and social return.

More than 130 years ago, President Garfield said:

"Next in importance to freedom and justice is popular education, without which neither freedom nor justice can be permanently maintained."

That remains as true today as it was in 1880. It is our job to make Scotland's post-16 system a foundation stone for the successful country that we want to create.

**The Presiding Officer:** The cabinet secretary will now take questions on the issues that were raised in his statement. I intend to allow around 20 minutes for questions, after which we will move on to the next item of business. I remind all members that the more succinct the question and the more succinct the answer, the more we will get through.

**Ken Macintosh (Eastwood) (Lab):** I thank the cabinet secretary for an advance copy of his statement.

Much of what the cabinet secretary outlined this afternoon could have been lifted straight from the Labour Party manifesto from 2007, let alone 2011. However, late in coming or not, a guarantee of education and training for every 16 to 19-year-old is nevertheless welcome. What worries me is that, while he today outlines his good intentions and long-term plans, the decisions that he has already taken and the actions that he is already responsible for are not helping.

I am sure that it has not escaped the cabinet secretary's attention that youth unemployment has risen yet again. In fact, under the Scottish National

Party there has been an 89 per cent increase in joblessness among young people—up 13,000 in the past three months alone. After four and a half years, he outlines his plans in a pre-legislative paper to be consulted on with a view to legislating in a further year. There is clear support on this side of the chamber for action now, so why is there no action now?

The decisions taken by the cabinet secretary could actually be making things worse. Last year, the SNP cut funding to colleges by 10.5 per cent, and the number of university places fell. Will he tell us whether today's guarantee is backed up by funding for new places at college or university? If not, will he tell us what he will do to help the displaced adult returners and other lifelong learners who lose their places because of the welcome offer of support to 16 to 19-year-olds?

The cabinet secretary also announced the SNP's plans for a minimum income of £7,000 for lower-income students—another policy that we have urged on him for several years. Will he tell Parliament exactly at what income level the support will kick in and when students can expect to receive the minimum income?

**Michael Russell:** Mr Macintosh has his own grudging style, but I must say that on this occasion he was more grudging than ever. I point out to him as kindly and supportively as I can that the Government is delivering 10,000 more modern apprenticeships than any previous Administration. I know that, despite his aspiration to lead his party, he has never held office, but had he held office in the previous Labour Administration he would have delivered substantially less in education and training than we are delivering now.

Mr Macintosh might have noticed the effect of the recession that we have lived through, some parts of which were caused by his own party. At every turn, we have focused on providing opportunities in Scotland, and the pre-legislative paper is exactly about that. If he reads the statement again—and now he has a chance to read the paper—he will realise that the more effective and efficient college system that we propose will deliver more. It will focus on the individual learner and make a guarantee to individual learners that has never been made before. There is every reason to say that that is a good and substantive step forward. A fair-minded politician would have said so.

**Liz Smith (Mid Scotland and Fife) (Con):** I thank the cabinet secretary for prior sight of his statement.

The cabinet secretary makes much in his statement of the increase in transparency and accountability for both colleges and universities, which are fine principles. However, will he give the



Parliament an assurance that that does not mean greater Government control and centralisation?

The Government also proposes a minimum income of £7,000 for the lowest-income students. What proportion of the total number of undergraduates will receive that income, and will it be open to European Union students?

**Michael Russell:** On the question about greater Government control, let me say that I have no aspiration to run the colleges or universities. However, I have an aspiration to ensure that there is accountability for every penny of public money that is spent. I expect the support of the entire chamber in that matter, and I hope that I will have it when issues are decided on. As I indicated, substantial sums of public expenditure are going out the door on a daily basis. They are invested in the future of our young people, and we must ensure that every penny is spent wisely.

Governance reform in colleges and universities is long overdue. I would have hoped that, across the chamber, that fact would be recognised and there would be support for ensuring greater transparency—that being one of the founding principles of this Parliament and something that should be a founding principle of every organisation in Scotland.

On support for students and the consultative paper, I am sure that, if Liz Smith has views on how and to whom support for students should be applied, she will give them. As far as I am concerned, the undertaking that we made to students in our manifesto will be delivered. If there are good ideas about how we can deliver it better, I am open to them.

**Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP):** I welcome the emphasis that the Scottish Government has put on ensuring that apprenticeships and training opportunities are linked directly to real jobs. I believe that that will address the particular issues facing young people in my constituency. Can the cabinet secretary describe the benchmarking, monitoring and reporting frameworks that the Scottish Government intends to put in place to ensure that learners, trainees and apprentices have high-quality experiences that lead to quality outcomes in employment or advanced education?

**Michael Russell:** A variety of benchmarking takes place in education and training, part of which is the assessment and examination system in which there is external verification of things learned. It is more difficult in other areas. Christina McKelvie makes an important point. She has been active in the activity agreement pilots in her area. The activity agreements are tremendously important parts of delivery, where we reach out to those furthest from the labour market, who have

given up on education and who do not understand the need for education and training, and draw them back into the system. It is important to have strong, external verification of the success of these parts of delivery—success not just in seeing young people get into formal education but in making full use of the third sector in so doing. I expect local authorities and the third sector to collaborate in that way.

**Claire Baker (Mid Scotland and Fife) (Lab):** Although college places have been maintained, over the past two years there has been a decrease in the number of contact hours from 21 to 16 hours a week for full-time college students—a decision taken by college principals—along with cuts in guidance and counselling services and increased class sizes. The cabinet secretary states that he wants to put learners at the centre. How will the post-16 reforms address issues of student experience and course quality? Will national standards in those areas be considered?

**Michael Russell:** There will be no dilution of national standards. The more money we put into the front line, the better. There is huge financial pressure—no one in the chamber can deny that. Our budget is under enormous pressure, and we must make sure every penny we spend is spent wisely and in a way that gets to those with the greatest need.

I am certain that, by taking these reforms forward, we will ensure a positive benefit for learners. I remind Claire Baker of the 16 to 19 guarantee, which is central and which no previous Government has made. It will ensure young people have something available that is tailored to their needs. That is as good an offer as can be made, and I am very glad this Government is making it.

**Marco Biagi (Edinburgh Central) (SNP):** The cabinet secretary remarked that Scotland has a world-leading position in university research. Can he explain that and, given the divergence that is developing between the Scottish and English higher education systems, say how we compare with the United Kingdom Government in relation to support for and investment in university research?

**Michael Russell:** Our university model combines teaching and research, and I think that it is successful. We have a uniquely successful series of research outcomes because we value education highly. We see the link between public benefit and individual education. That approach has been abandoned south of the border—I think that they are wrong, but it is up to them to make their decisions. My only difficulty is when such decisions attempt to impinge on what we are trying to deliver.

That long-term link has led to the unique situation, where we have five of the world's top 150 universities in this small country and where 0.1 per cent of the world's population—which is what Scotland has—delivers 1.8 per cent of the world's research citations. This is an extremely important area in which we must continue to invest. In recent years, we have had useful and important innovations, such as research pooling, and I am keen to make sure that those continue. Today, I am announcing another £500,000 to support international research activity as part of this process, but we will need to continue to ensure that what is delivered with world-beating excellence in Scotland continues in that way. That requires that we invest where success is and that we invest to intensify success.

**Mark McDonald (North East Scotland) (SNP):**

What benefits does the cabinet secretary see coming from efforts to work with employers to ensure relevance of qualifications, and how does he see that process working in practice?

**Michael Russell:** The college sector already has good links with employers, but we need to make sure that their purposes and what they are trying to achieve is well aligned with college outcomes. We are developing that approach in curriculum for excellence, and I am very pleased at the close contact that now exists between employers and those who are developing the new examinations in curriculum for excellence. We need to ensure that that closeness remains as curriculum for excellence rolls into the college sector. The positive nature of the outcomes will ensure that we have greater economic success and a workforce that expects to be employed in sectors in Scotland that are growing. That is distinctly possible if we follow the route that I am laying out.

**Liam McArthur (Orkney Islands) (LD):** I, too, thank the cabinet secretary for early sight of his statement, much of which I welcome—particularly the commitment to the minimum income of £7,000. I am sure that many members across the chamber will take up his request that they submit their views on that proposal. I go back to Liz Smith's question on the situation in relation to EU students, which I think he overlooked in his response.

Does the cabinet secretary appreciate that his description of further education in Scotland as a Thatcherite model will confirm the fears of many in the sector that he plans to press ahead with a top-down restructuring of the colleges? Does he believe that forcing through swathes of college mergers and cuts to courses will improve the learner experience or deliver the high-performing education and skills system that, as he has acknowledged, we all wish to see?

**Michael Russell:** That is an interesting question from Mr McArthur. It is interesting to see the Liberal Democrats defending Margaret Thatcher. The coalition is now complete; there is ideological unity at last.

I described further education in Scotland in the way that I did because that is the way it is. A college system was created that has had some successes—I am not saying that it has been unsuccessful. However, when we look at it now, in the second decade of the 21st century, we can see that there is a strong need to change the sector to align it much more closely with Scotland as it actually is, and that is what we are going to endeavour to do. Defending the indefensible—the status quo—is, of course, a classic description of conservatism and is more proof that the Lib Dems have become Conservatives.

On the question of EU students, Mr McArthur knows very well that I am working hard, as are my officials, within the EU to ensure that we have a better settlement than we have now. We will continue to do that, and I welcome his views on the matter.

**George Adam (Paisley) (SNP):** I thank the cabinet secretary for his visionary statement in offering the young people of Scotland this future and ensuring that Scotland is tooled-up for the future when we come out of the economic downturn.

Will the cabinet secretary expand on the progression theme and movement between schools, colleges and universities at the levels of Scottish credit and qualifications framework levels 6, 7 and 8, higher and advanced higher, higher national certificate, higher national diploma and degree, because that has been identified as the main area of blockage—

**The Presiding Officer:** Can we get to a question, please?

**George Adam:** —and duplication by the National Union of Students? That is it, thanks, Presiding Officer.

**Michael Russell:** I welcome the mention of the Scottish credit and qualifications framework. We are very fortunate in Scotland in having the SCQF, which gives us a uniquely successful template against which to gauge the progress of each learner and to mark the learning journey. Interestingly, that template has been exported elsewhere. For example, when I was in Hong Kong last year, they were just putting in place a very similar model with the advice of those who are involved in the SCQF.

Mr Adam mentioned a very important issue. The movement between school, college and university is particularly crucial. However, the movement

between college and university has not been marked by as much success as it should have been. That has sometimes been because of unnecessary duplication. The SCQF indicates that such duplication should not take place, but not all colleges and universities observe that. As our consultation paper makes clear, I am very keen that we have a greater adherence to the SCQF, that those transitions are marked seamlessly and that the learner progresses at their own pace, which sometimes happens faster than colleges and universities usually allow it to happen.

**Kezia Dugdale (Lothian) (Lab):** First, on the issue of activity agreements, how does the cabinet secretary square the fact that he spent £12 million on a pilot across 10 local authorities but promised only £4 million to roll it out across the remaining 22 local authorities? Secondly, is he aware that there are five schools in Edinburgh where more than a quarter of school leavers have no positive destination? Does he agree that much more needs to be done in schools much earlier on to identify kids and young people who are at risk of having no positive destination?

**Michael Russell:** I am very happy to ensure that we work with every local authority and every school to ensure that there are positive destinations. That is what we have been trying to do, and the position has been getting better. The guarantee that we are making is a very important guarantee in taking that forward. I would therefore have hoped that the member would welcome the guarantee and help us to ensure that it takes place.

On the activity agreement pilots, I think that the member must have been asleep for the past two or three years. The enormous financial pressure means that, regrettably, much more must be done with existing resources. I have been visiting activity agreement pilots and delivery projects that are delivering wonderfully well—particularly given the pressure on resources—and I pay tribute to how important they are. I think that we should celebrate that. It is always better to light a candle than to curse the darkness.

**Jean Urquhart (Highlands and Islands) (SNP):** Scotland's record on young people training and studying abroad does not compare favourably with that of other nations in Europe. Does the cabinet secretary share my view that that is a problem? If so, what action will he take to address the issue in the coming years?

**Michael Russell:** I very much recognise the point that the member makes. There is a great benefit in studying and learning from elsewhere. The Scottish Government is supporting the NUS Scotland-led work on the year of mobility, and we are providing funding to the EU lifelong learning programme. Opportunities for Scottish students to

experience study overseas through the study China and study India programmes have been expanded, and we are ensuring that there are opportunities for technical work placements.

Last year, when I was in Finland to look at the Finnish education system, I was impressed to meet a group of students from Dundee College, who were there on placements while undertaking a vocational course in caring. The opportunities are great and we should encourage young people to take them up, because the experience is very good for them.

**Margaret McCulloch (Central Scotland) (Lab):** It has come to my attention that South Lanarkshire College, which is one of the best colleges in Scotland, has turned away prospective students, not because they did not meet the entry requirements but because of a lack of funded college places in comparison with Glasgow and the surrounding area. Many qualified young people and school leavers in South Lanarkshire have to travel to Glasgow for further education, which is paid for by the Scottish Further and Higher Education Funding Council. Does the cabinet secretary agree that we can make savings in the student support bill by distributing weighted student units of measurement more equally across Scotland?

**Michael Russell:** I agree with the member that the weighted SUM system is no longer fit for purpose and requires to be changed, as I indicated in my statement. It is regrettable that people will have to travel for education and training, but we cannot deliver everything on everyone's doorstep. What we have tried to do is ensure that there are opportunities for all, and the guarantee that we are making shows that there will be an opportunity for everyone. That is a step forward.

We are in difficult times and it is extremely important that we recognise that. It is not enough simply to regret that something is not happening; we must have imaginative solutions to take forward new ways of delivery. That is what I commend to the Parliament in the context of the paper, "Putting Learners at the Centre".

**The Presiding Officer:** I thank members for their co-operation. We managed to call every member who wanted to ask a question.

## “The Government Economic Strategy”

**The Presiding Officer (Tricia Marwick):** The next item of business is a debate on motion S4M-00844, in the name of John Swinney, on “The Government Economic Strategy”.

14:33

**The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney):** I welcome the opportunity to lead this debate on the updated Government economic strategy, which was published on Monday.

In 2007, through our economic strategy, we made increasing Scotland’s sustainable economic growth rate, with opportunities for all to flourish, the purpose of the Government at which all our activity was directed. Today I reaffirm that commitment. The policy initiatives that we have taken forward during the past four years demonstrate our ability to undertake ambitious reforms. Our economic competence and approach to promoting growth have been acknowledged by households and businesses throughout Scotland, who have given us the authority to continue with our strong agenda for increasing sustainable growth in Scotland.

We have recently seen signs of continued improvement in the Scottish economy. The Bank of Scotland purchasing managers index that was published on Monday shows the eighth consecutive monthly increase in private sector business activity in Scotland. Statistics that were published this morning show encouraging labour market performance, with employment levels in Scotland increasing by 23,000 over the three months to July, in contrast with a fall of 69,000 in the United Kingdom. Scotland was also the only part of the United Kingdom to witness a decline in unemployment during the same period. However, we are clear that despite improvements in the labour market, much more needs to be done. That motivated us to update the economic strategy, which the Parliament debates today.

We recognise the value of continuity, so the fundamental principles of our approach and our commitment to seeing it succeed remain as strong as they were when we set out the agenda in 2007. Faster sustainable economic growth is the key to unlocking Scotland’s potential; it is the avenue through which we can deliver a better, healthier and fairer society.

The challenge of improving Scotland’s sustainable rate of economic growth will take time, and the marked change in economic conditions since 2007 has made the challenge that much

harder. Scotland, like most other countries, was not immune to the impacts of the global downturn or the financial crisis. The deterioration in economic conditions created a range of pressures. There was a fall in employment and a rise in unemployment. As with previous recessions, the challenges have been particularly difficult for our young people.

Our businesses have been affected by a fall in demand, both at home and overseas. Within the public sector, the legacy of the economic crisis has been significant and will continue to have an effect for a number of years. The spending review that I will publish next week will be set against a backdrop of fiscal consolidation and significant cuts to public expenditure.

Although economic conditions have changed markedly since 2007—we have faced the full effects of the financial crisis and global downturn—I believe that we have made significant progress. When the financial crisis first took hold, we responded quickly and decisively with a detailed economic recovery plan. The plan helped to support 15,000 jobs across Scotland and, as a result, Scotland can reflect upon a recession that was shorter and shallower than it was for the United Kingdom as a whole.

However, the recovery remains fragile. Global economic conditions remain challenging and uncertain, and concerns persist over the Euro area sovereign debt crisis. Stock markets remain volatile and confidence is also fragile.

As the Chancellor of the Exchequer acknowledged in his speech last Tuesday, the UK recovery is weakening. This Government believes that when the facts change, the policy must also change. The economic climate has changed significantly since the chancellor announced his economic and fiscal plans in the summer of 2010. We continue to urge the UK Government to respond and to implement a plan to protect the recovery. Failure to grow leads to failure in reducing deficits. If the markets hate one thing more than they hate debt, it is lack of growth. However, we will not wait for the UK to show initiative—that would be a hazardous policy and, indeed, a long wait.

Within the powers that are available to us, we are doing everything possible to promote growth and secure jobs. However, it is important to be clear about what the public sector can and cannot achieve. The public sector has a vital role in helping the economy to emerge from the worst effects of recession and the updated Government economic strategy gives clear priority to the acceleration of economic recovery.

As the First Minister said last week, and as the Cabinet Secretary for Education and Lifelong

Learning has just outlined, we are supporting our young people through a package of new measures, including a guarantee of a place in education and training for all 16 to 19-year-olds, the delivery of 25,000 modern apprenticeship opportunities in each year of this session of Parliament, and ensuring that access to higher education is based on the ability to succeed and not the ability to pay.

Where we can, we will protect employment, ease uncertainty and promote economic confidence; our no compulsory redundancies policy does just that. We will also continue to protect household income as part of our commitment on the social wage.

Economic recoveries are typically led by investment. We have therefore argued strongly against the coalition's plans to cut our capital spending by nearly 40 per cent in real terms. Our previous decision to accelerate capital was a success; it is estimated that we have supported more than 5,000 jobs through our programme of capital acceleration. Where possible, we will prioritise our spend on capital in order to maximise the impact on jobs and on the economy.

We will deliver key infrastructure projects, including the Forth replacement crossing, which will on its own support 3,000 jobs. We will introduce a new housing investment programme and we will support additional investment through alternative funding streams, including our £2.5 billion non-profit-distributing programme and the use of tax-incremental financing. We will also work to boost levels of private investment in the economy, through initiatives such as the Scottish Investment Bank and our national renewables infrastructure fund.

However, as I outlined to the Parliament in June, long-term economic success cannot be supported solely by growth in the public sector: growth and investment in the private sector are the keys to unlocking Scotland's potential and to creating opportunities for all to flourish.

**Alex Johnstone (North East Scotland) (Con):** Hear, hear.

**John Swinney:** I am glad that Mr Johnstone acknowledges the success of the Government's agenda. If he wants to get to his feet to endorse it even further, he is welcome to do so.

The objective for the Government is to provide the overarching economic framework—a competitive business environment, an integrated and resource-efficient economy and a skilled and adaptable workforce—that is conducive to sustained economic growth. That is what we aim to achieve through the Government's economic strategy.

We are focusing our actions on six strategic priorities that will drive sustainable economic growth and develop a more resilient and adaptable economy. Our ability to promote prosperity and jobs depends on the performance of our businesses, both large and small. That is why we are committed to maintaining and further investing in a supportive business environment.

Reflecting the opportunity that we have to take advantage of Scotland's comparative advantage in the low-carbon economy, we have established a new strategic priority, within the economic strategy, of the transition to a low-carbon economy. I will say more about the opportunities for Scotland in that area shortly.

**Lewis Macdonald (North East Scotland) (Lab):** All parties share the commitment to a low-carbon economy, and it is something that the Scottish Government endorsed prior to the recent election. Can the cabinet secretary tell us how its inclusion in the strategy document changes the Scottish Government's emphasis on, or support for, that objective?

**John Swinney:** The commitment's inclusion gives the private sector and decision makers in the public sector absolute clarity about the direction of Government policy. That means that when private sector organisations look at the colossal range of investment opportunities that exist in the low-carbon sector in Scotland—whether in offshore renewables, in the low-carbon vehicle technologies that some of our companies are pioneering, or in the initiatives to ensure that we maximise utilisation of energy resources in our country—they will see that the Government is absolutely serious about this approach. Equally, it sends the strongest possible signal to the public sector that we must have the skills and the labour market composition that will ensure that the demands of the low-carbon economy can be satisfied through the focus within our higher and further education institutions. All that gives policy certainty to the public sector and clarity to the private sector to enable investments to be made.

**Richard Baker (North East Scotland) (Lab):** The cabinet secretary mentioned opportunities for employment in the high-growth sectors. Does he agree that it is important to have more opportunities for young people to undertake training and apprenticeships specifically in those sectors, given the unfortunate figures that were released today that show another increase in youth unemployment?

**John Swinney:** At the heart of what the Government has said—indeed the first paragraph of the First Minister's programme for government statement to Parliament last week was about this—is the importance of ensuring opportunities for all our young people. I do not think that the

Government could have attached greater priority to ensuring the provision of opportunities for our young people. That is absolutely fundamental. On a recent visit to the Fife energy park, in the Presiding Officer's constituency, it became clear to me that the apprenticeship recruitment that had gone on in that facility is very much linked to the low-carbon economy. I saw more of that at a company that I visited on Monday—Premier Hytemp at Newbridge—where substantial engineering apprenticeship opportunities are being created for young people. The Government strongly endorses that. That illustrates my response to Mr Macdonald. The purpose of the strategy is not to make a glossy document available; it is to say to the key decision makers in the public sector that we expect provision and planning to reflect the contents of the Government's economic strategy.

That brings me to the subject of learning, skills and wellbeing.

**The Presiding Officer:** You need to wind up, Mr Swinney. I am sorry—my mistake. You have 14 minutes altogether.

**John Swinney:** Thank you, Presiding Officer. You almost encouraged a healthy transformation in my speech.

Our strategic priority of learning, skills and wellbeing acknowledges that a skilled, educated and healthy workforce is essential to creating a more competitive and resilient economy.

Our focus on infrastructure development and place seeks to harness the quality and strength of our cities, towns and rural areas. We will ensure that Scotland is positioned to take full advantage of the opportunities that the digital age offers. Our cities are vital to our success. Later this year, we will introduce a cities strategy to support cities and their regions in maximising their potential as engines of economic growth.

Effective government is our next strategic priority and is fundamental to implementing "The Government Economic Strategy" successfully, because only by fully co-ordinating and aligning the public sector's actions can we maximise Scotland's economic potential.

The Government makes clear our commitment to ensuring that growth is characterised by the achievement of equity—social, regional and intergenerational—to ensure that the transformation of our economy is driven by such characteristics and opportunities.

Our strategy also focuses on the key elements of growth companies, growth markets and growth sectors. We will take initiatives to support the development of growing companies through our enterprise agencies' focus on supporting

companies in every way we can, and through the characteristics of schemes such as the small business bonus scheme to assist the small business community.

A major theme of the economic strategy is the expansion of international exporting and business development opportunities. That will be the focus of Scottish Development International, which will work with partners to support the 8,000 to 10,000 more businesses that we accept need to develop skills to expand their international activities. In growth sectors, that work is characterised by our focus on the transition to a low-carbon economy, on the importance of equipping Scotland with the adequate and appropriate digital infrastructure, and on using public procurement instruments to boost the economic impact of Government expenditure.

I have described the central themes of "The Government Economic Strategy". We will maximise the use of the powers that are at our disposal, but we make clear our aspiration to have the full range of economic powers, to ensure that we can transform the Scottish economy and deliver the best opportunities for the people of Scotland.

I move,

That the Parliament welcomes the publication of *The Government Economic Strategy* and its ambition to deliver faster, sustainable economic growth and create opportunities for all to flourish; supports the approach to accelerating economic recovery and tackling unemployment, particularly among young people; calls on the UK Government to do more to support the recovery through expanding capital investment, raising access to finance and boosting consumer confidence, and notes the increased emphasis in *The Government Economic Strategy* on export promotion, the transition to a low-carbon economy and on growth companies, growth markets and growth sectors.

14:47

**Richard Baker (North East Scotland) (Lab):** We welcome the debate on the Scottish Government's economic strategy. This morning, some of our newspapers had harsh words for the refreshed strategy. We, too, are not unconditionally positive about the new document, but we welcome its publication. We have joined the Scottish Government in calling for a plan B from the coalition Government at Westminster, whose economic strategy clearly is not working, but we have said that it is equally important for a new plan to be put in place here in Scotland.

We continue to hear from ministers the mantra that the recession in Scotland was "shorter and shallower" than that in the rest of the UK, but the reality is that we continue to be in a parlous economic situation. The most recent gross domestic product figures show the Scottish

economy on the cusp of returning to contracting. Growth was at only 0.1 per cent, which was lower than that for the rest of the UK. Today, figures from the Scottish Retail Consortium show the second-worst annual drop in sales for 12 years.

Today's employment figures show an increase in employment and a drop in unemployment, which is against the UK trend. That is, of course, welcome, but there is absolutely no room for complacency, given that the benefit claimant count has increased significantly and youth unemployment is up again to levels that have not been seen since John Major's Government in the early 1990s. That is why we have said, and continue to say, that the economic challenges require a new response from the Scottish Government.

Despite ministers' focus on demands for new powers—which we heard again at the end of the cabinet secretary's speech—the Scottish Government is far from powerless in the situation. It has at its disposal significant levers to influence our economy. How it spends a budget that remains in the order of £30 billion is crucial in shaping our economic fortunes. That is why the spending review, which is to be published next week, will be important to our wider economic future.

Our welcome for the strategy document is qualified, because we would have liked more new thinking, given the new concerns about future developments in the Scottish and world economies. Many of the initiatives are welcome, but they have been previously announced.

We can, of course, particularly welcome the proposals in the document that were brought forward by Scottish Labour. It was refreshing, if surprising, to read in *The Scotsman* last week George Kerevan—of all people—rightly giving Labour the credit for the initiatives on modern apprenticeships. He could also have given us credit for other policies, such as the first-foot scheme for first-time house buyers, but I am sure that he will get round to doing that at another time.

We await with interest the announcement from the Cabinet Secretary for Education and Lifelong Learning on the opportunities for all initiative. We sought a statutory right to a job or training for all 16 to 19-year-olds, but we welcome the guarantee that the Scottish Government is putting in place. The importance of progress in that area is made clear from today's youth unemployment figures.

The document rightly identifies the opportunities that exist in our economy even in these difficult times, and it is sensible to focus on areas in the Scottish economy in which there is particular potential for growth. The Scottish Government is right to highlight the economic benefits of moving

towards a low-carbon economy, but many of the proposals are not new—I refer to the targets on renewables, the renewable infrastructure investment fund and the creation of the four enterprise zones. That is, of course, a UK coalition initiative that brings back a policy from the days of Margaret Thatcher and about which we are understandably sceptical. Therefore, I hope that the strategy is a process rather than an event. Given the challenges that we face, we must look for more new ideas for promoting growth.

I have said that we need new ideas and fresh thinking; it is therefore incumbent on us to suggest such ideas and thinking. We have made proposals that the Scottish Government has not yet adopted or, at least, has not adopted in full. We want to see broader initiatives to promote higher levels of employment, which is why we will continue to call for an expansion of the future jobs fund. We welcome the fact that that initiative has started in the voluntary sector, but believe that it should be extended to the private sector, and we would like there to be a particular focus in the scheme and in modern apprenticeships on the high-growth sectors, such as renewable energy, food and drink, and the creative industries. We want a focus on the kind of experiences that the apprentices whom Mr Swinney visited in Fife are having. We want such experiences to be enjoyed by more young people in Scotland.

We will also continue to make the case for our green new deal policy. We believe that that scheme could make some 10,000 homes energy efficient, which would be a crucial contribution to tackling fuel poverty at a time when energy costs are increasing. It would also create some 1,000 jobs and apprenticeships.

We must boost employment and create a better environment for business. We welcome the work that the document outlines on helping more Scottish businesses to win contracts, but we remain disappointed that the legislative programme did not include a procurement bill. We believe that there was an opportunity to respond to the concern of small and medium-sized businesses in particular that the current procurement process is still too complex and offers too few opportunities for local businesses to gain contracts from local public sector agencies, so we want more progress in that area.

We have said for a long time that developing our infrastructure is crucial to ensuring that our economy can grow as it should, and we have previously expressed concerns about infrastructure projects throughout Scotland being delayed or being pledged by the Scottish Government but still being unfulfilled. That is damaging to businesses—in our construction sector, in particular. The Scottish Building

Federation has made it clear that its members are feeling the pain. That is why we believe that there must be a clear timescale from ministers on when projects are to move forward. Investment in infrastructure is investment in economic growth.

We therefore propose another new measure: we ask the Scottish Government to consult on the potential for the establishment of an infrastructure bank—an i-bank—in Scotland. The strategy document repeatedly and correctly highlights the block on investment that results from an inability to access finance at reasonable rates of interest. It is clear that lobbying the banks is not enough, so we believe that we need to engage in new thinking.

A Scottish i-bank would be established principally for the purpose of lending for construction of infrastructure. We believe that the Scottish Government's future borrowing powers, which we would like to see extended further still and accelerated, offer increased potential to make the proposal work, and that we should explore with the business community other opportunities for investing in such an institution. Other European countries and states in America already have similar banks. In Germany, there is a state-backed institution that funds business schemes and sees environmental issues as its key activity. In France, there is a body that offers social housing providers loans at a low interest rate, with conditions attached relating to energy efficiency. In California, there is already an infrastructure bank, and now President Obama has suggested that there be a federal i-bank in the USA. The proposal is for Scottish Government funding and, potentially, other funding streams to be used to unlock investment, particularly in infrastructure, by offering loans at affordable rates.

We realise that that requires further research and consultation, particularly with the business community. We do not demand that the Scottish Government immediately establish an i-bank, but we ask it to give it serious consideration and to consult on it. The economic situation demands fresh thinking. If we agree that investment in infrastructure is key to encouraging growth, as we do, then we must look for new ways to make it happen.

**Jim Eadie (Edinburgh Southern) (SNP):** I thank the member for giving way, and for the constructive tone of his comments this afternoon.

On the expansion of the future jobs fund, which the member referred to earlier, can he tell us how much that would cost? If he cannot give us a figure this afternoon, will he bring forward costed proposals so that the Scottish Government can consider that suggestion on its merits?

**Richard Baker:** In our manifesto, we said that the cost would be £40 million. We understand that

that would require investment from the Scottish Government budget. We have put the case for that to the Cabinet Secretary for Finance, Employment and Sustainable Growth and we will continue to do so once we have seen the draft budget and have reflected on the consequences of that for the spending review.

The economic strategy document also talks of uncertainty damaging economic growth. It will come as no surprise that I agree with the business leaders who identify the on-going questions over the independence referendum as creating uncertainty in our economy and threatening growth. I believe that that undermines the very economic strategy that the cabinet secretary has brought forward. We need an economic strategy that will succeed. I have said that we wanted more new ideas in the economic strategy and that we want it to go further, but that is why we want to make a positive contribution to its development.

I hope that the cabinet secretary will listen seriously to contributions from other parties who wish to see the plan develop. However, we can all agree that, even in these straitened economic times, the ingenuity and resilience of the Scottish people means that we can move through this period and into one of greater prosperity. If ministers are truly focused on that goal, we can achieve it. We must achieve it, because it is a challenge that our country cannot afford to lose.

I move amendment S4M-0844.4, to leave out from "supports" to end and insert,

"but while also welcoming a focus on accelerating economic recovery and tackling unemployment particularly among young people, believes that the Scottish Government needs to make full use of its existing powers to stimulate economic growth; endorses the goal of the Scottish Government to support the recovery through expanding capital investment, raising access to finance and boosting consumer confidence, and therefore calls on the Scottish Government to consult on the establishment of an infrastructure bank and to bring forward a budget bill that explicitly and clearly supports economic recovery."

14:57

**Gavin Brown (Lothian) (Con):** The Scottish Conservatives welcome the publication of the refreshed Government economic strategy. By and large, most parts of the document make the right noises. In some cases, the document goes further and gives specific proposals and policy commitments. I was extremely pleased to read that the small business bonus scheme will continue, because it is something with which the Conservatives agree strongly and which we pushed for in the previous session.

On promotion of Scottish exports, if we are to grow as a country, we are going to have to get better at exporting because we have punched



below our weight for the past 20 or 30 years. We like what the document has to say on the strengthening of innovation, the boosting of investment infrastructure, better regulation, enterprise areas, procurement to help small and medium-sized enterprises and ways to make it easier for SMEs to take on staff—particularly a first member of staff, which is something that the Federation of Small Businesses pushed for.

However, when we go behind what is written in the document, we see that far more needs to be done. There are many proposals to bring forward action plans and more strategies by the autumn. However, the document is lacking in hard policy and statements about what is going to be done differently. In too many places, we are given an aspiration instead of a blueprint. Aspiration is good, but it has to be backed up with a bit of muscle.

I will pick out some examples of where I think the strategy needs far, far more. We agree strongly with the idea of pushing exports more than we are doing just now. The Government has put in the document a pretty bold target of achieving a 50 per cent increase in the value of exports by 2017. That is obviously only six years away. That is an enormous ambition and if we are to have any hope of achieving it—and if the ambition is to be treated seriously or credibly—it has to be backed up with specifics. Within the strategy is the export support initiative—a very worthy project that the Conservatives pushed at the last budget—but it is supported by only £2.5 million, which is not going to make the significant impact that is needed if the Government wants to increase the overall value of exports by 50 per cent.

**John Swinney:** I am interested in Mr Brown's argument, because it forms part of his amendment. I refer him to page 40 of the strategy document, which sets out a case study about the Scottish farmed salmon industry. Exports have increased by 37 per cent year on year in the first five months of 2011, which is a bold achievement by the industry. I point out to Mr Brown that it did not cost the Government any money to encourage that process; it involved the Government banging heads together to enable the industry to seize opportunities. Just putting more money into the equation is not always the answer, as Mr Brown should know from his perspective on controlling public expenditure.

**Gavin Brown:** Of course just throwing money at an issue does not resolve it. I accept entirely that just throwing money, on its own, does not do that.

I commend the results for the salmon industry to which Mr Swinney referred. On top of that, we saw this week outstanding results in whisky industry exports, too. However, the whisky industry and the

salmon industry are at the top end of our successes in exports over the past 10 years or so. To get the entire country to increase the value of exports by 50 per cent is going to need a little bit more than banging a couple of heads together.

Look at tourism. All the Government is planning to do in tourism is to have a refreshed tourism strategy—that is about it. It is one of our top six industries, which is worth £4 billion to the country and is something that we have to push forward, and yet all we are getting is a refreshed strategy. There is a target in place to achieve a 50 per cent increase in tourism revenues over a 10-year period. Six years into that period, we have not moved an inch. The industry was worth £4 billion six years ago when the target was set and it is still worth £4 billion today.

There is no mention—well, there is a cursory mention—of the business gateway contracts. All the Scottish Government says in the document is that it will

“Continue to support Business Gateway.”

As we discovered this morning in the Economy, Energy and Tourism Committee, the continuation—or retendering—of those contracts, which will happen within the next 12 months, is absolutely critical to small businesses the length and breadth of Scotland.

There are massive problems with the flexibility of the current contracts, big issues with the help that they give existing businesses and a range of targets that are poorly drafted, poorly put together and give shocking incentives to those who run the contracts. However, all we get in the economic strategy is a statement that the Government will

“Continue to support Business Gateway”.

As I said, we agree with the tone of much of what is in the document, but in far too many areas it is just a wish list, and we need to hear far more.

I will close by mentioning in passing something that I happened to notice yesterday morning. We heard much last week from this Government about Christine Lagarde of the International Monetary Fund. The First Minister stood up and said that the Government

“takes note of the words of Christine Lagarde ... We ... much prefer to take advice from a Lagarde”—[*Official Report*, 7 September 2011; c 1377.]

than from a David Mundell or a Michael Moore. On Friday—I think the cabinet secretary knows exactly what is coming—Christine Lagarde met George Osborne and examined in detail the economic policies and strategies of the United Kingdom Government and said:

“The policy stance remains appropriate”.

We therefore also take advice from Christine Lagarde.

I move amendment S4M-00844.3, to leave out from “calls” to end and insert:

“but considers that the Scottish Government’s target to increase Scottish exports is not backed up with sufficient action; calls on the Scottish Government to introduce an entrepreneurial action plan and a new business start-up fund; considers that the economic strategy does not pay enough attention to boosting innovation, and notes that there is only passing reference to tourism.”

15:04

**Stuart McMillan (West Scotland) (SNP):** I warmly welcome the Scottish Government’s refreshed economic strategy and its many aims to help the Scottish economy and population.

It is timely that the strategy be refreshed, as the economic conditions in which we all live are challenging to say the least. With the UK Government now cutting public spending too far and too fast—including an £800 million cash cut to the Scottish Government capital budget this year alone—the lack of a plan B from the chancellor is frightening to say the least.

No one can deny that the UK public finances are in a shocking mess. That is largely due to the ineptitude of Labour prior to the last Westminster election, as well as the crash, but the earth-scorching policies that the Tory chancellor—aided and abetted by his Lib Dem chief secretary—is inflicting on public sector spending are causing alarm throughout Scotland.

The new Scottish Government strategy is to be welcomed, although I invite members to think how much more could be done if the Parliament had more powers than the limited competence that we have. This week, Reform Scotland published its submission to the Scotland Bill Committee. It highlights clearly the funding anomaly that exists between Holyrood and Westminster. Currently, Holyrood has devolved responsibility for nearly 60 per cent of Scottish public expenditure. However, it has control over raising only 6.4 per cent of the funding for that expenditure.

Some people might say that it is tremendously generous of Westminster to save the Scottish Parliament and the Scottish Government the time, bother and money that are necessary to collect the taxes, but that is an irrelevant argument. I suggest that Scotland be given control of key taxes—such as income tax or corporation tax—that could be used to influence the direction of the Scottish economy as part of a wider economic strategy. Those are not my words, but the words of David Steel in the Steel commission’s report. If John Swinney had those levers, he would have more

flexibility and more tools in the box with which to do an even better job than he currently does.

The strategy has many positive points that, I am sure, can be supported across the parties. I am particularly interested in the location of enterprise zones and whether they could be tied into other measures, such as the national renewables infrastructure fund.

As the cabinet secretary is aware, under the Tories at Westminster and with Labour in control of Inverclyde Council, Inverclyde became an enterprise zone. It is fair to say that that was not a success; in fact, it was a 10-year opportunity wasted. We now have the urban regeneration company Riverside Inverclyde, which is doing good work. However, with the slowdown in house purchasing and building, much of which is due to the lack of access to finance, the URC faces challenges. Similarly, every organisation that is in receipt of public money faces challenges.

Therefore, I would be grateful if the cabinet secretary would consider linking the aforementioned enterprise zones and the NRIF. That would aid Inverclyde’s potential to become a sustainable economic player in the renewables sector. Members should make no mistake: the workforce will come back to Inverclyde, as many people are currently dispersed not only throughout Scotland and the UK but throughout the world. The skills base exists. All that we request is the opportunity for people to come back.

It is not inconceivable that the creation of a new enterprise zone with a focus on low-carbon manufacturing opportunities, aligned to investment from the NRIF, would provide Inverclyde or a similar area in the west of Scotland with a sustainable economic future. Employment would increase—including more modern apprenticeships—which would help to increase manufacturing output and thus assist the Scottish economy. More money would be in the local economy, which would help to sustain businesses and traders. Commercial traffic on the Clyde would increase as the manufactured products were transported. That is not to mention the added interest in leisure activities that would occur as people took an interest in the manufacturing facilities by the coast.

Those are only some of the potential sustainable outcomes that could benefit an area such as Inverclyde if it is fortunate to have the opportunity. I am sure that other members will argue for similar measures for their areas, but that is entirely up to them.

On page 6 of the economic strategy, in the foreword, the First Minister states:

"Our economic and financial competence has been recognised by households and businesses across Scotland."

Given the SNP's excellent record of freezing the council tax, ensuring that more than 64,000 small businesses no longer pay rates, creating record numbers of modern apprenticeships—25,000 are to be provided each year throughout this parliamentary session—the creation of the Scottish Investment Bank, and many other actions, I would go as far as to say that the First Minister was probably downplaying the success of the first Scottish Government in the past four years.

**Gavin Brown:** Oh, come on.

**Stuart McMillan:** The member disagrees, but he should look at the result of the election in May. That tells a story.

**Jackson Carlaw (West Scotland) (Con):** Will the member give way?

**Neil Findlay (Lothian) (Lab):** Will the member give way?

**Stuart McMillan:** No—I am in my final minute.

I was speaking to someone on Saturday who said that his organisation spoke to every party before the election and the thing that differentiated the SNP from the others was our attitude to dealing with the current economic climate. We offered a sense of direction and provided hope, while other parties offered no solution and no plan. The greater the powers that the Parliament has, the better our chances will be of propelling Scotland forward. With independence, we will not have our hands tied behind our backs.

I commend John Swinney on the refreshed strategy, and I know that the economy could not be in safer hands.

15:11

**John Park (Mid Scotland and Fife) (Lab):** We all agree that we want Scotland to be a first-class and excellent place to live and work, although there are a range of views on how we get there. In essence, that is what the debate is about. I will touch on apprenticeships and vocational training and on how we use the levers of procurement and public funding to ensure that that happens.

I am pleased that the Scottish Government has introduced the opportunities for all initiative, which bears some resemblance to the measures in a proposed member's bill that I introduced about three and a half years ago. There were big issues in that, which I would like to be taken forward; I will make suggestions on that. I am pleased that Bill Kidd has moved down to the front of the chamber, as I have an SNP press release that came out

when I announced the proposed bill in March 2008. Bill Kidd said:

"Fortunately the SNP is focussed on delivering the skills Scotland needs rather than ticking boxes and meeting arbitrary quotas. Labour are determined to press ahead with their wrong headed strategy and do harm to Scotland's economy."

I am pleased that the SNP has eventually caught up with our thinking on the issue.

That was a little bit of fun, but I want to mention a number of factors that arose in the extensive consultation process that I carried out. I would be pleased to provide the Scottish Government with some of the feedback that I got, although I will touch on some of the issues in my speech.

One key thing that employers look for in relation to apprenticeship places is that people are suitably qualified, so that is one of the main factors that must be considered. When we in the Labour Party started to talk about apprenticeships, there was an assumption that we were talking about non-employed status and that there would be apprenticeship opportunities for people who were not suitably qualified. However, work needs to be done on vocational training at school age to ensure that people have the right qualifications to go into the workplace.

We must also ensure that employers that do not have sufficient capacity to take on apprentices, or that have not thought about it, are supported. That is one of the big challenges in Scotland, because 95 per cent of our businesses are small or micro and many do not have sufficient internal capacity to take on apprentices. We need imaginative thinking on how we make that happen. We could consider how smaller employers can come together to share the burden of taking on an apprentice, particularly where there are geographical challenges. We must also consider what support larger employers with sufficient internal capacity can provide through human resources and training professionals, or just physical facilities such as buildings. We need to consider how to get companies in the supply chain to benefit from those facilities and that expertise in the sector.

Another issue that came up in the dialogue that I had on apprenticeship opportunities is how to support people who are furthest away from the labour market and who are perhaps not suitably qualified—particularly workers with a disability—in getting into the workplace. I recently had a discussion with Remploy on that. Members will know that there is currently a debate about the sheltered workshop aspect of Remploy's work, but it also provides employment services. Much of that is about teaming up with employers and providing effective support to people who want to get into mainstream work.

Remploy is very keen to ensure that that could happen for apprenticeship opportunities, too. Apprenticeships are not just for those who are in work, but for adults who could get new skills, as well as for those in the 16 to 19 age group. I encourage the cabinet secretary and other Scottish Government ministers to consider the initiatives to see whether we can find a way of ensuring that everyone benefits, particularly those who are underrepresented in the labour market, and gets the opportunity to engage with the modern apprenticeship opportunities that will arise during the next few years.

The cabinet secretary mentioned BiFab and the Fife energy park, and the low-carbon economy. A lot of work has been done around that, and I support the investment that has been made. People who know the history of the area know that a lot of offshore oil and gas fabrication took place there. One of the outcomes of that is the employment practices, particularly in BiFab. The company has been very good at taking on apprentices and it has a core management team, but there is still a lot of contractualisation, which is a real concern for the workforce. Looking at the amount of public money that is being put in to support the infrastructure around the energy park, for example, I think that it would be useful for us to debate how we ensure that that public money drives modern 21st century employment practice and relates to the modern 21st century low-carbon economy that we want to see. Again, I would be more than happy to share information about that with the cabinet secretary. I am pretty sure that, if we can push standards through public procurement and public investment, we will see better employment practices and better outcomes for Scotland more generally.

Finally, I mention a company called Simclar, which is in my constituency. It recently had 100 job losses despite Scottish Enterprise offering a significant level of support. I wrote to the cabinet secretary on that during the summer and received a helpful response from him and support for Scottish Enterprise to look into the matter. At the end of the day, the company's managing director is walking away with a lot of money when 100 employees have been put on the scrap heap, and we are paying for their redundancy payments through a protective award. There is something perverse and wrong about that, and it is certainly not fitting in 21st century Scotland.

15:17

**Kenneth Gibson (Cunninghame North) (SNP):** The past two years have been a deeply difficult time for businesses, individuals and households. The economic recession and the catastrophic economic policies of the previous UK

Labour Government, coupled with rising food and fuel prices, increased taxes and public sector cuts, have all had a dramatic and negative impact upon the lives of our people and have made it difficult for businesses to survive and thrive.

The policies of the current coalition are clearly not helping matters. Increases in VAT, failure to effectively regulate energy companies, the slashing of capital budgets—29 per cent in England, but a whopping 38 per cent in Scotland—and a host of other austerity measures are expected to reduce the living standards of UK families by more than 10 per cent during the next three years.

Thankfully, there is a more successful way that allows people to work, businesses to grow, and the economy to flourish. The policies of the SNP Government have shown that that is perfectly achievable and they should serve as a lesson to the UK Government. It has been shown that, under the SNP, Scotland's recession was significantly shorter and shallower than the recession in the rest of the UK, and the outlook for our economy is much more optimistic than it is elsewhere in these islands. That is no coincidence and it can clearly be attributed directly to the Government's proactive and positive policies, although, as Richard Baker and Mr Swinney said, there is no room for complacency.

**Gavin Brown:** The member said that, in Scotland, the recession was significantly shorter and shallower than in the rest of the UK. What did he mean by that?

**Kenneth Gibson:** Employment has not fallen as drastically as it has in other parts of the UK; growth has not declined as much as it has in the UK; and we have not lost as many businesses, proportionally, as the UK has under the inept government of the Conservatives and their Liberal poodles—sorry, coalition partners.

Perhaps one of the most successful policies that was implemented during the previous parliamentary session was the small business bonus scheme, which Labour opposed. The scheme took 64,000 small businesses out of paying rates and cut rates for many thousands more, thus helping them to weather the economic storm and allowing them to reinvest in their businesses by employing additional staff or acquiring new equipment.

**John Park:** Will the member give way?

**Kenneth Gibson:** That scheme has been absolutely invaluable to the Scottish economy and there can be no doubt that it has helped to safeguard thousands of Scottish jobs.

Mr Park wants to intervene.

**John Park:** No, the member has passed the point.

**Kenneth Gibson:** As Colin Borland of the Federation of Small Businesses stated to the Finance Committee:

“Recent FSB research shows that, for one in eight recipients, the scheme made the difference over the past 12 months between sinking and swimming.”—[*Official Report, Finance Committee*, 5 May 2009; c 1180.]

The policy continues to pay dividends. As today's employment figures have shown, Scotland is now the only part of the UK with falling unemployment and rising employment. Our unemployment rate of 7.5 per cent is lower than the UK average of 7.9 per cent and the employment rate of 71.6 per cent is higher than the UK average of 70.5 per cent. Indeed, the rise in Scottish employment of 36,000 over the year encompasses the entire UK-wide figure of 24,000. Moreover, at 19 minutes past 1, we all received an e-mail from the Scottish Chambers of Commerce, which said:

“It is good news for Scotland ... that the Scottish rate of unemployment is now significantly below the UK average.”

This ability to competently manage our economy and shelter Scottish households from the worst of Labour's recession was part of the reason why the people of Scotland backed the Scottish National Party in such numbers at the recent election. We will not let them down.

This Government's economic strategy is sensible, aspirational, informed and above all ambitious. The measures announced today will help to reinforce the positive steps that have already been taken and also offer a vision to take Scotland forward, providing a higher standard of living and greater opportunities for all. Central to the strategy is our ambition to turn Scotland into the world leader in the renewables revolution. There is no reason why, by utilising our vast array of dynamic and innovative companies, our immense resources and our skilled workforce, Scotland should not lead the way in the design, construction and maintenance of renewable technology, which has the potential to create up to 130,000 jobs in Scotland over the next decade. Indeed, last night, I met representatives of Scottish and Southern Energy in West Kilbride in my constituency to look at a particularly exciting renewables development at Hunterston.

However, realising that ambition will require investment and it is the Government's intention to provide and attract the investment needed. The national renewables infrastructure fund, which is worth at least £70 million, will create new jobs and boost investment in port and near-port manufacturing locations for renewable energy technology. We have made £1 million available to

provide the energy and low-carbon sectors with as many as 500 modern apprenticeships this year alone and the low-carbon skills fund, which provides financial support to employers who upskill and reskill their employees in low-carbon technologies, has already benefited more than 800 individuals.

**Neil Findlay:** Will the member give way?

**Kenneth Gibson:** I am sorry—I would like to but, unfortunately, I am running out of time.

Our commitment to that ambition has already attracted major jobs and investment announcements from some of the largest energy companies in the world, including Mitsubishi, Doosan, Siemens and Gamesa. It is clear from such announcements that Scotland has genuine potential and ability to reindustrialise, to lead the world in the renewables revolution and to become a low-carbon economy. The policies of this Government will encourage and support such a transition.

However, with additional financial powers, there is much more that we could achieve. The ability to borrow would allow us again to front load capital investment in order to build and develop our infrastructure, thus creating jobs and encouraging investment, and the ability to vary corporation tax would allow Scotland to compete on a level playing field and attract companies to Scotland.

Access to Scotland's fossil fuel levy, which has been denied to us by successive UK Labour and coalition Governments and is rarely mentioned by those in the Parliament who have colluded with those Governments to deny Scotland that money, would allow us to further invest in the blossoming renewables sector. Control over the Crown estate would allow Scotland's communities to benefit directly from our own resources more than the half-baked measure that is being introduced by Danny Alexander.

Our future is optimistic. We know that Labour does not have the answers; on Monday, Michael McCann MP told us what we already knew, that his party's policies in May's election were

“not founded on economic reality”.

We could do so much more, though, with the powers of independence.

15:23

**Mark McDonald (North East Scotland) (SNP):** During last week's debate on the legislative programme, I highlighted how vital the Government's modern apprenticeships were and talked about how exciting the announcement of opportunities for all was. That remains the case; indeed, those issues have become even more vital

and exciting with the details that have been set out this afternoon first in the Cabinet Secretary for Education's statement and now by the Government in its economic strategy.

This has been a fairly constructive debate. My only aside is to suggest that it is a little bit rich for Mr Baker to claim the credit for the modern apprenticeships, given that his party voted against the record number of such apprenticeships in the last budget.

**Richard Baker:** Will the member give way?

**Mark McDonald:** As I said, it was merely an aside. I do not want to get into a protracted debate and discussion on it. I am sure that the *Official Report* will bear out the truth in that respect.

**John Park:** Will the member give way?

**Mark McDonald:** No. Again, my remark was merely an aside. I do not want to get into a protracted debate on it.

The move towards a low-carbon economy not just in Scotland but internationally gives us a lot to be excited about and we must ensure that we are at the forefront of things. We have the opportunity to lead the way on that, and we have at our disposal the tools and resources for doing so. The Government has set itself eminently achievable but undoubtedly challenging targets on the decarbonisation of electricity generation—

**Neil Findlay:** Will the member give way?

**Mark McDonald:** Last week, Mr Findlay was rather unkind to me and told me rather curtly to sit down when I tried to intervene on him. I will be more polite and request merely that he reacquaint his posterior with the furniture.

The targets to almost completely decarbonise road transport and to achieve significant decarbonisation of rail by 2050 are challenging, but they are targets that we must aspire to and which we must meet. I believe that, through investment and working with industry, we can achieve them. We must ensure that industry views the transition not as a cost burden but as an investment that will bring long-term benefits.

In addition, we must look at the jobs that can be created as a result of our move to a low-carbon economy. We have spoken a lot about how we can create jobs to match the apprenticeships that we want to provide and to stimulate economic growth. We can do that by making the transition to a low-carbon economy, by providing support for the development of jobs in renewable energy—support that Scotland's colleges have welcomed—and by creating hundreds of thousands of jobs to support offshore wind development and the other renewable developments that will come forward. These are exciting times.

However, it is not enough just to have ambition—that has to be matched with action. The Government's record on matching its ambition with action stands up to scrutiny. Over the past four years, the Government has consented to 42 renewable projects that will provide more than 2GW-worth of energy. That is matching ambition with action.

More needs to be done to move to a low-carbon economy, not just as regards the creation of jobs and the need to improve our economic performance, although both of those are important; it is also important that we take steps to future-proof Scotland against increasingly volatile fuel and energy prices. If we are to protect ourselves from exposure to those variations, we must take steps to move towards a low-carbon economy. That will provide protection not just for vulnerable individuals but for vulnerable communities, particularly our rural communities, which will feel those increases in cost the hardest.

The Government's energy skills investment plan identified up to 95,000 job opportunities across the energy sector. To a member who represents the north-east of Scotland, where the energy sector is extremely prominent, that is welcome news. The energy sector there will have a key role to play as we move from a carbon-based, carbon-dependent economy towards a low-carbon economy.

I note that the amendment of Patrick Harvie—who is not in the chamber—which was not selected for debate, said that economic growth and GDP were not the be-all and end-all, and I note the report by a number of organisations that looks at other ways of measuring improvements across Scotland.

I fully agree that we should not base our final decision on whether Scotland as a nation has progressed and improved purely on the measurement of economic growth, but I think that it would be accepted that economic growth is fundamental to all the factors that have been identified, whether job satisfaction, economic security, education and training, income and wealth or crime in communities. They all have a direct link to economic growth, which is why the Government's economic strategy is so crucial and so welcome. Although I do not disagree with the notion that we should not focus entirely on economic growth as measured by GDP as the barometer of success, it is fundamental and underpins everything. If we want to make Scotland a fairer, wealthier, happier and safer place, we must ensure that economic growth as measured by GDP is at the heart of what we do.

**The Deputy Presiding Officer (John Scott):** Thank you very much—I appreciate you finishing on time.

15:29

**Alex Johnstone (North East Scotland) (Con):**

Not content with my enthusiastic endorsement from a sedentary position earlier in the debate, the cabinet secretary invited me to intervene to endorse his achievements further, and here I am, taking the opportunity to participate in the debate and do just that.

I had better explain what I was so enthusiastic about. A little has already been said in this debate about the number of jobs that have been created in net terms in the Scottish economy in the past 12 months, and I offered the cabinet secretary my congratulations when he acknowledged the role that the private sector has taken in that. We heard from John Swinney and Kenny Gibson that 32,500 jobs were created, according to the figures published today. The fact on which I particularly congratulate the minister is that there was a drop of 25,200 in public sector employment and a rise of 57,700 in private sector employment.

The cabinet secretary may remember that in the equivalent debates last year, and in previous years, I have encouraged him to take as positive an attitude as possible to the rebalancing of the Scottish economy away from its public sector dependency, which it unfortunately became hooked on in the 1990s and subsequent decade, and back to a position in which Scotland's wealth-creating industries sustain the economy in the manner to which we believe it should become accustomed.

I believe that the cabinet secretary deserves praise for that success over the past 12 months. However, he would not like to take that praise exclusively for himself without acknowledging that, were it not for the fiscal disciplines that the Government in Westminster placed on the Scottish Government, who knows what might have been done in the name of Scotland's Parliament by its Government?

**John Swinney:** Would Mr Johnstone care to reflect on the difference in performance on unemployment between this Government and the Government in the rest of the United Kingdom? Unemployment in Scotland has fallen over the year by 33,000, but it has risen by 44,000 south of the border. What does that say about the stewardship of his colleagues in the United Kingdom Government?

**Alex Johnstone:** It says to me that we have a cabinet secretary who is doing an extremely good job under the current circumstances, but who stands up regularly in this chamber to complain about the constraints that are placed on him. I am praising him for the way in which he has coped with the constraints and what he has delivered as a result.

Let us go on to the negatives, because we have to get to them. A number of things in the Scottish economy could be done much better. Anyone who was present at the Federation of Master Builders reception in the garden lobby last night will realise that members of that association had one or two complaints about a number of things that are happening at the grass roots in relation to capital expenditure. In fact, I suggest that the minister might want to discuss the matter with Fergus Ewing as I am sure that the voices of one or two of last night's attendees are still ringing in his ears. They are concerned by the fact that it is increasingly difficult to become involved in the process of constructing or spending capital investment in Scotland.

The issues that particularly concerned those attendees are the lack of flow of money through the Scottish Futures Trust, which is still restricting them, and the fact that the procurement processes are beginning to make it very difficult for smaller local companies to become involved. The pre-qualification process, which was put in place some years ago supposedly to make it easier for such companies to become involved in capital projects, has put a series of hoops and hurdles in front of the companies, meaning that it costs considerable amounts of money to achieve pre-qualification. At the other end of the process, it is increasingly the case that larger companies—in some cases international companies and often companies that are not Scottish at all—are achieving the contracts.

The result is that, in order to squeeze the last few pennies of profit out of the hands of the construction companies, the jobs are being delivered to companies that are not operating in the Scottish economy until they receive the contracts. That is beginning to undermine the confidence of many of our smaller construction companies, and anecdotal evidence of bankruptcies and companies that claim that they are operating at a loss to achieve contracts are examples of what we need to deal with if we are genuinely to see an explosion in private sector employment in Scotland.

Before I complete the process of supporting Gavin Brown's amendment, I want to touch on the issue of tourism. Between January and April this year—and I admit that these figures are anecdotal—domestic tourism in Scotland was down by almost 11 per cent and international tourism fell by more than 35 per cent. Despite the best efforts of companies in the tourism sector, it is instructive to note that when the Scottish Government gets involved—as in the gathering, for example—local businesses are left counting the cost. We need results for the tourism industry in Scotland, because this year left a vacuum to be filled.

15:35

**James Dornan (Glasgow Cathcart) (SNP):** In these difficult economic times, it is important that we have financial leaders we can trust to do all they can to keep the economy and employment growing while keeping unemployment down. Thankfully, as we have just heard, in John Swinney we have such a leader. As has been said, thanks to his stewardship the recession was both shorter and shallower in Scotland than it was in the rest of the UK. Although global economic activity may have slowed, the Government has been doing all it can with the restricted powers at its disposal to move Scotland towards recovery. As today's figures show, Scotland has higher employment, lower economic inactivity and lower unemployment rates than the UK as a whole. That clearly indicates that the Government's approach to strengthening recovery and boosting economic activity is working.

Scotland's recent figures for job creation paint a positive picture. We intend to continue in that vein. The small business bonus scheme leaves around 114,000 businesses better off and, along with a number of other forms of relief available, such as empty property relief and renewable energy relief, it means that Scotland has the most generous business rates relief package in the UK.

As Christine Lagarde, managing director of the IMF, recently said at a conference in London,

"countries must act now—and act boldly"

to move our economies into recovery. Clearly, here in Scotland, we are acting—and acting boldly.

Scotland's economy has many new opportunities that were not open to it five, 10 or 20 years ago. Indeed, in my home city of Glasgow, we have massive opportunities ahead of us. We have capital investment coming to the city in the shape of the new Southern general hospital and the Commonwealth games, as well as investment in research, science and engineering. Of course, we have also just finished the M74, ahead of deadline and under budget, which it is estimated will bring many thousands of jobs to the west of Scotland.

The benefit that Glasgow will receive from the Government's commitment to 125,000 modern apprenticeships over the next five years means that it is one of the most important measures that will help us to rise to the challenges ahead, so that Glasgow can be a vibrant, modern, industrialised city once again.

However, huge projects such as those mentioned, important though they are, are not the only way in which Glasgow and Scotland can grow. Small community projects have a vital role

to play in the economic growth of the country—especially in the low-carbon economy. In my constituency of Glasgow Cathcart, a community trust called Castlemilk and Carmunnock wind park trust was one of the first of its kind in Scotland. The trust was created to own and operate a small urban wind park, the profits from which would go into local community projects and the local economy to benefit the residents of Carmunnock and Castlemilk, an area that would benefit enormously from such funding. The trust has created a model that communities across the country want to follow—not only because of the positive environmental impact that it will have but because it will help to create local jobs and be an important part of a local sustainable economy.

**Neil Findlay:** It is good to hear about that project; I, too, have been involved in community wind projects in my area. Will Mr Dornan offer some advice to SNP members who promote low-carbon industries but then, in their constituencies, are vocal opponents of onshore wind?

**James Dornan:** I do not really like to tell my colleagues what to do. However, I would like Mr Findlay to listen to the rest of what I was going to say.

The trust is a perfect example of local people working together to see how they can make a sustainable contribution to the local economy and local community, and they are to be applauded for doing so, and doing so successfully.

This is the bit that Mr Findlay should listen to. Sadly, Labour-run Glasgow City Council appears to have reneged on previous commitments and seems to be doing everything in its power to prevent the people of Castlemilk from benefiting from the trust going ahead with its project. However, that debate will be had another time. I have huge reasons for optimism as far as Glasgow is concerned, and I know that other local members will share my ambition to see Glasgow as a key economic hub of northern Europe.

Through the new opportunities for all programme, we will create a framework in which Scotland's young people—our future generations—can make a successful contribution to their society. We have heard plenty on that over the past week. However, we should always remember that a successful economy is not only about putting money into people's pockets; it is about reducing inequalities and bringing together our communities to increase economic participation and reach out to those who are most disenfranchised in our society. That is the kind of Scotland that people want to be part of, a Scotland where people do not care about a person's race, religion, sexuality or gender but care about the contribution that they make to society.



One thing that Opposition members will not be surprised to hear from me or from any of my colleagues is the reiteration of the need for full control over the economic levers that are required to take our economy forward. Even Alex Salmond and John Swinney can do only so much under the current constitutional settlement. The Westminster Government's refusal to devolve one of the most basic levers, corporation tax—we will hear more about that tomorrow—demonstrates that, despite searching for new names, new leaders and new direction, all the Opposition parties still fail to understand Scotland and its needs.

**Richard Baker:** Both the Scottish Trades Union Congress and CBI Scotland oppose the devolution of corporation tax, so do they, too, not understand the needs of Scotland?

**James Dornan:** We would much prefer it to be from two organisations other than CBI Scotland and the STUC, so I suspect that we would be coming from a slightly different angle.

We can look at recovery models from as many countries as we like, but our opponents must accept that, so long as we are dependent on another Parliament, Scotland can progress only so far. It is time to move Scotland forward out of the age of dependency and into a new era of growth and sustainability.

I want independence, but I want independence to give us the tools so that we can better tackle poverty, improve our communities and make life better for all Scots. To have an equal economy—an economy for all—we must be on an equal footing as a nation. We must heed the advice of Christine Lagarde and be bold. This is a bold and ambitious economic strategy and I hope that members will endorse it as we seek to move Scotland forward.

15:41

**Tavish Scott (Shetland Islands) (LD):** First, I apologise to Parliament for not being able to stay to the end of today's debate. I have been wound up by many of Mr Swinney's speeches, but he will have to forgive me on this occasion. I have to fly back to Shetland tonight to meet local businesses, including salmon farming businesses, which are worried about the Government's handling of the tender for our lifeline ferry services. Indeed, so worried are businesses in my constituency, they have asked me to ask when the Government will get it sorted out and when they will know what fares are going to be next year and when they can make a booking, which they cannot do at present. I hope that the cabinet secretary might reflect, when he is going on about his Government's competence, that businesses in my constituency are rather more interested in how things are done

and in the Government's performance on tenders than they are in the glossy documents that we are debating today.

Mr Swinney mentioned unemployment in what I thought was very careful language in his opening speech. That was not, of course, quite the case at a press conference at Bute house this morning, when the First Minister gloated about people in England, Wales and Northern Ireland who are losing their jobs. When unemployment falls in Scotland, the Scottish Government is responsible. When job losses rise north of the border, it is not a First Minister's press conference but a Government statement saying that it is because Scotland is not independent and it is all the UK Government's fault.

I accept that this Government's purpose—I see that it is spelled with a capital P throughout the economic strategy document—is independence.

**Kenneth Gibson:** Hurray!

**Tavish Scott:** I accept that every statement, position, cheer from Mr Gibson and utterance is remorselessly aimed at winning independence. I am just surprised today that Purpose with a capital P and Independence with a capital I did not make the ministerial speech.

New members will not remember the purpose of the SNP's first economic strategy. In 2007, the cabinet secretary said:

"We are focused on achieving the impressive and ambitious targets that we have set in the economic strategy. We aim to ensure that we increase the growth rate in Scotland to match the United Kingdom level by 2011."

He also said:

"The Government has said consistently that it is committed to abolishing the unfair council tax."

However, in today's document and, indeed, in today's speech, there is no mention of growth rate targets. I rather suspect that, in the spending review next week, there will be no mention of local government reform either.

Our First Minister said on the economic strategy in 2007:

"We aspire to join that arc of prosperity around our shores ... These independent nations are successful because they benefit from swift decision making and social cohesion."

This new economic strategy today has not one mention of any arc, biblical or otherwise, and not one target on growth, nor does the section on what has happened since 2007 mention banks, which is frankly unbelievable. The economist who wrote that should be sent back to school. The major economic and financial happening of the past four years has been airbrushed out of history.

I wonder why. Perhaps the cabinet secretary will explain.

We did not learn from the cabinet secretary's speech exactly what role Scottish Enterprise is playing in lending. On Monday, we learned from the press—not in Parliament, as is so often the case with the Government—that the cabinet secretary has involved Scottish Enterprise in commercial lending decisions. At least, that is what one is led to believe from press reports.

**John Swinney:** Will the member give way?

**Tavish Scott:** I will be happy to give way if the cabinet secretary can clarify the role that Scottish Enterprise is playing. That is what Parliament is for.

**John Swinney:** I am delighted to clarify to Mr Scott the instruction that I have given to Scottish Enterprise. I have told Scottish Enterprise that, if it makes a judgment that a company has growth potential and the company is encountering difficulty in securing access to finance, it should use its influence and its presence in the business development world to encourage the banks to lend. That is an entirely appropriate role for Scottish Enterprise—it does it for countless companies the length and breadth of Scotland. I would have thought that Mr Scott would have welcomed that rather than moan about it.

**Tavish Scott:** I certainly welcome it, but Mr Swinney should recognise that he should announce such matters to the Parliament and not to the press. If there is a change in Scottish Enterprise's approach to business lending, why not announce it to the Parliament instead of just at a press conference, as happened on Monday?

There was another omission in Mr Swinney's speech. There was not one mention of the Council of Economic Advisers, what it is doing and what its role is. That is particularly important because the council has not met for an entire year and it is not clear what economic evidence the Scottish Government is using. In the strategy document, it says of bodies such as the Council of Economic Advisers:

"These bodies will hold the Government to account".

If we do not know what the advice is and the council does not meet, what is the point of it?

Last autumn, the First Minister announced with much fanfare that Annabel Goldie's favourite economist, Joseph Stiglitz, was to advise the Scottish Government. Will the Council of Economic Advisers meet? What will it achieve? What did it provide to inform the updated economic strategy? What has changed since the council's advice was provided? I assume that it provided some advice. The Parliament should be told about such things.

There is an area of industry to which the cabinet secretary should give attention and considerable encouragement. A £36 billion market will be available for Scotland and Scottish businesses between now and 2040 and beyond, as some 940 oil wells are decommissioned on the continental shelf. The Shell Brent network programme alone will involve four major platforms, 1 million tonnes of concrete and 100,000 tonnes of topside steel. Some of the members who were at the Offshore Europe exhibition last week—Mr McDonald and a number of members from other parties were there—heard Shell's presentation on how important the industry will be. There is to be a 10-year programme on that network alone, which will involve billions of pounds of investment.

I hope that the Government will play a constructive role in assisting the programme, through its ports policy. However, there is no mention of the issue in the economic strategy. Lerwick, in particular, is well placed, given its deepwater access, but there will be work for every port in Scotland in that enormous industry. There are new horizons for the oil industry, but the old horizons offer a huge challenge, which I hope that the Government will meet.

15:48

**Paul Wheelhouse (South Scotland) (SNP):** I correct Tavish Scott's comment about there being no growth targets in the economic strategy. On page 18 is set out the following target:

"To match the growth rate of the small independent EU countries by 2017."

Scotland, within the union that is the UK, has suffered a recession that—although it was hugely damaging—was shorter and shallower than the recession in the UK as a whole. Gavin Brown said that there is no evidence for that, but the chart on page 26 of the strategy document clearly shows the evidence.

Whereas between 1976 and 2006 there was a 0.4 per cent performance gap between Scotland and the UK in relation to growth, since 2007 the gap has fallen to 0 per cent. Why is that? Scotland has a degree of autonomy. It does not have nearly as much autonomy as my SNP colleagues and I would like it to have, but it has sufficient autonomy to allow for limited variance from a damaging UK strategy of spending cuts. Capital spending has been accelerated in areas such as infrastructure and housing, which have provided a buffer against damaging decline in the construction sector. Employment in the construction sector was up almost 12 per cent in the year to quarter 1 2011, compared with a small decline in the UK as a whole. Of course, infrastructure investment also contributes to raising the long-term sustainable

economic growth rate, so such spending benefits our long-term growth.

UK employment levels have flatlined, whereas in Scotland there has been more substantial growth in the past year. As colleagues have said, we now have lower unemployment than the rest of the UK. That is a consequence of measures such as the small business bonus scheme and targeting investment by the private sector in areas such as renewables, as well as the different strategy of phasing public spending reductions, particularly in relation to capital investment. The economic strategy makes it clear that private investment is also to be encouraged.

Scotland has a competitive advantage derived from natural resources, with 25 per cent of the wind power capacity of the whole of Europe and 10 per cent of its wave power capacity, as well as academic and engineering expertise. We know that if the path set out in the renewable energy route map is followed, the renewable energy sector could support up to 130,000 jobs by 2020, many of them in engineering.

I welcome the Government's proposal for opportunities for all, the detail of which Mike Russell has published today. It guarantees those aged 16 to 19 who are not in employment, education or training a place in education or training and it includes the benefits of up to 125,000 modern apprenticeships over this session of Parliament. That will help to prevent a lost generation as a consequence of the economic downturn.

However, some challenges must be met to ensure that those opportunities are taken up successfully in rural areas, such as the south of Scotland. In the Borders, there was a good take-up in 2010-11, but it was perhaps below what we might have expected on a pro rata basis. In part, that arises from a perceived difficulty in stimulating demand for apprenticeships among SMEs. There are also some issues to do with land-based, construction and care courses, where there may need to be a degree of flexibility regarding the age of students and trainees due to health and safety concerns, age restrictions, insurance issues and the minimum threshold for some courses to be accredited. However, I am confident that some flexibility can be applied on the age issue and that other measures on the enterprise front will assist with rural SME engagement with modern apprenticeships, including the proposals set out in our manifesto to allow modern apprenticeships to be shared by businesses and to encourage them to undertake business plans.

On investment, like other members I am heartened that the capital spend will be prioritised to maximise the impact on jobs.

I welcome the focus on growth companies, markets and sectors. Promoting growth in Scottish exports in growth markets, such as China, India and other emerging nations, will be particularly important for the development of sectors such as food and drink, tourism and, of course, engineering with regard to renewable energy. Those are all sectors in which Scotland has a competitive advantage and acknowledged industry expertise.

I also welcome the proposed strengthening of levels of innovation and commercialisation and of linkages between knowledge providers and the private sector. While progress is being made, I hope that a particular focus is applied to enable growth in investment in this area in sectors of great importance to rural Scotland, such as food and drink, where we have traditionally not done so well on research and development and innovation, and also to encourage knowledge providers in urban centres of excellence to seek to work with businesses in rural Scotland.

The continued emphasis on providing advice and support to help SMEs to grow, hire staff and take on apprenticeships is particularly welcome, as is provision for improving access to finance for SMEs. As a number of members have said, in the context of the public contracts Scotland procurement website, there is a need for SMEs to gain additional support in successfully winning contracts.

The continuation of the small business bonus scheme is particularly welcome and has had a massive impact in areas such as the Borders.

In my remaining time, I will comment on household and economic confidence. I stress the importance of the strategy of agreeing to freeze council tax as part of the social wage and asking for pay restraint from the public sector for two years but, in return, offering an easing of the tax burden and the introduction of universal benefits, such as free prescriptions, to offset some of the pressures on household budgets. In particular, I was delighted that a no compulsory redundancy deal was struck between the local authority and the unions in the Scottish Borders. That will enable the protection of jobs and will give confidence to consumers in the Borders and, I hope, other areas of Scotland that they can embark on their own personal and domestic investment decisions.

15:54

**Rhoda Grant (Highlands and Islands) (Lab):**

I, too, welcome the strategy and some of the new commitments within it, such as using renewables to fight fuel poverty, the one-plus scheme to help sole traders to take on a new employee or apprentice and, indeed, more apprenticeships. I

welcome the fact that the Government has adopted our policies in those areas. However, there are areas in the strategy that need more detail. I beg the indulgence of the chamber and return to the issue of broadband.

I will update members on what has happened since last week. In the programme for government debate, I mentioned that Alex Neil had refused to meet community groups that were considering last-mile solutions for broadband. I very much welcomed Alex Neil's change of heart when I read in *The Press and Journal* today that he is now going to meet the Tegola project developers. I hope that, after that meeting, he will visit the communities and see the systems working for himself. I am pleased that that has happened and that the minister has agreed to do that. Buoyed by that success, I will keep pushing.

If we are serious about growing our economy across Scotland, we need to invest in broadband. Remote rural communities have the most to gain from digital connectivity when the Government continues to deliver more and more services digitally. Not long ago, I complained bitterly that the rural development programme could be accessed only digitally, which was a bit of a slap in the face for communities who would love to apply in that way if only they could. The delivery of health services could also be vastly improved by the technology. However, it is arguable that good connectivity could have the greatest impact on our rural economies, as it would bring manufacturing businesses closer to their markets, and other industries such as backroom support, accountancy and finance could operate anywhere in the United Kingdom.

Both in the Highlands and Islands and in the south of Scotland, we now have projects that are working towards increasing connectivity, but the Scottish Government must ensure that all public bodies get behind them. There is no point in developing different systems for different public bodies. Procurement of connectivity must come from the public purse and not from individual silos.

I look forward to seeing the detail of the next generation digital fund, and I hope that it will build on those projects. Last-mile technologies are cheap to install and could be self-funding. Richard Baker talked about the idea of an infrastructure bank that could lend the capital that was required, which could be repaid to the bank through subscription for use of that technology.

The strategy document also mentions the use of renewables to tackle fuel poverty. Not only would that tackle fuel poverty, it would create jobs, boosting the economy while creating a fair platform for our fuel poor. The infrastructure bank that we propose would be ideally placed to finance microrenewables. The feed-in tariffs would pay

back the investment, meaning that those who were unable to raise capital would not be left behind. Along with other members, I met members of the Federation of Master Builders last night, who told us that promoting insulation and microrenewables would not only help the fight against fuel poverty but provide an economic boost for small and medium-sized building firms that currently feel excluded from the public capital works due to the setting up of procurement hubs.

**Patrick Harvie (Glasgow) (Green):** Does the member agree that not only individuals and small businesses but the public sector could invest in publicly owned renewables that would generate revenue to pay for public services? Local authorities can borrow to build an asset that will generate revenue for the future. Would she not like to see a great deal more emphasis on that from the Government?

**Rhoda Grant:** Indeed, I would. I spoke to Scottish Water today and was interested to see how it uses renewables to meet its very high fuel demands. That is an interesting development that I would like Scottish Water and other organisations to build on.

I turn back briefly to the procurement hubs, which were an issue that was mentioned last night. Someone commented to me that, because the hubs are the main contractors, they would not be able to involve smaller contractors and subcontract the business. I was told, "You wouldn't feed the neighbour's kids if your own were starving." That says clearly to me that the procurement through hubs will not be devolved to small and medium-sized businesses, which are the backbone of our economy. Fergus Ewing was there last night and promised to meet those business organisations to see whether he could find a resolution to the problem. I very much hope that that will happen.

We cannot talk about the economy without talking about the labour force survey. It is sad that young people are losing out because employers are not recruiting and because small and medium-sized enterprises are not taking on apprentices. The unemployment rate among young people is at its highest since January 1997.

It is equally worrying that the number of women who are out of work is increasing and is at its highest rate since 1996. I have heard anecdotal evidence that those who deliver front-line services in the public sector, such as classroom assistants and home carers, are feeling the brunt of the cuts. I ask the Government to deal with that.

The Presiding Officer is looking at me, so I will conclude. I hope that the Government will provide the conditions and the infrastructure and will instruct public bodies to protect front-line services.

**The Deputy Presiding Officer (Elaine Smith):**  
We are tight for time.

16:00

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I welcome the publication of “The Government Economic Strategy”, with its positive and clear approach to sustainable economic recovery. It remains disappointing that the strategy is not matched by a responsible approach from the UK Government that slows the public expenditure cuts to a manageable level. That would reduce job losses and business failures while still achieving the aim of bringing finances into equilibrium, albeit over a longer period, and it would be based on the more certain premise of economic growth.

With UK economic growth stagnating, public sector borrowing in 2011-12 is expected to be £122 billion, or 7.9 per cent of GDP. That is even after tax increases and spending cuts have been implemented. The figure is well up on the £33.7 billion of public sector borrowing in 2007-08, which ran at 2.4 per cent of GDP.

In 2007-08, UK national debt sat at £527.2 billion, or 36.5 per cent of GDP. The projected national debt for 2011-12 is £1,046 billion, or 66.1 per cent of GDP. To that can be added £200 billion or so of quantitative easing. On top of that is the hidden public debt that has been acquired by cash-strapped local councils that are desperately capitalising everything that they can.

One factor out there that can impact on all the Government's plans is inflation. We all see the obvious measures—the retail prices index at 5 per cent and the consumer prices index at 4.4 per cent—yet we do not as readily appreciate that input price inflation ran at 18.5 per cent in the year to July 2011. Within that, inflation in imported metals was 22.1 per cent and in oil products was 45.4 per cent. That contrasts with output price inflation figures that run at an average of 5.9 per cent. It is clear that the difference is being absorbed into the supply chain, but that cannot continue for ever. Sooner or later, those price increases will have to be passed on to the consumer.

What is emerging is that a perfect storm of stagnating economic growth coupled with commodity and product price inflation is building up and is ready to surge. It is essential for the chancellor in London to listen to the need for a plan B. The economy is the only engine that can drag us out of recession and—more important—out of the serious risk of stagflation.

Some might argue that inflation benefits the public finances—that is similar to what the Tories did when they came to power in 1979 and found

that the public finances were out of control. They struggled for a couple of years and then allowed inflation to surge to a peak of about 23 per cent in the early 1980s. That reduced the national debt in real terms. The budget deficit was eliminated by means of fiscal drag, which arose from the increased tax take from inflated corporate profits and inflated personal income. Personal debt was similarly eroded by inflation, which allowed the public to begin borrowing and spending again and thus increase economic growth.

In the short term, inflation created economic growth and stimulated expansion by pumping additional funding into the economy and boosting demand. However, in the longer term, inflation is pernicious and eats at the value of assets. Pensioners and those who are on fixed incomes invariably suffer, and savers are punished. Those with mortgages feel the pinch as interest rates increase, although the value of a debt is eroded. That is why the London chancellor must modify his approach. If he fails to do so, the consequences may be dire.

The example that the Scottish Government has shown, which has resulted in a shorter and shallower recession in Scotland than elsewhere in the UK, is to be commended. With lower unemployment, higher employment and lower economic inactivity, we have proof that the Scottish Government's approach is successful, but it is important not to underestimate how vulnerable the Scottish economy is to decisions that are taken by the chancellor in London. Instead of cutting capital expenditure budgets—by nearly 40 per cent in Scotland's case—Westminster should be increasing them. This is the time to gain better value for money in public contracts and therefore drive down the costs of undertaking necessary public works that will have to be undertaken eventually in any case. Targeted public works will create and protect jobs and boost economic activity to see us through the current economic recession. That is the normal pattern for extracting the economy from economic doldrums. In essence, the solutions to the recession are no different from those that have gone before. Such action would boost consumer confidence, and encourage people to plan beyond their next pay packet again and perhaps to start to spend again. That will help to take us out of the recession.

The Scottish Government has emphasised the importance of re-establishing business and consumer confidence. Without that essential confidence, the economy will not resume its growth or generate the tax revenues that we need to pull us through the current problems. There is no economic benefit or advantage to be gained from brutal cuts to public services and spending coupled with the creation of high unemployment. If all our trading partners are doing the same, the

only result will be that all nations will be united in their misery. The risks of sovereign debt default, not merely in one country, but across a choice of possibilities, are already sufficient external threats to economic recovery without our adding artificially to the risk that we face.

I welcome the Scottish Government's determination to continue to press for the powers that are necessary to build on its successful management of Scotland's economy.

16:07

**Anne McTaggart (Glasgow) (Lab):** I welcome the opportunity to speak in the debate.

I am sure that all members agree that the Parliament faces many important decisions in the current economic climate. This debate on the Scottish Government's economic strategy allows us to address some of those decisions, and it is important to use the opportunity to highlight any strengths or offer alternatives to any weaknesses in the strategy.

I am glad that the strategy details plans to provide our young people with employment opportunities. With the youth unemployment that exists, it has never been more important to deliver for our young people. That unemployment, coupled with the proposed changes in the Welfare Reform Bill, which will mean that 16 to 20-year-olds will lose their exemption from national insurance contributions when they receive the employment support allowance, could leave our young people in an extremely vulnerable position.

I am glad that the economic strategy plans for the delivery of 25,000 modern apprenticeships per year. The delivery of modern apprenticeships can provide excellent opportunities for our young people to enter the workplace with the skills that they need to succeed and to contribute to our communities. Ensuring that such a scheme truly delivers for those people is a must.

Members may be aware that, to enhance the modern apprenticeship schemes, Barnardo's Scotland is calling for a guaranteed maximum waiting time for young people to go on to an opportunity for all programme. I am happy to support that call. I want to raise the issue because it is not enough for young people to be told that the opportunities for all programme will be available to them—they must be able to plan and work towards entering it. A guaranteed maximum waiting time will indicate clearly that the programmes are being run with the purpose of ensuring that provision is available within a reasonable timescale. It is vital that our young people feel that they will enter a programme that will deliver for them. That is why the economic strategy needs to ensure that the programmes are

clearly monitored and there are full reports back to the Parliament.

I am aware that, in response to previous freedom of information requests, Skills Development Scotland has indicated that it does not track the long-term progress of apprentices following the completion of their modern apprenticeships. That simply cannot be allowed to continue. I want the young people of Scotland to feel that they have a real and meaningful opportunity to gain the skills, experience and qualifications to go on and succeed in their endeavours. Without the monitoring of those programmes and the subsequent information being provided, how can we show that they provide the opportunities that they are designed to provide? Without that reassurance, I worry that our young people will not be able to engage fully with the programmes and receive the opportunities that they deserve.

It is also important that we are able to monitor the quality of the apprenticeships that are being delivered to our young people, to ensure that they are fit for purpose. It is surely not unreasonable to ask that our young people know that they are being given the best possible training. We cannot allow our young people simply to be shipped from one training scheme to another without any positive outcome for them.

Before I move on, it would be folly not to highlight the growing concern about the increase in women's unemployment.

I opened my speech by saying that I would highlight strengths and weaknesses, but one of the weaknesses is more of an omission. I am disappointed that there is severe lack of recognition of the contribution that the social economy makes to our economy. The global financial crisis has shown that the consequences of irresponsible financial practices are hitting our most vulnerable hardest. That is why I hoped that the economic strategy would indicate more support for social enterprises, credit unions and other forms of financial co-operatives. Credit unions in particular should be supported in their role of providing responsible lending within their communities, as well as encouraging people to save. The credit union movement plays a crucial role in local communities in tackling poverty and providing financial inclusion to the wider community.

The social economy also needs to see a real effort from the Scottish Government to increase business strength through enabling competitiveness in procurement and tendering opportunities. There is evident year on year growth within the social economy in Scotland, and that needs to be harnessed to maximise its role in our economy. In Glasgow, the city that I represent,

there are a number of examples of businesses in the social economy that make a genuine contribution to people's lives and to the economy. However, more support is needed to grow the sector across Scotland and within our economy. I urge the Government to take note of that omission and to acknowledge and further strengthen that infrastructure.

16:15

**Patrick Harvie (Glasgow) (Green):** Whenever John Swinney makes a speech about the economy, I can always find something to praise before I move on and have a rant about economic growth, so members should stand by for the single transferable speech.

I am happy to repeat once again my support for the measures to be taken on opportunities for all young people in Scotland and for the Government's commitment to keep higher education free of the eye-watering charges that are being applied elsewhere. I am also happy to welcome the positive, if still somewhat vague, sentiments on the social wage. I hope that that gains more definition over time, rather than simply being a buzz word.

In essence, it is clear that the term, "sustainable economic growth", is still little different to plain, old-fashioned vanilla economic growth. There are commitments on the page in relation to cohesion, sustainability and social solidarity, but the evidence from Government priorities and actions does not suggest that the former are, in a significant way, on a par with conventional economic growth. That is a shame, because the overwhelming evidence from around the world is that in rich, developed societies, closing the gap between rich and poor benefits wellbeing far more than simply growing GDP, especially if the benefit of growing GDP is captured by those who are already wealthy. Tavish Scott pointed out that there are no specific targets on growth. That is true; nor are there any specific targets or criteria that might be used to define what sustainability means in the economy.

Low-carbon economy is fast becoming another buzz word, but it needs to be so much more. Our economy does not become low carbon by generating more renewable energy; it becomes low carbon by burning less fossil fuel. The SNP record seems to show a preference for more of everything—yes, more renewables, but also digging and burning more coal and pumping more oil.

Capital investment is another area that shows that not all growth is sustainable growth. For the price of the M74 extension, Glasgow could have seen crossrail, the Glasgow airport rail link, a

refurbished subway, more cycle lanes than pretty much any other city in the UK, a new fleet of low-carbon buses run on a properly regulated network and an Oyster card system to make it all much easier to use—and it would still have had change to repair pretty much every pothole and broken pavement in the city. That would have not only provided economic benefits, but ensured that those benefits go to those who currently have less—the 60 per cent or so in Glasgow who do not have access to a car.

The Green amendment, which was not selected for debate, develops the critique of growth, which is a view shared in a briefing that has been sent round to MSPs by not only WWF Scotland and Friends of the Earth Scotland—the organisations that you might expect—but international development organisations such as Oxfam and the STUC. It is also supported by the First Minister's aforementioned favourite economist, Joseph Stiglitz. If sustainable economic growth means anything at all, it means that social and environmental priorities are not seen as contrasts to economic priorities, but that all three are seen as preconditions of our action.

**Mark McDonald:** I referred to this in my speech. I accept entirely that there is more to life than just economic growth, but does Patrick Harvie not accept that economic growth underpins so many of the quality-of-life indicators that the briefing highlights, which is why we need to focus on it?

**Patrick Harvie:** I am not sure that that view would be supported by, for example, Richard Wilkinson, the co-author of "The Spirit Level", with whom, coincidentally, I had a chat at the Green Party of England and Wales conference at the weekend, where he presented arguments about whether growth actually benefits human wellbeing in rich, developed countries, as opposed to in poor, developing countries.

The commitments are there on the page, but they do not show up in the Government's priorities, one of which we will debate tomorrow in the chamber: the Scottish National Party's desire to cut corporation tax. I cite the example of Amazon, an immensely profitable company with substantial UK operations, which has deliberately arranged its affairs in such a way as to avoid paying corporation tax. In 2007, that vast multinational company is reported to have paid less than £20,000 in corporation tax. How much would a company like that pay under SNP plans? £1.50?

There are other things that we could do with corporation tax powers. We could link corporation tax to those social and environmental priorities through maximum wage ratios, payment of the living wage or lower carbon emissions.

We should look at those social and environmental priorities as being absolutely on a par with the economic ones. In fact, the economic priorities and the economic welfare of our country depend on them. If we do not do that, I am afraid that we will simply be preaching Stiglitzism while practising neoliberalism. At this point in the SNP's history, and given the economic circumstances, I appeal to the Government not to become just another political party that celebrates and courts the support of multimillionaires and tax exiles while cutting their taxes.

16:18

**George Adam (Paisley) (SNP):** I will start by paraphrasing John Park, who said that we all want Scotland to be a better, more vibrant place to live and work. The reason why most of us get involved in politics is to make things better.

The tone of the debate has been extremely good. Richard Baker and Gavin Brown were very constructive and obviously gave some plaudits to the cabinet secretary, too. Patrick Harvie said that there are various things that he wants to do. For a lot of those, we need extra powers in the Parliament, but Mr Harvie and I probably agree on that anyway.

The issue is too important for us to play party politics in this debate. That has shown through, because we have had a constructive debate.

We have a cabinet secretary with a proven record of working through the difficult economic times in a minority SNP Government. I would go so far as to say that he is probably the safest pair of hands that the Parliament has had since its inception.

We must remember that, behind every glossy document, we are dealing with the lives of people in our communities, with businesses and with organisations. The decisions that we make here make differences in our communities.

The strategy is an update of the 2007 document. Its priorities were: a supportive business environment; learning, skills and wellbeing; infrastructure development; effective government; and equity. Those were important then and they are now, but things have changed and the Scottish Government has changed with them. We have also added the transition to a low-carbon economy.

Unfortunately, the dark cloud of Westminster is now coming in, as the Government there makes decisions that will cause continued problems for the Scottish economy. It is important that the Westminster chancellor listens to the chorus of support for other fiscal stimulus to respond to the slowing economy that he could create.

On the positive side, the strategy mentions things that we are doing, and can do, much better. Smarter procurement is one of those—it has been mentioned on numerous occasions by members from all parties—as is working with businesses to make it easier for companies to find and compete for public contracts.

What the strategy does not mention is that more than 95 per cent of the Scottish Government's main contractors are paid within 10 working days, otherwise it makes it very difficult for smaller businesses with less cash to bid for Scottish Government contracts. Of the 55,000 registered companies on the public contracts Scotland website, 84 per cent are SMEs and 75 per cent of the contracts that are awarded go to SMEs. That shows that things are going in the proper direction, although there is still work that we can do. For example, in Renfrewshire we have a local fair trade hub and a business that could supply school uniforms to the education department, but there are difficulties with that to get round routinely. We must work on such matters and ensure that we make progress.

The Christie commission has stated that there is a pressing need for public reform. Its four key objectives are not exactly rocket science; people who work in the public sector knew that those things had to change. The objectives are: building public services around people and communities—the Government is pleased to say that it takes that seriously; prioritising prevention; more effective work between delivery organisations to integrate services locally; and improved accountability and transparency. Those are words in a document, but we must ensure that we make them work.

I mentioned at the recent Public Audit Committee meeting that Strathclyde partnership for transport provides similar transport services to those that councils offer. A perfect example is the MyBus dial-a-bus service, which continues to cost millions of pounds and, to the disappointment of the people who use it, does not work well. Renfrewshire Council, on the other hand, could provide a 24/7 taxi service without the £10 million annual senior management cost of SPT.

When we are making difficult decisions, we must consider such situations. The proposed single police force and single fire service are an excellent example of taking that into account. Some, such as the Convention of Scottish Local Authorities, had issues with the proposals, but those were obviously to do with accountability. After last week's announcements, we can see that the savings will be made. We must keep an eye on that, because that is the point of creating single organisations. It also ensures that we will still have fire and police services that will do something for us.



We have already mentioned education. It is not misty eyed to say that the people of Scotland are our greatest asset. It is important to have a sustainable economy, and free education is an investment in the future to ensure that we come out of the other side of the economic recession fit to do everything.

The Labour Party asked for 20,000 modern apprenticeships when the SNP was a minority Government and John Swinney gave it 25,000. We will continue with that between now and the end of the parliamentary session. It is important to remember the 16 to 19-year-olds who will end up in education or an apprenticeship, but we should think about older apprentices who, perhaps because of what happened to a business, have lost their jobs and not finished their apprenticeships.

In my area, Reid Kerr College has invested in construction and engineering and is looking to get into renewables. At the end of the day, small businesses can compete in that industry. An electrician can do some of the work in renewables now.

**The Deputy Presiding Officer:** I am afraid that you will have to conclude.

**George Adam:** I will do.

The decisions that we make here are important to the people in our communities. In John Swinney, we have a cabinet secretary with a proven record, but I believe that, as Tavish Scott mentioned—I promise you, Presiding Officer, I am finishing now—we need further powers for the Scottish Government and independence is the only way forward.

**The Deputy Presiding Officer:** I call Margaret McDougall, to be followed by Chic Brodie. I am afraid that Chic Brodie will have to make a short speech, because members have gone over their times.

16:25

**Margaret McDougall (West Scotland) (Lab):** I welcome the opportunity to raise a few issues that I feel are missing from the economic strategy. They are about employment and how the Scottish Government can stimulate the economy by attracting new businesses to areas of high unemployment. As members might be aware, North Ayrshire was recently rated just behind Glasgow in a list of areas in the UK that have the worst job prospects. In North Ayrshire, 27.6 per cent of households are without work and, to make matters worse, the area has the highest youth unemployment figures in Scotland.

We hear from the Scottish Government that more people are in employment and that more

jobs become available each day. However, in the past year, full-time employment has been falling while the number of people who are in part-time positions has been rising. The number of people claiming jobseekers allowance rose by 2,600 from June to July and the number of 18 to 24-year-olds claiming benefit is at its highest since February 1997.

I must ask where all those jobs are. There is an increase in jobs in cities, with Amazon creating 900 jobs in Edinburgh, for example. That is obviously a welcome development for the overall Scottish economy, but it fails to help and stimulate areas that really need it, such as North Ayrshire, where, on average, 12 people compete for every vacancy.

**Kenneth Gibson:** Will the member take an intervention?

**Margaret McDougall:** Give me a second.

The Scottish Government must provide incentives for business to invest in areas where unemployment is highest and has been at high levels for years. It is certain that areas are ignored and skipped over for investment. If we allow those areas to fall through the net, we run the risk of communities never getting back on their feet. We need to focus the recovery on economic black spots, rather than continually investing in areas where employment rates are not an issue.

**Kenneth Gibson:** The year before I became an MSP in the constituency where the member is a councillor, 1,536 manufacturing jobs were lost while Labour was in power. What role did the 13-year Labour Government at Westminster, the 31-year Labour administration at local authority level and the eight years of Labour Administration in Scotland play in making North Ayrshire the economic black spot that it currently is?

**Margaret McDougall:** If the council is responsible for the situation in North Ayrshire, why are we having this conversation? This is where the economy is set.

Enterprise zones are not the answer, because 80 per cent of the jobs that they create tend to be displaced from other areas, rather than new jobs. Although the zones provide short-term growth, they do not provide long-term and sustainable investment, which is what is required. The Government needs to focus on the long-term issues, rather than on short-term measures that are likely to move jobs around and which have little sustained impact on the economy.

North Ayrshire would benefit economically from better transport links. For example, traffic on the A737 exceeds its capacity. The road is on the programme to be upgraded, but there is no timescale. That vital link must be upgraded now.

Free-flowing traffic would make the area more attractive to business investors and would open up north Ayrshire to the much-heralded 20,000 jobs that were spoken about as coming from the completion of the M74.

The report on “Scotland’s Digital Future: a strategy for Scotland” states that the Scottish Government wants next-generation broadband to be rolled out to all by 2020

“with significant progress being made by 2015”.

However, according to the Office of Communications report, in north Ayrshire, next-generation broadband is not available. If we are to attract businesses into such areas, we must provide them with access to fast and stable broadband.

I call on the Government to be more specific about how it will give priority to areas in which there are high levels of unemployment, particularly youth unemployment. We need long-term solutions that encourage sustainable growth, rather than promoting short-term gains.

The Government must also provide better transport and digital links to attract business investment to unemployment black spots.

**The Deputy Presiding Officer:** As Chic Brodie has withdrawn his request to speak, I turn to the winding-up speeches and call Jackson Carlaw. You have six minutes, Mr Carlaw.

16:31

**Jackson Carlaw (West Scotland) (Con):** I should share with the chamber the fact that Mrs Carlaw and I are inclined to settle down to a good Agatha Christie or Sherlock Holmes BBC radio collection play of a night. It helps us to get to sleep. Such is the pacy, racy standard of life in Troon. However, I now have a remedy: the Government’s economic strategy, which I settled down to read last night, knocked me out cold within half an hour.

I must congratulate the cabinet secretary for being very strong on good intentions today—after all, the road to ruin is paved with them. He started off by giving the game away in his opening remarks when he said that “when the facts change”, so should the policy, and then went on to say that the euro zone crisis got considerably worse during the past 12 months. However, his remedy would appear to be to join the sinking ship of the euro zone crisis by spending more money, incurring further debt and risking further the economy of the United Kingdom. Let us join the euro zone’s sinking solution of a ship rather than staying on ours, which, although battered and bruised, remains afloat.

The cabinet secretary referred to the fact that unemployment is falling. What would be the consequence for employment in Scotland if we took his remedy and massively expanded our borrowing and expenditure, only to end up with higher interest rates, which would have a crippling effect on the economy and, would in turn, lead to much higher unemployment? In fact, the cabinet secretary’s success in Scotland is entirely a result of the discipline that has been forced on him by the coalition Government at Westminster.

Mr Swinney said that unemployment is rising in England but falling in Scotland. A year ago, the picture was not so rosy. Why could that be? Well, Mr Swinney was very ungenerous. His economic success in Scotland today is entirely down to the Scottish Conservatives. It was, after all, we who forced upon him the commercial business rate reductions and who insisted on the small town regeneration fund. It was the Scottish Conservatives who looked for the small business bonus scheme and who, with others, frustrated his plans and scuppered the tax on large retailers in Scotland that would have had a profound effect on employment. I know it and, although he will not admit it in the chamber, Mr Swinney raises a glass of Scotland’s favourite export to our former colleague, Derek Brownlee, who forced that discipline on him throughout the previous parliamentary session and gave him the success that he has today.

We encouraged Mr Swinney’s plans, and I do not doubt that he would say that it was the Government sticking to its guns during the previous parliamentary session that ultimately led to the success of the policy on which he is embarked. So will it prove to be for the coalition Government at Westminster, as the benefits of the policy on which we are embarked come around.

The whole debate has been largely false because it has been about what powers we do not have rather than on what the Government’s document says. Some of the newer members have sought to argue that nothing in the document would exist were it not for the fact that the Government had brought it before us today.

However, much of the strategy is supported on all sides of the chamber. We agree with Richard Baker that the Government already has many of the powers that it needs to get on with the job and that it should concentrate on doing so. Indeed, in what was a passionate and energetic speech, Tavish Scott made a similar point when he said—quite rightly—that on an issue as profound as ferries, the Government’s record is not that great. Throughout most of the last parliamentary session, we dithered on various ferry reviews. Those have had to be extended, and we are still waiting to hear what the Government’s final policy is.

I am interested to hear more detail on Richard Baker's i-bank proposal, but I do not think that we are yet ready to rush to support it. I think that Stuart McMillan had the quote of the afternoon when he said that Mr Salmond is inclined to underplay his success. Is this the same Mr Salmond who was made by John Lewis and is "never knowingly undersold"? I thought that that was quite a claim.

We then had Mr Gibson's bludgeon rant—of which we are all very fond—and a brace of grouching from a chorus of newer members on the need for corporation tax to be devolved. My problem with the argument that if Scotland had the power we could cut the corporation tax rate, is that in a competitive market England might then cut its own rate to match Scotland's. Where, then, would be the financial advantage to Scotland?

Mr Gibson was followed by Mr McDonald, who was at least easier on the ear. I thought that on the Labour side Rhoda Grant's speech on the future of broadband had a lot to commend it. Again, the Government's record on the matter does not suffer much examination; in fact, there is really no record to speak of. Mr Neil, who now presents himself as Mr Superfast Broadband, is certainly an improvement on his predecessor, Mr Superslow, but the fact is that in the past four years the Government in Scotland has made no effort on broadband that matches that of—I have to admit—Labour and the Liberal Democrats in the previous eight years. Now that the UK Government is coming forward with additional funding, the cry of the Government in Scotland is, "It's not enough." Every pound that comes from Westminster is a pound more than the Scottish Government has spent in the past four years. Rhoda Grant was right: if we are to try to establish a low-carbon economy by cutting unnecessary journeys and promoting business in the rural economy, and if we are to explore the opportunity that exists in Scotland in that respect, we need to roll out the broadband connectivity that will give Scotland that economic advantage.

I know that Mr Salmond is keen to keep his pledges. Several years ago, he published a document called "The Government Economic Strategy", page 4 of which contains a pledge that the SNP certainly kept:

"this document ... is 100% recyclable".

So it has proved to be this afternoon.

16:37

**Lewis Macdonald (North East Scotland) (Lab):** As we have just heard, there is broad agreement over the essential components that should be in the Scottish Government's economic strategy. Every Scottish Government in the past

12 years has put sustainable economic growth at the centre of policy; in fact, much of this strategy would have sat comfortably in the smart, successful Scotland framework that was published a few years ago. Perhaps that is why Mr Swinney supported so many of that strategy's features when he was in Opposition.

Now, as then, the fundamental challenges to Scotland's devolved Government are to identify and support the economy's key growth sector, to invest in improving transport links and digital connectivity, and to free people from social disadvantage and poverty of opportunity to ensure that the whole of Scotland can benefit from sustainable economic growth. As a result, the day-to-day debate is perhaps less about what and more about how and, in particular, whether ministers are using all the powers at their disposal to achieve their objectives and whether they are setting the right priorities in the decisions that they make. That has been the focus of this debate—as, indeed, it has often been on economic policy—although, as Jackson Carlaw made clear, other issues arose, such as whether the current digital connectivity policy matches those of previous Governments.

We recognise that the wider context in which decisions are being made is tougher than it was 10 years ago. Global economic recovery is not yet safe from the risk of retrenchment here and elsewhere and we acknowledge that the Scottish Government is working within a difficult environment as it seeks not only efficiency and effectiveness in public spending, but ways of investing to grow the economy.

We will support measures that we believe will help towards those ends. For example, we agree that investment in infrastructure is more important now than ever and that Scottish Government borrowing powers can help to take forward such investment.

However, we believe that more can be done to facilitate increased investment of that kind, which is why we have proposed that ministers consult on the setting up of an infrastructure bank. I hope that ministers will respond positively to that proposal, and that they will seek others' views on it, as we have suggested. Indeed, under its economic strategy, the Scottish Government is committed to "seeking new opportunities for innovative funding arrangements and opportunities to leverage in new private sector investment."

Last week, the First Minister said that there was a

"wall of private sector capital"—[*Official Report*, 7 September 2011; c 1371.]

waiting for opportunities to invest in Scotland. Our proposal for an infrastructure bank will allow both of those propositions to be tested. If ministers are

willing to take the idea forward and investors are indeed waiting for the right signal, the sooner there is a Scottish infrastructure bank, the sooner that “wall” of potential investment will be released.

As Richard Baker said, state-owned financial institutions with a remit to promote private investment already exist elsewhere and offer models for what such a bank could do. If it works in Germany and California, we should not fight shy of exploring a similar model in Scotland.

Tavish Scott mentioned last week’s Offshore Europe exhibition, when 50,000 people from around the globe converged on Aberdeen to do business in the oil and gas industries. Some of that business included decisions on multibillion-pound investments in the UK sector of the North Sea, which will bring huge benefits to business and jobs across Scotland. Some £6 billion was invested last year alone.

Those investors look to government at every level to give a lead on infrastructure and if ministers give such a lead, more private sector investment will follow. The recently published “CBI/KPMG infrastructure survey 2011” confirmed that

“Over 80% of firms report that the quality of energy and transport infrastructure has a significant impact on their future investment decisions”.

I hope that that recognition is reflected in the update of the infrastructure investment plan, not least in what it says about the transport projects that are of greatest importance to our energy industries.

An infrastructure bank is an idea that we believe can make a difference to achieving many of the targets that are set out in the economic strategy—not just those on infrastructure. It is another new and positive idea from Scottish Labour.

Rhoda Grant followed Richard Baker in welcoming the Government’s implementation of other Labour initiatives but, sadly, Mark McDonald seemed to doubt that Labour should take credit for our record of promoting modern apprenticeships at every opportunity in the last parliamentary session. John Park was too modest in reminding us of his proposed member’s bill of three years ago. If ministers had taken that bill on board at the time, we would have addressed the critical issues of youth unemployment and training, which Anne McTaggart and others have highlighted, that bit sooner.

Stuart McMillan is clearly keen on enterprise areas but, as he acknowledged, they have been tried before. In fact, as the Institute for Public Policy Research pointed out yesterday, enterprise zones were part of the same recipe for economic growth as were cutting corporation tax rates and deregulating large parts of the economy in the

1980s. That is undoubtedly why Alex Johnstone is so keen on that approach, but it is not one that brought about the benefits that were promised.

**Stuart McMillan:** Enterprise zones were a failure the last time round, but if lessons can be learned and we ensure that a different process is put in place for future enterprise zones, they could have an economic benefit, which would be advantageous for Scotland.

**Lewis Macdonald:** Margaret McDougall reminded us that enterprise zones could provide a short-term boost to one struggling locality at the expense of another, but that they did not transform disadvantaged areas in the longer term or lead to sustainable growth across the economy as a whole. Ministers will no doubt want to explain the difference between their vision of enterprise areas and Margaret Thatcher’s vision. If they do so, perhaps they will attract broad support for what they seek to do.

The cabinet secretary said that he is keen to send a positive signal on a low-carbon economy. We certainly welcome that, but the development of a low-carbon economy must be about improving the energy efficiency of Scotland’s housing stock and tackling fuel poverty, as well as being about the fabrication of offshore wind towers and turbines, important though that is.

It will be vital that Scottish Government measures in housing, renewables and tackling fuel poverty are coherent, work together and work as closely as they can with the initiatives that are taken by the UK Government, and with private sector funds that are secured under the energy company obligation at UK level. Ending fuel poverty in this session of the Scottish Parliament is a social policy objective to which the Scottish Government and other parties have signed up, but it is also an economic opportunity that can be pursued both by use of existing devolved powers and in dialogue with Westminster.

That is surely the right approach to designing and delivering a strategy for economic growth in Scotland. We will debate the economics of a separate Scotland whenever ministers choose to introduce their referendum bill, but until then the focus has to be on how to secure economic benefit on the basis of the powers that are available to the Scottish ministers. On that basis, I commend Labour’s amendment as a positive contribution to the debate.

16:46

**John Swinney:** I will deal first with a couple of specific points that Tavish Scott raised. First, he asked about the timetable for the northern isles ferry tender. The contract for that tender has to be in place by July 2012, and the Government is

timetabled to deliver on that. I hope that that will reassure Mr Scott. I understand that the Minister for Housing and Transport has already expressed that view to Mr Scott, but I hope that he takes some reassurance from my reiteration of it.

Mr Scott also said that the strategy made no acknowledgement of the role of the Council of Economic Advisers. I was surprised to hear that, because there are references to the council on pages 85 and 99 of the document. Last week, the First Minister announced that Professor Joseph Stiglitz would join the Council of Economic Advisers, and the First Minister will give further details on appointments to the council in due course.

Paul Wheelhouse did us all a service by correcting a range of other points that Mr Scott and others raised in the debate as having apparently been omitted from the document. A rather helpful series of points from him put the record straight.

There also seemed to be some scepticism from those on the Conservative benches about my claim that the recession has been “shorter and shallower” in Scotland than it has been in the rest of the United Kingdom. For the benefit of Mr Brown and others who follow these issues assiduously—

**Gavin Brown:** Will the cabinet secretary give way?

**John Swinney:** I will perhaps first give the answer and then give way to Mr Brown, who can debate the content of what I say.

During the recession, output fell by 5.7 per cent in Scotland compared with 6.3 per cent in the UK—that is the “shallower” bit. The “shorter” bit is the fact that GDP fell for five consecutive quarters in Scotland, compared with six consecutive quarters in the UK. On that point, I give way to Mr Brown.

**Gavin Brown:** I was aware of both of those statistics; what I took issue with in Mr Gibson’s speech was his comment that the

“recession was significantly shorter and shallower”.

As the cabinet secretary has just shown, it was one quarter shorter, but if one looks at the graphs, one sees that they are pretty similar. It is simply not correct to say that the

“recession was significantly shorter and shallower”.

**John Swinney:** I can say this confidently: we now seem to be at the level of two bald men fighting over a comb—with no disrespect to any members intended. The statistics make the point that the recession was shallower and shorter in Scotland than it was in the rest of the UK.

**Gavin Brown:** Slightly.

**John Swinney:** We are now at the point of discussing “slightly” and “significantly”. If that is the big debate in the Conservative Party just now, its members cannot be spending much time deciding what their new name or identity is going to be—or even whether they are going to have one, since we had such an aspirant speech from Mr Carlaw. I wondered why we had been graced with Mr Carlaw’s presence today, but I presume that he must have been hoping that the silver surfers were watching Parliament live on their computers, seeing that nice Mr Carlaw performing in the Parliament and thinking that perhaps he is worthy of their support.

At least the one thing that we have learned in the days since Thursday is that the Conservative Party has discovered who Christine Lagarde is. On 16 August, she made reference to the essential need for short-term economic measures to be supportive of growth. When the Chancellor of the Exchequer delivered his speech at Lloyd’s of London, he conceded that growth was stalling. In those circumstances, I would have thought that any responsible chancellor would begin to amend and revise plans to support growth.

**Gavin Brown:** What Christine Lagarde said was that different countries require different remedies, depending on the size of their deficits. [*Interruption.*] Her view, not on 16 August but on Friday last week, was that the UK remedy at the moment is appropriate and correct. Does the cabinet secretary not agree with what she said?

**John Swinney:** Christine Lagarde made a point about the importance of short-term measures being supportive of growth. If Mr Brown followed the logic of the hilarity among my colleagues a moment ago, he might think about the fact that his comment referred to Christine Lagarde saying that individual countries need different economic solutions. If that is not an argument for independence, I do not know what it is. I understand that Mr Brown is an enthusiastic supporter of Mr Fraser’s leadership bid, so perhaps that is the agenda that the Conservative Party is trying to edge its way towards. If so, it will be interesting.

On the subject of economic conditions, a great deal of briefing took place this morning. I got optimistic about the rhetoric coming from the UK Government: that there was going to be a significant change to capital investment as a consequence of a speech that was made by the Deputy Prime Minister in London this morning. It amounted to nothing—just totally empty rhetoric. Unfortunately for the people of this country, it did not properly reflect the need that we have at this time to secure support for capital investment in the infrastructure of our country. It is all terribly well for

coalition supporters to come here with a list of capital investment projects and a determination to invest in capital investment when the reality is that the Government in Scotland is wrestling with a reduction in our capital budget of the best part of £1 billion on an annual basis. Perhaps that should have inserted itself into the narrative of what Conservative Party members have said in Parliament today.

**Gavin Brown:** In terms of the split between revenue and capital, that is a political choice of the Scottish Government, as was accepted by Bruce Crawford last week.

**John Swinney:** That is absolutely correct. It is also a political choice of the UK Government that if it was to take a decision on recognising the economic circumstances that we face and to boost capital investment—which has no recurring effect—that would have a consequential benefit for Scotland and would be helpful to build on the strong performance that this Government has delivered on employment within Scotland, as evidenced by the statistics this morning.

On the question of capital investment, I want to talk about some of the points that were raised by Mr Baker, Mr Macdonald and Rhoda Grant of the Labour Party about a Scottish infrastructure bank—characterised as an i-bank. I wonder whether that will fit into the exciting concept of the i-generation that the Deputy First Minister was talking about last week. The infrastructure bank is worthy of examination and I will examine it.

However, the idea rather suggests that there are sources of new investment out there that the Government is not tapping, so I reassure the Labour Party that the Government is doing all in its power to access various sources of new investment. Mr Baker made the point that borrowing powers should be extended and accelerated, which is a helpful contribution to the parliamentary consensus on that particular point because that would assist us in tackling some of the shortfall in capital expenditure that is affecting the Government's plans at this particular time.

The ideas are therefore worthy of consideration, but they carry with them one substantial problem, which is that the money must come from somewhere. I look forward to the Labour Party making suggestions about where the money will come from in relation to those points and questions.

**Lewis Macdonald:** Does the cabinet secretary accept the proposition that an infrastructure bank modelled on the types that we have described today is one that can leverage in not just public sector funding but private sector funding, and that that is clearly an objective that he can share with us?

**John Swinney:** The question of private sector money being leveraged in relates to my point about other sources of finance being properly addressed and tapped. The Government is working to encourage different sources of funding, whether it is from the European Investment Bank or private sources. Our approach on the renewables agenda is to encourage significant investors to contribute to the investment opportunities that exist. The idea certainly merits scrutiny, but it also merits questions about where the resources would come from—and where the added value would come from, into the bargain.

Patrick Harvie pursued a line of argument that he and I have debated on many occasions about the balance between economic, social and environmental priorities. As I have said before to Mr Harvie, the Government's economic strategy has a number of different themes in terms of the focus of the Government's thinking on GDP and the achievement of equity targets, cohesion targets and solidarity targets. All of those are designed to give the balance that I think Mr Harvie hopes to see in Government policy.

**Patrick Harvie:** I would be interested to know from the cabinet secretary whether he has read the report that my proposed amendment referred to and whether he intends to ensure that the Scottish Government discusses with Professor Stiglitz the ethos of that report on alternatives to GDP?

**John Swinney:** I am very familiar with that material, as I am with material that has been supplied by various non-governmental bodies and international development organisations that have come very recently into the debate. I acknowledge the value of that contribution.

What has become clear today is that there is a strong measure of agreement around the chamber on the focus of the Government's priorities. That should not be a surprise, given the strong labour market performance that can now be delivered in Scotland. What we do not want to see is any interruption of the progress that can be made in delivering economic recovery in Scotland.

The Scottish Government made such a sustained effort over the summer months to persuade the United Kingdom Government to increase capital investment because we fear that because of the poor levels of growth that are now accepted by the chancellor, the Deputy Prime Minister and the Prime Minister, further stimulus must be put into the economy to support employment creation and growth. We hope that the UK Government will take heed of the very different economic performance north and south of the border and follow somewhat the direction of thinking that we have encouraged it to take in terms of capital investment. If it does that, we will

have the opportunity to improve the life chances of individuals in our country, create new employment opportunities and ensure that we deliver on the aspiration of the Scottish Government's economic strategy, which is to give real economic opportunity to the people of our country.

## Business Motion

16:59

**The Presiding Officer (Tricia Marwick):** The next item of business is consideration of business motion S4M-00855, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a business programme.

*Motion moved,*

That the Parliament agrees the following programme of business—

Wednesday 21 September 2011

2.00 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	Ministerial Statement: Strategic Spending Review
<i>followed by</i>	Scottish Government Debate: Strategic Spending Review
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 22 September 2011

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Debate: Common Fisheries Policy
11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Finance, Employment and Sustainable Growth
2.55 pm	Scottish Government Debate: Low Carbon Economy
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Wednesday 28 September 2011

2.30 pm	Time for Reflection
<i>followed by</i>	Parliamentary Bureau Motions
<i>followed by</i>	SPCB Question Time
<i>followed by</i>	Scottish Government Business
<i>followed by</i>	Business Motion
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business

Thursday 29 September 2011

9.15 am	Parliamentary Bureau Motions
<i>followed by</i>	Scottish Government Business

11.40 am	General Question Time
12.00 pm	First Minister's Question Time
2.15 pm	Themed Question Time Rural Affairs and the Environment; Justice and the Law Officers
2.55 pm	Scottish Government Business
<i>followed by</i>	Parliamentary Bureau Motions
5.00 pm	Decision Time
<i>followed by</i>	Members' Business—[ <i>Bruce Crawford.</i> ]

*Motion agreed to.*

## Decision Time

17:00

**The Presiding Officer (Tricia Marwick):** There are three questions to be put as a result of today's business. In relation to this afternoon's debate, I remind members that if the amendment in the name of Richard Baker is agreed to, the amendment in the name of Gavin Brown will fall.

The first question is, that amendment S4M-00844.4, in the name of Richard Baker, which seeks to amend motion S4M-00844, in the name of John Swinney, on the Government economic strategy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

### For

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)  
 Dugdale, Kezia (Lothian) (Lab)  
 Eadie, Helen (Cowdenbeath) (Lab)  
 Fee, Mary (West Scotland) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Kelly, James (Rutherglen) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Malik, Hanzala (Glasgow) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Paul (Glasgow Provan) (Lab)  
 McArthur, Liam (Orkney Islands) (LD)  
 McCulloch, Margaret (Central Scotland) (Lab)  
 McDougall, Margaret (West Scotland) (Lab)  
 McMahon, Michael (Uddingston and Bellshill) (Lab)  
 McMahon, Siobhan (Central Scotland) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McTaggart, Anne (Glasgow) (Lab)  
 Murray, Elaine (Dumfriesshire) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

### Against

Adam, Brian (Aberdeen Donside) (SNP)  
 Adam, George (Paisley) (SNP)  
 Adamson, Clare (Central Scotland) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Biagi, Marco (Edinburgh Central) (SNP)



Brodie, Chic (South Scotland) (SNP)  
 Brown, Gavin (Lothian) (Con)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Burgess, Margaret (Cunninghame South) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Campbell, Roderick (North East Fife) (SNP)  
 Carlaw, Jackson (West Scotland) (Con)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Davidson, Ruth (Glasgow) (Con)  
 Dey, Graeme (Angus South) (SNP)  
 Don, Nigel (Angus North and Mearns) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Eadie, Jim (Edinburgh Southern) (SNP)  
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Fergusson, Alex (Galloway and West Dumfries) (Con)  
 Finnie, John (Highlands and Islands) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)  
 Goldie, Annabel (West Scotland) (Con)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Johnstone, Alex (North East Scotland) (Con)  
 Johnstone, Alison (Lothian) (Green)  
 Keir, Colin (Edinburgh Western) (SNP)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Central Scotland) (SNP)  
 MacAskill, Kenny (Edinburgh Eastern) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackenzie, Mike (Highlands and Islands) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 Maxwell, Stewart (West Scotland) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McGrigor, Jamie (Highlands and Islands) (Con)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McLetchie, David (Lothian) (Con)  
 McMillan, Stuart (West Scotland) (SNP)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)

Torrance, David (Kirkcaldy) (SNP)  
 Urquhart, Jean (Highlands and Islands) (SNP)  
 Walker, Bill (Dunfermline) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wilson, John (Central Scotland) (SNP)  
 Yousaf, Humza (Glasgow) (SNP)

**The Presiding Officer:** The result of the division is: For 39, Against 83, Abstentions 0.

*Amendment disagreed to.*

**The Presiding Officer:** The next question is, that amendment S4M-00844.3, in the name of Gavin Brown, which seeks to amend motion S4M-00844, in the name of John Swinney, on the Government economic strategy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### For

Brown, Gavin (Lothian) (Con)  
 Carlaw, Jackson (West Scotland) (Con)  
 Davidson, Ruth (Glasgow) (Con)  
 Fergusson, Alex (Galloway and West Dumfries) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Goldie, Annabel (West Scotland) (Con)  
 Hume, Jim (South Scotland) (LD)  
 Johnstone, Alex (North East Scotland) (Con)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 McArthur, Liam (Orkney Islands) (LD)  
 McGrigor, Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Lothian) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)

#### Against

Adam, Brian (Aberdeen Donside) (SNP)  
 Adam, George (Paisley) (SNP)  
 Adamson, Clare (Central Scotland) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Biagi, Marco (Edinburgh Central) (SNP)  
 Brodie, Chic (South Scotland) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Burgess, Margaret (Cunninghame South) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Campbell, Roderick (North East Fife) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don, Nigel (Angus North and Mearns) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Eadie, Jim (Edinburgh Southern) (SNP)  
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Finnie, John (Highlands and Islands) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)

Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Harvie, Patrick (Glasgow) (Green)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Johnstone, Alison (Lothian) (Green)  
 Keir, Colin (Edinburgh Western) (SNP)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Central Scotland) (SNP)  
 MacAskill, Kenny (Edinburgh Eastern) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackenzie, Mike (Highlands and Islands) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)  
 Maxwell, Stewart (West Scotland) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Urquhart, Jean (Highlands and Islands) (SNP)  
 Walker, Bill (Dunfermline) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wilson, John (Central Scotland) (SNP)  
 Yousaf, Humza (Glasgow) (SNP)

#### Abstentions

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)  
 Dugdale, Kezia (Lothian) (Lab)  
 Eadie, Helen (Cowdenbeath) (Lab)  
 Fee, Mary (West Scotland) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Kelly, James (Rutherglen) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Malik, Hanzala (Glasgow) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Paul (Glasgow Provan) (Lab)  
 McCulloch, Margaret (Central Scotland) (Lab)

McDougall, Margaret (West Scotland) (Lab)  
 McMahon, Michael (Uddingston and Bellshill) (Lab)  
 McMahon, Siobhan (Central Scotland) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McTaggart, Anne (Glasgow) (Lab)  
 Murray, Elaine (Dumfriesshire) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

**The Presiding Officer:** The result of the division is: For 17, Against 69, Abstentions 36.

*Amendment disagreed to.*

**The Presiding Officer:** The final question is, that motion S4M-00844, in the name of John Swinney, on the Government economic strategy, be agreed to. Are we agreed?

**Members:** No.

**The Presiding Officer:** There will be a division.

#### For

Adam, Brian (Aberdeen Donside) (SNP)  
 Adam, George (Paisley) (SNP)  
 Adamson, Clare (Central Scotland) (SNP)  
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)  
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
 Biagi, Marco (Edinburgh Central) (SNP)  
 Brodie, Chic (South Scotland) (SNP)  
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
 Burgess, Margaret (Cunninghame South) (SNP)  
 Campbell, Aileen (Clydesdale) (SNP)  
 Campbell, Roderick (North East Fife) (SNP)  
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
 Constance, Angela (Almond Valley) (SNP)  
 Crawford, Bruce (Stirling) (SNP)  
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
 Dey, Graeme (Angus South) (SNP)  
 Don, Nigel (Angus North and Mearns) (SNP)  
 Doris, Bob (Glasgow) (SNP)  
 Dornan, James (Glasgow Cathcart) (SNP)  
 Eadie, Jim (Edinburgh Southern) (SNP)  
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)  
 Ewing, Fergus (Inverness and Nairn) (SNP)  
 Fabiani, Linda (East Kilbride) (SNP)  
 Finnie, John (Highlands and Islands) (SNP)  
 FitzPatrick, Joe (Dundee City West) (SNP)  
 Gibson, Kenneth (Cunninghame North) (SNP)  
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)  
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)  
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
 Hyslop, Fiona (Linlithgow) (SNP)  
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
 Keir, Colin (Edinburgh Western) (SNP)  
 Kidd, Bill (Glasgow Anniesland) (SNP)  
 Lochhead, Richard (Moray) (SNP)  
 Lyle, Richard (Central Scotland) (SNP)  
 MacAskill, Kenny (Edinburgh Eastern) (SNP)  
 MacDonald, Angus (Falkirk East) (SNP)  
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
 Mackay, Derek (Renfrewshire North and West) (SNP)  
 Mackenzie, Mike (Highlands and Islands) (SNP)  
 Mason, John (Glasgow Shettleston) (SNP)  
 Matheson, Michael (Falkirk West) (SNP)

Maxwell, Stewart (West Scotland) (SNP)  
 McAlpine, Joan (South Scotland) (SNP)  
 McDonald, Mark (North East Scotland) (SNP)  
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
 McLeod, Aileen (South Scotland) (SNP)  
 McMillan, Stuart (West Scotland) (SNP)  
 Neil, Alex (Airdrie and Shotts) (SNP)  
 Paterson, Gil (Clydebank and Milngavie) (SNP)  
 Robertson, Dennis (Aberdeenshire West) (SNP)  
 Robison, Shona (Dundee City East) (SNP)  
 Russell, Michael (Argyll and Bute) (SNP)  
 Salmond, Alex (Aberdeenshire East) (SNP)  
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
 Stewart, Kevin (Aberdeen Central) (SNP)  
 Sturgeon, Nicola (Glasgow Southside) (SNP)  
 Swinney, John (Perthshire North) (SNP)  
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)  
 Torrance, David (Kirkcaldy) (SNP)  
 Urquhart, Jean (Highlands and Islands) (SNP)  
 Walker, Bill (Dunfermline) (SNP)  
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)  
 Wheelhouse, Paul (South Scotland) (SNP)  
 White, Sandra (Glasgow Kelvin) (SNP)  
 Wilson, John (Central Scotland) (SNP)  
 Yousaf, Humza (Glasgow) (SNP)

#### Against

Brown, Gavin (Lothian) (Con)  
 Carlaw, Jackson (West Scotland) (Con)  
 Davidson, Ruth (Glasgow) (Con)  
 Fergusson, Alex (Galloway and West Dumfries) (Con)  
 Fraser, Murdo (Mid Scotland and Fife) (Con)  
 Goldie, Annabel (West Scotland) (Con)  
 Harvie, Patrick (Glasgow) (Green)  
 Johnstone, Alex (North East Scotland) (Con)  
 Johnstone, Alison (Lothian) (Green)  
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)  
 McGrigor, Jamie (Highlands and Islands) (Con)  
 McLetchie, David (Lothian) (Con)  
 Mitchell, Margaret (Central Scotland) (Con)  
 Scanlon, Mary (Highlands and Islands) (Con)  
 Scott, John (Ayr) (Con)  
 Smith, Liz (Mid Scotland and Fife) (Con)

#### Abstentions

Baillie, Jackie (Dumbarton) (Lab)  
 Baker, Claire (Mid Scotland and Fife) (Lab)  
 Baker, Richard (North East Scotland) (Lab)  
 Beamish, Claudia (South Scotland) (Lab)  
 Bibby, Neil (West Scotland) (Lab)  
 Boyack, Sarah (Lothian) (Lab)  
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)  
 Dugdale, Kezia (Lothian) (Lab)  
 Eadie, Helen (Cowdenbeath) (Lab)  
 Fee, Mary (West Scotland) (Lab)  
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)  
 Findlay, Neil (Lothian) (Lab)  
 Grant, Rhoda (Highlands and Islands) (Lab)  
 Gray, Iain (East Lothian) (Lab)  
 Griffin, Mark (Central Scotland) (Lab)  
 Hume, Jim (South Scotland) (LD)  
 Kelly, James (Rutherglen) (Lab)  
 Lamont, Johann (Glasgow Pollok) (Lab)  
 Macdonald, Lewis (North East Scotland) (Lab)  
 Macintosh, Ken (Eastwood) (Lab)  
 Malik, Hanzala (Glasgow) (Lab)  
 Marra, Jenny (North East Scotland) (Lab)  
 Martin, Paul (Glasgow Provan) (Lab)  
 McArthur, Liam (Orkney Islands) (LD)  
 McCulloch, Margaret (Central Scotland) (Lab)

McDougall, Margaret (West Scotland) (Lab)  
 McMahon, Michael (Uddingston and Bellshill) (Lab)  
 McMahon, Siobhan (Central Scotland) (Lab)  
 McNeil, Duncan (Greenock and Inverclyde) (Lab)  
 McTaggart, Anne (Glasgow) (Lab)  
 Murray, Elaine (Dumfriesshire) (Lab)  
 Park, John (Mid Scotland and Fife) (Lab)  
 Pearson, Graeme (South Scotland) (Lab)  
 Pentland, John (Motherwell and Wishaw) (Lab)  
 Rennie, Willie (Mid Scotland and Fife) (LD)  
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)  
 Smith, Drew (Glasgow) (Lab)  
 Smith, Elaine (Coatbridge and Chryston) (Lab)  
 Stewart, David (Highlands and Islands) (Lab)

**The Presiding Officer:** The result of the division is: For 67, Against 16, Abstentions 39.

#### *Motion agreed to,*

That the Parliament welcomes the publication of *The Government Economic Strategy* and its ambition to deliver faster, sustainable economic growth and create opportunities for all to flourish; supports the approach to accelerating economic recovery and tackling unemployment, particularly among young people; calls on the UK Government to do more to support the recovery through expanding capital investment, raising access to finance and boosting consumer confidence, and notes the increased emphasis in *The Government Economic Strategy* on export promotion, the transition to a low-carbon economy and on growth companies, growth markets and growth sectors.

## Remembering the Russian Arctic Convoys

### **The Deputy Presiding Officer (John Scott):**

The final item of business today is a members' business debate on motion S4M-00710, in the name of Rob Gibson, on remembering the Russian Arctic convoys. The debate will be concluded without any question being put.

### *Motion debated,*

That the Parliament adds its voice to those of many lands who took part in the 70th anniversary service at Cove, Loch Ewe on 20 August 2011 in remembrance of, and gratitude to, the merchant seamen, sailors and airmen who took part in Operation Dervish which assembled and delivered 41 convoys of essential materials and armaments to Archangel and Murmansk, the ice free ports of northern Russia from 1941 to 1944; notes that the merchant ships were assembled at Loch Ewe in Wester Ross and were protected on their voyages by the Royal Navy based at Scapa Flow, Orkney; recalls that 3,000 shipmates perished on the hazardous Arctic convoys through violent storms and freezing weather conditions, whilst under the constant threat of enemy attack, in order to keep open this vital wartime supply route that made possible the Russian resistance to Nazi invasion which it considers, in no small measure, contributed to the Allied victory over fascism; welcomes the fundraising appeal for a new Russian arctic convoy museum to be built at Aultbea, Wester Ross which will create an archive and display of artefacts as a lasting legacy to these brave men, and would welcome support for this worthy initiative.

17:05

**Rob Gibson (Caithness, Sutherland and Ross) (SNP):** On 20 August this year, 300 people—veterans; families; supporters; Prince Michael of Kent; various diplomats, such as Sergey Krutikov, the consul general in Scotland for the Russian Federation, and a Norwegian diplomat; military attachés from Canada and the USA; local dignitaries; sea scouts; sea cadets; local air cadets, who ably marshalled the traffic on narrow roads; the Merchant Navy Association; and local Royal British Legion branches—joined a dozen veterans of the Russian Arctic convoys to commemorate the 70th anniversary of the first of the convoys, which was codenamed Dervish and which left Loch Ewe 70 years before. That was before it encountered the rigours of the Arctic supply route to Archangel and Murmansk, the ice-free ports of our Soviet allies. I am delighted that some of the veterans are with us in the public gallery, along with Sergey Krutikov. *[Applause.]*

The Arctic convoys of world war two carried vital supplies to the northern Russian ports of Murmansk and Archangel from September 1941 until December 1944. From September 1942, the convoys of merchant ships accompanied by Royal Naval protection vessels were based at Loch Ewe.

The route that the convoys took was particularly hazardous, not only due to the horrendous weather and the dangers of drifting icebergs but because of the close proximity of German forces, who had occupied Norway. Winston Churchill called it

“the worst journey in the world”.

An annual remembrance ceremony is conducted at Loch Ewe. Last month, we stood by the Russian Convoy Club memorial, which was erected in 1999 at Cove on the southern shore, at the rocky mouth of the loch. Rain and wind, although thankfully not cold, set the scene. Decaying gun emplacements and pillboxes still litter the scene and remind us of the war days.

Recognition of the campaign, and of the few survivors still alive, has been sought for years. One campaigner, Commander Eddie Grenfell, who is originally from Peterhead, said:

“The campaign was also in a different geographical sphere with separate aims to the Battle of the Atlantic. I sailed in both campaigns and while the Battle of the Atlantic was tough, the Arctic campaign was unimaginably worse.”

Prior to winning power back in 1997, the Labour Party said that it would create an Arctic Star, only to refuse to allow any recognition and then eventually to grudgingly produce an Arctic Emblem in 2006, after a long campaign by veterans. However, when in opposition both the Conservatives and Liberal Democrats also promised to create an Arctic Star. Defence minister Gerald Howarth has recently said that the idea would be included in a review of how medals are sanctioned. An early day motion by the Scottish National Party's Westminster leader and defence spokesman, Angus Robertson, has been signed by 47 MPs from almost every political party in the House of Commons.

What better moment is there than now, the 70th anniversary of the convoys, to see such recognition brought about? As usual, the Ministry of Defence is dragging its feet, so, as others have said, the Prime Minister should personally intervene, knock heads together and announce the creation of a campaign medal without any further delay. A spokeswoman for the MOD said that the veterans would have to wait until later this year for the medal review to be completed.

Jock Dempster, chair of the Russian Convoy Club in Scotland, is also in the public gallery. He said:

“The problem is that the MoD have always dragged their feet”

because, he thinks, of suspicion between the United Kingdom and Russia. He continued:

“But actually the Arctic convoys should be used as a bridge to build friendship between us and Russia.”

In fact, the Russians have given Arctic veterans three memorial medals and regularly invite them as guests of honour to second world war commemorations and receptions, where they are fêted by the country's leading politicians. Last year, the consul general of the Russian Federation in Edinburgh, Sergey Krutikov, honoured the veterans at a ceremony that I attended in Edinburgh. Jock Dempster said:

"The long-standing bond of friendship which existed between the Russian people and the veterans during the war has become even stronger since ... The Russians have never forgotten the ultimate sacrifice made by the 2,800 seamen who never returned to our shores."

Two of my constituents, Sandy Manson from John o'Groats and Reay Clarke from Edderton, were present at Loch Ewe last month. Their stories, among many others, tell of the hardships and difficulties that people faced. Thirty merchant ships were escorted out of Loch Ewe, and Reay Clarke's ship, the Farndale—he was an ordinary seaman—had to disengage from the convoy and head back to Scapa Flow, escorting a ship that had been damaged and could not make it as far as Murmansk. The Germans managed to sink 10 merchant ships out of the total of 40 that had gathered, and those crews were mostly lost.

The planned Russian Arctic convoy museum, which is to be set up at Aultbea, underlines the importance of highlighting the legacy of the world war two Russian Arctic convoys. Central to the project is the memory of all those brave men who sailed on the convoys and the many—perhaps more than 3,000—who lost their lives. The local communities in the north-west Highlands want to ensure that those men are remembered. They want people to contact the museum team to help with the project. I hope that Highland Council, the Scottish Government and the United Kingdom Government can help to create that lasting memorial to those people who gave so much for their country.

I lodged a motion of support for a permanent museum because I believe that that is the best way for us to recognise the Russian Arctic convoys, along with the veterans' receipt of medals in recognition of the awfulness and importance of the convoys. On 20 August, the convoys had the support of the international diplomatic corps and royal recognition. That gives a strong measure of justice to the memory of those brave seamen who ensured that our Russian allies could first resist and then open the second front to destroy the Nazi threat.

17:13

**Mary Scanlon (Highlands and Islands) (Con):** I congratulate Rob Gibson on securing the debate and I, too, pay tribute to and welcome the veterans

from the Arctic convoys who are in the public gallery this evening. This is an excellent and appropriate issue for members' business.

It is, in many ways, fitting that we discuss the motion this week, when the Prime Minister, David Cameron, has been holding talks in Russia with his counterpart for the first time since 2005. It is thought that more than £200 million of deals have been secured on the visit, creating more than 500 jobs for the UK. That continues the strong relationship between the two countries that was surely cemented back in September 1941, when the now legendary Arctic convoys of world war two began to carry vital supplies to Russia through the ports of Archangel and Murmansk. I commend Rob Gibson for setting up the cross-party group on Russia, of which I am the deputy convener.

Three different areas in the Highlands played a part in the success of the missions. I will say more about Loch Ewe later. The merchant ships that delivered the essential materials and armaments during 41 convoys were protected by the Royal Navy, which was based at Scapa Flow, in Orkney, and those escorts were trained at Tobermory, in Mull, by Vice Admiral Gilbert Stephenson. There is no doubt that the protection was required. The Germans often had the advantage of being able to fly from nearby Norway, which was German occupied. As one American account of the voyages remarked:

"Sea power was confronting land based air power under the most trying conditions imaginable."

As Rob Gibson was right to highlight, Winston Churchill described the convoys as the most dangerous of the war.

The convoys faced severe adverse weather; they navigated through icefields; their magnetic compasses became unreliable; and they faced the hazard of floating mines. All that had to be considered before the threat from German planes and boats whose sole aim was to prevent the vital resources from reaching Russia was thought about.

It is not surprising that the human costs were high. A total of 104 merchant ships, 20 Royal Navy ships, a submarine and two armed whalers were lost, but the human lives that were cut short are what we remember today. Nearly 3,000 seamen made the ultimate sacrifice—they lost their lives in the pursuit of beating fascism and bringing hope to the people of Russia.

The Russian war historian and writer Oleg Rzheshevsky noted:

"The moral aspect of the Arctic Convoys meant a lot. This was an extremely important factor both for the army and for all our people as it signalled that we were not alone in that war but had strong allies"

in

"Britain and the United States. This helped boost our troop morale on the battlefield and supported our people on the home front."

We move to the present day and the bold efforts to raise £500,000 to create the Russian Arctic convoy museum in Wester Ross as a permanent reminder of the heroic efforts of many brave men and in recognition of the area around Loch Ewe that made much of the activity possible. When Loch Ewe was chosen as an assembly point and commissioned as HMS Helicon in June 1941, that picturesque area of Wester Ross began a long history. That history will be secured for future generations when the plans for the museum become a reality. It is only right that we do what we can to support the plans and to ensure that first-hand accounts of crossings are not lost through time and that the efforts are never forgotten.

Rob Gibson's motion is right to support the worthy initiative to establish a museum, but I agree that keeping pressure on the United Kingdom Government to recognise the remaining seamen who undertook these most dangerous missions is equally important. In response to a question at Westminster about plans to honour the veterans, David Cameron said:

"it would be good if we could do something more to recognise what they have done."—[*Official Report, House of Commons*, 12 January 2011; Vol 521, c 284.]

I will certainly write to the Prime Minister following the debate.

There is no doubt that, whether it be by the people who are establishing a museum, by the Parliament discussing the plight of those involved, or by the Prime Minister considering whether to create a special medal for veterans of the Arctic convoys, the veterans' efforts and sacrifices are still recognised, 70 years after they undertook their most dangerous of voyages.

17:18

**Annabelle Ewing (Mid Scotland and Fife) (SNP):** I am pleased to be called to speak in the debate. I, too, congratulate my colleague Rob Gibson on securing this important debate on the world war two Russian Arctic convoys and the ongoing project, which has been mentioned, to establish a museum at Aultbea to highlight the legacy of the brave men who sailed in the convoys.

I am pleased to welcome some of the veterans to our public gallery. I hope that they will conclude as they listen to the debate that we have properly reflected the enormous contribution that those who sailed the Arctic convoy ships made and that they

will feel that we understand the enormous debt that we and our country owe them.

We have heard that the conditions were absolutely atrocious for the merchant seamen, sailors and airmen who took part in the convoys to supply Russia with essential materials for its war effort, so that it could defeat the Nazis. As my colleague Rob Gibson said, the Russians were grateful for that and are grateful to this day.

Few, if any, of us in the chamber could possibly imagine what those conditions were really like. We owe the people who were involved a great debt. We have heard of the thousands of lives that were lost as a result of the conditions and the constant attacks from the German army. It is fitting that a museum should be established to ensure that there is a testament to those brave men; to ensure that, as Mary Scanlon rightly said, the memories are not lost and are properly recorded for the benefit of future generations; and to ensure that the appropriate archive material is saved for the nation.

I know that the local community around Loch Ewe is promoting a museum. It is laudable that there is community-driven grass-roots determination to establish a museum. That is entirely appropriate, and I wish the local activists great success in securing widespread support for the project and, of course, the necessary funding. We are talking about our history, and we should ensure that everybody is aware of it.

It is, of course, important to ensure that the appropriate medals are housed in the new museum. It would normally be expected that such medals would have been awarded to the brave men who made a vital difference to the war effort at the risk of their lives. That difference cost thousands of lives. However, it has been noted that Westminster has still failed to act, which is greatly regrettable.

I recall that I raised the issue on a number of occasions with UK Government ministers in my years as a Westminster MP. The ministers then were of a Labour hue, and they failed to act. We now have UK Government ministers of a Tory hue, who have also failed to act. As Rob Gibson mentioned, the Labour Government belatedly introduced, after a concerted campaign, what it called the Arctic emblem badge. That was not what the campaigners fought so hard for, and it was somewhat insulting to the veterans.

Expectations were raised when David Cameron took office, as he had said on the record that he supported the awarding of medals to the Arctic convoy veterans, but we are still waiting. It is true that, during Prime Minister's question time in January this year, he indicated that he was minded to support the awarding of medals, but this

is September and we are still seeing further delays. We do not have time to lose.

**Mary Scanlon:** Bringing party politics into the debate is quite disrespectful. The member who lodged the motion was courteous and respectful of those in the gallery. Annabelle Ewing should reflect on her partisan approach.

**Annabelle Ewing:** I hear what the member says, but am a bit puzzled, as she introduced the fact that the Prime Minister said during Prime Minister's question time that he was minded to support the awarding of medals. I must deal with the facts as they are, and, sadly, it is a fact that Westminster has delayed. Previously, the Labour Government did so; the Tory Government is now doing so. That is a fact. I hope that, with the continuing pressure from the veterans, MSPs and people elsewhere, we will secure from the UK Government the concession of the awarding of service medals to the veterans.

I fully support the establishment of a museum and hope that the minister will talk in his closing speech about the possibility of some support and assistance, not necessarily financial, but at least technical perhaps. Perhaps advice and guidance could be offered. I would be grateful if the minister confirmed that he will use his good offices to communicate the sentiments that have been expressed in the debate to the Prime Minister at number 10 and that he will make representations to urge the Prime Minister to act now to award service medals without any further delay. I would be grateful if he urged the Prime Minister to do the right and decent thing, and award service medals to the brave men who sailed on the Russian Arctic convoys.

17:24

**Liam McArthur (Orkney Islands) (LD):** I join others in welcoming the veterans who are present this evening in the public gallery. I also congratulate Rob Gibson on securing not only the debate but what appeared to be, certainly at the outset, a rather generous selection of members from across the chamber, which is no mean achievement for a members' business debate, as veterans of these debates will testify.

Rob Gibson's motion echoes one that I lodged about two years ago to coincide with the unveiling at Lyness, in my constituency, of a memorial honouring the bravery of all those involved in the Arctic convoys and the sacrifices that were made, not least the ultimate sacrifice that was made by the 3,000 men who perished on those journeys. Rob Gibson was present at that unveiling and I am sure that he will agree that it was an emotional and evocative occasion. It took place on the site of the naval base at Lyness, overlooking Scapa

Flow, where, as Mary Scanlon said, the home fleet, which provided the naval protection for those convoys, was based during the war. The memorial, which is a lasting record of that bravery, consists of two standing stones, shaped as the bow of a ship. It is a fitting and very Orcadian reflection of the bravery of those who were involved in the convoys.

Rob Gibson has talked about a couple of his constituents, and I think that the unveiling of the memorial was given an extra significance by the presence of two of the three surviving Orkney convoy veterans, Francis Cusiter and Derek Johnstone, who received medals that day. I agree with many of the comments that Mr Gibson made—which were perhaps more measured than other people's comments—about the need of the United Kingdom Government to conclude its review and come to a quick and sensible decision, which would command support across the chamber.

For me, what made that day particularly memorable were the tales of what was endured by those in the convoy. As Annabelle Ewing said, much of what those men went through is unimaginable to us these days. As well as having to endure the horrendous weather, the shifting pack ice and the cold seas, they had to face threats not only from in front, behind and either side, but from above and below as well, because of the presence of aircraft and U-boats. It must have been a horrific experience—as many have said, the worst journey in the world.

Another point that has been made in this debate, which I would echo from an Orkney perspective, is the pride in the local community about the connection with the convoys and the strong ties that remain to this day. That is felt particularly strongly in Lyness and Hoy, and was very much reflected in the memorial ceremony two years ago.

I was also struck by quite how pivotal the convoys were to the eventual outcome of the war. Some who were present that day suggested that the journeys were almost unbearable but that veterans look back on the role that they played and take enormous pride, justifiably, in the fact that they not only opened up vital supply lines but tied up the German naval and air force during that period and ultimately helped to secure allied victory over fascism.

A number of Churchillian quotes have been heard this evening—even if there has not been much Churchillian rhetoric—and I will add another, as I remind the chamber that Churchill referred to those who were involved in the convoy as the "bravest souls afloat". As someone who recognises his own nautical limitations, I have

additional admiration for everything that they did on our behalf.

We will deal with the budget next week and all MSPs are aware of pressing and immediate concerns that fill our mailbags and e-mail inboxes, but I think that it is right that the Parliament should take this opportunity to highlight and restate our gratitude to those who demonstrated such bravery and made such sacrifices on behalf of this country in facing down fascism.

I congratulate Rob Gibson. I look forward to progress being made on the further lasting memorial at Aultbea in Wester Ross and on the issue of the proper decoration of these veterans. Finally, I welcome again the veterans who have turned out in the public gallery this evening.

17:29

**Chic Brodie (South Scotland) (SNP):** I add my congratulations to Rob Gibson for securing the debate. I am delighted to have the opportunity to speak in it and I am even more delighted to see our guests sitting in the gallery. I apologise to the chamber if I do not get through this speech.

I have sitting atop my book cabinet at home a 3ft model of a ship. It is a replica of a Dido class cruiser of 5,770 tonnes that was wonderfully built by Scotts of Greenock and launched on 10 September 1943. The model was hewn out of a large block of wood and expresses every detail of the ship. It was carved by a sailor on that ship, the HMS Royalist, which was attached to the home fleet at Scapa Flow. That sailor was my father and it would be my privilege to give the model to the museum when it is open.

The ship left Scapa Flow with the home fleet for a carrier-borne air strike against the infamous German battleship the Tirpitz in the Kåfjord in November 1943. I am not sure whether this is a coincidence but, on the day that I was born, the ship was involved in operation Potluck against enemy shipping as it went past the coast of Norway on its way to Archangel and Murmansk.

There were 78 convoys between August 1941 and May 1945 involving 1,400 merchant ships delivering vital supplies to the Soviet Union under the lend-lease programme. Some 85 merchant vessels and 16 Royal Navy warships were lost. The Kriegsmarine lost four ships and 30 U-boats. It was appropriately called programme Dervish—a great name, because those involved were dervishes. The stories of my childhood reverberated with the PQs, the QPs, the JWs and the RAs and operation Torch.

My Dad told me that Alistair MacLean the novelist served on HMS Royalist and subsequently wrote “HMS Ulysses”. I did not

believe it until I read the book, which I commend to everyone.

Like a well-honed relay team, outbound and homebound convoys ran simultaneously, accompanying the merchant ships to port. Some would accompany the outbound convoy to a crossover point and would then meet and conduct the homebound convoy back to base—and so they went on round and round occupied Norway to northern Russia, facing the danger of air strikes, submarine strikes, surface forces, severe weather, heavy fog, strong currents, drift ice, constant darkness and attack during constant daylight, which was worse. Despite all that, Leningrad under siege received food and munitions supplies so that the Russians could then be in a position to turn the German offensive. It really was a movie in reality.

I was lucky, because my Dad came home. Many others did not. We owe more than a star; we owe them big time.

17:33

**The Minister for Housing and Transport (Keith Brown):** I, like others, very much welcome Rob Gibson’s motion, in which he recognises the bravery, professionalism and selfless sacrifice and service of all those who participated in the various convoys to Archangel and Murmansk during the dark days of world war two. I also recognise the work of other members, such as Mary Scanlon, on the cross-party group on supporting veterans in Scotland. I know that you were previously involved in that group, too, Presiding Officer. I was about to become involved when other tasks were presented to me.

I am delighted to support the motion, which thoroughly deserves the endorsement of everybody in the chamber. The bravery, gallantry and achievements of all those merchant seamen and members of the Royal Navy and the Royal Air Force must not be ignored or forgotten and must certainly not be just lost to history.

Some members might have seen the recent programme, which I think was on the BBC, about the Arctic convoys. It was evident from watching that programme how young and inexperienced some of the people were who were asked to do things way beyond their years. It also gave a very good representation of how cold it was, which is probably hard to imagine. When I saw some of the conditions that those people had to endure, I thought that it was remarkable what some of those very young seamen endured. To fail to acknowledge their sacrifice and selflessness in securing the freedoms that we now take for granted would be to do them an enormous disservice.



It is right and fitting that we remember and mark the incredible bravery of those who served on the Arctic convoys. Many of those who took part in them were ordinary young men drawn from throughout the British empire and beyond, but they undertook an extraordinary task. They sailed through a deadly gauntlet of Arctic weather, ice, German U-boats and planes on what—to add another Churchillian reference—Churchill called the “suicide run” to carry essential supplies to the Russian people in the ports of Murmansk and Archangel. Their dedication, bravery and professionalism ensured that much-needed provisions were available to the Soviet Union and were a crucial component in supporting the red army in its ultimately successful fight against German forces on the eastern front.

We heard a moving speech from Chic Brodie. I confirm to him that I have read “HMS Ulysses”, which is a combination of heroism and tragedy, although it is more than 30 years since I read it. The novel would give members some idea of what conditions may have been like for those who served.

The Arctic convoys had the highest sinking ratio of any of the second world war convoys: 85 merchant ships and 16 Royal Navy ships were lost between August 1941 and May 1945. Around 20,000 Royal Navy and merchant navy sailors served in the 78 convoys that braved the Arctic Ocean, with more than 3,000 losing their lives.

The number of remaining veterans of the conflict sadly reduces with each passing year, but those who endure wear their Atlantic Star medals and Arctic Emblems with pride. They keep the memories of their shipmates alive and they will never forget them. Occasions such as the debate keep the story of their heroism, bravery and endeavour burning brightly.

I can only add to the congratulations to Rob Gibson. He has worked on the issue for some time but, by bringing the matter to the chamber for debate, he serves the memory of those involved well. We owe a debt of gratitude that we can never repay but we can and should remember those who served.

The heroism and determination to succeed that those remarkable young men demonstrated has been acknowledged by the Russian Government and the people of Russia. I welcome that and thank the Russian Government and people for such a kind gesture. They recognise that the convoys played a vital role in ensuring that food supplies, munitions and equipment were available to the Russian people as they continued their resistance to the Nazi invasion. If members think about the battle of Stalingrad, they will realise how crucial those supplies were.

As a mark of that respect, in 1985, the Russian Government commissioned a Medal for the 40th Anniversary of Victory in the Great Patriotic War, which is known more commonly as the Russian convoy medal, and awarded it to veterans of the Arctic convoys.

Sadly, despite promises that the coalition parties made while in opposition, the UK Government has yet to follow that lead and commission an official campaign medal. I am delighted that different members have said that they intend to write to the Government on that issue. I wrote to Andrew Robathan MP, the Minister for Defence Personnel, Welfare and Veterans, on 5 September to urge him to follow the example set by the Russian Government and give the Arctic convoy veterans the official recognition that they richly deserve. I await his reply.

I welcome the work of those who have started an ambitious fundraising programme that aims to raise £1 million to establish a public museum space of around 3,000ft<sup>2</sup>, sited beside a new village hall in Aultbea. That museum will create an archive and display artefacts of the conflict, not least the one that Chic Brodie mentioned. I wish them well with that endeavour and am sure that they will succeed in creating a lasting legacy to the brave men who left Loch Ewe and sailed into the unknown.

On Annabelle Ewing's point that the Scottish Government should assist with the funding of that ambitious and fitting tribute to those brave seafarers, I confirm that the Scottish Government makes funding available to local and non-national museums through Museums Galleries Scotland, which will be able to provide advice on setting up a museum. I encourage the organisers to make contact directly with Museums Galleries Scotland if they have not done so yet. My officials will provide any interested parties with the relevant contact details.

The Scottish Government does a number of things to support veterans. We have allocated £320,000 to establish a specific Scottish veterans fund. We have also appointed an armed forces and veterans advocate and created a defence policy unit to ensure that veterans issues are at the heart of all our defence policy. We will continue to work with the Ministry of Defence, the armed forces, the health service, local authorities, the veterans community and service providers to put in place the best possible level of support for our veterans.

I have one final point, on remembering. My view is that, for individuals in a life-threatening situation such as armed combat, there is an acute fear that their contribution or the sacrifice that they make will not be acknowledged or remembered. That might sound odd, but it is my view and it is a very

real fear. It is our responsibility to ensure that the huge contribution that veterans make, including the ultimate sacrifice, is not just acknowledged but remembered, and remembered with pride. They deserve nothing less.

*Meeting closed at 17:40.*

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