



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 30 May 2012

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Scottish Parliament

Wednesday 30 May 2012

[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, which is led today by Father Michael Briody of St Michael's Church, Moodiesburn.

Father Michael Briody (St Michael's Church, Moodiesburn): In Edinburgh in the late 1700s, Lord Monboddo, a Court of Session judge, held dinner parties to which he invited people of contrast, to encourage the exchange of ideas. John Geddes, who was a Catholic bishop, had a standing monthly invite. At a dinner in 1787, the bishop met Robert Burns. Burns was 28 and the bishop was 52. We know that they were both impressed with each other. They probably never met again, but they did correspond.

Two years later, Burns wrote about three matters that they had clearly discussed before. First, he wrote:

"Venerable Father ... I am here, at last, stationary in the serious business of life",

which was an 18th century reference to finding steady employment rather than trusting to the uncertain income of a poet. Secondly, Burns wrote that he had

"now not only the ... leisure, but the ... inclination, to attend to those great and important questions, what I am, where I am, and for what I am destined."

Clearly, the Bishop was not wasting his time at the dinner parties. Thirdly, Burns wrote:

"In ... the conduct of the Man, there was ever but one side on which I was habitually blameable; and there I have secured myself in the way pointed out by Nature and Nature's God. I was sensible that in so helpless a creature as a poor Poet, a wife and family were incumbrances which a species of prudence would make him shun; but when the alternative was, being at eternal warfare with myself, on account of habitual follies, to give them no worse name, which ... no ... sophisticated infidelity could to me ever justify, I must have been a fool to have hesitated. ... Besides, I had, in 'My Jean', a ... much-loved fellow-creature's happiness or misery among my hands and who could trifle with such a deposit?"

He had married his Jean a year before. I was struck by the timelessness of the subjects, as expressed by our national bard: the need for steady employment, the search for the meaning of life and the stability that is offered by marriage and children.

Your position as MSPs gives you the opportunity to support those ever-present

necessities with a particular care for our young people: to strive energetically to find them employment, with the self-esteem that that brings; to encourage them to search for the deeper truth about life which leads to self-respect and respect for others; and to help them to establish stable marriages and to learn the skills of communication and conflict resolution, for the good of parents, children and society. Those three matters contribute enormously to the peaceful society that we all desire. May God inspire your work for our nation.

Business Motion

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-03102, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, setting out a revised business programme for today.

14:06

The Cabinet Secretary for Parliamentary Business and Government Strategy (Bruce Crawford): Before I move the motion, I will explain to the chamber why there has been a change to today's business. We have moved the Standards, Procedures and Public Appointments Committee debate on European strategy and other minor rule changes from this afternoon to Thursday morning because fewer amendments to the Land Registration etc (Scotland) Bill were lodged than were expected. Members who pay close attention to the motion will also see that we will start at 9.30 am on Thursday, not at 9.15 am as is normal.

I move,

That the Parliament agrees the following revision to the programme of business for—

(a) Wednesday 30 May 2012—

delete

followed by Standards, Procedures and Public Appointments Committee Debate: European Strategy and Other Minor Rule Changes

(b) Thursday 31 May 2012—

delete

9.15 am Parliamentary Bureau Motions

and insert

9.30 am Parliamentary Bureau Motions

followed by Standards, Procedures and Public Appointments Committee Debate: European Strategy and Other Minor Rule Changes

Motion agreed to.

The Presiding Officer: Before we move to the next item of business, I draw members' attention to the jubilee oak tree that I had the honour of planting in the landscaped gardens earlier today on behalf of the Scottish Parliament. I hope that members agree that it represents a lasting token of the Parliament's best wishes for Her Majesty the Queen on the occasion of her diamond jubilee celebrations.

Diamond Jubilee

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-03077, in the name of Alex Salmond, on the diamond jubilee. I call the First Minister to speak to and move the motion.

14:06

The First Minister (Alex Salmond): I note that, on this auspicious occasion, the party leaders are sporting the Queen's special diamond jubilee tartan, which was designed by Mr David McGill, who is a constituent of Jim Eadie. I am told that the tartan has the consent of Her Majesty and that the design is now in great demand both at home and abroad. A very fine tartan it is.

On occasions such as this, we speak about how much things have changed over the decades. It is true that they have, but it is sometimes less true than we might think. Before the debate, I looked at some accounts of Scotland's only previous diamond jubilee celebrations, in 1897. I was particularly struck by the high praise in *The Scotsman* for Aberdeen's jubilee events. *The Scotsman* commented:

"The Town Council set an excellent example by resolving to embellish the Union Terrace Gardens."

Who says that history does not teach us a few lessons?

Of course, many things do change. Over the six decades of the Queen's reign, Scotland has altered dramatically and for the better. Constants have been the Queen's dedication, impartiality and service. On her coronation day, the Queen said to her people:

"I have in sincerity pledged myself to your service, as so many of you are pledged to mine. Throughout all my life and with all my heart I shall strive to be worthy of your trust."

Perhaps the highest praise that can be given to the Queen is that, throughout her reign, she has lived up to that pledge.

Today, the Scottish Parliament has the opportunity to place on record our respect, admiration and gratitude for that service. In doing so, we recognise that, although the Queen is the head of state of 16 different nations and the head of the Commonwealth of 54 nations, she has always been a particular friend of Scotland. Indeed, she is more than a friend—she is family. She performed her first official opening duty here in October 1944, when she opened the Aberdeen sailors' home. On one of her first engagements following her coronation, more than 60,000 Scots packed into Hampden park to welcome her on a visit to Glasgow. We look forward with particular

pleasure to welcoming her back to Glasgow and Hampden park in 2014 for the opening of the Commonwealth games.

The Queen has been a staunch ally of the Scottish Parliament. Perhaps our most treasured object in the Parliament building is the mace that she presented to Parliament when it reconvened in 1999. She has also addressed us on no fewer than seven occasions. In 1999 she spoke of Scotland occupying

“a special place in my own and my family’s affections.”

In Aberdeen, in 2002, she provided supportive words when Parliament was not getting the most favourable press, reminding us that the process of building a new political culture in Scotland

“will inevitably take time. In an age that often demands instant judgments, we would all do well to remember that.”

Her advice has been vindicated since then. When she addressed us most recently, last July, she recognised that

“the Scottish Parliament is firmly established as an integral part of Scottish public life.”

Throughout the 60 years of her reign, she has been a model constitutional monarch, as head of state and as a servant of democracy. As First Minister, I have always particularly valued the discussions that I have been privileged to have with her. One of the characteristics of the 12 Prime Ministers and four First Ministers who have served her during her reign is that they do not divulge the content of such conversations, although I will not deny that horse racing has featured, just occasionally.

The question arises for all of us: How do we mark a jubilee such as this one, which is a really momentous occasion? Her Majesty the Queen has made it clear that her preference—indeed, it is more than her preference; it is her instruction—is that the jubilee celebrations be of modest cost and that they celebrate, in particular, individuals’ contributions to their communities. That is what we have done, by encouraging as many people as possible to celebrate and enjoy the events.

Let me announce our gifts, which are not from the Government—or from this Parliament, for that matter—but from the people of Scotland to Her Majesty the Queen. First, Historic Scotland has commissioned a commemorative garden at Holyrood palace, which will be ready by the time of the Queen’s next visit, in royal week, in July. The garden will be a beautiful and lasting recognition of the jubilee, which will be available for all to witness and to share.

Of course, we live in an age of new technology, and we think it important that our gifts to Her Majesty recognise that, so we are launching a free app, which highlights some of the most significant

events of the past 60 years in the Queen’s connections with Scotland. The Scottish Parliament, as the Presiding Officer announced, is presenting the Queen with a visual record of her visits to the Parliament.

There will be many events for people in Scotland to enjoy. Local events are being co-ordinated or organised by the lords lieutenant and range from the jubilee fun event at Ballindalloch castle in Banffshire to the lunches for carers that are being organised in Dumfries and Galloway, and from the charity kilt run in Perth to the jubilee beacons that are planned in the Orkney islands and elsewhere. The National Records of Scotland will feature a special exhibition, which will document each decade of the Queen’s reign.

In July we will welcome Her Majesty to Scotland. There will be a week of engagements, which include a thanksgiving service at Glasgow cathedral and a celebratory service at St Giles cathedral, during which Prince William will be installed as a Knight of the Thistle.

Finally, we recognise that the Queen has always had a special bond with those who serve and have served in the armed forces. We are therefore marking her jubilee by making a special donation to Veterans Scotland, the organisation that co-ordinates and promotes the work of veterans charities, to further its support for the veterans community in Scotland. I know that that gift is particularly to Her Majesty’s liking.

I hope that the Parliament will agree that those are suitable and fitting gifts, not from the Government or the Parliament, but from her people to Elizabeth, Queen of Scots.

The Queen has been an integral part of the modern history of our nation. She has performed her duties flawlessly. The Scottish Parliament is grateful for her support to us over the past 13 years, and the Scottish people are grateful for her service over the past 60 years. It is an honour to ask the Parliament to place that gratitude on the record today.

I move,

That the Parliament congratulates Her Majesty The Queen on the occasion of her Diamond Jubilee; expresses its gratitude for Her Majesty’s exceptional public service and unwavering dedication to duty over sixty years in a changing world; affirms the respect that is held for Her Majesty in Scotland, and looks forward with anticipation to the continuation of that long and close relationship on the occasion of Her Majesty’s Diamond Jubilee visit to Scotland during this celebratory year.

14:14

Johann Lamont (Glasgow Pollok) (Lab): I thank the First Minister for his speech and for what

he said about the gifts that we want to present to the Queen.

We are here to pay tribute to Her Majesty the Queen, as the country prepares to celebrate her diamond jubilee. Sixty years in one job is good going—I have been in this job for just six months and some days it feels like it has been 60 years. We recognise the scale of the achievement of this particular very strong woman. I salute the Queen, for her relentless energy, for her poise and composure in taking on the demands of public service, and for her dignity and wisdom as a head of state.

Those of us who are fortunate enough to have held public office can begin to understand to some extent what it is like to live life under scrutiny and with the consequences of any perceived slip or mistake. The Queen has lived her whole life in the public eye, and there has always been intense media interest in her life and the lives of her family. She has met that challenge with great dignity and professionalism and has never appeared to lose her calm and composure. In recent years, the royal family has had to adapt to a time of 24-hour news, YouTube, *Hello!* magazine, the paparazzi and Twitter. Every outfit and appearance is debated, every nuance of every speech is analysed for hidden meaning, and every action is scrutinised and commented on, but the Queen has always appeared effortlessly to carry out her public duties. Her reign as monarch has won her the respect of the country and a special place in the nation's affections.

Much has changed since the day in 1952 when, as a 26-year-old, the Queen succeeded her late father as the Queen regnant and head of seven independent Commonwealth countries. The United Kingdom was rebuilding after the second world war. To step into such an important role at that young age with such upheaval behind her and uncertainty ahead of the country must have been daunting, but if it fazed her on that day or has fazed her on any day since then, Her Majesty has masked it with the grace and nerve for which she is now famed.

Over the past 60 years, there has been great change across the world and the United Kingdom, and in the lives of people across our communities. Her Majesty has been a constant at the head of the state while all else has changed.

The world was a very different place when the Queen assumed the throne. In 1952, the rationing of tea was finally ended and a one shilling charge was introduced for prescription drugs under the national health service. In that year, the *New Musical Express* published the first singles chart, the "Flower Pot Men" debuted on television and the famous children's book "The Borrowers" was published. Harry Truman was the US President,

Joseph Stalin was the leader of the Soviet Union, Chairman Mao led in China and Winston Churchill was Prime Minister of the United Kingdom. In the years since then, there have been 12 different Prime Ministers, and since devolution and the Queen opening our Scottish Parliament in 1999, there have been four different First Ministers in Scotland. I believe that all of them have, while in office, benefited from her counsel. I am sure that the young woman who sat down with her first Prime Minister—Winston Churchill—in 1952 has grown wiser over the years; indeed, many of our recent Prime Ministers have stated publicly how much they have valued the Queen's experience and advice. I am also sure that, since devolution, our First Ministers have had the benefit of her wisdom.

It is true that Her Majesty has always made clear her deep affection for Scotland. Beyond her official role in opening every session of the Parliament in June, the Queen is known to spend much of the summer on her country estate in Balmoral, and she has, of course, shown great interest in the work of the Parliament when she has been with us. We know that Scotland was the scene of many an idyllic summer holiday in her childhood and was, of course, the place to which she retreated in those dark hours as she supported her family through the grieving process after the tragic death of Princess Diana.

Likewise, Scotland has deep affection for our Queen, as was illustrated by the enthusiasm for the golden jubilee celebrations 10 years ago. I am sure that plenty of Scots will find their own way of celebrating her diamond jubilee this weekend.

In many ways, Queen Elizabeth II has transcended any debate about the changing role of the monarchy. Through her dignity and professionalism, she has won many supporters to the institution for which she stands. Our royal family is the envy of the world, and people from every corner of the globe flock to see the Queen. Indeed, we need only cross the road at the Scottish Parliament to see how enthusiastic tourists are about learning more about the royal family and the Queen in Scotland.

The way in which our Queen has served this country as head of state has set an example to us all and made her a fine ambassador for the United Kingdom to the whole world. I know that all of us here hope that she will continue to do that fine work for many years to come.

14:19

Ruth Davidson (Glasgow) (Con): I echo the sentiments of the previous speakers and add my support for the motion.

In this place, in this chamber—our fledgling Parliament—we have just cause to mark the Queen's constancy, service and duty in an ever-changing world. When the first Scottish Parliament for several centuries convened less than a mile from here, the Queen presented at its official opening a mace hammered from silver and carrying a band of gold that was panned from Scottish rivers, signifying a Parliament that is wedded to the people of Scotland. It sits before us here in the chamber, bearing its legend: wisdom, justice, compassion and integrity. Those are the qualities that Scots desire and demand from those who make their laws. It is, as well as for we who received it, a fitting legend for the giver: for Scotland's unelected leader and monarch.

For 4 million of Scotland's people, the Queen has always been there as a constant—gaining succession in 1952 and being crowned the next year, and beginning a life of service before many of us were born. Those of a more mature vintage remember the vibrant 26-year-old, who had already started representing her father on state occasions, taking up office in a time of grief and dedicating herself to the demands that the role dictates.

Although there is, rightly, a separation between Parliament and palace, and between politics and monarchy, the Queen is head of state and is an integral part of the process of government. From Winston Churchill to David Cameron, and now taking in Alex Salmond, Peter Robinson and Carwyn Jones, the Queen has been a source of wisdom and reference for the UK's political leaders, and her reach and resonance extend far beyond these shores.

President Obama, in his recent state visit, remarked that when it came to US presidents and UK prime ministers, the Queen had seen off about a dozen of each. He concluded that it made her

"a living witness to the power of our alliance and the chief source of its resilience".

As the son of a Kenyan economist father and an anthropologist mother, and as someone who has been described as being of Scottish, German, Irish and Welsh ancestry, President Obama may have more insight than most regarding the global resonance of the current Queen. She has worked tirelessly in an ever-changing world to promote the ideals and alliances of the Commonwealth.

We must remember that she is not just our Queen. As head of a Commonwealth of 54 independent states, she plays a leadership role to 2 billion people from all regions of the world, and of all faiths and ethnicities. No monarch has travelled as widely nor met as many citizens of the world as our current Queen has in spreading the Commonwealth ideals of democracy, freedom,

peace, the rule of law and opportunity for all, with Prince Philip ever at her side.

We speak today of the great history of service that the Queen has given, but we must not allow Her Majesty to be treated purely as a living history: her place in the world has a resonance and relevance that continues and endures.

Half of all Commonwealth citizens—a full billion of the world's population—are under the age of 25, and the Queen speaks directly to them. She speaks to the people of Rwanda, the newest addition to the Commonwealth family, which was admitted only in 2009. Like Mozambique, Rwanda is a country that has no historical links to Britain, but it sees membership as being a mark of political development and the Queen as a beacon of public service the world over.

The Queen speaks to the soldier joining the British Army, the sailor signing up for the Royal Canadian Navy and the airman enlisting in the Royal New Zealand Air Force today. They pledge an oath of allegiance to Her Majesty, Queen Elizabeth II, and her heirs and successors before ever being allowed to wear a uniform.

Here, too, in the Scottish Parliament, we take our own oath. With every new intake of MSPs, with every official opening presided over by Her Majesty, with every speech and every debate, and with every pledge to be the best representatives of the political life of Scotland that we can be, we stand before the mace, which was gifted to the Parliament by the Queen, and read the words: wisdom, compassion, justice and integrity. They are the guide for how we should aspire to act in the chamber and in the world, and they are the qualities that have been perfectly espoused and embodied for 60 years by Her Majesty Queen Elizabeth II.

I am proud to support the motion—not just to congratulate Her Majesty on the occasion of her diamond jubilee, but to express gratitude. She has been our representative in the world for 60 years, and we could not have asked for one finer.

14:24

Willie Rennie (Mid Scotland and Fife) (LD): I thank the First Minister for the gifts that he has chosen, which I think will gain widespread approval across Scotland. They are appropriate for the occasion, and I thank the First Minister for choosing well.

The Queen did not choose this life. Neither she, nor her father before her, expected to fulfil the role of monarch. It is against that backdrop that we judge and admire Her Majesty's commitment to public service. I enjoy going to events such as the Fife show or to places such as Carnegie College. I

enjoy meeting people on such occasions, but I think that I would find it hard if I faced doing that almost every day for the next 42 years, as I would have to do to match the Queen's diary. If I particularly enjoyed a visit, I would not be able to extend it to find out a bit more about what went on behind the scenes, as I can do as a private citizen. If I did not like something, I would not be able just to nip off early and go to something else or go for a cup of tea. I would have to stay, do my duty and do the right thing, as the Queen has done for the length of her service. She has committed so much in personal duty and service.

My point is that although, from the outside, her life might look fantastic with all the palaces and the jewels, she took the role on at the age of 26 and could have given it up when she was 60, 70 or 80 but did not. She has chosen to carry on and to continue her service, despite the evident downsides. In 1974, her daughter was almost kidnapped. The security threats are real; she has faced intruders in her home.

Even today, after 60 years, the Queen brings more to public life than people ever expect. When we leave the Parliament late in the evening, we see people from all backgrounds leaving the Palace of Holyroodhouse after enjoying a reception in the palace or its gardens. It is clear that her hospitality goes way beyond what people expect. Across the country, when the Queen goes on visits, she brings joy to people's faces and manages to create excitement and a real sense of celebrity. We should never ignore and should always admire that.

We should also remember how well judged her attendances at the Scottish Parliament always are. She displays poise and her speeches are always of the best class. The Queen always delivers much more than people expect. Therefore, after 60 years, on her diamond jubilee, it is right that Parliament takes time to mark and appreciate the service of Her Majesty.

The Presiding Officer: I will allow Patrick Harvie to make a brief contribution.

14:27

Patrick Harvie (Glasgow) (Green): I appreciate it, Presiding Officer.

I fully endorse the comments that have been made about the Queen's many admirable qualities, the way in which she has conducted herself as head of state, and the commitment and dedication to duty that she has shown. I make it clear that although my amendment has not been selected for debate, it retained the text of the motion that endorses those qualities.

As has been said, MSPs have just a glimmer of insight into the pressure of a life that is lived under public scrutiny, but it can be as nothing compared to that which is experienced by a head of state. The respect in which the Queen is held is well earned and fully due, as it is to so many other less-recognised people who are dedicated to public service and the betterment of their society—some of whom are not provided with comparable comforts or a decent standard of living.

We are engaged in a debate about the future of Scotland, so it is legitimate and—in the view of some of us—necessary to debate how a head of state might be appointed in an independent country. That view is not rare in Scotland, nor is it rare in politics. Any member who wishes to look at the website of Republic will see that half a dozen MSPs are signed up as supporters, as well as 10 Labour MPs, two Liberal Democrats, including a minister, and our own good friend Lord George Foulkes, who has sadly, of course, departed to another place. It is unfortunate that that view cannot be debated through my amendment, which is why I will press the motion to a vote at decision time.

Scottish Economy (Euro Zone Situation)

The Presiding Officer (Tricia Marwick): The next item of business is a debate on motion S4M-03078, in the name of John Swinney, on the implications for the Scottish economy of the current euro zone situation.

14:30

The Cabinet Secretary for Finance, Employment and Sustainable Growth (John Swinney): This debate on the euro area and the implications for Scotland is important. In dealing with these issues and preparing for this debate, ministers have sought input from members of the Council of Economic Advisers and the Financial Services Advisory Board.

Economic conditions in Europe remain extremely challenging. This year in the euro area, output is forecast to fall by more than 5 per cent in Greece; more than 3 per cent in Portugal; nearly 2 per cent in Italy; and more than 1.5 per cent in Spain. Last week, revised United Kingdom figures showed that the double-dip recession has been worse than feared, with the 0.3 per cent fall in output in quarter 1 of 2012 similar to the fall in output during the final quarter of 2011. European business surveys indicate that even the core economies might not escape a double-dip recession. The euro area purchasing managers index, which is a key early indicator of business performance, fell sharply in May with both the French and German PMIs at levels indicating falling output.

Greece remains the country most at risk, with the impact of austerity, recession and political uncertainty heightening concerns about its possible exit from the euro. Such a move would be highly damaging to Greece's economy and those most exposed to its trade and debt but, given that Greece accounts for only 2 per cent of euro area output, the direct impact of a full default and its exit from the single currency, while significant, can be managed. The fact that Greece accounts for 0.8 per cent of all international exports for Scotland puts the potential impact into some context.

Gavin Brown (Lothian) (Con): I accept the cabinet secretary's point about the direct impact, but surely if the euro continues to drop dramatically it will have a big impact on about 45 per cent of Scottish exports.

John Swinney: And undoubtedly if the euro were to collapse or to be put in jeopardy, it would have a much more significant impact. After all, as Mr Brown correctly points out, the euro area

accounts for 45 per cent of Scottish exports. However, my comments were about the impact of Greece's exit from the euro. Obviously, the greatest concern in that regard would be possible contagion in other larger economies and the challenge that that would throw up would be of much greater significance not only to the Scottish economy but to Europe's economy and financial system.

Despite on-going challenges both at home and abroad, Scotland's economic recovery continues. During the first quarter of 2012, our employment rate improved faster than the rate for the UK as a whole and our unemployment rate decreased more rapidly. Key survey data of the Scottish economy has also improved in recent months. In April, the purchasing managers index increased for the 16th consecutive month, with the private sector reported to be expanding at a faster rate than the UK as a whole. The same survey also showed the strongest improvement in the rate of job creation since July 2007, and last week the labour market barometer for May also indicated strong labour market performance, showed the 18th consecutive month of improvement in Scotland and demonstrated once again that the Scottish labour market outperformed the UK.

In addition, despite the challenges being faced by some of our key trading partners, our manufactured exports increased by nearly 5 per cent over the past year while Her Majesty's Revenue and Customs data shows that Scotland's exports in all goods increased by 18 per cent in 2011, the largest rise in any of the four UK countries. However, as an open economy, Scotland cannot be immune from the pressures gathering in the euro area, which, as I said in response to Mr Brown's intervention, accounts for 45 per cent of our international exports.

The developments in the euro area pose challenges not just from loss of demand but from loss of competitiveness as a result of a rising exchange rate, which can have a particularly significant effect in sectors such as tourism. Another key lesson of the most recent financial crisis is that, in a global marketplace, events in one part of the world can rapidly spread across international boundaries, impacting on investor and consumer confidence.

Scotland will undoubtedly be affected by any renewed uncertainty in the banking sector and the implications that that might have for growth in the wider economy. Finally, we must remain mindful of the possibility of the implications for public expenditure should the Treasury decide to open up the spending review once again in light of the deteriorating economic outlook that is being caused by pressures from the euro area. Indeed, in the budget earlier this year, the chancellor

signalled the likely severity of the impact on the subsequent spending review, which will take effect from 2014-15, as a consequence of the economic conditions that we face. It is therefore vital that we find an urgent but sustainable solution to the challenges of the euro area to the Scottish economy and to the global recovery.

There are two issues to be addressed, the first of which is an urgent need to provide short-term financial stability and to balance austerity with boosting economic growth. Secondly, we need to address the longer-term imbalances between member states in the euro area.

Margo MacDonald (Lothian) (Ind): Has the cabinet secretary found another way of correcting that imbalance than by transferring resources from the likes of Germany to Greece?

John Swinney: I will come on to talk about some of the contributions that we would make to the debate on how such issues can be resolved. There are a number of options that we consider would help to boost the euro area and protect Scotland's interests, but they come back to the fundamental points of principle of establishing short-term financial stability and encouraging growth within the euro area to support economic recovery in general.

On short-term stability, there is a need to restore growth to create jobs and, in turn, to help to bring borrowing costs under control. The Scottish Government has long argued that, although we recognise the urgent need to restore public finances to health, that can be achieved only if there is sufficient growth in the economy. There is a careful balancing act between using austerity to reduce borrowing and ensuring that there is sufficient growth in the economy to increase tax revenues and to reduce the costs associated with unemployment. In many countries, the danger is that fiscal austerity on its own is counterproductive; the budget deterioration that has been caused by the fall in economic activity is exceeding the initial reductions in public expenditure that have been applied.

To help to boost growth and retain confidence in the financial markets at the same time, a co-ordinated stimulus to capital investment across the euro area, with particular focus on peripheral economies, could be implemented. That could be supported by the creation of a specific set of euro bonds, supported by the euro area Governments, or by an extension of the now-planned project bonds, supported by the European Commission. I therefore welcome the first steps that have been taken by the Commission and member states in their proposals for a project bond as a precursor to a €50 billion infrastructure fund from 2014 that is aimed at cross-border infrastructure projects.

Given the depressed state of business investment, now is the ideal time to invest in infrastructure. It provides an immediate stimulus to growth and jobs, and leads to the creation of assets that boost long-term productivity. By boosting the long-term productive capacity of the economy, thereby increasing future tax revenues, such targeted action can lead to a virtuous cycle of growth and further investment.

The second key short-term challenge is to provide support for the euro area banking system, particularly for those banks that are under stress. That requires all member states to make an unambiguous commitment to protect the euro area. At the same time, a clear policy of support and commitment from the European Central Bank to provide the necessary liquidity and to stand behind solvent countries and banks with unlimited support will be vital to restoring confidence. However, we should not underestimate the positive and beneficial impact of increased economic activity itself in stabilising the financial sector and contributing to improved levels of optimism and investor confidence that can provide the conditions in which growth can flourish.

On long-term structural reform, because of the unique circumstances in the euro area—a vast area consisting of countries that did not constitute an optimal currency area and which have diverged rather than converged during the past decade—many of our current difficulties can be traced to differences in competitiveness between member states. In the longer term, the roots of the difficulties either in current account imbalances or divergences in productivity have to be addressed, but they cannot be addressed by austerity alone.

There is merit in exploring options for temporary and one-off interventions to support the adjustment process, provide greater long-term stability and guarantee the future of the euro area, which is in all our interests. Key to that will be increasing productivity and reducing relative costs in the peripheral countries. Boosting productivity will require substantial investment in human and physical capital. With that in mind, I welcome the moves by the European Commission and the European Council to prioritise growth. We share President Barroso's concern about the rising levels of youth unemployment and we welcome measures that are aimed at dealing with that. We have taken steps to play our part in that effort, through Alex Neil's decisions on the European structural funds and by our allocations to youth employment.

The Commission has highlighted the importance of recapitalising the European Investment Bank to enable it to provide wider access to finance for small and medium-sized enterprises. It might be worth exploring opportunities for more

unconventional temporary interventions to reduce relative costs in the peripheral countries. Internal adjustment through austerity alone can take years to achieve and will likely impose significant hardship on those economies and their populations.

In theory, the process of improving competitiveness through reducing relative costs could be assisted through the introduction of temporary and targeted wage or capital incentives to peripheral countries. Those could also be targeted at sectors that enhance competitiveness. Such a move could be incorporated within the terms of any bail-out and be supported by euro bonds, but would have to involve a tight sunset clause; a mechanism to ensure improvements in productivity and efficiency; and effective euro area oversight.

In addition to a fiscal compact to promote credibility in delivering fiscal targets, a growth compact would facilitate structural reform and long-term growth. It is clear that action is required to address the legacy of debt that countries in the euro area face.

Ken Macintosh (Eastwood) (Lab): Before the cabinet secretary moves away from the issue of wage incentives, will he say whether his comments mean that the Scottish National Party supports Labour's Scottish future jobs fund?

John Swinney: The Government has put resources into the Scottish economy to address the challenge of unemployment. We have put money into the community jobs Scotland initiative and into creating 26,000 in-employment modern apprenticeships in the past financial year. We have a commitment to 25,000 modern apprenticeships in the current financial year and we have put in place youth employment resources. I am informing Parliament of the Government's contribution to addressing some of the issues in creating economic stability in the euro area. We think that those must be addressed to provide wider financial and economic stability and to enable our economy to grow into the bargain.

I have highlighted some of the actions that we are taking in Scotland. One of our key priorities is to encourage business investment through rising economic confidence and income security. That underpins our approach on the social wage and to the small business bonus scheme. That is part of the reason for Scottish Development International's investment campaign, which is appealing to the UK's 200 largest companies to invest in Scotland; Scottish Enterprise's yes to growth campaign; and the support that we are giving to stimulate and encourage investment through the smart exporter initiative that is

presided over by Scottish Development International.

That priority means ensuring that we have a vigorous and vibrant programme of capital investment. We are expanding the programme through transfers from resource to capital and the non-profit-distributing programme. We have taken the initiative to encourage the United Kingdom to preside over greater capital investment to support long-term economic competitiveness.

Willie Rennie (Mid Scotland and Fife) (LD): Will the cabinet secretary take an intervention?

John Swinney: If Mr Rennie will forgive me, I must close soon.

The Presiding Officer: I can be generous.

John Swinney: I give way to Mr Rennie, then.

Willie Rennie: Mr Swinney mentions capital investment, but the recent International Monetary Fund report on the UK economy talked about any changes being revenue neutral. It suggested

"property tax reform, restraint of public employee compensation growth and ... targeting of transfers to those in need."

In other words, that means cutting public sector pay and looking at current compensation measures. Does Mr Swinney support that revenue-neutral approach or does he want more borrowing?

John Swinney: The point that I have made to the United Kingdom on countless occasions is that the borrowing level to be taken forward by the United Kingdom Government is lower than that which it had planned to take forward, which creates the flexibility to enable greater capital investment to be made in the economy.

I fear that the United Kingdom Government will preside over exactly the circumstances that I talked about in some of the euro area countries, in which the austerity measures have dampened economic growth and the consequences of the austerity measures are to depress the opportunities to grow the economy. That would have long-term implications for tax revenues in our country.

We need a positive response from the United Kingdom Government to our call to expand capital investment, bearing in mind that, as the First Minister pointed out last week, capital budgets in this country are being cut by 33 per cent, which cannot be the correct economic medicine at this time.

The situation in the euro area remains challenging. A solution to those challenges is important not only for the Scottish economy, but for the global economy. It is clear that simple

austerity measures have been taken as far as they can be taken and they are now having the effect of depressing economic growth and economic recovery. We have consistently called for a greater focus on economic growth. We therefore welcome the growing recognition across Europe and beyond of the urgent need to boost growth and employment. We are playing our part in that process and we encourage wider debate to support that objective.

I move,

That the Parliament recognises the challenges in the eurozone and the importance of a resolution to these issues for the Scottish economy; supports the efforts of EU member states and the European Commission to restore growth to the eurozone and welcomes the increasing focus on growth over austerity; recommends that instruments used to encourage growth in the eurozone are prioritised as part of the solution to the crisis; calls on the UK Government to respond to the increasing calls for a growth stimulus as, without growth, austerity is self-defeating, and therefore calls on the UK Government to respond positively to the Scottish Government's proposal for £300 million of shovel-ready projects, which will support jobs and growth across Scotland.

14:46

Johann Lamont (Glasgow Pollok) (Lab): I thank the cabinet secretary for holding a debate on the implications for the Scottish economy of the current euro zone situation. The debate follows on from the questions that I raised last week with the First Minister.

There is no more important topic that we should be debating this week. The Organisation for Economic Co-operation and Development says that the euro zone crisis is the single biggest threat to the global economy. If Greece defaults or leaves the euro, or if any of the Spanish banks collapses, those stories will not be told to us by foreign correspondents but will be domestic Scottish news. That is why I am leading the debate on behalf of my party.

Scotland is not immune to the euro crisis. We must be prepared for its impact and learn the lessons from it. Although much of the debate can feel very technical and the language that is used to discuss it can feel distant from us and very academic, the impact on individual lives is immense—particularly among the most vulnerable across the whole of Europe. It is essential that there is a political response to a crisis in which those who had least control over what caused it are the ones who are most deeply feeling the impact of it.

The situation is changing rapidly. Last week, Catalonia—Spain's wealthiest autonomous region—had to ask the central Spanish Government for a bail-out. Its fourth largest bank, Bankia, also had to ask the Spanish Government

for a €19 billion bail-out last week—that is the biggest request for state aid in Spanish history.

Spain's credit rating has been downgraded because of the amount of debt that the country is having to take on. As a result, Spain's cost of borrowing has risen to a six-month high. I understand that it has just been announced that Spain's borrowing costs are now around 6.7 per cent. Analysts believe that 7 per cent is the level that indicates that a country is in danger of bankruptcy. There is increasing concern that Spain will soon have to seek an international bail-out and join the ranks of Greece, Portugal and Ireland.

To us in Scotland, as part of the United Kingdom and sterling, the travails of the Greeks may seem distant. However, UK banks have already been writing off their Greek debt. The worry for the UK is what would happen if there were contagion and other countries were to default. UK bank exposure to Spanish debt alone is €75 billion.

Perhaps the cabinet secretary will outline to Parliament later what discussions he or the First Minister has had with the Chancellor of the Exchequer about what can be done to limit the potential impact on Scottish banks if countries default. What discussions has the cabinet secretary had with the banks? What preparations are being made to address the fears that we have for the future?

At the weekend, we learned that Lloyd's of London, the world's largest insurance market, is preparing for the worst. The chief executive admitted that it is prepared for a collapse in the single currency and that it has reduced as much as possible its exposure to the euro zone. We therefore need to know what plan the First Minister has put in place to prepare for the worst and what discussions he has had with businesses about what should happen if the situation were to deteriorate in the way that we fear.

As the cabinet secretary outlined, the euro zone accounts for 45 per cent of Scottish exports. Spain and Italy are the seventh and eighth biggest markets for Scotland's international exports. Any slowdown or recession in the euro zone will affect demand for Scottish goods and services. The Spanish company Gamesa is critically important in our renewables industry. It used to be said that if America sneezes, Britain catches cold, but in the modern world, contagion in one part of Europe will affect us all. The euro zone crisis has seen the value of sterling strengthen against the euro; that is good for anyone going to the euro zone for their summer holidays, but it has made Scottish exports more expensive and therefore less competitive.

Another impact of the crisis is that it has triggered a sharp rise in borrowing costs for banks. The banks are passing on the cost to British businesses, which must be discouraging investment. Scottish Enterprise has reported that the higher banking costs are being passed on to consumers, further squeezing household budgets. It is anticipated that the cost of borrowing will increase further in the second quarter as the euro crisis worsens. Banks are curtailing lending to first-time buyers as they are having to hold more capital to balance the increased risk of lending to those with small deposits. The Council of Mortgage Lenders has warned that the euro zone crisis may result in fewer first-time buyers, creating a stagnant market that will see average house prices fall. That is a concern for us all.

Pension savers, too, are being hit hard by the euro crisis. Annuity rates have fallen by more than 25 per cent over the past four years, costing millions of retirees invaluable pension income.

In December, the First Minister, along with the First Minister of Wales, called for an emergency meeting of the joint ministerial committee to discuss the impact of the Prime Minister's European Union veto. However, I am disappointed that the First Minister has not attended the last two meetings of the joint ministerial committee. He could have asked for the euro crisis to be put on the agenda so that the committee could discuss how the UK and devolved Governments can address the common issues that are faced by all nations of the UK.

Last Friday, the First Minister was at a cinema multiplex with celebrities launching his campaign for a referendum on whether to stay in the United Kingdom. Tomorrow, the people of Ireland will vote in a referendum on whether to agree to an EU fiscal pact. Ireland is still in the middle of an international bail-out and has an unemployment rate of 14 per cent. Supporters of the pact say that it will help to bring stability to the euro zone and provide access to a future bail-out fund. Those who are against it say that it will bring years of more austerity.

I said last Thursday:

"The last time that our banking sector hit crisis, a Labour Government immediately rescued our banks so that ordinary families in this country could still get money out of the cashpoints. ... There was no question, no hesitation and no negotiation. It was the kind of action that the Greeks and the Irish can only dream of. Our banking system was saved by one of the most successful economic unions in history—the United Kingdom."—[*Official Report*, 24 May 2012; c 9364.]

We are part of a successful economic and political union and, as part of the United Kingdom, we share risks and rewards.

It has been suggested that the First Minister does not wish to comment on the euro zone crisis because of its implications for the SNP's monetary policies, but in a world that is experiencing the greatest economic uncertainty of my lifetime, we do not need more uncertainty. We do not need any more fudges, maybes, or ifs and buts; we need as much clarity as possible.

I do not want to spend time debating with the cabinet secretary whether any new admissions to the EU would have to adopt the euro. However, it is clear to everyone that once the euro crisis is over, it is almost certain that a new regime will be introduced that will see much tighter fiscal co-ordination among all the euro zone countries. The euro zone wants what Scotland has with the rest of the United Kingdom now—a stable monetary system. Every country in the euro zone has learned the lesson that sharing the same currency means that they must share the same fiscal policies, which can be done only by closer political integration. Europe has seen that; Alex Salmond is the only leader who wants to go in the opposite direction.

Margo MacDonald: Does the member agree that we cannot reach the Valhalla that she has just outlined without having centralised political control and a loss of sovereignty?

Johann Lamont: I am talking about the implications of the SNP's position, which is to stay in monetary union with the rest of the United Kingdom. It claims that that gives it greater independence, which is clearly not the case. Surely, one of the biggest lessons of the euro crisis is that we cannot have monetary union without fiscal union and a large degree of political union. The cabinet secretary cannot assure us that he and the First Minister have learned that lesson.

There are profound questions about the European economy, and therefore the Scottish and UK economies, that deserve better answers than those that are designed to get through a difficult moment in a television debate. We need to understand what role and influence we would have over the monetary policy committee of what would then be a foreign bank—the Bank of England. It is not good enough simply to assert that, rather than to be honest about the consequences of such decisions.

Surely the Scottish Government has an agreement with the Bank of England that that would be the case. Surely, at the very least, the First Minister, his deputy and the Cabinet Secretary for Finance, Employment and Sustainable Growth have been holding in-depth negotiations with the governor of the Bank of England on the issue. Indeed, have discussions taken place with the Bank of England on whether it agrees that an independent Scotland could retain

sterling? If they have, what are the fiscal limits that the bank will impose? What will the costs be to the people of Scotland if the Bank of England agrees to become the lender of last resort?

Chic Brodie (South Scotland) (SNP): Does Johann Lamont accept that, although there is no political union, sterling is indirectly tied to the reserve currency of the dollar, and if the interest rate of the dollar changes, does she honestly think that the UK Government would supinely sit and not look at its interest rates and amend accordingly?

Johann Lamont: I am not sure what point the member was making.

I repeat that, with independence, the SNP offers less influence on the bank that would make decisions on its fiscal policy. It is curious that the SNP no longer argues for being in the euro, yet it does not argue for a separate currency of its own.

The First Minister (Alex Salmond): How many Scots are on the Bank of England's monetary policy committee?

Johann Lamont: The question is not whether the people who run the bank are Scottish, but in whose interests they will make the decisions. It is inconceivable that they would make a decision on the basis of their competitors in another country, when at the moment they are part of a partnership across the United Kingdom.

If those discussions with the Bank of England have not taken place and agreements have not been reached, the Scottish Government is treating the people of Scotland with contempt. It is treating Scots like fools in offering them, in a world of uncertainties, a series of what are frankly back-of-a-fag-packet assertions to get nationalist politicians through the moment. Everyone in Europe is braced for what may happen in the euro zone. People in Greece, Spain, Portugal and Italy must envy the stability that we have with sterling. Greek and Spanish families are paying the price for a political dream that paid scant regard to economic realities. That is the lesson we should learn, and we in the Scottish Labour Party will fight to ensure that Scottish families never have to pay a similar price.

I move amendment S4M-03078.3, to insert at end:

“; further recognises and regrets the impact of austerity measures without accompanying growth on ordinary people and families in Scotland and across Europe; regrets that the Scottish Government has not done more to stimulate growth using the powers entirely at its own disposal including, for example, its failure to make best use of procurement for the Forth Replacement Crossing as well as the delay to a number of other investment projects, and does not believe that leaving the United Kingdom would improve the Scottish economy, particularly given the lack of clarity on the issue of currency.”

14:58

Gavin Brown (Lothian) (Con): I welcome the debate, and pay tribute to the Government for lodging the motion and having it debated in the Government's time.

I approve of a number of the measures that Mr Swinney talked about. Despite that, there is still a sense of complacency about the Government's response to the euro zone crisis. Even after listening to the cabinet secretary's speech, I do not think that the Scottish Government is taking the matter as seriously as it ought to. It is not doing everything that it can and should be doing to ensure that we are braced for what may hit us in several weeks' time.

We read in this week's *Financial Times* that Greece's public finances could collapse in June, leaving salaries and pensions unpaid. We heard earlier, and on the BBC this morning, that Spanish banks are in danger of collapse and that Spanish 10-year bonds have increased from 6.5 to 6.7 per cent. That is staggering. Although Spain does not immediately require a bailout if it hits 7 per cent, if it is over 7 per cent for a sustained period, it is very likely that it will require a bailout, in the same way that Ireland, Portugal and Greece did. The consequences of a bailout for Spain are a hugely different proposition.

The fever will peak in the week following the Greek election on 17 June. Thereafter, events could unfold pretty quickly, which is why it is critical that the Scottish Government does everything that it can now to prepare us for that.

Let us hear from the Government in its summation speech what pre-emptive action it is taking. Last week, I asked the First Minister how many times the Council of Economic Advisers has met since the crisis began and when it is next due to meet. The question was unanswered. Mr Swinney said at the start of his speech that the Government has sought input from the council. What input has it sought? What has the council told the Government that it should be doing? Can that be made a matter of public record? What work is SDI doing on inward investment? What is the financial position of companies that are committed to investing in Scotland but which have not yet arrived?

As Mr Swinney has a puzzled look on his face at that comment, let me remind him about Doosan Power Systems. Just last month, the story broke that it would not be investing in Scotland with its £170 million major wind farm project. That was known to the Government in December, but the reasons that it gave in its press release for that investment not going ahead were general economic conditions and liquidity issues in Europe. If there were liquidity issues in Europe in

December, what on earth do companies think about liquidity issues in Europe now and what will they think after 17 June if Greece ends up electing politicians who will not agree to the terms of the previous bailout?

What work is the Government doing now to speak to those companies that have said they are going to invest but which have not arrived?

John Swinney rose—

Gavin Brown: I asked the question, so I am happy to take an intervention from the cabinet secretary.

John Swinney: In Mr Brown's previous role as convener of the Economy, Energy and Tourism Committee, he interviewed and questioned officials from Scottish Development International and he interviewed and questioned me on all these questions, so he will know that there is a regular and sustained dialogue to persuade inward investors to invest in Scotland, and to maintain and manage that investment and that interest.

Companies will decide, as Doosan Babcock did, not to come to Scotland because of wider economic circumstances that are utterly beyond our control. However, I assure Mr Brown that we maintain the strongest possible dialogue with existing, committed and prospective investors about their investment in Scotland. We cannot force them to invest in Scotland, but we can do our best to encourage them to do so.

Gavin Brown: Of course we cannot force companies to invest in Scotland. I do not think that anyone would suggest that. However, there is a difference between a regular dialogue that takes place in peacetime and the sort of dialogue that should be taking place now with such companies, particularly in the run-up to 17 June. I seek an assurance from the Scottish Government that that dialogue is happening, not just as a general proposition but with each company that has committed to come to Scotland.

The First Minister: Will the member give way?

Gavin Brown: I will be delighted to give way to the First Minister in a moment.

I agree that some of those companies might not invest, but it is better to know now, at this stage, whose investment is in danger and whether there are things that we can do to ensure that they end up investing in Scotland.

The First Minister: The direct dialogue with potential inward investors goes on, which is why of course Scotland tops the Ernst & Young league table for inward investment this year, even topping London. We do not have it in our power to resolve the euro zone crisis, but we are able to put forward constructive suggestions, which is what we have

just done in Mr Swinney's speech, informed by the Council of Economic Advisers and by the Financial Services Advisory Board. We have just listened to a speech from the Labour Party that did not have a single positive suggestion. I am sure that Gavin Brown is not going to make the same mistake of having nothing constructive to say on a crisis that has implications for the entire continent.

Gavin Brown: The First Minister just cannot help himself, can he? We will take no lessons from the First Minister about being constructive. He was asked five times by Johann Lamont last week and twice by his own back bencher Kenneth Gibson what the Scottish Government is doing about the euro zone crisis. He said that the Government would be having a debate next week, criticised Labour's approach to the council tax freeze and criticised Labour for once being in favour of joining the euro, which was a bit rich. He read out an extract for a full 60 seconds from *The Mail on Sunday* about Alistair Darling hosting tea and sandwiches events and he said that independence would give us a stronger position. He said in response to Kenneth Gibson that employment was rising and unemployment was falling and that the labour market barometer was highly satisfactory. Nobody in the chamber should take any lessons from the First Minister about ideas for solving the crisis.

John Swinney: Let us hear your thinking on it.

Gavin Brown: Mr Swinney will have a chance when I sum up.

John Swinney: Oh! The summing up!

The Deputy Presiding Officer (Elaine Smith): Can we hear Mr Brown, please?

Gavin Brown: Thank you, Presiding Officer.

Let us hear from the Scottish Government what it is doing with the powers that it has, what it is doing with SDI and Scottish Enterprise, and what it is doing with VisitScotland to help our tourism industry through this difficult time. Instead of the Scottish Government talking about the UK Government and criticising others, I want to hear what it is doing with the responsibilities that it has now.

I move amendment S4M-03078.1, to leave out from "to the Eurozone" to end and insert:

"and immediate and long-term stability to the eurozone; is concerned that the Scottish Government is being complacent and has failed to demonstrate analysis and action over the developing crisis in the eurozone; calls on the Scottish Government to undertake a coherent and complete analysis of how the eurozone crisis may affect the Scottish private and public sectors, and calls on the Scottish Government to articulate, as a matter of urgency, how it intends to respond."

The Deputy Presiding Officer: We move to the open debate. Speakers have six minutes but with a bit of time in hand for interventions.

15:06

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): This is a very important and topical debate, which has been raging across the Parliaments in Europe, Westminster and here. Indeed, the European and External Relations Committee of the Scottish Parliament has just published its report on the situation in Europe and the impact on Scotland of Prime Minister David Cameron's use of the veto at the December European Council meeting. I commend to members the report's findings. The committee awaits responses from the Governments in Scotland and at Westminster.

I speak today not as convener of the European and External Relations Committee but as a humble back bencher who is worried about the impact on our nation of the decisions that are being taken on our behalf. I believe that the measure of a good budget is the focus that it places on growth, and it seems that the International Monetary Fund agrees. Christine Lagarde has issued a stark warning to the UK chancellor, and I echo that warning. UK austerity measures in isolation are not working and, in fact, are putting the economic recovery of Scotland and the UK at risk.

The IMF has called for—believe it or not—a plan B for growth and economic recovery. Last week's warning from the IMF to the UK Government about the lack of growth in the UK economy did not come as a surprise to me or to any of us in Scotland who have been saying the same for a long time.

Mary Scanlon (Highlands and Islands) (Con): Will the member give way?

Willie Rennie: Will the member give way?

Christina McKelvie: I am spoiled for choice, but let me carry on a bit.

I recognise the challenges in the euro zone and I understand the importance of finding a resolution to them to prevent the crisis spreading and to protect the Scottish economy. It seems that there is a growing consensus in Europe, the G8 and now the IMF that we need to invest in growth. I call on the UK Government to act on the warnings and recognise that additional capital spending is the route to support economic recovery.

Willie Rennie: Christine McKelvie referred to the IMF, but she will have noticed in Christine Lagarde's statement that she referred to budget-neutral reallocations and talked about property tax reform and restraint in public employee

compensation growth—that is, wages. Commentators are saying that there should perhaps be cuts to winter fuel payments, child benefit and public sector wages as a revenue-neutral measure to invest in capital infrastructure. Is that what the member supports?

Christina McKelvie: As Mr Rennie knows, Christine Lagarde has a lot to say about lots of things, and I do not agree with her on all of them. I am very interested in the Lib Dem position on cutting wages and benefits and putting poor people further into poverty. I think that that is a stark reminder of what Mr Rennie stands for.

Members will not be surprised to hear that our SNP Scottish Government has a few ideas on how exactly to build economic growth. One way to boost the Scottish economy is for the Parliament to unite in calling on the UK Government to give the green light to the Scottish Government's proposals for shovel-ready projects. The Government recently published a list of shovel-ready infrastructure projects that would support employment; it is estimated that every additional £100 million of capital spending would grow around 1,400 jobs across the Scottish economy. We cannot cut our way out of recession; we must build our way out of it. More jobs, more tax and more confidence makes for better and sustained recovery—it is not rocket science.

It seems that Scottish Labour is just as clueless as the coalition is on the economy. The Labour Party, north Britain division, derided plan MacB when the SNP Scottish Government first put it forward at the end of last year. However, now that the IMF has called on the UK Government to increase infrastructure investment, Scottish Labour is in favour of more investment. Perhaps it should use its presence and its voice down at Westminster to reverse the 33 per cent cut in Scotland's capital budget.

Since the summer of 2011, the SNP has called for the UK Government to adopt a plan MacB approach to economic growth. As we have heard, that involves increased capital investment, improved access to finance for small and medium-sized enterprises and the introduction of measures to boost economic confidence and income security.

Margo MacDonald: Can the member tell me where the UK Government has squirreled away the money to fund these ventures without borrowing?

Christina McKelvie: I certainly can. I would not spend £100 billion on Trident missiles—I would spend it on economic growth.

The SNP Government has been doing all that it can to invest in recovery by securing new jobs and investment. It has been doing all that it can to

protect Scotland from the effects of Westminster's misguided economic policy.

We in this Parliament are also delivering a record 25,000 modern apprenticeships a year—I see somebody huffing and puffing, but he would not be if it was his son who was in an apprenticeship. Our opportunities for all programme ensures that all young people have access to the opportunities that they deserve after leaving school—building the way out of recession. Osborne's austerity measures are putting all of that at risk.

In a good relationship we need good communication. It is on that topic of communication that I turn, briefly, to the report that was published today by the European and External Relations Committee. The UK Government shows a distinct lack of respect for all the devolved nations. David Cameron's use of the veto at the December Council meeting was at best misguided and at worst a clear indication that the opinions and concerns of the other nations of the UK really did not matter.

When David Lidington and David Mundell gave evidence to the committee, they made a number of commitments and recognised that communication was not good. They put some commitments on the table about future working practice. The minister for Europe stated:

"in addition to the normal structured process, in which I make myself available to talk to the devolved ministers ahead of each JMCE meeting, I will similarly make myself available at the time or immediately after the general affairs council preceding a European Council."

The minister confirmed that that would apply to informal councils too. He continued:

"I thought that that might be one way of ensuring that we can build into the system a fairly last-minute formal point of consultation, so that the devolved Administrations, including Scotland, can feel that they really are being listened to seriously".—[*Official Report, European and External Relations Committee*, 20 February 2012; c 386.]

I could not agree with him more. I wait to see whether that is delivered.

I welcome that commitment from the UK Government. I hope that it continues to listen to the Scottish Government, because I believe that this Scottish Government is best placed to make decisions that are best for Scotland. With control over all of our economic levers—yes, through independence—the Scottish Government will be able to do more to tackle the lack of growth in the economy and to make Scotland better.

15:13

Neil Findlay (Lothian) (Lab): I am disappointed that we did not hear Ms McKelvie's interesting views on the subject of a future currency for

Scotland. We have had the yen suggested before. I do not know what currency she is suggesting this week, but perhaps she will intervene and tell us.

I am sure that members have experienced times in this Parliament when they do not really want to take part in a debate but feel compelled to do so because of the enormity or importance of the subject matter. For me, this is one of those debates, because this is not a debate about dry economics—although listening to the cabinet secretary's speech I would not think so. This is a debate about people. It is a debate about communities and the tragic implications for them of decisions made by the political and economic elites in Europe.

The Deputy Presiding Officer: Sorry, Mr Findlay, I will stop you for a moment. Will front-bench members please stop speaking to each other across the chamber while a member is speaking?

Neil Findlay: I am a committed internationalist, but I am not committed to the version of internationalism pushed by the European Commission and by the European Central Bank. Over the past few years, the world economy has been edging towards economic disaster. Europe and the euro zone sit on the edge of a cliff. It looks very much as though a Greek default is inevitable and will result in either a push or a dive off the edge into free fall.

We must ask ourselves how we got to this state of affairs. We can see from what has happened in Europe in the past 50 or 60 years that European institutions and Governments of the left and the right have created a political hegemony that has force-fed us the idea that European economic and political integration is desirable and inevitable and the idea that, if we do not sign up to their vision of the future, we are out of touch or some sort of crank.

The emerging post-war narrative that peace in Europe would be built and maintained only by the creation of a Europe that was based on economic and monetary integration was like evolution—it was the natural order of things. French socialists, British Tories, Irish nationalists and German liberals worked together to promote the European dream and to push the view that there was no alternative.

However, that vision was not at all of a social Europe. The treaty of Rome and the Maastricht treaty, which entrenched it, created the dream of a free single market where capital and labour could move unrestricted within a common currency zone, where the ECB's neoliberal economics ruled, where the elected European Parliament was sidelined and where economic union would create

the conditions for a political union with pan-European taxation policies and interest rates.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Is the member aware that, in the debate about the referendum in Ireland, the majority of people want to stay in the euro, as do the majority of people in the debate in Greece? Given that, should we not reflect in our debate on the means to solve the issues and make the euro stronger?

Neil Findlay: To solve issues, we must first analyse them. Let us not jump the gun on the situation in Ireland. For referendum after referendum, assumptions have been made about what would happen, and the project has stalled when the people have made a different decision.

For working people throughout Europe, the dream has largely become a nightmare. They have been failed by their leaders and the corporate interests that have promoted the agenda and failed by those who have set the rules and then immediately ignored the rules that they have set—indeed, Germany was the first to break the borrowing rules. People have been failed by an economic and political club that used all the powers that were available to it to convince people that the economic powerhouse of Germany could somehow operate at the same level as Greece. People have been failed by economists, who will in the end walk away relatively unscathed while the rest of the population suffer unemployment and homelessness and lose their businesses.

We now face the absolute irony of those who created the disaster dictating to the rest of us how we should get out of it. Greece, Portugal, Ireland, Italy and Spain are being asked to swallow the same poison that got them into the mess in the first place.

We are told that the recipe for recovery is cuts to public spending, the slashing of the welfare state and privatisation. It saddens me to remember the image of the Greek Prime Minister being forced to go cap in hand to the EU to plead for a bailout, only to be told that he could get help only if he cut jobs, privatised services and slashed pensions—a programme that the markets demanded.

Mary Scanlon: Will the member give way?

Neil Findlay: I am sorry, but I do not have a lot of time.

When the Greek Prime Minister did as he was told, what happened? Unemployment increased, tax revenues reduced, homelessness increased and suicide rates soared. When he was forced to go back to the EU, what new medicine did the EU and the IMF prescribe? They told him to go back and cut further, privatise more and slash more

deeply. Einstein said that insanity is doing the same thing again and again and expecting a different answer. I think that he had the IMF and the ECB in mind when he said that.

European leaders are rightly among the first to speak out against the anti-democratic actions of Governments elsewhere in the world, but it is enough to make us weep when the elected Governments of proud nations such as Greece and Italy are forced to stand down and are replaced by unelected technocrats. Is it not ironic that, although Athens is the birthplace of democracy, Greece is now ruled by a Government for which not a single vote was cast?

What are the lessons for us? First, I hope that the cabinet secretary will have the grace to recognise the wisdom of the decision of Gordon Brown, when he was chancellor, to remain outwith the euro zone, despite the appeals of his boss and others—I mean John Swinney's boss and not Gordon Brown's boss, although I probably mean Gordon Brown's boss as well.

John Swinney: Will the member give way?

Neil Findlay: I am almost finished.

Setting our own interest rates and fiscal policy allows the UK to have more control over its economy.

There are many lessons for the SNP. You cannot have economic and social union while somehow sitting outwith a political union; there is a need for a pan-European growth strategy that is based on the needs of people, not the demands of markets; and austerity leads to depression.

Finally, I say to Mr Swinney that creating a myth and trying to build a political hegemony around it that says that there is only one way forward—one way socially, economically and politically—is a very dangerous business. The First Minister should take heed.

15:20

Aileen McLeod (South Scotland) (SNP): Few of us are under any illusion about the seriousness of the sovereign debt crisis that is affecting parts of the euro zone. There is a real prospect that Greece will leave the euro zone in the next few weeks and quite possibly default on its remaining debt. If that happens—although I note from public opinion polls that most Greeks want to avoid that outcome—the EU economy will enter uncharted territory.

Many economists fear that a Greek exit will trigger a financial contagion effect that will focus on Spanish and, perhaps, Italian debt, undermine confidence and push up the cost of borrowing. That will almost certainly mean that those

countries will require substantial buyout support from the EU and IMF to finance their public spending obligations and support their banking sectors.

As the cabinet secretary said, Scotland will not be immune from the economic fallout should events in the euro zone unfold in that manner. Although reports suggest that the UK banking sector could withstand a default on the Greek debt that it holds, any further escalation of the crisis to involve other indebted countries would be a quite different matter.

More than 45 per cent of Scotland's exports are destined for EU markets, which currently provide one of the very few sources of additional demand for Scottish businesses. Therefore, it is of the utmost importance to us that every effort is made to ensure that the current euro zone crisis is not allowed to derail the slow recovery from what is the deepest and most protracted recession in living memory.

It is clear from developments in the euro zone that austerity is not working. In both Greece and Spain, output has dropped dramatically, while unemployment—especially among the young—has reached historically unprecedented levels and is still rising. However, austerity is not only failing in the euro zone; it is failing here in the UK, where the economy has entered a double-dip recession for the first time since 1975.

Neil Findlay: Will the member give way?

Aileen McLeod: Given that we have heard nothing positive from the Labour Party, I think that Mr Findlay would do well to listen to what I have to say.

Against that backdrop, I welcome what appears to be at least the beginning of a change in approach from EU member states and institutions. Increasingly over the past few weeks, we can detect a shift in emphasis away from austerity to focus instead on how best to stimulate economic growth. It is not only the European Commission that is moving towards a growth agenda as a solution to the current crisis. The OECD, too, has encouraged the EU to shift its economic tack and adopt a growth compact, which would include interest rate cuts, infrastructure investments and, possibly, the issuing of euro bonds.

Although it is premature to suggest that we are witnessing a decisive shift in policy on the part of euro zone countries towards a fully fledged growth strategy, it seems that the argument is being won by those such as the Scottish Government who have long argued that capital investment is an essential element in any set of proposals designed to restore economic growth to the European economies, including the UK. Without such a strategy, it seems to be inevitable that many EU

member states, including the UK, will remain trapped in an austerity-induced recession.

An EU-wide plan B, which is needed to restore confidence and bring much-needed growth to the European economies, is beginning to emerge. Although nobody expects overnight success, there is no doubt that the rebalancing of economic policies in favour of a growth agenda, rather than an austerity agenda, is an essential ingredient if the euro zone is to remain intact and recover from the current crisis.

In that regard, I very much welcome the recent announcement that the EU will set aside €230 million in guarantees to support the issuing of project bonds to finance infrastructure projects. It is expected that those loans and guarantees, which will be provided under the EU budget and the European Investment Bank in the form of project bonds, will mobilise up to €4.6 billion in private investment. Project bonds are one of the mechanisms that the Commission will utilise in its €50 billion connecting Europe facility, which is designed to finance key infrastructure projects that are aimed at improving the EU's strategic energy, transport and digital networks. I very much hope that EU project bonds will leverage new and much-needed infrastructure investment in transport, energy and digital network projects here in Scotland.

I have noted the emerging consensus across the EU that, collectively, we must embark on an economic strategy that is designed to deliver economic growth and that a central element of such a strategy is capital investment in infrastructure projects. In that light, the UK Government's continuing failure to respond positively to the Scottish Government's calls for additional funds to allow us to invest in shovel-ready infrastructure projects is both inexplicable and utterly irresponsible. Indeed, it seems that, although the UK Government is prepared to encourage the euro zone along that route to resolve its immediate crisis, it is incapable of grasping the dire consequences of the austerity policies that it continues to impose here in Scotland. Moreover, it is ducking entirely its responsibility for supporting the growth strategy across the EU that is necessary if the current crisis is to be managed successfully—an outcome that is very much in the UK's economic self-interest.

If there is to be any charge of complacency, we should look no further than the UK Government, which has demonstrated nothing but complacency in its response to the effects of a possible euro zone collapse on the UK and Scottish economies. Who, last December, vetoed the euro zone country proposals to toughen the EU treaty to support the implementation of fiscal reforms in the heavily indebted euro zone countries? Which EU

Government is now virtually isolated in its insistence that further doses of the austerity medicine alone will get us out of this double-dip recession? Which Government is proving the most resistant to implementing the reforms to the financial services sector that are necessary to ensure that the crisis of 2008 never happens again? Which Government has repeatedly refused to contribute to the euro zone firewall facility and even questions the need for more resources to be assigned to the IMF to enable interventions in support of the euro zone to be made?

The answer to all those questions is that it is the UK Government that has not only spectacularly failed to recognize the potential calamitous effects of a euro zone collapse on the UK and Scottish economies but resisted offering even a modicum of tangible support to other EU member states that are experiencing the most severe economic crisis in living memory.

I hope that the Parliament will give its overwhelming backing to the Scottish Government's motion this evening.

15:27

David Stewart (Highlands and Islands) (Lab):

A couple of Sundays ago, I was reading acres of newsprint on the euro zone crisis and the personal tragedies that are faced by Greek families. What grabbed my attention was not the statesmanlike editorial in *The Observer* with its chiselled prose, which could have been passed down from Mount Olympus itself, or the three-page comprehensive analysis in *The Sunday Times*, which painted a picture of the human misery in Greece behind the economic meltdown. Instead, it was a cartoon showing the G8 leaders, including President Obama and Chancellor Merkel, holding a massive chart marked "Eurocrisis firewall". Behind them was the angel of death, strangling Greece with one hand and setting fire to the chart with the other. That is a dramatic picture—overstated, perhaps—but the bigger picture is not about Greece at all; it is about the need for an assessment of the structural problem in the euro zone and, indeed, the EU as a whole.

What are the implications for Scotland, particularly in the run-up to the referendum campaign in 2014? What is the worst-case scenario? Implosion in Greece spreading to Portugal, Ireland, Italy and Spain—the so-called PIIGS countries—a run on domestic banks and a stock market crash despite Government guarantees. Weaker countries could abandon the euro and restore their former currencies.

Margo MacDonald: Can the member tell me what a previous speaker could not—which country is next in line after Spain for potential collapse?

David Stewart: I have great concerns about the so-called PIIGS countries because they are in a very weak economic situation. I will come on to answer the member's point in a bit more detail.

Some people have argued that the euro zone could end up in two camps: a super-integrated core of single currency survivors and an outer ring of satellite states that revert to their former currencies.

Greece has experienced a political crisis every bit as serious as an economic one. The public have deserted in droves the politicians who have preached austerity, and next month's general election may see a victory for growth over austerity.

Nikolaos Karamouzis, of the Greek Eurobank EFG, said:

"We depend on the EU and the ECB ... funding to keep everything from banks to hospitals to traffic lights working. If the EU stops funding us, we will simply run out of money and the economy will stop functioning."

There is a real danger of currency flight from struggling members of the euro zone. Last week, in Greece, more than €1 billion was withdrawn from accounts, to be stashed under mattresses or used to purchase foreign currency. A return to the drachma would involve immediate, drastic devaluation, which would double import prices overnight and make it harder for businesses to borrow.

As members said, the Greek economy is facing meltdown. Wages have been slashed by a third, pensions by 30 per cent and employment by 22 per cent. What really concerns me is that half of 16 to 25-year-olds are on the dole. We all know that Greece is the birthplace of democracy and city states and of Plato and Socrates. However, in more recent times, from 1967 to 1974, there was a dictatorship by a military junta. Could democracy seriously be snuffed out again if the crisis escalates?

Although the Greek economy is only about 2 per cent of the euro zone, as we heard from the cabinet secretary, I very much worry about the C-word—contagion—which Johann Lamont talked about. European leaders looked at creating a firewall, through the European stability mechanisms and European financial stability facility. That is worth about €750 billion, but is it enough? It might cover Spain or Italy's borrowing for a year or two, but it would not cover both countries' borrowing. Could Greece be Europe's Lehman Brothers? We remember the slogan, "too big to fail".

What will be the effect on the UK and Scotland? As we heard, only about 0.5 per cent of UK exports go to Greece. However, what concerns

me is that British banks hold around \$10 billion of Greek Government bank and private sector debt.

What is the future? There is a fundamental flaw in the euro zone. We have, of course, a single currency, a single central bank and a single interest rate, but borrowing varies significantly across the zone. Where is the convergence?

The year 2014 has been proposed as perhaps the most optimistic date for our economy to emerge from recession, but a euro zone apocalypse would badly hit recovery and lead to business uncertainty, a reluctance to invest and a fall in earnings. We all know that 2014 is a significant year.

What is needed across Europe is an old-fashioned Keynesian pump-priming growth policy. Bringing forward capital projects and growing and protecting jobs are the best ways to reduce the deficit in the long term; cutting too fast and too deep kills demand. What we have in Greece is the euro zone's frailest member being forced onto an austerity diet in an isolation cell, which threatens to kill the state before it cures the economy.

Since the euro crisis began in early 2010, no fewer than nine of the zone's 17 national leaders have been ejected from office. In effect, there is a democratic deficit. Who stands up for the workers and families in Greece, Spain and Italy, who face a crisis that they did not create and austerity that they do not want?

15:33

Rob Gibson (Caithness, Sutherland and Ross) (SNP): We need to look at some of the prospects and constraints that we face in these difficult times, but first we should analyse the amendments that Labour and the Tories lodged. One suggests that the Scottish Government should do more to stimulate growth; the other suggests that the Government is complacent.

On stimulating growth, in the north of Scotland we have the ability to develop some of the best resources for renewable energy in Europe. At the all-energy conference last week, I heard the First Minister announce that the £80 million marine energy fund is open for bids, for infrastructure. He also announced the first award from the £70 million national renewables infrastructure fund—a £500,000 grant to support transformation of a strategic dock, 10 miles from Glasgow city centre—and a new centre for CO₂-enhanced oil recovery in Scotland, to examine and develop opportunities for carbon capture and storage technologies. If those are not good examples of stimulating growth, I do not know what are.

However, the Scottish Government is constrained in that it does not have the borrowing

powers that would allow it to go faster and harder in developing a sustainable Scottish economy.

Rhoda Grant (Highlands and Islands) (Lab): I am sure that the member is aware that not only public funding, but private funding is required, and that if the Greek economy goes down, less finance will be available throughout Europe, which could have an impact on our economy and our ability to invest in renewables.

Rob Gibson: Indeed. I will develop my views on our economy with regard to banking shortly.

On the example of the development of offshore wind, it was pointed out in the energy section of *The Press and Journal* last week that the construction of wind mega-projects may be held up because of money problems. That newspaper said:

“one of the blockages is money, in particular a growing reluctance among the banks to lend.”

The Greek crisis or the Spanish crisis could exacerbate those blockages, but banks in Britain are currently 75 per cent indebted to other banks and overseas interests, and they are not facing the process of investing in British or Scottish projects. The question of what the banks are prepared to do is a particularly critical one that the Scottish Government has tried to talk to the UK Government about in order to free up money. We got the Green Investment Bank, based on a very small amount of money, which might be available in two or three years' time. Will that be put back as well because money cannot be found for investment when the UK has to adapt to contagion?

The UK is contributing to that contagion because casino banking is raging. It is the markets that are pulling down currencies and attempting to take off Greece and each country in turn. Believe me, Britain is close behind. Britain is the most indebted country per head in the world. We should watch out if we are going to contrast the value of being in the pound monetary area against the value of having the euro, because a run on the pound is certainly coming.

Neil Findlay: Will the member give way?

Gavin Brown: Will the member give way?

Rob Gibson: Not at the moment, thank you.

In 2008, Johann Lamont suggested that Gordon Brown had saved our banks. Gordon Brown did not go on to insist that the G20 deal with an international monetary structure to avoid the processes that are now taking place. For example, there is the idea of a transaction tax across the world. That is no use to us in Europe or this country; it must be across the world. At that time, Gordon Brown did not ask the questions and did

not get the answers. Part of the reason why the euro zone is in this condition is that action was not taken then.

David Stewart mentioned a cartoon about the G8. The G8 was absolutely immersed in the idea that it could do nothing at that stage. France was about to have an election. It has now elected a new president who believes that austerity has not done what it was said that it would do, and who believes in growth. We believe in growth, of course, but we must budget for it.

I suggest that the UK Government's allowing casino banking to continue and failing to reform the banking structure has put us in a more difficult position for dealing with potential contagion if Greece or Spain defaults. When members talk in their amendments about the Scottish Government stimulating growth, they should remember that it is a fact that we do not have all the levers of power—the fiscal powers that an independent Scotland could use in order to borrow.

To make it quite clear that we are not complacent, I am sure that, in his summing up, the cabinet secretary will make it clear to you—if you are not already clear—that the UK Government has entirely failed to agree to reform of the banking sector and to do at an early date the things that would put that sector on a more fundamental basis. That has been put off, and that is where the complacency lies.

15:39

Willie Rennie (Mid Scotland and Fife) (LD): I was quite looking forward to Rob Gibson's speech. He promised much, but I do not know whether he has seen the 10-year bond rates. The current yield for the United Kingdom is 1.78 per cent, while for Greece it is 29.39 per cent. There is a world of difference between the economies of Britain and Greece, and Rob Gibson should perhaps look a wee bit more at the evidence before he talks about a run on the pound. He talks about banking reform, but we are bringing forward a significant package of reforms that will deal with the many issues to which he referred.

I will begin on a point of consensus. While I was listening to John Swinney's speech, I thought, "Where am I going to disagree with this? There must be something somewhere with which I can disagree". He had got through much of his speech, in which he offered his analysis of the euro zone crisis and outlined many of the solutions—which I will come to—and there was common agreement. However, the difficulties arose when he leaped on some of the solutions, to which I will return. I am sure that John Swinney will be pleased to hear that I agreed with much of his speech.

We should not forget that, contrary to what Neil Findlay says, there are benefits from the European Union. It is difficult to see that under the current circumstances, but there is no doubt that there are significant benefits, and John Swinney mentioned many of them.

One benefit is the single market: 40 per cent of the UK's exports—and 45 per cent of Scottish exports, as John Swinney said—go to the European Union, and there are 3.5 million more jobs because of the single market. Costs have been cut as a result—

Neil Findlay: Will the member give way?

Willie Rennie: In a second. The cost of living has been cut by £480 per person per year as a result of the single market. That is the effect and the benefit of the EU for individual citizens.

Neil Findlay: I never argued against the need for us to work with our European partners. I argued against the fact that the whole drive has been about taking an economic approach—one type of economic approach—and that it has left people behind. That has been the problem with the European Union.

Willie Rennie: I do not know whether Neil Findlay has listened to many of Ian Davidson's speeches, but I suspect that he is on the Ian Davidson wing of the Labour Party. He should perhaps be a bit more careful in contributing to these debates, because that is a dangerous place to be.

I will talk about the steps that must be taken in the euro zone. We have talked about the need to have the appropriate firewall—€700 billion is clearly insufficient; we need a bigger firewall than that. The United Kingdom is right to continue to press the euro zone countries to increase the size of that firewall.

We have talked about the euro bonds, which are a step in the right direction, but we need to be careful that other members on the periphery of the euro zone do not think that euro bonds will somehow solve all their problems. They need some fiscal discipline. If Germany is to agree in effect to compensate on a permanent basis, through our euro zone, other countries that are not conforming to that fiscal rigour, those countries must recognise that they have some kind of responsibility. Sharing that risk across the euro zone will be important.

Margo MacDonald: Will the member give way?

Willie Rennie: Go on then.

Margo MacDonald: I apologise to members for intervening, but I am not getting in to speak. What guidance does Willie Rennie have from Germany to suggest that Angela Merkel will lose the election

and that whoever comes in will be willing to bankroll the rest of the EU and the euro zone?

The Deputy Presiding Officer: Before I call Mr Rennie, I note that there has been some breakdown in communication, as I was certainly intending to call Margo MacDonald to speak.

Margo MacDonald: I apologise.

Willie Rennie: Perhaps Margo MacDonald can elaborate on her earlier comments. I am afraid that I do not have a hotline to the German politicians, so I am not quite sure what commitments they will give for the future. However, I think that Germany knows that having a stable euro zone is in its interest.

Germany is talking about addressing the relative productivity and competitiveness across the euro zone, and even about increasing wages in Germany to ensure that the issue of relative competitiveness is addressed so that there is not such a stark contrast—

Chic Brodie: Will the member take an intervention?

Willie Rennie: I am taking an awful lot of interventions; I will probably not get through my speech, Chic.

Neil Findlay talked about the contrast between countries in the euro zone and the tensions that that creates. Germany understands that and is trying to address it, but that will not just involve Greece fulfilling its part of the bargain—Germany has to change as well.

At the core of all that is the need for fiscal discipline. Countries must recognise that they need to live within their means. If they do not do so, the 10-year bond rates will just shoot up and that will have a direct impact on everybody's livelihood: interest rates will shoot up, affecting mortgage rates, and everybody will have to pay for it.

It is not as if there is free money out there that we can get access to. The reality is that we must live within our means and we must have a stable euro zone. When people cite the IMF, they miss the fact that it talks about investment in capital infrastructure being budget neutral—in other words, it involves reallocations. Some of the medicine that the IMF is proposing to pay for that is quite stark. Christine Lagarde is talking about proposals—which I do not favour—such as cuts in winter fuel payments, child benefit and public sector pay. The action that is proposed is, we are told, budget neutral; it will not be funded through borrowing. Christine Lagarde talks about borrowing in other areas, but when it comes to capital expenditure, she says that it is budget neutral. People who claim that we need to

increase capital spend need to take that into account.

We should not forget that the decisions that the present UK Government took in its early days in office have been proved to be right. Christine Lagarde has said:

“Sometimes you feel like you could look back and wonder ‘what if?’ And when I think back myself to May 2010, when the UK deficit was at 11%, and I try to imagine what the situation would be like today if no such fiscal consolidation programme had been decided ... I shiver.”

We should all shiver and be glad that we did not pay attention to the SNP and Labour.

15:46

Chic Brodie (South Scotland) (SNP): I welcome some of the initiatives that the cabinet secretary explained at the beginning of the debate, and I whole-heartedly support the Government motion, for we in Scotland face a challenge as a consequence of the challenge that is faced in the euro zone.

The fact that 45 per cent of our exports go to the euro zone, whereas, as recently as 2002, the figure was 56 per cent, ameliorates the situation, in that our current exposure is reduced, if not limited. The contraction of demand from Europe must be considered in a context in which the value of sterling is likely to be higher, which will force a further lowering of demand. That, together with the likely importation competition from European products and companies, represents a challenge to us and to our jobs.

In addition, we must consider the impact on foreign direct investment. We hope that some companies consider that Scotland could be a safe haven for such investment, but the potential uplift in sterling will be a major consideration.

Hanzala Malik (Glasgow) (Lab): You talk about overseas investment. Do you think that there is any mileage in having Scottish bonds to encourage overseas investment in Scotland as a safe haven?

Chic Brodie: In the current environment, I do not think that the introduction of Scottish bonds would necessarily affect the situation that I described; it might do so when there is more stability.

We must consider the impact on foreign direct investment, not least by companies with European headquarters that have a dependency on European banks. I am sure that that challenge is being addressed by Scottish Development International.

We must also consider impacts on the euro zone from outwith the zone. I refer to impacts such

as those that a major creditor nation such as China will have on the euro. China has considerable sovereign debts worth billions of yuan, on which it has already incurred significant losses. It has no direct or meaningful exposure to overseas banks. It is now focusing on domestic investment and consumption, as is outlined in its declining current account balance. Therefore, there will be no long-term financial support for Europe from China. However, I believe that the restrictions on exports from Europe to China and, possibly, India present a continued opportunity for Scotland.

The dependence of Europe's economy on a programme of austerity by the German Government, which is mirrored by the London Government, is wrong. Germany produces more than a quarter of euro zone output. Although it has avoided public and private sector debt excesses, inflation there is rising. Germany cannot be the euro's safety net, as its policy enforcement of austerity and cuts is wholly misguided.

The UK Government should be in the game and playing a key role in international recovery but, instead of being a participant, it is a supine spectator, largely, I suspect, because of its prejudices. The playing fields of Eton might have produced experts in ribald nights of cake throwing and champagne quaffing, but they did not produce economic historians.

Had Eton done so, perhaps Messrs Cameron and Osborne would have looked closely at the McKinsey & Company reports on the experience of Sweden and Finland after their banks went bust in the early 1990s. As someone who was running eight companies across Europe at the time, I can tell the chamber that the situation was serious. Finland entered its depression with a 13 per cent decline in its gross domestic product and Sweden with a 7 per cent decline; of course, the UK's GDP declined by 4 to 5 per cent. However, Sweden bounced back rapidly, growing its GDP by three quarters in four years, while Finland suffered much worse, with no growth for six or seven years. Why the difference? Sweden did not begin to cut its budget until its economy had recovered on the back of a stimulative capital investment programme; on the other hand, Finland's early bout of severe austerity compounded and worsened its recession. Moreover, Sweden nationalised its capital banks immediately—not seven years later—and then sold its retail banks to other banks.

Gavin Brown: Will the member give way?

Margo MacDonald: Will the member give way?

Chic Brodie: I will give way to the lady.

Margo MacDonald: Does the member think that Sweden managed to get away with it because

it was first and because, as a result, the IMF and others were not alerted and were not so hard on it?

Chic Brodie: That might well be the case. Obviously Margo has paid more attention to the matter than I have. All I know is that the outcome was that Sweden nationalised its capital banks and sold the retail banks to other banks; the capital banks were sold off when the economy stabilised.

Without resorting to a devaluation of sterling to compete and be resilient, the UK should have taken the required action and, rather than try to save the world, simply led. We have in effect nationalised two of our major banks, but I point out that when it was in government Labour did not put stakeholder appointees on the boards to avoid a replay of the past mistakes that led to property investment becoming a casino bubble—and it is still at it.

I support the motion and denounce the London Government's flaky pastry economics. It should be starting to get the message, if not from the history of Sweden then from the policies of a former Tory Prime Minister, Harold Macmillan, that a return to a balanced economy can be secured only through capital investment and planned growth. Our shovels are ready.

The Deputy Presiding Officer: Just before we move on, I say to the chamber that some bad habits are creeping into the debate. I would be grateful if members would refrain from referring to each other by their first names only and would speak to each other through the chair instead of addressing each other as "you".

15:53

Margaret McCulloch (Central Scotland) (Lab): This is a timely debate on a serious issue that could have profound ramifications for the Scottish economy, regardless of whether we continue in the union or continue to use the pound. It is not certain where the sovereign debt crisis will lead next, but the situation that is developing in Spain provides an unsettling backdrop to today's debate. We need to tackle the debt crisis, but we must first address the international crisis of confidence not in our ability to bring down the deficit, but in our capacity to grow the economy, to secure jobs and to create new opportunities once again.

Greek debt is mainly owed to banks in other European countries—particularly in France, but also in Germany and, to a lesser extent, in Italy, Spain and the UK. However, we also know that banks in the major EU states hold significant debts from other at-risk economies—not least from our near neighbours, Ireland and Portugal. We know

that, in turn, Portugal's biggest creditor is Spain and that Spanish banks owe billions of pounds to banks in France, Germany and the United Kingdom. Although the distribution of European debt is far from straightforward, it is nevertheless extremely important that we understand how the economies of Europe, whether or not they are in the euro zone, are connected.

We must be prepared for the prospect of a sovereign default by Greece and we must be aware that Greece could seek devaluation by leaving the euro. Many parts of Greek society would like to keep the single currency, but others think that exit from it is preferable to internal devaluation in an economy that has already experienced five years of recession. However, Greece's exit from the euro would hit the currency union as a whole, and it is not in the interests of Scottish firms or workers for there to be any further upheaval in the EU, which is our biggest export destination. The ideal scenario for everyone is for the euro zone and the European Central Bank to look beyond the domestic political pressures of member states and to agree to a comprehensive bail-out and to an exceptional but vital debt write-down.

Failure to get to grips with what is happening in one country will have consequences for others, because the dominoes of debt will fall and it is not clear where they will stop. Could the minister therefore tell us what precisely is the exposure of Scottish banks to the debts of at-risk European economies? What assurances have ministers sought about the stress testing of banks, given the continuing importance of the financial services sector to Scotland?

What is happening in the euro zone has arisen from the continuing fallout of the global financial crisis. It is disappointing to hear members of Parliament—and even members of the Government—parroting the myth that what happened in the global economy happened because Gordon Brown spent too much money. I do not accept that we had too many teachers or too many nurses, or that tax credits were too generous before the crash. Our deficit came from our response to the financial crisis: it was not the cause. Our deficit is not getting in the way of recovery; chronic lack of confidence and aggregate demand are holding us back and hurting our prospects for growth.

We have to restore our public finances to good health—as do heavily indebted countries such as Greece—but it is wrong and even economically illiterate to suggest that our economies were ever in the danger zone together. Greek debts are more immediate and come with a higher interest rate than UK debts. Greece is not somewhere that investors want to bank but, despite everything that

has happened in the world, the UK still is. If we are going to secure recovery now, we must reject the austerity economics that have done nothing for crisis-hit countries in Europe, and we must realise that growing economies can deal with debt much more easily than can contracting economies.

We need a plan for growth, not just for Scotland or the UK, but for the world as a whole. No such plan currently exists, which is why I regard the recent meetings of the G8 and the meetings of the EU finance ministers as being huge missed opportunities.

It is clear that there must be a capital injection into the UK economy, and the IMF has called for some measure of fiscal stimulus through targeted tax cuts. I have already said that I support a lower rate of VAT to boost consumer confidence, and incentives to boost the construction industry. However, I urge world leaders to go much further, with a renewed push for growth by stimulating demand, investing in infrastructure and unlocking the potential of new industries.

Given how integrated the world banking system has become, we can never be truly insulated against a crisis of this kind. The lesson of the financial crisis is that global problems require global solutions. I call on Parliament and the Government to rise above the myths and the politics that add nothing to the debate, and instead to focus on securing the kind of growth that has so far eluded too many countries in Europe, including our own.

15:59

Mary Scanlon (Highlands and Islands) (Con):

I commend John Swinney on the tone of his speech, which was unlike that of many of his back-bench members.

The Scottish Government can approach economic recovery quite differently from Westminster, because it does not have £1 trillion of debt to address. I also commend Johann Lamont; she was right to say that Scotland is not immune from the euro zone crisis.

When Neil Findlay mentioned the Maastricht treaty, I tried to intervene to say that few of the countries that now face problems met the economic eligibility criteria that were set out in that treaty so, if we are looking for faultlines, perhaps that is where we should go. We should never underestimate the EU countries' commitment to maintaining the euro. It has been shown and will continue.

Deficit reduction and growth are not—as many members on the nationalist benches seem to think—alternatives. Deficit reduction is essential to securing economic growth. Sensible politicians will

not blow the budget on more spending, more borrowing and more debt, which would result in the loss of our credit rating and much higher interest rates for mortgage payments for families and higher investment costs for business. Willie Rennie mentioned that today's UK 10-year bond yield is 1.74 per cent. It is worth adding that that is the lowest rate in 318 years.

The examples that I will give of deficit reduction going alongside economic growth arise from the policies at Westminster and the Irish Parliament. In 2010, the Irish received from the EU a bail-out of £71 billion, but last year they turned 10 years of budget deficits into a budget surplus. They have stabilised the banking system and the economy is now showing modest growth. They are addressing high unemployment and have 800,000 more people in work than was the case 15 years ago. Ireland has reduced the public sector by 12 per cent, which has reduced the pay and pensions bill by €3.5 billion. When the Irish assume the presidency of the EU in January next year, I have no doubt that they will continue to focus on debt repayment and growth. The Irish recognise that they cannot continue to spend nearly €14 billion more than they take in in tax revenues each year.

The Taoiseach and David Cameron have agreed on joint priorities for co-operation in the years ahead, based on a strong partnership between Britain and Ireland within a strong European Union. The focus will be on the potential of the single European market and better competitiveness, which the cabinet secretary mentioned, in order to create jobs and growth. Given that £1 billion of trade in goods and services flows across the Irish Sea every week, and that Ireland's exports to the United Kingdom increased by €600 million in 2011, greater economic collaboration is a must. We must also increase trade, make businesses more globally competitive and generate sustainable employment. That was all agreed in a British-Irish summit on 16 March.

Jean Urquhart (Highlands and Islands) (SNP): With the economy growing in Ireland, the growth rate in Iceland being higher than that in Ireland and Norway's economy being strong, does Mary Scanlon agree that that makes up an arc of prosperity?

Mary Scanlon: I am not talking about arcs of prosperity. My point is that we do not have to make a choice between deficit reduction and economic growth—my examples show that the two go hand in hand.

The Taoiseach has said that the British and Irish Governments are

"very much on the same page",

and that

"Britain is our nearest neighbour and remains our closest friend on the world stage."

That is in stark contrast to the rhetoric from the nationalist Government, in which any Westminster policy must be bad and anything from Scotland must be good.

The UK has become more competitive because of the reductions in corporation tax. The "patent box" tax mechanism, which introduces a lower rate of corporation tax on profits that are generated from UK-owned intellectual property, will give the United Kingdom an edge in attracting investment. Westminster's fiscal plan has helped to maintain the AAA international credit rating and low interest rates. The inherited deficit has been cut by a quarter, although we still pay £120 million in interest every day. In two years, the private sector has created more than half a million jobs.

Rob Gibson mentioned banks. The Westminster Government is introducing a national loan guarantee scheme to provide cheaper loans for businesses. The Government is cutting corporation tax and red tape and streamlining planning policies from more than 1,000 pages to just 52. It is releasing enough public sector land to build as many as 100,000 new homes and using right-to-buy receipts to build a further 100,000 homes.

Neil Findlay: Will the member take an intervention?

Mary Scanlon: I am sorry, Neil, but I have only 20 seconds left.

Those measures will help to support 400,000 jobs. The banking reform bill will introduce a ring fence around retail banking and many other measures will be taken on stability and so on.

Perhaps the SNP Government could start by taking some responsibility and answering some questions. For example, why do 30 small businesses go to the wall every day in Scotland? Why is there an 11 per cent slump in businesses with nine or fewer employees in Scotland, compared with a figure of 2.8 per cent in England? Why is the rate for company liquidations in Scotland eight times the rate in England and Wales? Why did insolvencies increase in Scotland last year by 13.6 per cent when in England they fell by 4.7 per cent?

If we ever go down the road of separation, there will be the fiscal rules under the pound and the United Kingdom, with the Bank of England as the lender of last resort, or the equally—if not more—stringent fiscal rules of the euro. The SNP cannot make promises to spend money that it does not have. People in Scotland want a Government that works with and co-operates with others, including

our closest neighbours in the United Kingdom, the European Union and globally.

16:06

Maureen Watt (Aberdeen South and North Kincardine) (SNP): The impact of the euro zone crisis on Scotland should not be underestimated. Currently, 45 per cent of Scotland's international exports are to euro zone countries and they are worth almost £10 billion to the Scottish economy. We should be extremely concerned about anything that jeopardises that trade. As others have said, Greece is Scotland's 28th largest market by export value, with exports of £175 million in 2012, which is 0.8 per cent of all exports. That figure is down from a peak of 12.5 per cent in 2009.

We should also be worried about contagion, especially in Spain, which is our seventh-largest market. A number of Scottish seafood companies, including companies in my constituency, are reliant on the Spanish market.

In addition, fears over the future of the European currency act as a deterrent to companies investing around the world, which has direct consequences on the number of jobs that are being created in this country. That reluctance to invest can also make it significantly more challenging to raise private capital for infrastructure projects. There is, in that, a certain irony, given that infrastructure investment is one of the most effective ways of stimulating economic growth and is certainly the most powerful measure available to Scotland under the current limits of devolution.

In both the euro zone and the UK, a short-sighted fixation on austerity is causing significant and lasting damage that threatens us all. Greek debt as a percentage of GDP has rocketed from an already eye-watering 113 per cent in 2008, at the start of the crisis, to 165 per cent in 2011. Severe austerity measures, with no credible effort to stimulate growth, mean that no matter how much public spending is cut by in Greece, the deficit continues to rise and, with that, the debt-to-GDP ratio goes up. Could there be a clearer example of why austerity without growth is no way to revive an ailing economy?

Listening to David Stewart, we would think that all Greece's problems are someone else's, but there is no doubt that in many respects Greece was living beyond its means. Whether it is within the UK or among the economies of the euro zone, stimulating growth has to be a priority if we are to avoid the current horrendous situation getting worse.

In recent weeks, the Chancellor of the Exchequer has faced the humiliation of having

both the IMF and the Confederation of British Industry point out the critical flaws in his approach and the urgent need to stimulate growth in the economy. Following the recent announcement of the chancellor's U-turn on his ill-advised pasty tax, the UK Government's perverse obsession with austerity is perhaps the only policy that it has yet to reverse its course on, but it is the policy that it should have given its greatest priority to abandoning. To continue down the coalition's current path out of a stubborn refusal to face reality is the worst kind of foolishness. George Osborne should be big enough to admit that he has misjudged his priorities and to accept that growth needs to be stimulated as a matter of urgency. The potential consequences, should he fail to do so, can only be described as catastrophic, and mean that we will stay in recession for longer than necessary.

Germany's insistence on Greek austerity is wrong. I found it rather worrying that when a cross-party group of parliamentarians from the Bundestag visited the Scottish Parliament recently, all parties were behind Chancellor Merkel's strategy. Perhaps there will be some softening of that stance, especially since elections beckon in that country.

Many people are now asking for investment in infrastructure—a stance that has been taken by this Government but ridiculed by the other parties in this chamber. Every £100 million of capital spending is estimated to support 1,400 jobs throughout the Scottish economy and would make a big dent in unemployment figures.

Gavin Brown wants to know what the Scottish Government, Scottish Enterprise and the Scottish Council for Development and Industry have been doing. If he had had his eyes and ears open yesterday, he would have heard about the oil and gas strategy that was launched by the First Minister at Hydrasun in my constituency—a company that is growing across the world with the help of Scottish Enterprise and the SCDI. It is taking on apprentices and new graduates, who are driving forward growth in the company. It is a strategy that will be at the heart of the reindustrialisation of Scotland.

If the European Union is to mean just that, all countries in Europe must have a say in what steps are to be taken to get us all out of this recession. Obama's strategy was to invest in infrastructure in the United States, and unemployment there is gradually falling.

There is money for investment around the world, in finance houses and in private hands, but those who might invest are not doing so because they are not seeing the stability that is required for that. Investment in infrastructure will create jobs and greater demand, and will get the economy moving.

That needs to be happening worldwide. As Aileen McLeod said, the euro zone needs to develop euro bonds, so that we share the burden of debt, and so that austerity is coupled with investment.

I had hoped that Neil Findlay—an avid reader of the *Morning Star*—would be reeling off ideas from that newspaper about what should be done internationally, but I see that he has been busy distributing a pamphlet in this country, saying that

“to break the power of big business and neoliberal policies and promote social and economic justice”

we need to stay in the United Kingdom. How many centuries of being in the United Kingdom does it take to show that the UK is the last place where we will get economic and social justice?

Neil Findlay: I am glad that somebody is reading my pamphlet. That is a start.

Maureen Watt is the sixth SNP member to speak in the debate. I ask her to give me a straight answer to a straight question. Is it still SNP policy to join the euro?

Maureen Watt: If Mr Findlay had looked at the SNP's policy, he would have seen that it is exactly the same as the Labour Party's policy. The Labour Party said that it would join the euro when it is right to do so.

There is no easy answer. If there were one, it would have been found by now. Whether or not we are part of the euro zone, we are all affected in this globalised world. The SNP, with its emphasis on infrastructure investment as a way to growth and stimulus, has been proved to be correct. That is why I want full powers for Scotland.

16:14

Rhoda Grant (Highlands and Islands) (Lab): Most people glaze over when we speak about currency and national debt. However, the banking crisis has shown how they can impact on everyone.

It appears to me that the bail-out package for Greece forgot that income must be created to pay off the debts. Austerity only makes short-term savings; it does not create any wealth.

Forcing people out of work creates costs and cuts income to the public purse. Therefore the policies that are being pursued by the UK and the European Governments will not work—they have no hope of working—unless growth is encouraged.

As people lose their jobs they become a cost, rather than a contributor, to the public purse, which creates more debt and leads to further cuts. In nations such as Greece, that situation has become a vortex that drags everyone and the country down.

Chic Brodie: The former Labour chancellor said that the cuts that he would have made would have been “deeper and tougher” than Thatcher's. Will Rhoda Grant help us to understand what the consequences of that approach would have been?

Rhoda Grant: It is a well-known fact that although Thatcher tried to make cuts, she was not very good at making them, and that the cost of borrowing increased before she left office. We will not use her fiscal policies as an example of how to run a country.

We need to create growth; indeed, we need our Government to do the same. The only way to make our economy grow is to create jobs and cut unemployment. Mary Scanlon referred to a policy to cut red tape that is emerging from the Westminster Government. It proposes to create growth by cutting employment rights. What part of making jobs less secure is going to persuade people to spend? If people are in secure jobs, they are more likely to move house, to buy a car, and to go out for a meal, but if people believe that their jobs are insecure, they will not.

Some private businesses appear to be backing that policy, but they will damage their business because they need people to buy their products, otherwise their business will be unaffected. Although people still use public services when their jobs are insecure, they do not use products that are provided by private industry. Therefore that policy is not only ineffective, but will further damage our economy.

Mary Scanlon: It has long been recognised that employment law needs to be revisited. I remind Rhoda Grant that the proposal is out to consultation and the closing date is 7 June. Much that has emerged from the Beecroft report is being consulted on, and the proposals are not definitive.

Rhoda Grant: I hear what Mary Scanlon says, but there are strong signals coming out of Westminster that it is looking to cut job security, and I do not see how that can promote growth. We need to create secure jobs to get people contributing and paying back the debt that we are in.

As I watch the Greek crisis unravel, I cannot help but feel sorry for Greek people, who joined the euro in order to have economic stability. However, now they appear to be worse off. If Greece leaves the euro, its debt will double overnight because the currency will have devalued, and it will have little hope of recovering. The EU has a responsibility to develop a workable solution for the Greek people, which will promote growth and employment and allow the country to remain in the euro.

If Greece leaves the euro, that will have a knock-on effect on the other countries that will

become exposed due to banks losing money that is owed by Greece. The banks will turn to the rest of Europe to recoup the losses by increasing costs to borrowers. Interest rates will go up, which means less money to spend on goods and services, and it means fewer jobs.

We are interdependent with other European countries. They buy most of our produce, so an economically struggling Europe means that our producers lose out. Our farmers have their biggest markets in Europe. We export shellfish to Spain, and companies are already finding the markets difficult to sell to. It means that there is less money for us to invest in, for example, renewables, as we heard in the Economy, Energy and Tourism Committee this morning. Although we are looking for double investment in that sector, we will be lucky to maintain what we already have.

A euro that is weaker against the pound makes our goods more expensive. It also has a knock-on effect on our tourism industry, as was mentioned earlier. It makes holidays in Europe more affordable for us, which looks attractive at a time when money is tight, but the downside is that it has the opposite effect on tourists who would otherwise come to the UK, and there being fewer European tourists damages our industry. Last year, the staycation was the saviour of our hospitality industry. Although the length of stay was shorter and the spend lower, the numbers involved meant that the tourism industry bucked the trend and had a pretty good year. However, if people who take staycations are attracted to Europe because of low costs, there will be an overall loss to our tourism economy.

Jobs in the tourism industry are the backbone of many rural communities, and they are often the jobs that pay students through their education. Working in a restaurant or bar is a good summer job, and students also do the occasional nights during term. No one is immune. The student who is studying for a degree, the shellfish fisherman and the bed and breakfast owner are all affected.

We need to find a solution to the crisis. We need the Government to use the levers that are under its control to protect us from the worst excesses of the problem, and the best way of doing that is to build our economy, get people back to work and invest in training and skills for new industries. There is potential in the energy industry, but we need stability to achieve it, and not the instability of separation. We need colleges to train our young people and give them skills, not college cuts. We need to build good-quality houses and to insulate our existing housing stock, and not cut the housing budget. Those are things that our Government can do right now.

16:21

Margo MacDonald (Lothian) (Ind): I apologise for having misunderstood in my communication with the clerks on the desk about my contribution to the debate.

Regretfully, I have to inform members that I will not be supporting the motion tonight. Even though my favourite finance secretary gave an absolutely wonderful analysis of the contemporary situation, I believe that it is time for us to own up to the basic flaw at the heart of the euro. If we do not, we will simply mirror the endless and clueless summits on how to deal with the present crisis, which end with that most pathetic figure in Europe—although my Portuguese friends think that he is the luckiest politician in Europe—Manuel Barosso assuring us that all will be well provided that nothing is done to snooker the planned fiscal union.

That plan was decided in 1969, when the then European Economic Community made economic and monetary union an official goal. That was before the UK went in, in case anybody was wondering. Pierre Werner, Luxembourg's Prime Minister, mapped out a three-stage process leading to the creation of the European monetary union, which included, of course, a single currency. From the time the Werner report was published in 1970, the mantra that has emanated from Brussels has been "One interest rate policy for all". People who chant it usually have fairies ensconced at the foot of their gardens. However, it was promoted with all the fervour of a religious belief, so there could be no criticism and nice sensible people such as me were dismissed as Eurosceptics.

David Stewart: Will the member take an intervention?

Margo MacDonald: Surely the member is not going to query that.

David Stewart: Does the member share my view that one of the fundamental problems in this debate and in the euro zone is the argument that neither Italy nor Greece complied with the original debt rules for going into the euro?

Margo MacDonald: There is an even bigger argument that a bigger country called Germany did not comply. None of them complied. They all told lies. Be sure your sins will find you out.

The refusal of the Werner report to face reality was obvious.

There are people in the EU's decision-making bodies—there might even be some in the Scottish Parliament—who either share the dream of a federal Europe or believe that it is possible to have a currency union without a central bank as a lender of last resort, which the European Central Bank is not. It could operate in tandem with a

fiscal union, governed by a central political entity with the power to redistribute wealth from the rich parts, such as Germany, to the poorer parts, such as Greece. It would be what we might think of in the present circumstances as perhaps a debt union rather than a monetary union.

David Cameron is correct to say that we either reduce the national sovereignty of states in such a union or we end it, with countries returning to their own currencies. People here and in Brussels talk of growth being the answer rather than austerity, but where, as Margaret McCulloch sensibly argued, is the plan or the big idea? I do not think that she was the only member to refer to that during the debate; I apologise for forgetting who the others were.

Perhaps we should remember that a little bit of sugar makes the medicine go down. Only bail-outs are being considered for Greece, Portugal and Spain, while the people in all three countries are made unemployed and plunged into poverty. There is money that could be invested in those states if we were serious about it. Rob Gibson might be able to help me with this, but I think that we have identified that £700 million is piled up in the banks. There is therefore money for private investment. They are the same banks that were bailed out by Governments, so what are we waiting for?

The game's a bogey for the EU project. It is time to stop hurting people in pursuit of an impossible dream. The SNP has said for more than 40 years that it wants Scotland to be fully engaged with Europe, but it seems to have forgotten or overlooked the possibilities of meeting that objective through another route. It does not have to be done through the euro.

If the terms offered by the EU when Scotland becomes independent do not meet our needs, what is wrong with joining the European Free Trade Association and the European economic area? In fact, why wait on fate? The Scottish Government could ask for an opinion from the European Court of Justice on Scotland's right to continuing membership of the EU on our attainment of independent sovereignty. If the answer is a fudge—I would lay a fair bet on that—the logical place for Scotland to go is EFTA, with no loss of sovereignty and continued access to the EU's markets. Of course, we would have to bring our regulations into line with European regulations, but that would only be fair. We would not lose sovereignty in doing that and we could pick and choose whatever suited us.

I do not wish to upset my favourite finance minister, but although I support part of the motion, I cannot vote for the whole motion, because of what I have just said.

16:26

Gavin Brown: We have had a productive and constructive debate, with good suggestions on all sides. On a purely personal level, I was particularly impressed by the speech given by David Stewart, who gave a sound analysis, perhaps not of how we solve the immediate problems but of some of the more medium and longer-term issues that the euro zone faces.

I will pick up on some issues that came through in the debate, which have to be corrected or pointed out for the record to make our position clear. First, the cabinet secretary said that he felt that the direct impact of a Greek default could be managed. He correctly referred to the statistic that only 0.8 per cent of our exports go to Greece. However, my first concern is that if the euro as a whole were to drop in value, which would be likely to happen on a Greek exit, that would have big impacts on all our trading partners, or on at least 45 per cent of our exports' worth.

Secondly, I question whether a default can take place in a vacuum and whether we need look only at the direct impact. Although we have put up various firewalls and so on, it seems to me not credible that there would not be a degree of contagion and that we would need to consider only the direct impact. There does not have to be wild contagion for there to be a big impact on the UK.

I will give just one example. The biggest funders of Greece are French banks, which have the largest exposure. In fact, their exposure is greater than that of all other investors combined and is about €41 billion; the UK banks' exposure is considerably less. However, the problem with the French banks is that they owe the UK €227 billion—they are the biggest group to owe us and our banks money. That compares with the €9 billion that Greece owes us. It would not therefore take a huge degree of contagion for there to be substantial impacts on the Scottish economy.

It has been challenged already, but I challenge again Rob Gibson's comment that there would be an imminent run on the pound. Over the past couple of months the pound has strengthened considerably against the euro, as we all know. In addition, as a couple of speakers said, 10-year Government bonds today reached 1.74 per cent—the lowest in 318 years. It is therefore a far-fetched idea that there would be a run on the pound, given the situation as it stands at the moment, although obviously situations change.

Chic Brodie, who quite rightly gave way to Margo MacDonald rather than me earlier, referred to the McKinsey & Company reports on Sweden and Finland and the previous banking crisis. His point has merit: there are lessons to be drawn from that crisis. However, I would be careful about

saying that if we go down the austerity route, bad things happen and the economy never recovers, but that if we go down the route of putting more and more borrowing and money into the system, good things happen and the result is always a happy outcome.

Germany is deemed by many—indeed, by all—to be taking what might be called the austerity approach, including cutting welfare by €30 billion and cutting the budget deficit by €80 billion. It has extremely low unemployment compared with just about everyone else in Europe, including us. Germany is also getting growth: in quarter 1, growth in Germany was 0.5 per cent, while most countries in Europe, including us, saw negative growth.

Rob Gibson: We need to ask whether the banking system in Germany is geared up to support its industry. The banking system in Britain is not, hence my concerns about Britain being one of the most indebted countries in the world.

Gavin Brown: We are far more indebted than we would like to be. However, on any measure—whether we take the budget deficit or overall public debt—although we compare unfairly with some others, I do not accept that we are next in line, which I think the member is suggesting. We have cut the deficit by a quarter in the space of two years. Although the overall debt is still growing, it is due to come down year on year once we reach a peak next year.

Points about the IMF have been made, but it is worth reiterating that Christine Lagarde's report and the IMF article IV consultation concluding statement were fairly balanced. Criticisms were made, as others picked up on, but the IMF said that:

"Strong fiscal consolidation is underway ... Bold monetary stimulus has helped support the economy ... Underperformance ... is due to ... commodity price shocks and stress in the Euro area"

and

"the government has taken steps ... to make consolidation more 'growth friendly'"

by cutting "low multipliers" to find

"high multipliers (such as infrastructure)."

It is worth emphasising that that was not a call for greater borrowing. It was expressly stated that

"budget-neutral reallocations should be sought".

I plead with the Scottish Government to take action as quickly as possible on some of the measures that we outlined. I do not expect the cabinet secretary to stand up today and announce that the Government will do that, but I ask him to reflect on the point that there should be urgent meetings with anybody who has promised inward

investment—who has made a commitment—and is not yet here. The Government should get those meetings set up at the highest possible level to see whether there is anything that we can do to provide a bit of security, to cut down on any risk and to help to ensure that any investments that may be on the cusp go ahead. We do not need too many withdrawals such as that of Doosan Power Systems for there to be a big impact on the economy. If that action saves just a few such projects, it is worth taking.

I encourage the Government to look carefully at our export strategy. If, as seems likely, the euro weakens against the pound we will be less competitive. What can we do to change tack slightly to ensure that our performance in relation to exports and tourism remains strong?

16:34

Ken Macintosh (Eastwood) (Lab): The debate has had at least two threads. On the one hand we have heard quite clear and genuine concern about what is happening in the euro zone. There is anxiety over the current instability and the impact that that is having on our economy. There is also concern about the social cost of the supposed solution to the euro's problems—the aggressive pursuit of austerity measures over economic growth and the impact that that is having here in Scotland and perhaps more immediately on the people of Greece, Spain, Portugal and Ireland. It is a concern that has been shared by members across the chamber.

I suspect that SNP members will not reflect on or share my view on the second thread that I will pick up. In highlighting the failure of the austerity-only policies that right-wing European Governments have pursued, the Scottish Government inadvertently illustrates its own failure to produce any distinctive economic growth in Scotland.

Today's debate has revealed again an intellectual vacuum at the heart of the SNP's supposed plans for a post-referendum separatist Scotland. For example, in the past days and weeks, we have heard a series of vague assertions—they were simply assertions and not arguments—about the currency that Scots would use in a separate Scotland. Most of us have been left none the wiser about how we would exert any influence over such a currency or hold people to account on it and about why leaving sterling or continuing to use it would make us better off.

It is staggeringly ironic that the SNP-led Government wants us to leave the UK, lose our right to produce Scottish banknotes and negotiate an agreement to use English or Northern Irish notes. More than 300 years of Scottish currency

are about to be lost for what, exactly? We are to be left in a sort of currency limbo in which we beg the Bank of England to set our fiscal and monetary policy for us until the situation in Europe stabilises, when we will ask Frankfurt to do the same for us. If I have time, I will return to that point.

In recent weeks, it has been difficult to switch on the telly or radio or open a newspaper without scaring ourselves about the euro zone's future. There are horrendous unemployment levels in Spain, the beginnings of social unrest in Greece and even the replacement of democratically elected Governments with Administrations that are run by technocrats, as Neil Findlay said. That is all evidence of an economic system that is not delivering the goods.

What is more worrying—to a degree, the SNP and Labour have agreed on this today—is that the austerity-only approach of the Tories in the UK, which the German Government has led across Europe, is making things worse, not better. Deficit reduction is important but, without parallel measures to stimulate economic growth, it is simply suppressing demand, forcing up our unemployment rates and leading us into the double-dip recession that many feared and which could have been avoided.

Gavin Brown: Does the member accept that calling the approach an “austerity-only approach” is not quite correct? As the IMF acknowledged in its report last week, a lot of effort has been made to stimulate growth, although an austerity package was adopted. Calling it an austerity-only approach is not quite right.

Ken Macintosh: Before Willie Rennie intervenes, I say that I am not a huge fan of the IMF's approach to the economy. However, like Christina McKelvie and others, I highlight Christine Lagarde's view that we need to start promoting growth in this country and that we are in danger of entrenching recession. The right-wing chorus has been challenged by the success of President Obama in America and, in particular, by the election of François Hollande in France.

We have not exactly reached consensus across the chamber, but we have a large majority in support of one point: we need to send a message to our UK and European colleagues that we, too, want a rebalancing—if I may put it that way, Mr Brown—of economic policies, with a far greater emphasis placed on growth rather than simply focusing on deficit reduction.

I say to the cabinet secretary that, if we are so united about the importance of Governments pursuing and securing economic growth, why exactly is that not happening in Scotland? It is unacceptable to demand a change of policy from the UK Government and across Europe if the

Scottish Government is unwilling to play its part and accept its share of responsibility for stimulating the economy.

The UK Government should invest more in capital programmes, and £300 million for shovel-ready projects would be a big help, but is it not a little hypocritical of the Scottish Government to demand such sums when it has just cut more than £100 million from the housing budget? The UK Government should bring forward investment in infrastructure, but why has the SNP Government allowed many of its NPD programmes—never mind its direct-investment programmes—to slip? The sick kids hospital in Edinburgh, the Borders railway and the dualling of the A9 have all been delayed. The UK Government should be doing more to get people back into work rather than presiding over mass unemployment, but why has Mr Swinney's Government allowed the steel contracts for the new Forth crossing to go to China rather than Lanarkshire?

The social cost of austerity is unacceptable, but why has the Scottish Government cut college budgets by more than 10 per cent—to be followed by a further 20 per cent cut? Why are the young paying the price for the recession?

Chic Brodie: We keep hearing the mantra about the steel contract going to China, but we live in a global economy—we have just talked about exports—and a lot of Scottish jobs are involved in exports to China, the middle east and India. Does the member accept that we have to live in a global economy, and will he please stop playing that particular card and play the other one—the card that says that we could lose jobs if we do not enter the global economy?

Ken Macintosh: Mr Brodie is confusing protectionism with procurement. We need a procurement bill. If he listened to some of our trade union colleagues or our Welsh colleagues, he would hear what can be done with procurement when there is the political will. We need action at all levels of government, and it is an evasion of our responsibility to ask of others what we are not willing to demonstrate ourselves.

I was intrigued that Mr Swinney did not mention independence in his opening speech. I thought that he gave us a rather abstract analysis of the economy, almost as though it did not affect us directly. I could not disagree with much of what he said because he seemed to be repeating Labour's analysis of why growth is important in the economy. However, Johann Lamont and I thought that he was attempting to take politics and independence out of the argument.

I suspect that one of the reasons why the SNP is running scared of holding a referendum soon has been demonstrated by today's debate, which

has highlighted some of the basic questions that the SNP is unable to answer. For example, why would anyone want to leave Britain to join the euro zone? That is the SNP's position, but I ask the question because its position seems to change depending on which way the political and economic wind is blowing.

I thank Ross in the Labour resource centre for finding some wonderful quotes. Back in 1999, according to Mr Salmond, the pound was

"a millstone round Scotland's neck",

but in January this year he told us that

"the lender of last resort would still be the Bank of England".

At the SNP conference in 2009, the SNP's national secretary described procrastination on joining the euro as

"the politics of moral failure".

I cannot understand the argument that we should be independent but sterling is the best that we can do. It gets better. Two years later, Alyn Smith MEP said:

"We could be like Denmark and have an independent currency in the EU".

Jim Sillars said:

"My view is that we should have our own currency, after a transition period".

I have not even mentioned the yen.

Christina McKelvie: I offer a quote of my own:

"The way to get the right answers is by being there, vigorous, confident, leading in Europe, not limping along several paces behind ... That's why the euro is not just about our economy, but our destiny."

That was said by Tony Blair in October 2002.

The Deputy Presiding Officer: You have 30 seconds, Mr Macintosh. You should be finishing now.

Ken Macintosh: The debate has been great. We have had the SNP quoting Tony Blair, and several colleagues have said, "Thank goodness for Gordon Brown." We have not heard enough of that. Thank goodness for Gordon Brown, not just for rescuing our banks but for the five tests for entry to the euro.

There are steps that we can take. It is clear that currency union has not worked without greater monetary and political union, which means socialising the debt and the richer helping the poorer. A central bank issuing euro bonds might help.

The Deputy Presiding Officer: You must close, please.

Ken Macintosh: A financial firewall might help. Most of all, we need growth—and that means the Scottish Government delivering growth.

16:43

John Swinney: There has been a range of contributions to the debate and I intend to deal with a number of them in the time that is available to me.

Dr Aileen McLeod made the important point that, in focusing on delivering a range of major infrastructure projects as part of the recovery strategy in Europe, there is an opportunity for us to address some of the fundamental structural imbalances in the European economy that must be addressed if we are to resolve the challenges that exist.

Mr Rennie agreed with a great deal of what I said. I agree with an important point that he made, which is that, although short-term action must be taken to address the euro zone difficulties, there must also be long-term action to deliver fiscal discipline within the periphery economies—that cannot be avoided. However, if we all wait around for that to happen without some decisive leadership being taken in Europe, we will face the difficult issue of a Greek exit from the euro. Although what Mr Rennie said is absolutely correct, leadership is required to get to the point at which that issue can be addressed.

My colleague Maureen Watt talked about the practical impact on companies in her constituency, principally those in the seafood sector that are active in the Spanish market. Of course, further economic uncertainty that has damaging implications for the Spanish economy will have implications for companies in Scotland.

That brings me to the point that lies at the heart of my remarks. There will be a variable degree of impact on the Scottish economy, depending on what takes place. In the scenario that I hope for, there will be no Greek exit from the euro and indeed no member state will leave the euro zone. That is the best-case scenario. I think that Mr Brown rather contorted some of my words when he suggested that I had said that the impact would be contained in the event of a Greek exit from the euro, because after making a point about the Greek economy I said:

"the greatest concern in that regard would be possible contagion in other larger economies and the challenge that that would throw up ... to Europe's economy and financial system."

That illustrates that we can see the difficulties and issues that will arise if there are wider implications.

Gavin Brown: I certainly never intend to contort anyone's words. My central point was that I cannot

foresee a scenario in which we need look only at the direct impacts and there is not at least a degree of contagion.

John Swinney: In my preferred scenario, which is Greece remaining in the euro zone, there will be no contagion, because there will be a managed approach to address the issue, with clear leadership. If that does not happen, of course there is the risk of contagion. I think that I accepted that during the debate.

I assure Mr Brown, who asked what we are doing to tackle the issues and what approach we are taking, that steps have been taken. Because of the focused reforms that the Government has put in place with regard to the relationships between our enterprise agencies in Scotland and the company base in Scotland, and between Scottish Development International and potential and existing inward investors in Scotland, there is active and regular dialogue with companies, to ensure that we are properly sighted on issues and concerns and on the likelihood of investments being taken forward.

We maintain that dialogue through our account managers in Scotland and overseas. I spent a week in Japan and Korea, working with account managers in both countries in face-to-face meetings with individual companies, and the relationships are strong, clear and open. Such relationships enable us to be informed about companies' intentions, and that will continue. Of course, that approach is part of our wider efforts, which in the previous financial year resulted in 9,300 planned jobs being delivered in Scotland by SDI, of which 2,000 are high-value jobs.

To complement that approach, the Government has taken a range of economic initiatives, such as the marketing campaign to encourage 200 FTSE companies to invest in Scotland and our enterprise area proposals. We have direct dialogue with companies overseas. When I was in Korea, I met Samsung Heavy Industries, which is investing in offshore technology in Fife, and Doosan Power Systems. The First Minister and Mr Lochhead have recently been in the middle east, where they were involved in promotional activities and visits in relation to food and drink and renewable energy. The First Minister has also been in China.

We have a variety of inward investments. Yesterday, I was given an update from the Edinburgh BioQuarter forum on investment in the life sciences sector. The First Minister was at the all-energy conference in Aberdeen last week, at which a number of reports on further investments were made. The Government pursues a range of investments, in an active and focused way, to ensure that investments are delivered for Scotland.

Gavin Brown *rose—*

John Swinney: In the light of my account of all the action that the Government has taken, if Mr Brown is a fair individual this is perhaps his opportunity to withdraw his amendment.

Gavin Brown: Nice try.

It is difficult to disagree with any of the positive measures that the cabinet secretary mentioned, but it is fair to say that none of them was in direct response to the euro zone crisis. Has that good activity been stepped up, to reflect the crisis? That is the assurance that I seek from Government.

John Swinney: Activity could not be stepped up, because the Government could not work harder to secure investment for Scotland. If Mr Brown cannot accept that, he is not being a fair individual, and if Mary Scanlon cannot accept this, she is not prepared to correct the record. The number of firms with one to nine employees in the United Kingdom has fallen by 3.1 per cent; in Scotland, the number has fallen by 1.5 per cent. The number would have fallen by a great deal more if we had followed the budget advice of Mrs Scanlon and Mr Brown and not voted to maintain the small business bonus scheme in the budget in March. The Government voted for that.

I will respond to some of the issues that the Labour Party has raised. Johann Lamont asked about the dialogue that we have with the UK Government. We have a great deal of communication with the UK Government on capital investment and the economy. On 23 May, the Cabinet Secretary for Culture and External Affairs discussed with the UK minister for Europe, David Lidington, issues relating to the approach that the Scottish Government wants the UK Government to take in its euro zone discussions.

In the past 48 hours, I have had meetings with the Royal Bank of Scotland, Lloyds, Clydesdale Bank and HSBC. I also had a meeting with Lloyds last week.

The accusation that the First Minister does not want to comment on the euro zone situation is rather funny, given that the Government scheduled a debate on the subject for today.

Johann Lamont asked whether I would express my appreciation to Gordon Brown for saving the banks. The governor of the Bank of England said:

"Bailing out the banks came too late ... to prevent the financial crisis from spilling over into the world economy. The realisation of the true state of the banking system led to a collapse of confidence around the world and a deep global recession. Over 25 million jobs disappeared worldwide. And unemployment in Britain rose by over a million."

If Johann Lamont expects me to thank Gordon Brown for that, she should know that I have no

intention of thanking him for anything whatsoever in that respect.

Ken Macintosh: I have a couple of quotes from Mr Swinney. In 2009, Mr Swinney said:

“The events which have taken place in global markets ... are ... without precedent ... However there appears to be general agreement that the immediate cause of the crises stemmed from two powerful external shocks during 2007—the international financial crisis”

and the credit crunch. He went on to say:

“The origins of the financial ... instability can be traced back to the growing imbalances in the World economy”.

Perhaps Mr Swinney would like to thank Gordon Brown, who is not to blame.

John Swinney: No, because the governor of the Bank of England made the point beautifully that the bailing out of the banks came far too late. That was on the watch of Gordon Brown and Alistair Darling, who made a shambles of the Scottish economy.

In one of his great accusations in the debate, Neil Findlay said that my contribution was rather dry and academic and that I should have focused more on the people. He went on to say that we should be talking about hegemony, neoliberalism, pan-European tax policies and, at the summit, political hegemony. What a ridiculous contribution to the debate from Mr Findlay. He asked me to speculate on what the boss had been saying about the euro. I will tell him and Mr Macintosh what the boss said about the euro:

“This year we will face what may be the single most important decision that faces this political generation—the question of whether to join the euro.

We see no constitutional bar to joining and the political case for entry is overwhelming”—

Tony Blair.

Finance (No 4) Bill 2012

16:53

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-03068, in the name of Fiona Hyslop, on the Finance (No 4) Bill 2012, which is United Kingdom legislation.

Motion moved,

That the Parliament agrees that the relevant provisions of the Finance (No.4) Bill 2012, introduced in the House of Commons on 26 March 2012, relating to tax incentives for philanthropic gifts (Cultural Gifts Scheme), so far as these matters alter the executive competence of the Scottish Ministers, should be considered by the UK Parliament.—
[Fiona Hyslop.]

The Presiding Officer: The question on the motion will be put at decision time.

Business Motion

16:53

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-03101, in the name of Bruce Crawford, on behalf of the Parliamentary Bureau, which sets out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Wednesday 6 June 2012

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Ministerial Statement: Fuel Poverty

followed by Standards, Procedures and Public Appointments Committee Debate: Parliamentary Reform, Standing Orders Rule Changes

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 7 June 2012

9.15 am Parliamentary Bureau Motions

followed by Scottish Government Debate: Reform of the 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 Ministerial Statement: Scottish Government's Approach to Taxation

followed by Stage 3 Proceedings: Agricultural Holdings (Amendment) (Scotland) Bill

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Wednesday 13 June 2012

2.30 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Scottish Government Business

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business

Thursday 14 June 2012

9.15 am Parliamentary Bureau Motions

followed by 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

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members' Business—[Bruce Crawford.]

Motion agreed to.

Parliamentary Bureau Motions

The Presiding Officer (Tricia Marwick): The next item of business is consideration of two Parliamentary Bureau motions. I ask Bruce Crawford to move motions S4M-03103 and S4M-03104, on approval of Scottish statutory instruments. I ask any member who wishes to speak against the motions to press their request-to-speak button now.

Motions moved,

That the Parliament agrees that the Property Factors (Code of Conduct) (Scotland) Order 2012 [draft] be approved.

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Dalgety Bay) (Scotland) Order 2012 be approved.—[Bruce Crawford.]

The Presiding Officer: I call Helen Eadie, who has up to three minutes to speak on motion S4M-03104.

16:55

Helen Eadie (Cowdenbeath) (Lab): Thank you for allowing me to say a few words on behalf of my constituents who live or work in Dalgety Bay and the surrounding area and are affected by the SSI.

I believe that it is very important to question the Scottish Government on what more it can do. I have written to the First Minister, but he did not honour me with a response. Instead, he asked Richard Lochhead to respond to me on his behalf. I have also raised the issue in the chamber, and the First Minister said that, perhaps, in due course, the Government can do a little bit more. It is simply not good enough for the First Minister to leave it for a while longer; the problem requires him to do something much more urgently.

I asked in my correspondence whether the First Minister would raise the matter with the Ministry of Defence directly. There are grave concerns about the safety, welfare and health—both mental and physical—of people in our community with regard to this issue.

I have rarely asked you, First Minister, and I really would appreciate less of a smile on your face—

The Presiding Officer: Ms Eadie, I would be grateful if you would address the SSI, which is about shellfish in Dalgety Bay.

Helen Eadie: I understand, and I am asking whether the First Minister will ensure that more progress is made. Some progress is being made, and I will not adamantly oppose the SSI tonight. My ground for speaking in opposition to the motion is that the Government is not doing enough, and must do much more.

Although it is good that the Government is working with the Food Standards Agency to ensure that the public are not affected by ingesting any of the radiation contamination on the beaches, it is very important that the First Minister addresses the heart of the issue, which is the removal and the remediation of all contamination on the beaches at Dalgety Bay. It is not enough for the Government to say this evening that it will make it a criminal offence for people to gather bait from the beaches and put others at risk of contamination.

We want the Government to make certain that every ounce of contamination is removed from the beaches at Dalgety Bay. The very least that the First Minister can do is not only to ensure, through working with the Food Standards Agency and the Health Protection Agency, that any possibility of contamination is removed but to give his urgent attention to the matter and speak with—

The Presiding Officer: Your time is up, Ms Eadie.

16:59

The Minister for Public Health (Michael Matheson): A number of Helen Eadie's comments do not refer to the emergency order that the Parliament has considered and on which members will have an opportunity to vote tonight.

It is clear that the contamination has come about as a result of the actions of the Ministry of Defence. There is no fault on the part of this Government, which has been pursuing the MOD to take up its responsibility to clean up the contamination that it has caused at Dalgety Bay. On several occasions, cabinet ministers have written to the MOD to ask it to face up to its responsibility. We are making an emergency order to protect public health as a result of the contamination that has been caused by the MOD. In the coming months, the Scottish Environment Protection Agency will work with the MOD to identify the full extent of the contamination that has been caused by the MOD.

I hope that Helen Eadie and her colleagues will support us in future in ensuring that, once we recognise the full extent of the contamination that has been caused by the MOD, the MOD owns up to that and pays for the clean-up of Dalgety Bay.

The Presiding Officer: The questions on the motions will be put at decision time.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are seven questions to be put as a result of today's business. The first question is, that motion S4M-03077, in the name of Alex Salmond, on the diamond jubilee, 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)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 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)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 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)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Fergusson, Alex (Galloway and West Dumfries) (Con)
 Findlay, Neil (Lothian) (Lab)
 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)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hume, Jim (South Scotland) (LD)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alex (North East Scotland) (Con)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)

Lamont, Johann (Glasgow Pollok) (Lab)
 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)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McLetchie, David (Lothian) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 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)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 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)
 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

Harvie, Patrick (Glasgow) (Green)
 Johnstone, Alison (Lothian) (Green)

Abstentions

MacDonald, Margo (Lothian) (Ind)
 Mason, John (Glasgow Shettleston) (SNP)

The Presiding Officer: The result of the division is: For 116, Against 2, Abstentions 2.

Motion agreed to,

That the Parliament congratulates Her Majesty The Queen on the occasion of her Diamond Jubilee; expresses its gratitude for Her Majesty's exceptional public service and unwavering dedication to duty over sixty years in a changing world; affirms the respect that is held for Her Majesty in Scotland, and looks forward with anticipation to the continuation of that long and close relationship on the occasion of Her Majesty's Diamond Jubilee visit to Scotland during this celebratory year.

The Presiding Officer: The next question is, that amendment S4M-03078.3, in the name of Ken Macintosh, on the implications for the Scottish economy of the current euro zone situation, 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)
 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)
 Henry, Hugh (Renfrewshire South) (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)
 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)

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)
 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)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hume, Jim (South Scotland) (LD)
 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)
 MacDonald, Margo (Lothian) (Ind)
 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)
 McArthur, Liam (Orkney Islands) (LD)
 McDonald, Mark (North East Scotland) (SNP)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McLetchie, David (Lothian) (Con)
 McMillan, Stuart (West Scotland) (SNP)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Rennie, Willie (Mid Scotland and Fife) (LD)
 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)
 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 35, Against 86, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that amendment S4M-03078.1, in the name of Gavin Brown, on the implications for the Scottish economy of the current euro zone situation, 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)
 Milne, Nanette (North East Scotland) (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)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 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)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 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)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)

Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Harvie, Patrick (Glasgow) (Green)
 Henry, Hugh (Renfrewshire South) (Lab)
 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)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 MacDonald, Margo (Lothian) (Ind)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 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)
 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 18, Against 103, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-03078, in the name of John Swinney, on the implications for the Scottish economy of the current euro zone situation, 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)
 Baillie, Jackie (Dumbarton) (Lab)
 Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Bibby, Neil (West Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 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)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 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)
 Dugdale, Kezia (Lothian) (Lab)
 Eadie, Helen (Cowdenbeath) (Lab)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Ewing, Fergus (Inverness and Nairn) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Finnie, John (Highlands and Islands) (SNP)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Keir, Colin (Edinburgh Western) (SNP)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)

Lamont, Johann (Glasgow Pollok) (Lab)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Macdonald, Lewis (North East Scotland) (Lab)
 Macintosh, Ken (Eastwood) (Lab)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 Maxwell, Stewart (West Scotland) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDonald, Mark (North East Scotland) (SNP)
 McDougall, Margaret (West Scotland) (Lab)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Aileen (South Scotland) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McMillan, Stuart (West Scotland) (SNP)
 McNeil, Duncan (Greenock and Inverclyde) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Murray, Elaine (Dumfriesshire) (Lab)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, David (Highlands and Islands) (Lab)
 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)
 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)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alex (North East Scotland) (Con)
 Johnstone, Alison (Lothian) (Green)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 MacDonald, Margo (Lothian) (Ind)
 McArthur, Liam (Orkney Islands) (LD)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McLetchie, David (Lothian) (Con)
 Milne, Nanette (North East Scotland) (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)

The Presiding Officer: The result of the division is: For 99, Against 21, Abstentions 0.

Motion agreed to,

That the Parliament recognises the challenges in the eurozone and the importance of a resolution to these issues for the Scottish economy; supports the efforts of EU member states and the European Commission to restore growth to the eurozone and welcomes the increasing focus on growth over austerity; recommends that instruments used to encourage growth in the eurozone are prioritised as part of the solution to the crisis; calls on the UK Government to respond to the increasing calls for a growth stimulus as, without growth, austerity is self-defeating, and therefore calls on the UK Government to respond positively to the Scottish Government's proposal for £300 million of shovel-ready projects, which will support jobs and growth across Scotland.

The Presiding Officer: The next question is, that motion S4M-03068, in the name of Fiona Hyslop, on the Finance (No 4) Bill 2012, be agreed to.

Motion agreed to,

That the Parliament agrees that the relevant provisions of the Finance (No.4) Bill 2012, introduced in the House of Commons on 26 March 2012, relating to tax incentives for philanthropic gifts (Cultural Gifts Scheme), so far as these matters alter the executive competence of the Scottish Ministers, should be considered by the UK Parliament.

The Presiding Officer: The next question is, that motion S4M-03103, in the name of Bruce Crawford, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to,

That the Parliament agrees that the Property Factors (Code of Conduct) (Scotland) Order 2012 [draft] be approved.

The Presiding Officer: The final question is, that motion S4M-03104, in the name of Bruce Crawford, on approval of an SSI, be agreed to.

Motion agreed to,

That the Parliament agrees that the Food Protection (Emergency Prohibitions) (Dalgety Bay) (Scotland) Order 2012 be approved.

Rio+20 Summit

The Deputy Presiding Officer (Elaine Smith):

The final item of business is a members' business debate on motion S4M-02949, in the name of Aileen McLeod, on Rio+20. The debate will be concluded without any question being put.

Motion debated,

That the Parliament welcomes the upcoming Rio+20 summit in June 2012, which will see world leaders, governments, the private sector, NGOs and other groups come together to discuss how they can reduce poverty, advance social equity and ensure environmental protection for the world; notes that, ahead of the summit, the seven key areas that have been identified as needing priority are decent jobs, energy, sustainable cities, food security and sustainable agriculture, water, oceans and disaster readiness; further notes that Rio+20 is in cooperation with the entire UN system; acknowledges the role of CIFAL Scotland in bringing together the public and private sector to advance the green growth agenda in Scotland and supports its ambition to give Scotland a powerful voice in promoting greater sustainability worldwide, including for organisations in the south of Scotland; considers that the original Rio Summit, held in 1992, was a milestone in global environmental talks, and believes that Rio+20 has the potential to go further in providing guidelines for long-term sustainable development worldwide.

17:06

Aileen McLeod (South Scotland) (SNP): It is a real privilege for me to debate this motion, which seeks the Parliament's support to urge those who will attend the forthcoming Rio+20 conference to agree a programme of action that will make a serious and lasting contribution to tackling the pressing challenges that face global society, principally how to build a green economy, achieve sustainable development, lift people out of poverty and improve international co-ordination for sustainable development.

I thank all the members who have signed my motion and those who will participate in this evening's debate. I also congratulate CIFAL Scotland on bringing this issue to the Parliament and, as I have said in my motion, on its work

"in bringing together the public and private sector to advance the green growth agenda in Scotland"

and its ambition, shared with Sniffer, Scottish Business in the Community, the Scottish Wildlife Trust and Scottish Environment LINK,

"to give Scotland a powerful voice in promoting greater sustainability worldwide".

Through the establishment of the Rio flourishing Scotland working group, those organisations came together to raise awareness of Rio+20 in Scotland and jointly produced "A Flourishing Scotland", which not only celebrates Scotland's progress since the first earth summit in 1992 but, importantly, highlights those areas in which

greater ambition is required if Scotland is to maintain its momentum towards a sustainable future. Their efforts are to be commended.

As colleagues will be aware, Rio+20 convenes 20 years after the earth summit in Rio, which led to the publication of the “Rio Declaration on Environment and Development”. In reflecting the emergence of a global consensus on and political commitment at the highest level to developmental and environmental co-operation to tackle poverty, promote environmental protection and achieve sustainable development through a global partnership under the auspices of the United Nations system, that document resonates as profoundly today as it did 20 years ago.

There is no doubt that, 20 years later, some progress has been made. Few today deny the reality of climate change and no one is under any illusion that it is the world’s poorest who are most vulnerable to the destruction that continued environmental degradation will unleash. However, our collective response remains inadequate, as many Governments simply fail to implement the measures necessary to reverse global warming and rescue countless millions from the unacceptable costs of climate injustice.

Today, the global economy faces its worst economic and social crisis in living memory and the inescapable truth is that yet again those who live in the world’s poorest countries will suffer most as inequalities in income, health, education and mortality widen even further. I therefore echo the remarks made in January by our First Minister when he urged world leaders to make 2012 a “year of climate justice” and the motion adopted by the Parliament in March, in which we endorsed the opportunity for Scotland to champion climate justice.

If we are to achieve that, the Rio+20 talks must deliver. The conference is a historic opportunity for Governments, the UN, and other international agencies to provide the leadership that we will need if we are to deliver concrete policies that will promote prosperity and reduce poverty, advance social equity, and ensure environmental protection.

I do not consider that to be an overly ambitious request. The Scottish Parliament has shown what can be done to bring sustainable development closer to the heart of decision making in Scotland. Today we are fully aware of the economic, environmental and social impact of the policies that we pursue to meet our objectives. As parliamentarians, most of us are involved with a range of stakeholders who are determined to support our efforts to mainstream those concerns into our legislative and policy thinking. That has led us to enact pioneering climate change legislation that incorporates world-leading

emissions and renewables targets, along with commitments to climate adaptation and Scotland’s first land use strategy. Through our legislation, we have championed community involvement in renewable energy development. We have demonstrated that protecting the environment is desirable, and that it can be profitable for individuals and businesses alike. As the Parliament of and for the people of Scotland, we are encouraging our non-governmental organisations, businesses, local authorities, community groups, and research institutes to become part of a collective and collaborative effort to create a sustainable future and ensure employability.

Last night, it was my privilege to host the flourishing Scotland reception, which brought together a wide and diverse cross-section of Scottish society, all linked by a common commitment to support actions that will lead to a more sustainable global future. It is not only appropriate policies that we need to implement if we are to succeed at the forthcoming Rio conference. Arguably the greatest challenge that will face Rio+20 is to establish an international framework that will ensure delivery of the policies that we need—an international framework for sustainable development. The absence of a robust and meaningful international framework represents the weakest link in the prospects for achieving success at the Rio+20 conference.

I said at the outset that I wanted to congratulate CIFAL Scotland, Sniffer, Scottish Business in the Community, the Scottish Wildlife Trust and Scottish Environment LINK on the work that they do in raising awareness in Scotland about how important it is that the Rio+20 conference is a success in substance and its subsequent implementation. In closing, I stress that the matters that will be discussed next month in Rio do not involve faceless people in a faraway land. Those issues affect us all, and we all have a responsibility for the success of the conference. I am delighted that Stewart Stevenson will represent the Scottish Government and Parliament in Rio next month. Achieving a consensus around my motion will enable him to take to that meeting a strong and positive message from the people of Scotland.

I am not suggesting that Scotland’s journey towards supporting sustainable development is over. Certainly, there is more to be done. Scotland needs a renewed focus on sustainable development that acknowledges its key role in achieving economic stability, environmental sustainability and social equality. In that regard, the Parliament has an important governance role to play in regularly reviewing and scrutinising the progress that is being made. More work needs to be done on identifying and exploring alternatives

to gross domestic product, especially given the apparent disconnect between GDP and prosperity. What measure should we use to take account of Scotland's values, attitudes and behaviours in relation to sustainable development? It is incumbent on us all to continue to work with the people of Scotland to that end.

If ever there was a time when the interests of different peoples in different parts of the world could have been regarded as separate and unrelated, that time is long past. Today we live in an interconnected and integrated world in which our individual actions directly affect the welfare of people across the planet, just as their actions affect us. The Rio+20 conference will provide an opportunity to take a decisive step towards delivering sustainable development and climate justice at a global level that will benefit every citizen in every country across the world. I therefore hope that members of Parliament will give their unanimous backing to the motion and, by doing so, send a message to the delegates who will attend the Rio+20 conference that the people of Scotland urge them to a successful conclusion. We have the momentum; let us build on it and ensure that it does not end in Rio.

17:14

Claire Baker (Mid Scotland and Fife) (Lab): I am pleased to speak in this debate in support of the Rio+20 summit. I congratulate Aileen McLeod on securing the debate and giving us the opportunity to discuss the approaching summit. My colleague Claudia Beamish is disappointed not to be here, but it seems that her committee trip to Gigha to see in action many of the policies that speak to the purpose of Rio+20 has left her speechless—she has lost her voice, which is a bit unfortunate for a politician.

The Rio+20 summit will bring together Governments from around the world. The organisers hope that it will be

“an historic opportunity to define pathways to a safer, more equitable, cleaner, greener and more prosperous world for all.”

There is huge expectation and hope about what global summits can achieve, but no one should underestimate the challenges that we face in achieving a global transformation in how we grow our economies and sustain our populations.

The first Rio summit, two decades ago, was a seminal moment in the growth of sustainable development and environmental protection. Then, the core message was that nothing less than a complete transformation of our attitudes and behaviour would bring about the necessary changes. Ten years later, the world met again in South Africa to carry on the work. This June, world

leaders, Governments, businesses, NGOs and others will gather to pledge once again to move towards the level of transformation that was called for in 1992. However, we cannot ignore the persistent concerns that progress is not fast enough; that global commitments involve warm words, but not enough action; and that the big discussions about responsibility and growth between the developed and developing countries get in the way of progress.

We last discussed the issue of climate justice in March, when the Parliament joined together to promote

“the moral, environmental and economic reasons for action”

on climate change. At that time, Scottish Labour called on the Scottish Government to

“redouble its efforts to reduce emissions and target climate change in Scotland”,

a call that was supported by members from across the Parliament.

Global summits are vital to bring together the world to work on a complex set of issues. Those issues know no borders and require co-operation. Radical solutions will be on the table in June—there is a push for a law on ecocide. Pollution, climate change, ecological degradation and the worrying decline in global biodiversity are issues that concern us all, and there is an increasing call for accountability.

However, there must also be further progress at home. The seven key areas that have been identified for discussion at the summit can be worked towards at home if we are to live up to the First Minister's pledge in China a few months ago to

“set our own house in order, to be part of the solution not the problem but also to lead by example.”

To take just one of the key themes—the green economy—the RSPB has highlighted the opportunity at the summit to work towards the creation of a global green economy, which would help all the world's people and deliver social, environmental and economic development in some of the poorest parts of the world.

As WWF Scotland and other organisations are highlighting in advance of Rio+20, the Scottish Government must continue to take action at home to ensure that our economy moves towards a low-carbon and sustainable future. We must ensure that the focus is not simply on jobs that are associated with renewable energy, but on embedding change in every sector of our economy.

I welcome the chance to speak in the debate. I wish the delegation well as it joins world leaders in Rio in 22 days' time. I hope not only that

agreements are reached that will shift the world towards a more sustainable future, but that the summit gives fresh impetus to the Scottish Government's commitment to a sustainable and low-carbon future here at home.

17:18

Jamie Hepburn (Cumbernauld and Kilsyth) (SNP): I join Claire Baker in congratulating Aileen McLeod on securing the debate. I apologise for not attending last night's reception but, unfortunately, I was not in Edinburgh until this morning.

There is often public cynicism about the type of event that is represented by the Rio+20 summit. In some ways, I can understand why that might be, but Aileen McLeod did a good job of spelling out why such events are important, which is that they can change mindsets and achieve certain goals. We probably do not believe that everything that needs to be achieved has been achieved through such events in the past, but that is not to say that they are not without import. Next month's summit is important on a number of fronts, prime amongst which is the aim of getting the world to face up to the challenge of tackling the obscenity of poverty in the 21st century.

I think that we would all agree that poverty, in any of its forms, is offensive. Too many people here at home in Scotland struggle to make ends meet. I am sure that all members will see, probably all too regularly, individual constituents come to them facing such struggles.

Of course, poverty is a global phenomenon. Too many people in the developing world face the struggle of absolute poverty; too many mothers struggle to feed their children; too many children fail to meet basic standards of literacy and numeracy, because they are being forced to work rather than learn; too many children fail to live to see their fifth birthday; and too many families—men, women and children—face the extremities begotten of poverty.

Aileen McLeod did us a service by reminding us that the people who will be affected, I hope beneficially, by the outcomes of the summit—the people to whom I have just referred—are not faceless people. They are mothers, fathers, brothers, sisters, sons and daughters. They are real people who have other people who love them and we must do all that we can to ensure that they have a decent standard of living.

The most fundamental challenge before the Rio+20 summit lies in the part of Aileen McLeod's motion that refers to those in attendance coming together to reduce poverty and advance social equity. I hope that concrete solutions can be put in place and thereafter acted upon.

Another issue that is of fundamental importance is environmental protection, which is inextricably linked to the issue of poverty. I will touch on that shortly, but of particular importance at the Rio+20 summit will be the discussions on how to contribute to protecting biodiversity and ecosystems. A number of briefings that members have received in advance of the debate highlight why that is important.

WWF states in its briefing that it published a "Living Planet Report". The report reveals that biodiversity continues to decline and sets out why it is important that that issue is addressed. It also points out that the world's ecological footprint outstrips its natural biocapacity. The summit must face up to those issues.

RSPB Scotland also provided a briefing about the summit. It states that it

"hopes that the summit will be an opportunity for the international community to work towards the creation of a green economy that will benefit the world's poorest people."

Of course, those who are most adversely affected by climate change are the world's poorest people. That is why the two issues are inextricably linked to one another.

I see that I am running out of time, Presiding Officer. I had hoped to refer to some projects in my own constituency that demonstrate the protection of biodiversity, that could be learned from and could contribute to a positive outcome at the Rio+20 summit.

It is right to have this debate and I congratulate Aileen McLeod on securing it. It is right that Scotland can contribute positively to the Rio+20 summit. I am sure that we all hope that it will be a successful summit with some concrete, practical outcomes thereafter.

17:23

Jamie McGrigor (Highlands and Islands) (Con): I, too, congratulate Aileen McLeod on securing the debate. I also thank WWF Scotland and RSPB Scotland for their very useful briefings.

I hope that all of us in this chamber—perhaps I had better say this Parliament—wish the upcoming Rio+20 summit every success and agree with the seven key areas identified as priorities. I am particularly pleased that food security and sustainable agriculture will also be discussed, because feeding and watering the world's growing population will become a bigger and bigger issue for all Governments as we go forward and risks becoming a major cause of conflict and, indeed, a threat to peace.

I am happy that the minister in attendance this evening will attend the summit as part of the UK delegation—in fact, I am jealous of him. It is right

that all the nations of the UK work together on these global issues. The First Minister has said that climate change should be a major theme for Rio+20. I hope that members on all sides will recognise the UK Government's commitment to climate justice.

The UK Government has committed to £2.9 billion of international climate finance specifically to help developing countries to pursue low-carbon growth and adapt to the impacts of climate change. The UK Government is to be commended for seeking to lever in private sector investment to tackling climate change in developing economies, notably through the capital markets climate initiative—the CMCI—which aims to unlock the private sector's ability to help to meet the estimated £100 billion of new green investment that will be required annually by 2020 to tackle climate change in developing countries.

The UK Government has said that it is ambitious for the summit. Caroline Spelman, who will lead the UK delegation, has rightly argued that our economic, social and environmental security—our future wellbeing—relies on tangible outcomes from Rio+20.

The earth summit in 1992 is often described by commentators and historians as a major turning point in global understanding and awareness of the human impact on the world's resources and the environment, and thank goodness for that. In most countries, the concept of sustainable development has become a mainstream one, which stems in large part from the 1992 summit.

All of us hope that in 20 years' time, Rio+20 is seen to have achieved concrete results that have helped countries, including those in the developing world, to achieve the lifting of living standards through environmentally friendly economic growth that makes sustainable use of the world's precious natural resources without ruining them for future generations.

17:27

Alison Johnstone (Lothian) (Green): I thank Aileen McLeod for securing this debate on the Rio+20 summit next month.

As the motion recognises, the first Rio earth summit was a milestone in global environmental talks. In comparison with recent climate talks, the agreements made at Rio were extensive. Rio established the term "sustainable development" in the political vocabulary. The Rio declaration defined the polluter-pays principle and the precautionary principle, and recognised that women and indigenous peoples have vital roles to play in creating solutions to environmental crises.

Rio also produced agreements on the agenda 21 action plan and the forest principles, and gave us the United Nations Framework Convention on Climate Change, the international environmental treaty that led to the Kyoto protocol's mandatory emission limits and the framework for all future global climate negotiations.

However, all has not been rosy since Rio. Global carbon emissions have continued to rise and the efforts to replace Kyoto have become increasingly fraught. Millennium development goals on poverty will be missed and the economic model, then and now, is based on debt-fuelled overconsumption and is hard-wired for vast levels of poverty and inequality.

Twenty years on from Rio number 1, I welcome the seven issues that are mentioned in the motion—there are accords, action plans and agreements that we can have for decent jobs, low-carbon energy, food security, water scarcity and all the others—but the point that I want to make is that they all have their root causes in our choice of economic system and our approach to economic governance.

The green economy is one of the key themes at Rio+20. For years, Greens and many others have called for a transition to a low-carbon economy within ecological boundaries. However, the definition of a green economy is the debate that is raging in the lead-up to Rio. The UK's position is effectively that our economic activities trash the planet because we do not ascribe a financial value to the beneficial functions of nature, such as clean air, fresh water and healthy soils. That argument proposes the commodification of services that a healthy ecosystem provides for free.

The argument goes that by costing ecological services or monetising the right to pollute, and bringing those into a market, we can continue with something very similar to business as usual but live within ecological limits. There are many who oppose that false green economy. The corporate green economy would lead to the privatisation of land and nature by multinational companies and take control of the resources further away from the communities that depend on them, instead of contributing to sustainable development and economic justice.

The World Development Movement has called for a

"real green economy, not a Trojan horse for bankers".

A true green economy would embrace economic justice—the right of poor communities to determine their path out of poverty, and an end to harmful policies that put profit before people and the environment. A true green economy would replace our focus on economic growth and unsustainable consumption with a focus on

meeting everyone's needs in a truly sustainable manner. In Scotland, there are similar debates over what is meant by "sustainable economic development".

I wish the minister and all those who are attending the Rio+20 conference every success in working for the positive outcome that is essential. I ask the minister—following his attendance at the summit—to seek to find Government time for a full debate on the summit and its outcome.

17:31

Rob Gibson (Caithness, Sutherland and Ross) (SNP): This is a huge subject that is central to the future of the planet, and it is one that deserves to be constantly on our agenda. Indeed, our climate justice debate, as was mentioned, was one of the first to take place in any Parliament, and we have an opportunity to expand on many of its ideas.

I thank Aileen McLeod for lodging the motion. The issue requires us to have a moral duty to use our position in the world to ensure that we have our own house in order. In some instances, it is a cry for self-help to allow people different routes forward. It is also a call for international solidarity so that people will have an opportunity to benefit from the good and bad experiences of other countries and adapt them to their particular needs.

There is much that I could say, but I will refer in particular to the document "A Flourishing Scotland", which we celebrated at a Parliament event last night with members of the public and NGOs. The document is in two parts. The first covers celebrations and the second covers ambitions. The celebrations are important to remember because there has been progress since the Rio process began. For example, in the area of biodiversity, one of the noted celebrations in Scotland is the Nature Conservation (Scotland) Act 2004, which

"introduced a biodiversity duty on all public bodies, a landmark duty that now needs to be translated into action on the ground to build on successful initiatives such as water environment restoration funds."

Under the ambitions section, the document states:

"As the 2010 target to halt the loss of biodiversity in Scotland was not met, more effort and investment is now required to turn around continuing declines in nature."

We see the realities in our country and, if we bring those realities to other people, it may help them with the decisions that they have to make. I offer my thanks to RSPB and WWF for their remarks on biodiversity and the challenges that we face.

To slightly repeat myself, I note that in the Rural Affairs, Climate Change and Environment

Committee we discussed taking more action on peatlands. We are already debating the rewetting of peatlands. As the International Union for Conservation of Nature commission of inquiry on peatlands said,

"By creating a better framework to integrate public and business policies and by putting the right funding mechanisms in place, we should be able to secure a much better future for our peatlands by 2050."

That is an example of how Scotland is addressing biodiversity. That action is essential in many ways because peatlands do not just sequester carbon; they also increase the species that live in the areas, which makes the areas a potential tourist destination. There are great benefits to ecosystems from that work.

I was involved last year in a project that is going to measure how the condition of a particular part of my constituency improves over the next 50 years. It is called the Coigach and Assynt living landscape project. It aims to set an example to other parts of the country and to help Scotland's Government by taking practical action to link the environment and the people who live in the area. That will enable people to plan for a brighter future.

Rio+20 is a great opportunity for us not just to celebrate a flourishing Scotland in the way that we have done but to reach our hands across the oceans and work with those in other countries to ensure that we have a flourishing planet. Collaboration between all parts of our society and people in other countries will be essential to achieve the aims.

17:36

The Minister for Environment and Climate Change (Stewart Stevenson): I welcome the opportunity to respond to the debate and to congratulate Aileen McLeod on securing it. Indeed, I congratulate all those who have been involved in the launch of the report "A Flourishing Scotland". I was delighted to be with such an engaged group of people last night, just as I am delighted to be going to Rio as part of the UK delegation to work with people from countries around the world. I should say that when I go to Brazil—I say this to make members feel slightly better—I will almost certainly see none of the country. My experience of international conferences tells me that that is how things will work.

Let me address a few of the points that members have raised during the debate. Aileen McLeod talked about a range of things. I respond to her by saying that, in the preparation for Rio+20, Brazil has been playing a particularly important part, for example by working with others

on the wider agenda in the intersessional talks that have taken place in the past couple of weeks. It has shown its ability to draw together disparate points of view and start to get some consensus.

I absolutely agree with the thread that has run through every speech, which is that the world's poorest people are bearing the cost of the carbon-driven prosperity that we have built up over a long period of time, here and in many other developed countries. It is time that we repaid some of the debt that we owe to the people who are paying the price of our success. It is terrific to see that so much of Scotland's civic society agrees that we should share responsibility.

Aileen McLeod said that GDP does not necessarily equate to prosperity; there is something in that. I am always drawn to the Bhutanese national constitution, which embeds the concept of gross national happiness as the way in which things should be measured.

We in Scotland are already doing a great deal. We are working on solar energy in Malawi through our international development fund and we are looking for bids for development projects in sub-Saharan Africa. We have awarded £1.7 million to support the University of Strathclyde's Malawi renewable energy acceleration project so that, for the first time, rural areas can access reliable energy. We collaborate with the Global Carbon Capture and Storage Institute and we have introduced the Commonwealth saltire professional fellowships.

Claire Baker apologised for Claudia Beamish not being here. I am jealous that Claudia is on Gigha as it is one of my favourite islands. I say that at risk of offending others. Of course, the Gaelic name for the island means "God's Island". If someone is going to lose their voice, where better to do it than on Gigha?

Radical solutions will be on the table at Rio, and we have to build alliances to get support for taking them forward. I absolutely agree that, in urging the international community to take action, we cannot neglect the need to continue to do it here.

Jamie Hepburn majored on poverty and what we might term emerging emitters in poor nations moving on to the kind of model that has got us to where we are. We must help them to move to a new economy without their going through the same emitting stage as us. As Jamie Hepburn said, we must protect biodiversity and ecosystems.

We must deliver many messages in Rio and we will work with many different people. We recently accepted an invitation from the secretary general of the United Nations to participate in a sustainable energy for all initiative, which is one of many things that I am sure will come up in Rio.

The economy is an important part of the agenda and we must ensure that the green economy has green roots and that it reaches the other parts that previous initiatives did not reach.

Jamie McGrigor talked about food security and sustainable agriculture and touched on the subject of water. I agree with what he said in that regard.

Alison Johnstone highlighted the seven issues in the motion and posed the question: what is a green economy? One thing that we must be careful about in this agenda—as in so many other areas where we seek to influence long-term changes in society, business and government—is that we do not bet on a single idea, because we do not know yet all that we will need to do or what will work. A single idea about what a new economy might look like is probably not going to be sufficient for us to respond as we will be required to respond.

Rob Gibson talked about moral duty and biodiversity. In that context, we must have diversity in all that we do. We in Scotland must show leadership and we must show what can be done. Equally, we must not assume that what suits us and our opportunities will necessarily work so well for others.

I very much look forward to doing more work on peatlands. It was one of the great successes of the Durban conference; it was absolutely first class that we were able to get peatlands into the climate change agenda.

We have seen in the intersessional work that has been going on in the United Nations Framework Convention on Climate Change that progress is slower than we would like it to be, which is why it is so important that small nations and sub-states from all around the world are also going to Rio to show that we can take action individually and are not constrained by the idea that we must wait for others to make a move. We are at the forefront of a clean industrial revolution and will be looking to build a low-carbon economy. We can help others see the way forward on that.

I very much hope that I will be able to bring good news from Rio, which is part of a rolling programme of international engagement and United Nations led activity to address climate change. Progress is slow, but the message is spreading and more and more countries around the world are engaging. We will take our opportunities to engage and to show others what can be done.

Meeting closed at 17:43.

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