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## Scotland in EU

**First Minister Nicola Sturgeon**  
**Edinburgh**  
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Thank you Russell for that introduction and for inviting me to speak to you today about Scotland's place in Europe.

We are now exactly one month on from the EU referendum. It seems in some ways no time at all - and, in others, a lifetime. I'm sure many of you feel the same way.

Today, I will reflect on the result - on how it felt and what some of the lessons might be. I'll try to give you an insight into my own feelings and how my thinking developed in the early hours of 24 June.

Then I will consider where we are now and what lies ahead. I will root this firmly in Scotland's interests - what are our interests and values, why do they matter and how will we seek to protect them - in a way that, as far as possible, unites us.

I also hope to demonstrate that the question of Scotland's place in the EU - just like that of Scotland's place in the UK - is not some constitutional abstraction or distraction.

It is fundamentally about how we best equip ourselves to deal with the complex, interdependent, challenges facing governments, businesses and individuals in the 21st century.

It is about jobs and the economy. It is about living standards, fairness and equality. And it is about our place in and contribution to the world. It matters for, and to, all of us - and as we navigate our way through the difficult weeks, months and, indeed, years ahead, that is what we must bear in mind.

Firstly, though, let me take you back to the result - back to the morning of Friday 24th June.

Every generation has its "do you remember where you were when..." moments.

I suspect this will be one of ours.

We will all remember for a very long time exactly where we were - and, indeed, how we felt - when we heard the result of the EU referendum

Some of you will have woken up to the news, having gone to bed a few hours earlier assured that the polls, the bookies and the markets were all pointing firmly in the direction of a Remain vote.

Others, like me, will have watched events unfold right through the night and many, again like me, will have experienced a horrible, sinking feeling as the early results started to come in.

I told the Scottish Parliament a few days later that I was "disappointed and concerned" by the result. I have to admit that was parliamentary language for a much stronger feeling.

I felt angry that Scotland faced the prospect of being taken out of the EU against our will - with all of the damaging consequences that would entail.

I felt, and still feel, contempt for a Leave campaign that had lied and given succour to the racism and intolerance of the far right.

I felt frustration - on behalf of people across the UK - at the political irresponsibility that had brought us to this point.

I am the last person you will hear criticising the principle of referenda. But proposing a referendum when you believe in the constitutional change it offers is one thing. Proposing - as David Cameron did - a referendum even though he opposed the change on offer is quite another. And to do so, not because of any public appetite, but simply to appease UKIP and the eurosceptic voices within the Tory party was worse. That was reckless.

I also felt my share of the responsibility - as a senior politician on the Remain side - for the collective failure to convince a clear majority across the UK of the case for staying part of the EU, imperfect though it may be.

So these were the feelings I was experiencing in the early hours of the 24 June.

These feelings were, of course, tempered by a sense of pride in Scotland and how Scotland had voted.

More than 60% of those who had voted - and a majority in every single one of our 32 local authority areas - had said clearly that they wanted Scotland to stay in the

EU.

So as I started, at around 4am, to write the statement that I would give later that morning in Bute House, there were several thoughts crystallising in my mind.

Firstly, it seemed abundantly clear to me that people - even many of those who had voted to Leave - were going to wake up feeling very anxious and uncertain. It was therefore the job of politicians, not to pretend that we instantly had all the answers, but to give a sense of direction. To try to create some order out of the chaos. That's what I was determined to try to do for Scotland. I assumed that UK politicians would do likewise. I was wrong. Indeed, the absence of any leadership and the lack of any advance planning - both from the politicians who had proposed the referendum and from those who had campaigned for a Leave vote - must count as one of the most shameful abdications of responsibility in modern political history.

Secondly, although it was clear that the result would impact on all of our lives, it seemed obvious that the anxiety it would cause would be felt more immediately and more acutely by one particular group of society - nationals of other EU member states who had chosen to make their homes here in the UK. I felt then - and still feel very strongly today - that we must give them as much reassurance as possible. It is wrong that the UK government has not yet given a guarantee of continued residence to those who have built lives, careers and families here in the UK.

Thirdly, given how Scotland voted - and given the consequences, for our economy, society and culture, of being removed from the EU - I felt very strongly, and still do, that my job as First Minister is to explore every option to protect Scotland's interests.

That last point - protecting Scotland's interests - is the one I will dwell on today. I'll look at what Scotland's interests are and at how the Scottish Government will seek to protect them in the period ahead.

Before I do that, though, let me just briefly touch on one other thought that was in my mind then and that has developed and strengthened since - the need to learn the lessons of this referendum, both of the campaign and the result.

The lessons of the campaign will no doubt be talked about by politicians and political commentators for years to come. Some of them were the subject of advance warnings to David Cameron - warnings that I suspect he now wishes he had listened to a bit more carefully.

I don't have time to discuss these in detail. But there are three in particular that I will mention in passing.

First, the limitations and dangers of negative, fear based campaigning - particularly in the social media age where people have access to information from all different sources.

Second, the need to understand that campaigns are not year zero affairs. You tend to reap what you have sown over many years. It shouldn't have come as a surprise to politicians who have spent years denigrating the EU and pandering to the myths about free movement, that some voters simply did not believe them when they suddenly started extolling the virtues of both.

And, thirdly, the mistake of excluding certain groups of the population from the vote. I think it was wrong in principle to deny EU nationals and 16 & 17 year olds the right to vote. But, as well as being wrong in principle, it was also tactically foolish. These were precisely the groups that were most likely to be positive about the EU.

So, there is no doubt that mistakes were made. As I say, there will be plenty of time in the months and years ahead for all of us to mull over the lessons of the campaign.

What is perhaps more urgent - and certainly more important - is that we learn the lessons of the result.

To do that, we must make sure that we properly understand it.

Leave campaigners may have played the anti immigration card to the point, at times, of overt racism. And they did.

But 17 million Leave voters were not racist - nor even in many cases anti immigration. So why, in spite of all the warnings about the economic and financial consequences that would follow, did they choose to vote to leave the European Union?

That's a question we must address. And let me be clear - it is important to ask and to answer that question here in Scotland too. The country may have voted overwhelmingly to Remain - but 1 million of us voted to Leave. We mustn't lose sight of that. As the First Minister, I have a duty to listen to and respond to the concerns behind that vote.

Academic theses will be written on this subject for years to come. I am a politician, not a doctor of philosophy, so what follows are just my observations.

I don't doubt that many people voted Leave - simply and straightforwardly - because of what they think about the European Union. The EU is not perfect - far from it. It's institutions too often seem remote and its regulations unnecessary and interfering. And, of course, as I said earlier, UK politicians have spent years blaming it for all our ills and denying its achievements. So it's hardly surprising that many took the opportunity to vote against it.

But for many, I suspect the real roots of their Leave vote lay closer to home. The referendum was a chance for many to send a message - consciously or unconsciously - about how they are governed, and the effect of government policies have on their day to day lives.

This vote was about Europe, yes; but in my view it also reflected a loss of confidence and trust in UK institutions that have become remote and detached from peoples' lives.

We should not be complacent in Scotland. But perhaps there is at least a partial explanation to be found for the different result here, in the statistics measuring trust in the Scottish and UK governments.

Ever since devolution, people in Scotland have trusted the Scottish Government more than the UK Government to act in Scotland's interests.

That's been true under all Scotland's governments since 1999, so it's not a party political point.

But it is worth pointing out that trust in the Scottish Government to act in Scotland's long-term interests is higher today (73%) than it has been at any time since the establishment of the Scottish Parliament in 1999 (81%), and it is more than three times higher than trust in the UK government (23%).

So trust in institutions - or lack of it - is in my view a factor.

But a bigger factor is policy.

There is little doubt that many voted to leave the EU - voted against the status quo, in other words - out of a feeling that they were being left behind.

Marianna Mazucatto, a member of my Council of Economic Advisers, has said - rightly - that many Leave voters were protesting about the effects of austerity and an economic system that doesn't work for them.

However, she also said that "If the leave campaigners were right about how many felt about life and work in Britain today, they were wrong about the causes, and wrong about the solutions. Blaming the EU was a category error. In truth, the blame lies closer to home."

And that is the hard truth. Much of the blame for what happened on 23 June lies with the UK government's ideological obsession with austerity, with its decision to make ordinary people pay the price of a financial crash they didn't cause and with its cynical collusion in the myth that cuts and public service pressures are the fault of migrants rather than a direct result of deliberate economic policy.

So this referendum result - if the right lessons are being learned - must put tackling inequality and democratic renewal at the top of the political agenda.

A good start - though I say this more in hope than expectation at this stage - would be for the new Prime Minister and Chancellor to abandon completely the austerity economics pursued by their predecessors.

So, those are my reflections one month on.

But the present and the future matter more than the past. However much we might like to, we can't turn the clock back.

So, how do things stand today?

Well, firstly and most obviously, we have a new Prime Minister and government. But we don't yet have any clear explanation of what a Leave vote means in practice.

If we can read anything from the early signs, whether from government appointments or initial pronouncements it is, though I hope I'm wrong about this, that the UK is heading towards a hard rather than a soft Brexit - a future outside the single market, with only limited access, and significant restrictions on free movement.

But while "Brexit means Brexit" is intended to sound like a strong statement of intent it is, in truth, just a soundbite that masks a lack of any clear sense of direction.

There is also, today, something of a sense of calm before the storm. The initial shock might have worn off but we don't have to look far for warning signs of what is to come.

Last week, the IMF cut its growth forecast for the UK by almost half.

And, on Friday, the Purchasing Managers' survey - in recent years a very strong indicator of GDP growth or, indeed, contraction - plunged heavily into negative territory.

These are just two of the plethora of warnings over the past few weeks and are surely a sign of things to come.

At a time when we were already dealing with real fragility in our economy - as a result of global trends and, here at home, the impact of the oil price - this is very bad news indeed. It will impact on jobs, investment, living standards and public services. Will a UK government facing shrinking tax revenues be willing even to protect the funding that currently comes from the EU, let alone deliver the increased NHS spending that the Leave campaign promised?

Of course, the impacts will not just be economic. Already there is evidence - initially anecdotal but becoming much firmer - of UK universities being shut out of research partnerships.

So, it is against this backdrop that I am so determined to protect Scotland interests.

Let me turn then to what those interests are and why they matter. Protecting our place in and relationship with the EU is not just an article of faith - it is about our vital interests and it really matters to the lives of people across our country.

Firstly, there is our democratic interest. To put it simply, we didn't vote to leave - we voted to remain. To be told that we have to leave, regardless, is tantamount to being told that our voice as a nation doesn't matter. Of course, some will say that we also voted to stay in the UK, so we must accept the UK wide verdict. But in 2014, we voted to stay part of a UK that was a member of the EU - indeed, we were told then that protecting our EU membership was one of the main reasons to vote against independence.

So, our democratic interest is, in my view, a strong one. But it's not the only interest at stake.

There is also our economic interest. For a country that sends almost half of our international exports to other EU countries, retaining membership of a single market of 500 million people matters. For a nation that has a strong financial services sector, the system referred to as 'passporting' matters. With a significant rural economy, retaining access to CAP payments matters. With a reputation for punching above our weight in research, ensuring access to competitive research funding and the global collaborations that flow from it matters. For a country that needs to grow its population to help address skills gaps and deal with an ageing population, free movement of people matters. All of that is now at risk - and it will be people who pay the price of this in real life if jobs, investment and living standards suffer as a result.

Then there is our interest in social protection. The EU guarantees core rights and protections for workers. The right to paid holidays and maternity leave, limits to working hours, the right not to be discriminated against, health and safety protections - they all matter to workers the length and breadth of our country. I genuinely fear that a UK government outside the single market will seek economic competitiveness through de-regulation and a race to the bottom. That would be devastating for the workers' rights and protections that we have come to take for granted.

We also have an interest in solidarity - in independent countries coming together for mutual protection against the threat of crime and terrorism and working together to address big global challenges. The European Arrest Warrant, intelligence sharing, the cross border enforcement of civil rights, collective action to tackle climate change, initiatives like Erasmus that give our young people the chance to study in other countries and deepen their understanding of different cultures - all of these matter to our collective peace and security and to the future of our planet.

And lastly, it's in our interests to have influence. To end up in a position, which is highly possible, where we have to abide by all the rules of the single market and pay to be part of it, but have no say whatsoever in what the rules are, would not be taking back control, to coin a phrase we've heard more than once recently - it would be

giving up control. Having an influence in the world we live in matters - for all of us.

So democracy, economic prosperity, social protection, solidarity and influence - these are the vital interests that are at stake and we must now seek to safeguard. They are not abstract. They are real and they matter to every individual and business in country.

What then are our options?

Well, simply and in summary, we can seek to find - or create - a solution that enables Scotland's distinctive voice to be heard and our interests to be protected within the UK. Or we can consider again the option of independence.

I said the morning after the referendum - and I repeat again today - that, at this stage, we must keep all of our options open.

That means exploring in the first instance - starting in this crucial period before the triggering of Article 50, as the UK government develops its negotiating position - options that would allow different parts of this multi-national UK to pursue different outcomes. That means the nations that voted to Leave can start figuring out what Brexit actually does mean - while the others, like Scotland, can focus on how to retain ties and keep open channels we do not want to dismantle.

Now, let me say at the outset, that I don't underestimate the challenge of finding such a solution. Even if we can agree a position at UK level, we would face the task of persuading the EU to agree it. The barriers are substantial.

But to those who want to rule out the possibility of success before we even try, I would say two things.

Firstly, we live in unprecedented times. When Article 50 of the Lisbon Treaty was drafted, it would have been considered inconceivable that any country would ever vote to exercise it. In fact, you only have to read it to know it was never drafted in a way to be actually executed. But that has now happened and, beyond a few lines of text, there are no rules for what happens next. The territory is uncharted, the page is blank. That gives us an opportunity to be innovative and creative - an opportunity to shape the future.

Already, ideas are being floated. Terms like "reverse Greenland" and the "Norway model" have entered our lexicon and a number of academics and experts have started to sketch out other possibilities. Some may prove impractical or undesirable. But in a union where the relationships between our nations are constantly evolving, there's no black and white. Let's consider all the options with an open mind and work to develop the right outcome for Scotland.

The second point I would make to those - particularly in the UK government - who are at pains to say how highly they value the United Kingdom, is this:

Now is the time to do more than just assert - against evidence to the contrary - that the union works for Scotland. It is surely time now to find ways to demonstrate that Scotland's voice can be heard, our wishes accommodated and our interests protected within the UK.

It seems to me that the UK government now has a responsibility - indeed a vested interest - to do so.

For our part, the Scottish Government has already started work - advised by our Standing Council of Experts that I appointed in the days following the referendum - to develop such options.

I welcomed the Prime Minister's commitment in Edinburgh just over a week ago that different options would be considered and that article 50 would not be invoked until there was agreement on an overall UK position.

My government is now working with the UK government to establish exactly what these commitments mean in practice.

We need now to set out in detail the manner in which the Scottish Government will be involved in the development of the U.K position ahead of Article 50 being triggered and the mechanism for ensuring meaningful assessment of the options we bring forward.

And we must also be clear what our involvement, and that of the other UK administrations and parliaments, will be in the political decision to invoke Article 50 - not just in the evidence gathering and consultation to inform that decision, but in the actual decision itself. I know other administrations are equally anxious about that and indeed at the British-Irish Council meeting in Cardiff on Friday Carwyn Jones, First Minister of Wales, put forward the suggestion about the involvement of all four parliaments across the UK being involved in that. This is the work we are doing to turn the commitments that have been given into practical reality.

I hope to be able to update the Scottish Parliament on the progress of these discussions - and the implications for the organisation of the Scottish Government's work - over the course of the summer.

As we do all of this, we will also continue our engagement with Europe - with the institutions and other member states - to build understanding of and support for Scotland's position. The response we have had so far has been warm and welcoming. Many across Europe can see that it would also be in Europe's interest to allow those who don't want to sever their ties with Europe to find a way of not doing so.

That brings me, of course, to the question of independence. I'm a life long nationalist - but I said in the immediate aftermath of the EU referendum that, in seeking to chart a way forward for Scotland, independence was not my starting point. That remains the case. Protecting Scotland's interests is my starting point and I will explore all options to do so.

But I am equally clear about this - if we find that our interests can't be protected in a UK context, independence must be one of those options and Scotland must have the right to consider it.

That is why we will take the preparatory steps to ensure that this option is open to the Scottish Parliament if the Scottish Parliament considers it necessary.

I don't pretend that the option of independence would be straightforward. It would bring its own challenges - as well as opportunities.

But consider this.

The UK that we voted to stay part of in 2014 - a UK within the EU - is fundamentally changing. The outlook for the UK is uncertainty, upheaval and unpredictability.

In these circumstances, it may well be that the option that offers us the greatest certainty, stability and the maximum control over our own destiny, is that of independence.

So these are my reflections on the past month and my thoughts at this stage on the way forward for Scotland.

Just as the past few weeks have been the most tumultuous in my memory, so too will the period ahead be difficult and uncertain.

Standing here today, I don't claim to have a clear line of sight to the future - nor do I have all the answers to the many questions we face.

What I do know is this. Scotland didn't choose to be in this situation. I also know that our vital interests are at stake, with potential consequences that will affect all of us.

So, as your First Minister, I have duty to do all I can to protect those interests - and to do so, as far as I can, in a way that unites us a country.

That is what I am determined to do as we seek to chart the best way forward, together.

Thank you for listening. I look forward to your questions.