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Subject: Week 55 Learnings

Dear All

This week saw one of the most historic events in Britain • Brexit and what's happening around it.

Here is my set of lessons from Brexit. Expectedly Theresa may lost the Brexit vote in parliament, by more than 200 votes. To give you a sense of this debacle, the last prime minister who lost a vote was Ramsay MacDonald in 1924, by 150 votes !

1. Thirty months ago, the people of UK in a referendum voted to leave the European Union 52 to 48 %
2. To start with this was a tough referendum, rarely is a big policy decision taken like this.
3. I remember I was in Ahmedabad and turned on the TV to hear Tony Blair say that this referendum was done wrong.
4. People, according to Tony Blair were not told the full truth about the costs of leaving the EU.
5. The European Union consist of 28 countries and a population of 513 million, roughly a little more than 7 % of the world's population.
6. The European Union underwent three fundamental transformations over the last 40 years.
7. The first was , the EU had just 1 members in 1993 but after the collapse of the USSR, the EU membership went up to 28.
8. The second was the common currency • the Euro. This forced everyone to have a similar fiscal system, whether rich or poor country. This meant that when there was economic turmoil, smaller, poorer countries didn't really have the freedom to handle it. This led to a drain of resources from the rich countries in the EU to the poor ones. Hungary has 3 % funded by the EU, Lithuania has 4 % funding, nth were not factored in when the EU started.
9. The third was immigration. With open borders. more than 2 million people from Poland went to the UK and another 2 million people to Italy and France and Spain. 2 million immigrants accounts for nearly 4 % of the UK population. This created its own stress on wages and jobs. 1 million people came from the middle east into Germany in 2015.
10. Countries in the \$ 2 to \$5 Trillion GDP range need to think of their alliances with USA, China, India and important trade blocs.

My lessons from this whole exercise:

1. The people were not told the full facts thirty months ago. There was shock once the decision was done. So in every decision, place all the facts at the table.
2. Even after the Brexit verdict, the UK team needed enormous negotiation skills to get to a win-win as perceived by both actors. The proposal is a little short and a little late. Negotiating requires shooting for common wins and not threatening or a challenge to each other. All of us are in negotiations daily. All negotiations is about people and not rules and numbers.
3. Communication is important in any change. Putting all facets of the issue to the stakeholders • the people and their representatives is crucial. No one seems to know what's a good deal for the UK, but everyone has rejected the current offer !

Rebuilding from this point will require outstanding leadership !!

Leaving the E means that UK will need to align with US interests or China Interests on their terms , not UK's!

Feedback welcome

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