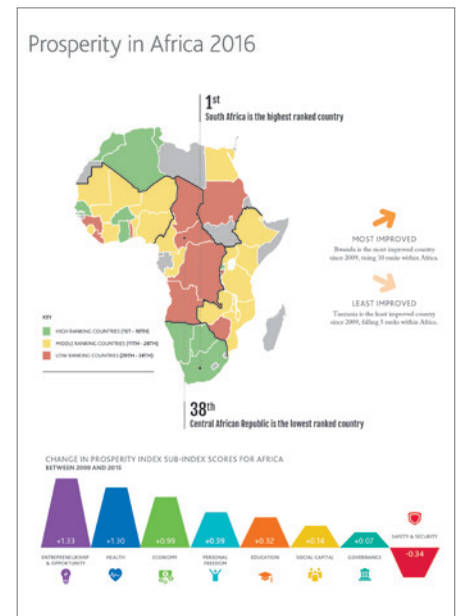


■ Prosperity Studies

GROWTH AND PROSPERITY IN AFRICA: WHAT'S WORKED, AND WHAT'S NEXT?

Former Deputy Secretary General of the United Nations, Lord Malloch-Brown, launches the third edition of the Legatum Institute's *Africa Prosperity Report*



1 June: This month the Legatum Institute published its latest *Africa Prosperity Report*, a regional study that uses data from the global *Legatum Prosperity Index™* to provide a comprehensive overview of the continent's performance by looking beyond traditional economic factors. In launching the 2016 report, **Lord Malloch-Brown** praised the study as "a wonderful, extraordinary index" that "prepares us for the next phase of the Africa story". His remarks were followed by a panel discussion on the report's findings with **David Pilling**, Africa Editor at the *Financial Times*, **Jonathan Rosenthal**, Africa Editor at *The Economist* and **Modupe Ladipo**, Legatum Fellow and Non-Executive Director of Enhancing Financial Innovation and Access (EFInA). **Richard Dowden**, Director of the Royal African Society moderated the discussion.

This year's report revealed that economic growth across Africa is not necessarily being translated into higher levels of prosperity in individual countries. Countries that over-achieve often have relative low levels of wealth yet have created a 'Prosperity Surplus' by offering their citizens wider socio-economic benefits such as civil liberties, a strong judiciary and a diverse economy. Conversely,

countries that have created a 'Prosperity Deficit', or are under-achieving in creating prosperity, often have low levels of wealth as well as a poor track record in giving freedoms to their citizens and creating strong and independent institutions. The 2016 report showed, for the first time, the 'Prosperity Gap' in each African country.

Key findings included: Rwanda revealed to have the biggest Prosperity Surplus in Africa—even though its GDP per capita is \$1,661, it came top of the rankings due to the significant reforms it has made recently to strengthen the rule of law and reduce corruption; other large surpluses were found in Senegal and Burkina Faso, driven by over-achievement in Personal Freedom and Governance; the Central African Republic had the biggest Prosperity Deficit in Africa, at \$594 GDP per capita, making it one of the lowest overall records of prosperity in the world.



The 2016 Africa Prosperity Report is available at www.li.com/publications

■ Roads to Freedom Series

PUTTING BEAUTY INTO THE POLITICS OF PROSPERITY

3 May: The Legatum Institute hosted a discussion with **Fiona Reynolds** to launch her new book, *The Fight for Beauty*, which makes the case for beauty as a very real, human need rather than an idealistic or elitist aesthetic. She was joined by **Oliver Letwin, MP** for West Dorset and Chancellor of the Duchy of Lancaster. The speakers began by discussing the problem of actually using the word “beauty”. “It isn’t that politicians don’t appreciate beauty,” noted Letwin, “it’s that one isn’t allowed to talk about it”. Reynolds and Letwin railed against the Orwellian “newspeak” that results in people in power discussing “biodiversity” and “sustainability” but prevents them from talking candidly about beauty. They argued that avoiding using simple words like “beautiful” and “ugly” means that the debate itself is problematic; we need to resuscitate the credibility of the terminology first in order to have the debate taken seriously. On the topic of whether or not it is justifiable to push for beauty being on the political agenda in a time of austerity, the speakers were united. Letwin argued that, far from being a cherry on top of a good life, a beautiful habitat is something



Fiona Reynolds

than even those in the most deprived areas need. Reynolds took a similar line, criticising beauty being seen as secondary to, or less urgent than, other contributors to welfare. The debate about ugliness and beauty helps us to articulate what we mean and what we find useful; it’s pretending that there’s some kind of economic solution that is driving us in the wrong direction,” she said.

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■ Transitions Forum

Is Iran Next? Ethnic Divisions, Religious Tension and the Possibility of Conflict



Touraj Atabaki

2 June: The Legatum Institute’s ‘Iran Series’ hosted a discussion with **Touraj Atabaki**, Senior Researcher at the International Institute of Social History. Atabaki outlined the historical experience of Iran with its neighbours, highlighting the dramatic change in the 1990s from neighbouring the Soviet Union to neighbouring multiple independent republics. In this context, he underlined the importance of transnational activism in fuelling identity-based politics both in Iran and the region. Atabaki went on to highlight the increased role of NGOs in Iran and the increased importance of gender, labour and civil rights issues for activists in Iran. He conceptualised a new ‘dual threat’ to the status quo; ‘civil rights and individualism’. In highlighting individualism in Iran, though, Atabaki argued that Iran was not at threat from ethnic dismemberment. He argued that Iranians are more concerned with individualisation—and its component focus on individual rights—than with ethnic identities. In short, one’s ethnic identity is part of a wider, Iranian, identity which does not compel separatist politics. The multiple identities of Iran’s people cannot be homogenised without repercussions, and both Iranian policy-makers and analysts elsewhere would do well to remember the “other Iranians”. The discussion was moderated by **Sharan Tabari**, Legatum Fellow.

■ Economics of Prosperity

Britain's Future in the World: A Time of Choosing

5 May: Ahead of the UK's EU Referendum, the Legatum Institute hosted a debate on Britain's role in the world with **Steve Baker**, MP for Wycombe, **Gideon Rachman**, *Financial Times*, and **Anne Applebaum**, Legatum Institute. The panel began the discussion with their views on Britain's economic and foreign policy role in the world, and in relation to Continental Europe. The possibility of Britain remaining in the Union with a more competitive and pro-free market framework was addressed; Rachman took issue with the idea that EU-mandated regulations were choking the British economy. Instead, he posited, the most pernicious anti-competitive regulations come from the countries themselves (eg. the French labour market). Applebaum noted the extraordinary influence which Britain holds within the European Union, and the extent to which British MEPs vote with the Franco-German core of the bloc. She also noted the strength of the European Union as a union containing Britain, and its ability as a group to counterbalance serious geopolitical



threats from Russia. Baker promoted the internationalist core of the Leave campaign, and argued that Britain should refocus its trade aims towards the 'rest' of the world. He refuted the idea that Britain's trade would be dependent upon actual bilateral or multilateral trade agreements, especially in the case of Britain's robust trade in services. The discussion was moderated by **Shanker Singham**, Director of Economic Policy and Prosperity Studies at the Legatum Institute.

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■ Upcoming Events

8 June: Should Ukraine Privatise its Energy Companies?—Transitions Forum lunch discussion on Ukraine's energy reforms with Visiting Senior Fellow **Ilya Zaslavskiy**.

9 June: Homes Not Houses: Putting Wellbeing First—Architecture of Prosperity panel discussion to launch *Housing the Mind* a new Legatum Institute essay. Speakers include **Ciaran Abbey**, consultant psychiatrist; **Nicholas Boys Smith**, Create Streets; **Rowan Moore**, *The Observer* and **Ben Page**, Ipsos Mori.

15 June: Britain and Europe: Culture, Country or Continent?—Roads to Freedom panel discussion on the EU Referendum in the context of a thousand years of history between Britain and continental Europe. Speakers include **Patricia Clavin**, University of Oxford; **Sir Simon Mayall**, Greenhill & Co and Legatum Fellow; **Brendan Simms**, University of Cambridge and **Paul Stock**, London School of Economics.

27 June: The Master Plan—Transitions Forum film screening and discussion of *The Master Plan*, an investigative documentary that explores Russia's methods of influencing the domestic policy of the Baltic States.



If you are interested in attending an event or would like to be added to our mailing list, please contact info@li.com

For more information about Legatum Institute events visit www.li.com/events

■ Prosperity Studies

WHAT MAKES A PROSPEROUS NATION? A PERSPECTIVE FROM NEW ZEALAND

5 May: New Zealand's Deputy Prime Minister and Finance Minister, the **Hon. Bill English MP**, spoke at a roundtable that discussed the country's path to become a prosperous nation. New Zealand has the biggest Prosperity Surplus—the greatest delivery of prosperity given wealth—of any country in the world. Why this is, and how other countries can emulate its success, are some of the many interesting questions raised by the *Legatum Prosperity Index*™. The group examined the many possible drivers of this success, from the enduring strength of institutions and the attitudinal legacy of settlement, to

New Zealand's impressive trade links and policy reforms. Minister English spoke in great detail about one such reform approach, the social investment model, that together with a commitment to clear, accessible, open data, is helping to democratise the trade-offs that have to be made in government by involving communities at the very highest level of service design and delivery. It is precisely this sort of innovation within existing governmental and institutional structures that offers interesting ideas for other countries, such as the UK, looking at how government can best secure rising prosperity for their citizens.

■ History of Capitalism Series

HONG KONG AND THE CONTEXT OF LAISSEZ-FAIRE: MYTHS AND TRUTHS ABOUT A 'FREE MARKET PARADISE'

2 June: **Catherine Schenk**, Professor of International Economic History at the University of Glasgow, told the story of Hong Kong's transformation into an international financial centre and challenged some of the common perceptions around Hong Kong as a paradigm of Laissez-Faire Capitalism at work. Throughout the lecture, Schenk asked the audience to look again at received perceptions of Hong Kong and its economy. She showed that people in Hong Kong are not, despite popular opinion, uninterested in politics. She discussed the Umbrella Movement and linked rises in income inequality with increasing political unrest. She also highlighted the

fact that the state controls all land in Hong Kong and how to lease it. It subsidises housing too; 30% of people in Hong Kong live in public housing and pay, on average, rents that are 14% lower than those demanded by the private sector, effectively using rents to subsidise the cost of living. Schenk is an archival historian and her lecture was brought to life by the inclusion of slides showing letters between the government and the banking sector during Hong Kong's dramatic ascent. This type of research reveals how important it is to avoid helicopter views of policy environments, especially where day-to-day interactions show a very different picture.



Catherine Schenk



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■ Business Forum

WHY BRITAIN SHOULD REMAIN IN THE EU

4 May: As part of the Legatum Institute's Business Forum, the **Rt. Hon. Alan Johnson**, who heads the Labour Party's EU referendum campaign, discussed the importance of convincing Party supporters to vote for the UK to remain in the European Union. This referendum is different to that of 1975, he explained. This time, Labour peers have

unanimously supported the idea to remain in the Union (93% voted in favour at Party Conference). Ironically, in 1975, unions and workers were initially against the membership but since then, many have benefited from the common market and better employment standards brought through European regulation. The Labour Party's key message in campaigning for the *Remain* side is precisely to promote the social dimension of the EU, which the government and Conservative MPs do not wish to highlight.

■ Legatum Institute in the News



WHY FREE TRADE WORKS

11 May 2016, *CapX*, Shanker Singham

SELFISH SHALLOW BRITAIN DOESN'T HAVE TIME FOR OUR OLD AND FRAIL

11 May 2016, *Daily Telegraph*, Cristina Odone

FACT-CHECKING IN A 'POST-FACT WORLD'

19 May 2016, *Washington Post*, Anne Applebaum

AFRICANS' WELLBEING FAILS TO MATCH GROWTH, SAYS THINK-TANK

2 June 2016, *FT*, David Pilling

■ Democracy Lab



DEMOCRACY
LAB

THE END OF POLITICS AS WE KNOW IT

3 May 2016, *Christian Caryl*

ALL ABOARD LONDON'S KLEPTOCRACY TOU

12 May 2016, *Anna Petherick*

MAKING LIFE HARD FOR RUSSIA'S ROBBER BARONS

18 May 2016, *Ilya Zaslavskiy*

IT'S TIME FOR TURKEY AND EUROPE TO FACE REALITY

23 May 2016, *Benjamin Haddad*