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How Nations Succeed: Analyses of National Transformation

A framework to guide leaders' development decisions, based on lessons from 10 countries' experiences over six decades

Creating a pathway from poverty to prosperity is a goal for many national leaders, and the objective of public and private international development organisations. But what is needed to realise this common ambition, and who should play what role? This report seeks to provide a holistic answer to these questions.

Prosperity entails much more than a society's economy or an individual's wealth. It is an environment in which every person is able to reach their full potential. A nation is prosperous when it has effective institutions, an open economy, and empowered people who are healthy, educated, and safe.

We have studied the journeys of 10 nations, all of which were demonstrably underdeveloped in terms of both economic and social wellbeing in 1960, across a period of six decades and explored the patterns behind their contrasting development trajectories. By focusing on what has worked, as well as what has not, this report highlights the pathways countries took and the choices they made to deliver prosperity for their citizens. It also provides important perspectives on how development priorities can best be sequenced, as well as the role of aid and its limitations.

Our work draws one fundamental conclusion: ultimately, nations that develop, develop themselves. The experiences of the 10 countries we studied show that an environment which enables prosperity is the result of successive leaders' careful and conscious management of institutional, economic, and social wellbeing. This requires more than political acumen and administrative competence. Instead, it requires leaders to be men and women of both vision and character, committed to placing the long-term development of their nations above short-term political imperatives.

The recommendations in this report are designed to provide leaders with a comprehensive framework for national transformation that is proven and effective – a blueprint for true sustainable development and genuine prosperity. In addition, the examples of progress should provide a source of inspiration for all those determined to see people in all nations fulfil their unique potential. Building prosperity is inevitably a daunting undertaking, but this report demonstrates that not only is it possible, but it is within reach of each and every nation.

The Legatum Institute's framework for national transformation:

- **Forge a strong social contract**

Establish statehood: promote a national identity, maintain control over key parts of your territory, and maintain internal order without resorting to violence.

Cultivate legitimacy: establish formal and informal executive constraints, **champion the rule of law**, and commit to the peaceful transfer of power.

Govern competently: adopt a pragmatic and inclusive approach to national development and build a competent administration.

- **Build an open economy**

Develop macroeconomic resilience: raise sufficient revenues, prioritise fiscal sustainability, and deliver monetary stability.

Build a domestic asset base: **protect property rights**, cultivate a domestic finance sector, and encourage foreign investment, capabilities, and technologies.

Promote trade and commerce: enable competition, make innovative use of export processing zones, and prioritise international trade.

- **Invest in human capital**

Provide effective healthcare: build institutional capacity and quality and improve access to healthcare.

Target universal education: create essential capacity and quality and maximise access to primary, secondary, and tertiary education.

To download the 134-page report, click on the following link:

https://li.com/reports/how-nations-succeed/?utm_campaign=12342370_WeekLI%3A%20Friday%2030th%20April%202021&utm_medium=email&utm_source=li_dm_newsletter&dm_i=V6Y,7CJFM,IH7I71,TTHE5,1