

UK'S COVID RESPONSE MUST ENGENDER TRUST AND RESPECT FREEDOMS TO PROTECT AND BUILD PROSPERITY

The Legatum Institute, in its 2020 case study on UK Prosperity, is calling on the UK's leaders to hold firm to a holistic view of prosperity and the core principles of good governance and personal freedom as they respond to the ongoing Covid-19 pandemic.

The case study notes that China was the first country to be impacted by Covid-19, and its response framed the context for how the rest of the world, including the UK, responded. The approach China took was to withhold information about the virus, restrict the freedoms of its people, and lock down its economic engine, and subsequently many other countries responded to the pandemic by severely curtailing civil rights and economic freedoms. The report highlights that these actions are consistent with China's ranking of 90th for governance and 159th for personal freedom in the 2020 Legatum Prosperity Index™, but they are actions that weaken, rather than build, prosperity.

Instead, the Institute highlights that prosperity is built when:

- The principles of personal responsibility and freedom go hand in hand; citizens are free and order their lives taking responsibility for their own families and communities.
- Governments make decisions in such a way that engenders trust and with integrity, respecting the freedom of their citizens; prosperous nations are ones where governments govern with the agreement of the people, and where citizens take responsibility.
- Economic decisions are taken responsibly to sustain an enabling environment for productive employment, sustained economic growth and personal development.
- People take care of their own physical health and mental wellbeing and healthcare is accessible to all; they do not make decisions that threaten the health of others.

The Prosperity Index reveals that, prior the pandemic, the UK ranked 13th in the world for overall prosperity, primarily due to its strong and open economy, for which it ranks 10th globally. However, the Index also highlights a number of warning signs for the country's ability to protect and build its prosperity. It shows that personal and family relationships have deteriorated and the strength of wider social networks has increased less than in other countries over the last 10 years. In addition, public confidence in national government has been deteriorating and is now among the lowest levels seen across the world, reflecting a significant decline in government effectiveness since 2017.

Philippa Stroud, CEO of the Legatum Institute, commented: "This is a strategically important moment in time for the UK. The ongoing pandemic, and national efforts to contain it, are impacting not just our health, but also our jobs, our children's educations, and our relationships with each other and the state. As we go through this crisis, while also approaching the end of the Brexit transition period, there are both challenges to overcome and opportunities to grasp. The choices we make now will create the foundations and character of the nation we want to be. We need to decide carefully.

"The good news is that the UK is in a strong position going into this time of global crisis and national transition. On average, the British public enjoys among the best living conditions globally, with access to affordable healthcare and world-leading higher education institutions, and our economy is one of the most enterprising in the world.

“However, this high level of prosperity should not be taken for granted. Innovation and dynamism will be critical to maintaining a strong economy following the disruption of lockdowns. We must beware the trap of falling into a mindset of an overdeveloped society, vulnerable to entitlement and complacency, losing sight of our values and heritage. We must avoid a managerial approach that seeks to avoid change and risk, but in the process sacrifices innovation, purpose, and meaning. Otherwise we will create a window through which the hard-won prosperity of our forebears will evaporate.

“As a democratic nation built on the principles of good governance and personal freedom, the UK should be finding ways through this crisis that speak to the power and strength of who we are and the values of our democracy. It has never been more important for us to make choices based on the principles that protect and build prosperity. This is the time to lay the foundations for the nation we will leave as a legacy for future generations. We must choose well.”

[ENDS]

| PROSPERITY IN THE UK 2020 | | |
|--|---|------------------|
| Domain | Pillar | Rank |
| Inclusive Societies (15th) | <i>Safety and Security</i> | 21 st |
| | <i>Personal Freedom</i> | 19 th |
| | <i>Governance</i> | 13 th |
| | <i>Social Capital</i> | 12 th |
| Open Economies (10th) | <i>Investment Environment</i> | 7 th |
| | <i>Enterprise Conditions</i> | 12 th |
| | <i>Market Access and Infrastructure</i> | 7 th |
| | <i>Economic Quality</i> | 16 th |
| Empowered People (18th) | <i>Living Conditions</i> | 10 th |
| | <i>Health</i> | 25 th |
| | <i>Education</i> | 17 th |
| | <i>Natural Environment</i> | 25 th |

Summary of UK performance in the 12 pillars of prosperity

Inclusive Societies (15th)

- **Safety and Security (21st)** – The UK has very low levels of politically related terror and violence, ranking joint 1st globally, as well as low rates of property and violent crime. However, the number of terrorism incidents in the country has increased since 2010.
- **Personal Freedom (19th)** - The UK performs relatively well across all elements of this pillar, although freedom of speech and access to information has declined over the last decade, and the degree of social tolerance has been deteriorating in recent years.
- **Governance (12th)** - Governance is relatively strong in the UK, but political accountability, government effectiveness, and the rule of law have all deteriorated over the second half of the last decade.
- **Social Capital (12th)** - The UK has particularly strong civic and social participation, ranking 5th in the world, and high levels of interpersonal trust. However, personal and family relationships have become weaker over the last decade and, while institutional trust has improved overall, confidence in national government is declining.

Open Economies (10th)

- **Investment Environment (7th)** - This is one of the UK's greatest strengths. Property rights are well-protected, there are few restrictions on international investment, and the financing ecosystem has been improving consistently since 2011.
- **Enterprise Conditions (12th)** - The UK has among the strongest enterprise conditions in the world. Regulations are not very burdensome, and the labour market is flexible – though there are signs that it is becoming less so. However, while the country ranks 7th for its environment for business creation, this has deteriorated slightly over the last few years.
- **Market Access and Infrastructure (7th)** - Telecommunications infrastructure in the UK has been improving since 2010 and is among the best in the world, with near-complete mobile network coverage and high rates of internet penetration. Transport networks are also strong, with high-quality road and airport infrastructure.
- **Economic Quality (16th)** - The UK has a dynamic economy, with the capacity to attract talented people from across the world. Prior to COVID-19, unemployment rates had been dropping consistently since 2010, while labour productivity had been increasing.

Empowered People (18th)

- **Living Conditions (10th)** - Living conditions in the UK are among the best in the world. However, an increasing number of people are struggling to find affordable accommodation for themselves and their families.
- **Health (25th)** - Prior to the coronavirus pandemic, the physical health of UK citizens had improved over the last decade, and mortality rates had decreased at every stage of life. However, there had been a deterioration in the country's care systems and mental health was declining, as was the public's satisfaction with healthcare provision.
- **Education (17th)** - The UK is home to one of the best education systems in the world. The country ranks 5th for primary education, and has seen the quality of secondary and tertiary education and vocational training improve over the last decade.
- **Natural Environment (25th)** - Greenhouse gas emissions in the UK are relatively low given the large population and high GDP, and the growth rates of these emissions are also among the lowest in the world. Additionally, environmental preservation efforts — including the protection of biodiverse areas — have been improving over the last decade.

The Legatum Institute is a London-based think-tank with a bold vision to create a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society.

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