



UCL

# WHAT IS PROSPERITY?

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The IGP's vision is to help build a prosperous, sustainable, global future, underpinned by the principles of fairness and justice, and allied to a realistic, long-term vision of humanity's place in the world. The IGP undertakes pioneering research that seeks to dramatically improve the quality of life for this and future generations. Its strength lies in the way it allies intellectual creativity to effective collaboration and policy development. Of particular importance to the IGP's approach is the way in which it integrates non-academic expertise into its knowledge generation by engaging with decision-makers, business, civil society, and local communities.

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# 1. RETHINKING PROSPERITY

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This working paper is about why we need new theories both about what prosperity means and entails in the 21<sup>st</sup> century. To redefine prosperity is to challenge both the structural features of our economies and the value premises on which they are built. We are concerned here with how a redesigned prosperity opens the door not just to innovative ideas, but to new practices, allowing us to address inequalities in novel ways. Searching for the means and mechanisms through which these new frameworks and activities may be operationalised quickly reveals that we need fresh approaches to how systems change and knowledge is shared. We begin then with three points of reference: the value of the economic in our lives, the purpose of sharing knowledge, and the means of operationalising change.

The broad brush of prosperity must be about the relationship between individual lives – their quality, aspiration and purpose – and the larger systems and constraints within which they are embedded. In analytic terms, this is a question of scale, but it is simultaneously one of scope: what does prosperity comprise and embrace, for whom, when and where? In contemporary societies, questions of scale and scope are simultaneously matters of politics. ‘Build back better’, ‘great reset’, ‘green new deal’, ‘inclusive growth’ are just some of the terms animating public debate as we struggle to reframe and manage the fractured relationship between politics and economics. These terms have variable purpose and localised inflections, but they crop up in indigenised forms across the global provoking a range of responses from anxiety to outrage and passion. Such phrases have more import for citizens in certain places than others, and some find variable salience for governments and policy makers hoping to appease anger and perhaps deliver genuinely new solutions to long running difficulties. It is easy to overlook the significance of what appear to be

definitional skirmishes, but questions of range, reach, scope and content can have huge consequences in terms of policy and investment.

We see this most readily in terms of macroeconomic policy and its directed compass towards increased growth and productivity. The Covid-19 pandemic has revealed the structural frailties and systemic injustices of social systems built on economies thus mandated, with their targets focused on increased GDP. The widening gaps in quality of life and opportunity between those who benefit from the value created and extracted in our economies and societies and those who do not has resulted in a well-established case for looking for measures of progress beyond economic growth and GDP (Fioramonti, 2017; Helliwell et al., 2020; IPPR, 2018; Ngamaba, 2017; OECD, 2020; Stiglitz et al., 2010; Stiglitz, 2011; 2019; World Bank, 2008; 2010a; 2010b). It is widely recognised that the pursuit of constantly augmented growth is not sustainable in the context of limited planetary resources, nor does it provide us with appropriate pathways for addressing today’s pressing challenges of inequality, environmental degradation, and climate change among others (e.g. Cassiers, 2015, Dalziel et al, 2018; Hickel, 2020a; Jackson 2017, Maxton and Randers, 2016, Moore, 2015). Yet, even in this time of crisis such realisations have had very little impact on policy formulation and how we might address the prosperity deficit of individuals and communities within regions and nations (Moore, 2015; Moore and Woodcraft, 2019), with conventional policy frameworks continuing to rely on national and regional aggregates and statistics with very little relevance to the quality of people’s lives. What is needed is a redefinition of prosperity that is less concerned with aggregate economic wealth and growth, and more attentive to the things that people care about and need – secure and good quality livelihoods, good public services, a clean and healthy environment, planetary and ecosystem health, a political system that allows everyone to be heard, and the ability to have rich social and cultural lives.

The work of redefining prosperity is part of an emerging critique of the ‘economics-first’ approach to progress; including theories of happiness (Layard, 2011, Dolan, 2014) and well-being (Huppert et al. 2009, Diener and Seligman 2004) that have enriched our understandings of the physical and psychological factors that allow us to ‘feel good’ and ‘do well’ in terms of pleasure and purpose in life; work on social progress (SPI, 2020, Stiglitz et al 2010) that has developed a series of measures to assess social/non-economic development beyond GDP; the Foundational Economy Collective who have emphasised the social as well as material infrastructures on which we all depend (Calafati et al, 2019; FEC, 2018; Froud et al, 2018); the Legatum Institute whose annual prosperity index ranks countries according to their pathways from poverty to prosperity (LI, 2020; LI 2019) ; the OECD’s Better Life Initiative that charts whether life is getting better across the OECD and partner countries (OECD, 2020); the sustainable development index that uses aggregate data to assess the ecological efficiency of countries in delivering human development (Hickel, 2020b); and the United Nations Sustainable Development Goals (UNDP, 2016) that have established a global agenda for action centred on the five principles of people, prosperity, planet, peace and partnership. Our work on redefining and building pathways to prosperity in the Institute for Global Prosperity at UCL (IGP) is part of this broader ecology of initiatives, but its specific value lies in four innovative approaches: the first involves working with local communities to understand what prosperity means for them in the context of lives lived; the second entails situating these local understandings within the structural features of the economy, infrastructure, public services provision, and systemic social and political inequalities; the third consists in developing pathways to sustainable prosperity based on novel understandings of how complex systems change; the fourth situates the mechanisms for change within new forms of collaboration and governance.

## 2. THE QUESTION OF CONTEXT

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Macroeconomics is an unusual social science in that it believes that aggregate outcomes can be read from the preferences and utilities of individuals. It is virtually isolated in this orthodoxy while other disciplines continue to struggle with the central problem of the relationship between structure and agency in human societies. The dilemma of how the individual meshes with the social is a philosophical conundrum, but it has two kinds of consequences for redesigning prosperity. The first is that it is not just a matter of defining and measuring prosperity, but of formulating what we actually need to do to make sustainable prosperity a realisable proposition for specific people living in specific locales. This shift in priority is significant because prosperity then commutes from an abstract national or regional goal to a locally-situated requirement with all the complexity and cultural and historical impedimenta this implies and entails. The specifics of location also necessitate a recognition of the meanings, values, practices and systems that shape the meanings and experiences of the good life in particular contexts. There is no singular vision of prosperity (according to its redefined meaning), no one size fits all, and in consequence the goal is not just focused on improving a set of metrics, but on developing attainable versions of the good life for communities and mapping out plausible pathways for achieving those visions. This is a problem both of scale and of scope, and what it demonstrates is that despite the post-growth/post-GDP conversations in vogue and the various metrics and methodologies for wellbeing and social progress in play, we do not have well-founded frameworks and pathways for sustainable prosperity that can be operationalised by communities, policy makers, business, civil society and government.

The second challenge is related to issues of place and diversity. In order to operationalise the concept of prosperity (redefined), we need a conceptual definition with specific content, but also one that is sensitive to time and place, to the context specific visions of prosperity derived from engagement with community members. In short, we need to confront another familiar problem in philosophy and the social sciences, what is the relationship between the universal and the particular? Visions of the good life are diverse and attached to history, culture and circumstance, so what, if anything, do they share these pluralistic versions of prosperity? One response is to assert that such questions are best approached through critical reflection and practical engagement in specific locales involving, in essence, a sophisticated sorting and sifting exercise; while this is undoubtedly true it does not on its own provide a sufficiently robust riposte. There are quite a number of key words in the social sciences and humanities where the conceptual meanings differ across time and space: justice, culture, rights, for example. These terms always carry local inflections but are held to refer to identifiable sets of concerns or terrains of action and thought. While such concepts are wide-ranging, philosophical discussion and critical reflection most usually proceed through a dual process of identifying those elements that are present whenever the term is invoked, while examining the different forms they take in specific contexts of application and practice. However, while recognising that intellectual discussion often follows this dualistic route, divisions remain as to whether we need to identify core aspects of the concept that run through all the known instances like a golden thread or whether we should treat these concepts as possessing a family resemblance such that different combinations of features appear with each instance of instantiation.

This query has both methodological and operational consequences raising, as it does, the important issue of how a conceptual definition can be developed, operationalised and validated in a way that allows prosperity to become a useful conceptual framework for delivering positive social and economic change through policy initiatives as well as community-based interventions. Broadly speaking, there are two types of intellectual procedure and both are well evidenced in the literature on human needs and human development. The first is necessarily reductive and tries to establish the base line minimum for individual and community wellbeing through providing a specification of needs (usually a list), accompanied by an undergirding assumption that if all these minimal needs are met then individuals and communities will flourish. This is in no small measure because well specified theories of social justice require theories of human needs. There is no dispute that humans require shelter, food, security and other basic necessities, but universal specifications (lists most often) have a tendency to be very abstract and generalised; the moment they become more specific their universal character is in doubt and charges of ethnocentrism begin to sprout. Needs can shade into values, and we see this struggle in Martha Nussbaum's famous list of the capabilities individuals need to lead a life of valuable functioning where its very generality derives from the requirement to permit 'the possibility of multiple specificities of each of the components' (Nussbaum, 2000: 93). The more empirical content is provided, the more policy relevance builds, but so does the likelihood of claiming as objective or universal needs that are in reality historically, socially and culturally conditioned. This presents formidable challenges for forms of authority of all kinds that have responsibility for matters of access and distribution (e.g. Scott, 2012; Atkinson et al, 2020).

A second avenue offers a plural way of proceeding. Doyal and Gough's (1991) well-regarded solution makes a distinction between universal needs

(participation, health and autonomy) and a set of intermediate needs through which the former would be satisfied. These intermediate needs are common to societies and cultures at all times, but their means of satisfaction will necessarily be divergent and specific. Thus, it is the intermediate needs that provide the yardstick through which levels of deprivation and failures of satisfaction can be specified such that interventions and welfare strategies might be justified and judged objectively. This approach has enormous value, but it is wise to recall that from a philosophical point of view it is unlikely to solve the problem of universalism versus contextualism definitively. Consider, for example, whether issues of participation and health can be said to be equally universal or universal in the same way; it seems logical that possible claims about a universal need for health of body and mind are not of the same order as those that might be made about participation which must necessarily be context dependent.

However, a more practical consideration is to ask what is our aim in redefining prosperity? Broadly, we suggest two responses. The first is that since we have embarked on a redefinition of prosperity it must follow that variations at the level of conceptualisation and theorisation are consequential. Second, the aim is to redefine prosperity so as to improve people's quality of life, and this entails a recognition that any theory or framing of prosperity developed must be one that is specific, it must materialise for specific persons in specific locales. If this is the case, then we might agree we cannot be interested in simply developing a general definition of the good life; what benefit would that provide?

Yet, if prosperity is simply whatever it turns out to be in a specific locale, then it is going to be difficult to deliver policy objectives. There are further considerations here of equity and distribution, and these connect to the manner in which locales are embedded in larger geographical entities with interconnected

consequences and potentially intersecting moral frameworks. For example, a community convinced that prosperity must involve swimming pools in every house would likely be depriving nearby communities of water, as well as asserting a framework of need that exceeded reasonable policy objectives for attaining the good life. In short, a prosperity expanded to include everyone having whatever they desired would not only be unsustainable socially, economically and ecologically, but would likely no longer be a recognisable version of the good life. It is a feature of the world we live in that prosperity is itself relational and interconnected.

While many of today's most pressing challenges are global in scale and relevance, they translate into locally specific effects on people's lives. The responses that address these problems must therefore be (at least in part) locally driven – guided by context-specific visions of prosperity, led by actors with skills and knowledges that are sensitised to their contexts, and supported by community members committed to improving the places where they live. Research conducted at the IGP begins with the premise that communities must play a central role in both rethinking prosperity and developing pathways to better quality of life. The assumption here is not only that change must be effected at the local level, but that informed localised agency is a necessary condition for change to take place and for delineating pathways towards prosperity. Prosperity redefined includes notions of voice, recognition and community self-realisation which preclude compromising the agency of others, and also insists that in contexts of policy change where power is unevenly distributed any notion of improving quality of life or meeting the specific needs of communities has to respect and be derived from the skills, knowledge and agency of those who are the designated beneficiaries. Solutions imposed from outside are not only ineffective and costly, but would necessarily undermine several principles of what constitutes prosperity or the good life. A prosperity that involves meeting needs whilst

compromising agency and self-determination would not be a sustainable prosperity.

Research at the IGP has examined how we might redefine prosperity for the 21st century by working with local communities to understand what prosperity means for them and how those local understandings relate to structural features of the economy, infrastructure, public services provision, and systemic social and political inequalities. The operationalisation of the prosperity framework therefore provides a new and innovative approach to analysing the lived experience of local livelihoods and communities within the complex set of interlocking systems and structures that make up the social, economic and political life of a specific community: lived experience and structural constraints must come together. It follows that in this formulation, prosperity must be more than individual well-being for well-being is too often characterised as a set of attributes pertaining to the individual, rather than a series of effects produced in specific times and places through the relationships established by living well together in functioning social, economic, and political systems and ecosystems (Moore and Woodcraft, 2019; Moore and Collins, 2020). It is a weakness of much work on well-being that it takes little account of long run considerations of planetary sustainability and ecosystem health, even if it incorporates provision of green spaces and environmental assets in terms of their impact on individuals' health. Prosperity redefined incorporates individual well-being but lays emphasis on living well together with others and with the planet (Atkinson, 2013; Atkinson et al, 2017; White, 2015). The focus is thus on relationality in context.



### 3. PRACTICES OF CONTEXT

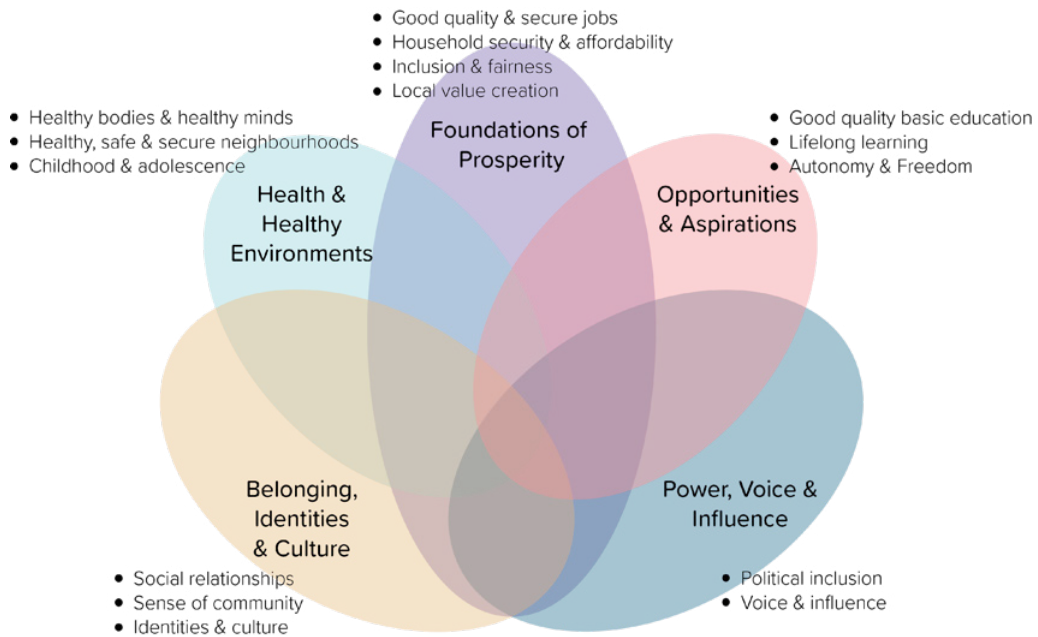
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The starting point for constructing a context-sensitive understanding of prosperity is talking to people about their hopes, challenges, and opportunities for a good quality of life in different sites of inquiry. These conversations take place through semi-structured interviews with residents, workshops with multiple stakeholders (including academics, businesses, local authorities and NGOs, among others), and brainstorming sessions with citizen scientist researchers from the relevant local communities who work as members of the research team. The findings that these evidence collection exercises produce become the conceptual material for a prosperity model for each site of inquiry, and subsequently inform the co-design of household surveys for quantitative data collection for the development of a prosperity index. Simultaneously detailed statistical information from extant data sources, such as national statistical services and government departments are used to build up a detailed picture of the local landscape. These latter data sources provide information which is not routinely accessible to local communities and stakeholders, such as spending on public services and infrastructure or levels of biodiversity loss or soil toxicity or the actual number of children going to school hungry, but which is shared in processes of co-design to inform discussions around the visualisation of the prosperity model at the local level.

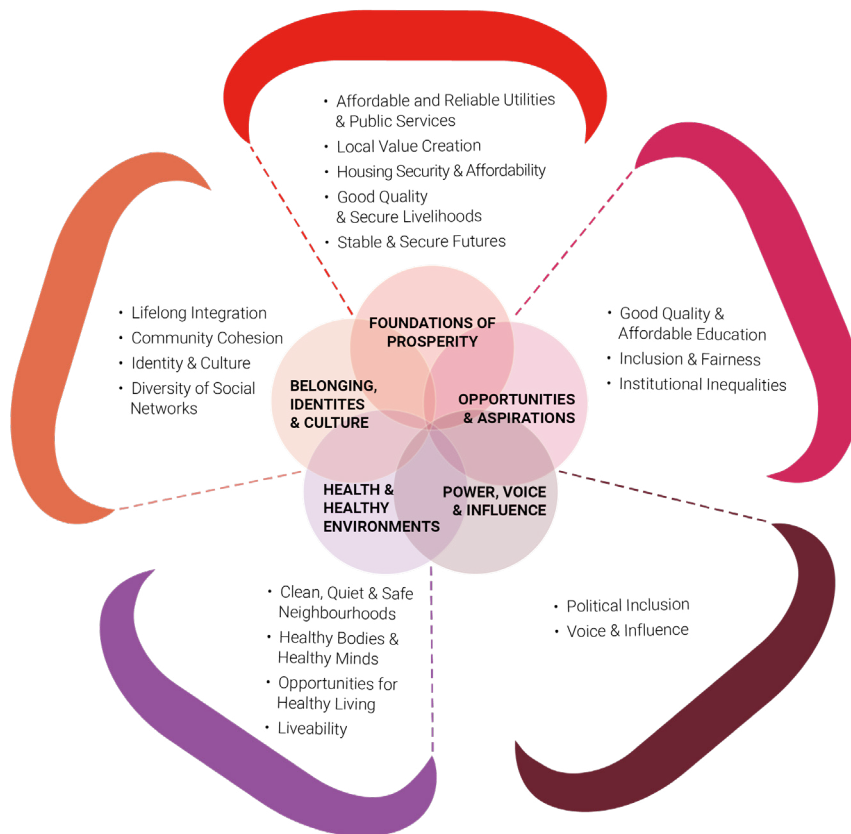
The IGP's prosperity model is divided into five domains: (1) belonging, identities and culture, (2) health and healthy environments, (3) foundations of prosperity (referring to key aspects of material security that support the possibility of a good life and strengthen other elements of prosperity) (4) opportunities and aspirations, and (5) power, voice and influence (Moore and Woodcraft 2019). These five domains were identified through a process

involving the critical evaluation of existing well-being and human development indices at national and international levels, as well a process of qualitative co-design with local communities. The five domains represent a range of concerns that include, but also go well beyond issues of income, jobs, skills and productivity. The qualitative data collected through research and co-design with local communities in the different research locales plays the all-important role of operationalising and giving concrete content to each domain, as well as the manner in which it is experienced in each specific context. What is most significant is not just the investigation of the content and character of each domain but the exploration of the specific manner in which domains intersect with each other in each locale. This careful exploration of domains, and their content and intersectionality, is part of the process of operationalising and subsequently visualising each prosperity model, and it is accomplished through a collaborative effort with local citizen scientists who play a key role in steering the curation and visualisation of the domains. The significance of this process of visualisation is that it elucidates the specific intersections and interlocking constraints and opportunities in each locale, thereby indicating potential pathways for motivation, opportunity and change. Processes of change and pathways for achieving potential prosperity thus begin with a detailed understanding of situation that brings local understandings together with existing data sets and statistical analysis providing a deep three-dimensional understanding of context.

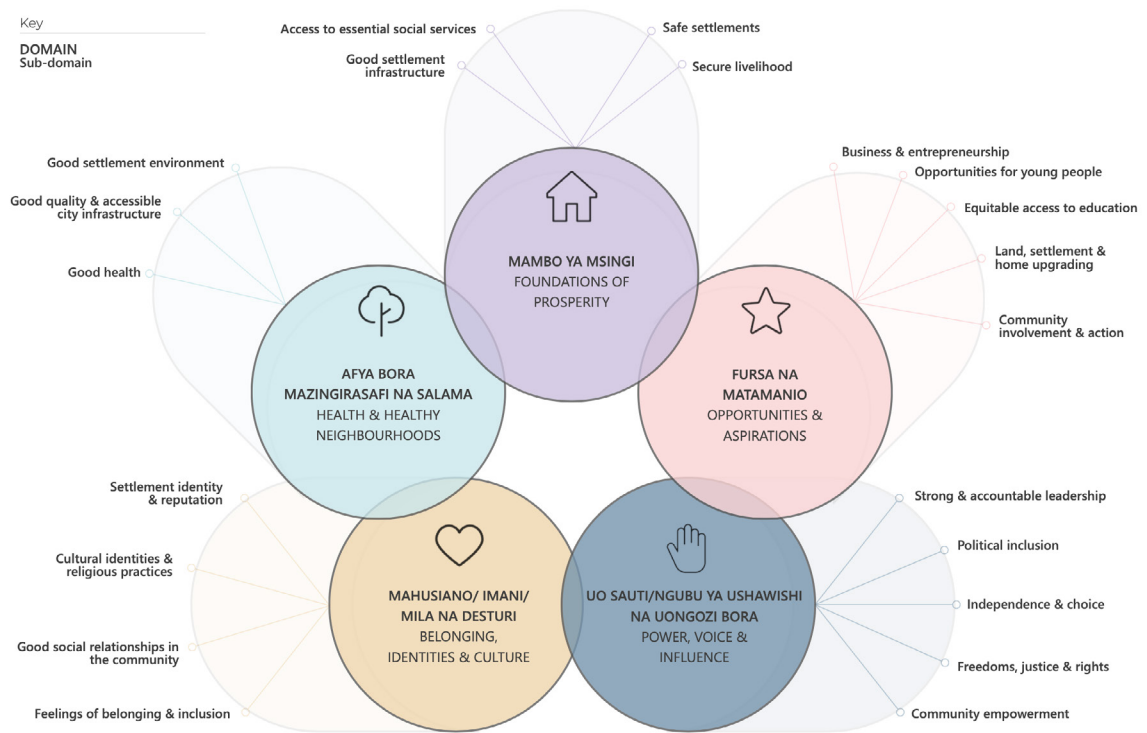
Below are diagrams of the prosperity models for three different sites: (1) East London, London (United Kingdom) (2) Hamra, Beirut (Lebanon), (3) informal settlement in Dar es Salaam (Tanzania).



**Figure 1.** Co-designed prosperity model for East London, London.



**Figure 2.** Co-designed prosperity model for Hamra, Beirut.



**Figure 3.** Co-designed prosperity model for informal settlements in Dar es Salaam.

## 4. CATEGORISING AND CHARACTERISING CHANGE

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The final stage in the process of developing a Prosperity Index for each locale involves the choice of indicators and indicator development for each domain. Indicators are derived from local and national data sets, combined with specific localised indicators developed through quantitative and qualitative work with local communities (IGP, 2017). The aim is to develop a new multi-dimensional measurement tool that accurately represents the things that matter to people., and yet sets them within a detailed understanding of larger determinants and constraints. While other efforts to develop new measures of prosperity have been successful in bringing together a range of economic and non-economic indicators (e.g. UNHCPI, 2019; LPI, 2020) their focus on the city, regional and national levels has made it difficult to capture differences in quality of life within geographical locales, and their expert-led approaches to defining prosperity have meant that the public's concerns are only partially reflected in the indicators that comprise the measuring tool (see Mintchev et al. 2019: 112). In comparison, the IGP's Prosperity Index is citizen-led (Woodcraft and Anderson, 2019; Woodcraft et al, 2020; Sender et al, 2020), but it also aims to lay down a groundwork for pathways to prosperity in three distinct ways. First, it brings the significance of quality of life into public conversation and debate seeking definitions and understandings validated by data on what matters to people. It thereby challenges social and political narratives that focus on economic initiatives that often fail to bring better opportunities and improved living conditions for the greater public. Second, it enables new forms of evidence-based governance. Measurement and governance are always closely linked to one another because the things that get

measured define the problems that need to be addressed and vice versa. Measuring prosperity via the mechanism of lived experience enables stakeholders such as NGOs and local governments to more effectively use their resources to respond to people's needs. Third, it allows communities to monitor their progress towards better quality of life. Data on local prosperity indicators is an important tool that pinpoints the strengths and weaknesses in different domains of quality of life. This in turn enables people to hold governments to account and to make a stronger case for the change they want to see, and to work together to implement that change.

Issues of change and how change is envisaged are a critical feature both of the conceptual frameworks underlying policy initiatives and of the means through which evidence is gathered to support such frameworks. This connects to the earlier point about scope. All indices and forms of measurement are underpinned by categories; in our work they are termed domains and in the Legatum prosperity index, for example, they are labelled pillars (LI, 2019). The determination of the boundaries and content of these categories is a political decision, and while informed through critical review of data, expert opinion and community co-design, it is always a matter of values and therefore politics (Scott, 2012) because categories/domains/pillars are the consequence of decisions about preferred ways of dividing up the world. When it comes to measurement, a series of indicators (objective, subjective and evaluative) will be nested inside these categories or domains. A brief glance at the large number of indices currently available, including those mentioned earlier, demonstrates that the domains vary and so do the indicators. The domains selected and their labels

(health and well-being, economy, environment etc) reflect established and emerging conceptual and policy frameworks. Assumptions about relationality and intersectionality play a crucial role here in two ways. First, it is generally assumed that the selection of categories or domains reflects the fact that the interrelations between factors within domains are denser and more complex in comparison to the interrelations between factors across domains. Secondly, certain factors or elements within domains will be more determinant than others, possibly playing a larger role in how the intersections between other related elements will take shape, and because not all factors or elements within domains are equal, indices frequently weight certain factors to give them more significance to reflect their determinant role (e.g. LI, 2019). The consequence of this is that theories of change or directions of travel for policy priorities are already partly built into the scope of specific frameworks through the manner in which they give weight and priority to certain factors and elements.

Thus, questions of change turn out unsurprisingly to be a matter of relationality, of how relations are perceived. This is one of the strongest reasons for developing a prosperity framework that reflects the concerns and life experiences of residents and communities. Understandings and experiences of prosperity may vary, but they always matter for all and the manner in which they have import matters also. The determination of domains within the IGP's prosperity framework allows for the possibility that the content of domains will vary across space and time, and that the significance of the relations between factors and elements within and across the domains might vary too. However, the key purpose of the prosperity framework is to determine what is needed to bring about effective change and put communities on pathways to sustainable prosperity through improving the quality of people's lives. In order to foreground this policy focus and to develop a clearer analytical framework for identifying key areas where change is necessary, the IGP has developed

a specific framework drawn from its comparative work between and within national and regional contexts. This framework starts from the premise of relationality and provides the means to explore and explain how change occurs.

From the work IGP has conducted in the UK, Kenya, Tanzania and Lebanon, it is clear that relationalities between the key elements driving quality of life are unsurprisingly denser at what we might term the meso level, the level at which people live their lives, interact, communicate, become interdependent and experience dislocation, constraint, and immiseration. The question of what exactly constitutes the meso level is a matter of investigation and specification. The boundaries of human social, economic and political systems are at once porous and sharply defined. At times, the meso level will be a small town and at others a specific area within a city; it might be a series of villages or a specific region bounded by natural resources or other factors; the meso is rarely congruent with named social, class, ethnic or religious groupings. The meso should not be collapsed into identitarian social groupings because while religious, ethnic, class and other important social distinctions will always be present and consequential within the meso level, they do not define its boundaries. The meso is perhaps best understood as the manifestation of the significance of place and location in human life, and it varies depending on context. One noteworthy feature is that structures of governance very often provide important contours for the meso level because of the way in which they inevitably influence financial flows and investments, schooling and health provision, infrastructural decisions and policy responsibilities; places are often held together by a shared history of development and underdevelopment.

When examining what drives changes in quality of life or prosperity more broadly at the meso level, it is apparent that a constellation of factors have to be taken into account, and that the internal dynamics

of this constellation cannot be unravelled simply by looking at the influence of one domain or set of indicators on another – how health influences productivity, for example. This does not mean that broad trends and co-variance cannot be observed, they very often are, but the issue is how we might better provide insight into how the various domains interrelate in specific contexts, and how their constituent elements may or may not have import and co-vary with others in those particular locales. This is key to any well targeted policy initiative designed to provide sustainable pathways to prosperity because as is evidenced from such initiatives around the world we have much more success in providing evidence for what does not work than we do in explaining what brings about success. In exploring the configurations of intersections between and across domains, it is essential to retain the significance of what matters for individuals and communities as they seek to manage the constraints and challenges they face and bring about change. The IGP's LOOT framework examines the key drivers of change by interrogating the data according to three main contributory constellations to prosperity as it is experienced by individuals and communities: life outcomes, life opportunities and life together (Moore et al, 2020). It uses the data across domains in each context and their constituent indicators (subjective, objective and evaluative) to explore the intersections between these three elements of prosperity, and to connect them to larger social, economic and political structures and constraints.

Life outcomes are the assets and capacities individuals and communities have in context; levels of education, employment, mental health, environmental quality and so on. Life opportunities are the capabilities and resources, including aspects of agency, effectiveness and local resources that can be deployed to manage change and transformation now and in the future. Life together comprises the networks, social institutions, forms of solidarity and connection that allow for the management of

co-operation and conflict, as well as knowledge sharing and innovation (Moore et al, 2020). What the LOOT framework does is to provide the means to explore systematically the intersections between domains from the point of view of how the density and complexity of interrelations across and between domains connects to the mechanisms and means for driving change. This is a profoundly innovative step because most indices of well-being, happiness, human development assume a theory of change – such as GDP drives quality of life – and have no mechanisms for interrogating the best course of action when it does not. The LOOT framework is experimental and is currently being rolled out for further testing and refinement in the UK, Lebanon and Tanzania.

## 5. COMPLEX SYSTEMS AND ASSEMBLAGES

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The value of the LOOT framework follows from the observation that prosperity is an emergent feature of a complex set of embedded interactions over time. This requires a different form of theorising from that current in economic policy formulations where considerable emphasis is placed on a small number of unidimensional levers which when activated are thought to result in improvements in quality of life, for example increases in GDP or productivity. The failure of such policy frameworks is evidenced by the long running structural and systemic disadvantage experienced by regions, sectors and communities through time as others have benefited from globalisation, automation, investment and human capital accumulation. Rising tides do not raise all boats. So the question is where do we turn to suggest how complex systems might be better organised for innovation, what do we need to do to understand change better and make things happen?

As things stand at the moment, there are no good economic models for understanding pathways to prosperity as it has been redefined in this working paper. This is partly because economic models assume that community or place based prosperity is an aggregate of individual prosperity, as opposed to an outcome of complex and embedded interactions across multiple systems and actors, including local government, business, education systems, health services, social capital and trust, inward investment, ecological and natural capital services, individuals, civil society and community engagements. This statement hardly seems controversial, but when pursued more rigorously it has some surprising consequences. If prosperity is the outcome of the intersection of multiple systems with a large number of moving parts, then it is best conceived of as an

assemblage, a particular configuration that emerges in time through unpredictable interactions (Barry, 2013; Collier & Ong, 2007; DeLanda, 2006; Li, 2007; Marcus and Saka, 2006; Müller, 2015). These interactions are subject to the workings of power, and to various other forms of mobilisation through time, including pressures that can be brought to bear on the specific relational configurations between elements in context. In other words, the history of each place matters. However, the assemblages that make up prosperity are part of, and embedded in, wider human and natural systems which are themselves characterised by nonlinear dynamics and sets of open-ended capacities that exceed the properties of their component parts (Goldstein, 2018; Dougherty and Dunne, 2011).

Understanding how collective prosperous lives and livelihoods might emerge within these complex ecologies of systems is crucial, but the first insight is to recognise that prosperity is not an entity in itself or something that simply describes the state of individuals or firms or regions, it is rather an effect of the whole ecology, of the specific assemblage constituted through the specifics of time and place. This raises the question of if and how the emergent properties of assemblages can be shaped, and if so by whom and through what means. Imagine, if you will, interventions designed to reduce flooding and manage water pollution, these include and involve water and climate systems, regulations, markets, consumer organisations, farmer livelihoods, public health and infrastructure provision and a wide variety of other actors and assets from engineers to plastic pipes to mention only the most obvious. Different groups or stakeholders have diverse and divergent interests, goals and values compete and coalesce,

power relations and new forms of knowledge intersect to provide practical and contingent solutions. The complexity of envisaging and managing complex systems to drive innovation for change requires a completely different theory of change from those we recognise from most macroeconomic policy initiatives, such as high-end technological innovation or infrastructural investment or co-ordinated regional financing through public/private partnerships. Here we are dealing with multiple forms of agency, materiality, organisational forms and knowledges with dynamic and uncertain outcomes. The emphasis has to be on visualising and testing how these heterogeneous elements can be brought together to create new relationships, new knowledges and new forms of value. This will require considerable realignment of actors, technologies, practices, organisations and knowledge drawing on assets and resources that are distributed across many different spaces, places, actors, networks, practices and institutions. Understanding that change is a matter of bringing these disparate elements together requires the acceptance that it is not something that can be generated by single actors or entities alone because it has to be an emergent feature of the entire ecology (Dougherty and Dunne, 2011; Dougherty, 2017a; Dougherty, 2017b).

So how can we shape innovation and change under conditions of such complexity? The first step is to recall that prosperity is about solving actual problems and improving people's quality of life where they are situated. Complex systems are characterised by extensive distributions of agency and purpose, and bringing knowledge and assets together in new ways to provide solutions to concrete problems creates new forms of value. The innovation that results is a consequence of new sets of actors coming together to bring diverse perspectives and skills to bear on known problems. In terms of improvements in prosperity, this has two consequences. The first is that change cannot be achieved through the imposition of top-down solutions or through

unidirectional mechanistic levers as already discussed. Change in complex systems has to be shaped through connecting knowledges, livelihoods, assets, identities, regulation and institutions first into purposeful problem definition – what needs to be done here and now (Ansell, 2011) and then into a set of potential solutions (Dougherty, 2017a). In such systems change cannot be driven by agents or firms or local governments or institutions working alone or through established mechanisms that are not focused on improving the capabilities and capacities of communities to deliver improvements in quality of life. Working with communities to understand the problems and then envisage solutions is the starting point, but in making this claim there is more to be understood.

Once again, we need to begin by acknowledging that the individualising assumptions of macroeconomics takes us off in the wrong direction, imagining that the capacities and capabilities of communities are simply the aggregate of the capacities and capabilities of individual agents. This underlying premise guides a conventional approach to the labour market through deep seated ideas about education and skill acquisition. Economics – and thus most policy frameworks – expect individual capacities to vary and potentially to change over time differentially through education, skills acquisition and environmental interaction. As in Sen's theorisation of capabilities, differential freedoms or structural conditions determine how individuals are able to develop their capabilities and turn their capacities into functionings within social and economic systems (Sen, 1999). These ideas are persuasive and powerful, but they are of limited value in understanding how social systems embedded in complex ecologies develop over time.

Here we have to have more regard for the fact that social systems develop their complexity through the co-ordination of individuals' capacities and capabilities in a wide variety of action spaces (Reyes,



2017). Two points are of relevance; the first is that complexity builds through co-ordination and this is a process that can be shaped; second that individuals have to be considered not as single entities with fixed educational and skill assets, but as a bundle of assets that can be differentially deployed in different domains of action. It is perhaps helpful to pause and reflect on the point that human co-ordination requires many skills, including motivation, judgement and empathy. The water engineer we would have had need of in the example given above might also be an imam whose pertinent skills sets for initiating change in their home town through motivation, empathy and discernment might not be well captured across all relevant action domains by an assessment of their labour market skills. This is of no surprise to anyone who has been involved in supporting change in their home community where it is common to find individuals pooling and sharing skills, and redeploying the composite result in innovative contexts. But, there is a wider point beyond the simple recognition that the capacities and capabilities of communities are more than just the sum of the education and skill sets of their individual members.

While social systems are self-organising and subject to self-regulation, they also respond to organisational learning which proceeds through various mechanisms that amplify system learning. But, these organisational forms cannot simply be reduced to the aggregate outcome of individual learning processes or mechanisms. Most of the major challenges we face in the world today are whole system problems with significant uncertainties as to how system processes will evolve and unfold. The co-ordination and development of social capacities and capabilities is one of these uncertainties, but new forms of value can only happen if there are enough connections between agents, organisations, resources and knowledges so that new ideas, patterns of interaction and diversity of solutions can emerge. This means that the widest array of community institutions and actors across the whole

ecology have to be brought to bear on the question of what is prosperity in this time and place, and how it might be achieved. The challenge is to create new forms of collaboration and organisational forms and social institutions that do not currently exist in most communities. Enhancing ideas, interactions and solutions drives system learning and increases system complexity through community capacities and capabilities which draw on the deep structures of cultures, values, regulation and frameworks for action that exist in specific places. Putting co-design with local communities at the core of prosperity builds new forms of collaboration and expands ideas, goals and outputs. Community and place based capacities and capabilities can then be used to direct and focus local assets and resources towards shared purposes over time, adapting as those purposes shift and develop further. Prosperity requires innovation through new forms of collaboration and this is why redefining prosperity requires not only new theories of change, but a reorientation of policy goals and outcomes towards quality of life and reform of economic value. Place based capacities and capabilities need to be developed to support a variety of innovations reoriented towards quality of life goals over time, and these will need to be based on new forms of collaboration and interaction that draw on the widest range of citizen and other expertise, including local government, business, universities, civil society organisations, finance institutions and many others (Moore et al, 2020).

Knowledge innovations that can build capacities and capabilities have to be about solving actual problems and realising prosperity can only be achieved through concrete steps that intervene in existing systems and build new social institutions to deliver innovative solutions and experimental propositions. Designing new forms of governance, that is social institutions that bring all interested parties together in new configurations, is essential for long term change towards quality of life. For example, in the UK, households account for around 40% of all carbon

emissions (COC, n.d.), around 10,000 people die each year because they are living homes that are too cold (NEA, n.d.), and approximately 8.4 million people in England live in unaffordable, insecure and unsuitable housing (NHF, 2019). The ongoing housing crisis in the UK means that currently around 1.3 million new homes are required just to house those in greatest need (Shelter, 2019). The combination of these factors explains why tackling housing is high on local community lists for prosperity. Yet, we have the solutions to integrate into working systems at the local level if we could hammer out how to bring engineers, architects, planners, suppliers, communities and businesses together to recycle building materials, use passive ventilation and heating, optimise windows, install heat pumps and solar systems, and deploy digital distribution systems and new technologies and regulations to collaboratively integrate alternative ideas into existing systems (Dougherty and Dunne, 2011). Co-ordinating, collaborating and sharing in this way would mean that most buildings could become net-positive over their lifetimes, producing more energy than they consume (Cheshire, 2016). This would cut heating and health care costs, improve quality of life, reduce carbon emissions and create local employment. Collaboratively solving such problems within communities derives from shared purpose, problem definition, defined strategies, clear pathways to deliver and social solidarity; all the while building the capacities and capabilities to tackle the next challenge. When tackling prosperity, it is not just the what, it is also the how.

## 6. CONCLUSION

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In this working paper, we have argued that redefining prosperity entails rethinking our approach to economic value and system change. It means moving away from mechanistic levers for change based on assuming economic growth will necessarily benefit all, to explore innovative ways for tackling social inequality and improving quality of life. Prosperity as we redefine it here is more than income or wealth; it is, in essence, the value created with the wealth we have and much of that value resides in communities and places, but it needs to be repurposed to meet new challenges and to create new opportunities for those places. Driving a concerted set of place-based efforts to tackle problems in context – carbon net zero, improved water quality, affordable and green housing – has the potential to create local employment and to provide local institutions with incentives to support the development of community capacities and capabilities.

Here we see the value of the Prosperity Index not just as a new measuring tool for evaluating and shaping the new configurations and collaborations that can bring about prosperity, but as a mechanism for defining purpose, strategy and outcome within overall processes of system change towards prosperity. Definitions of prosperity and pathways towards prosperity have to be citizen-led and deeply embedded in place, culture and context, but definitional challenges aside the approach to prosperity has to be a pragmatic, operational and embedded, one that brings about improvements in people's quality of life wherever they are situated. The IGP's LOOT framework provides an innovative approach which rather than dividing aspects of lives lived into familiar categories like economics, health, social capital and so on, provides a mechanism for exploring how all these areas intersect across

the three main dimensions of prosperity as it is experienced in place: life outcomes, life opportunities and life together.

We conclude by suggesting that prosperity is an emergent feature of a whole ecology, and that recognising this has consequences for theories of change, for operationalising prosperity and for policy formation. The most immediate deficit lies in forms of knowledge sharing and collaboration that can build system complexity, as well as community capacities and capabilities to deliver problem solving, shared strategies and solutions, and pathways for implementation. The new social institutions and organisational forms required will need to build community capacities and capabilities not only for addressing the challenges of the day, but for addressing, too, those that will emerge. Prosperity is a grand challenge and, as such, it is not a problem that can be solved, but a process of innovation that will always require adaptation.

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