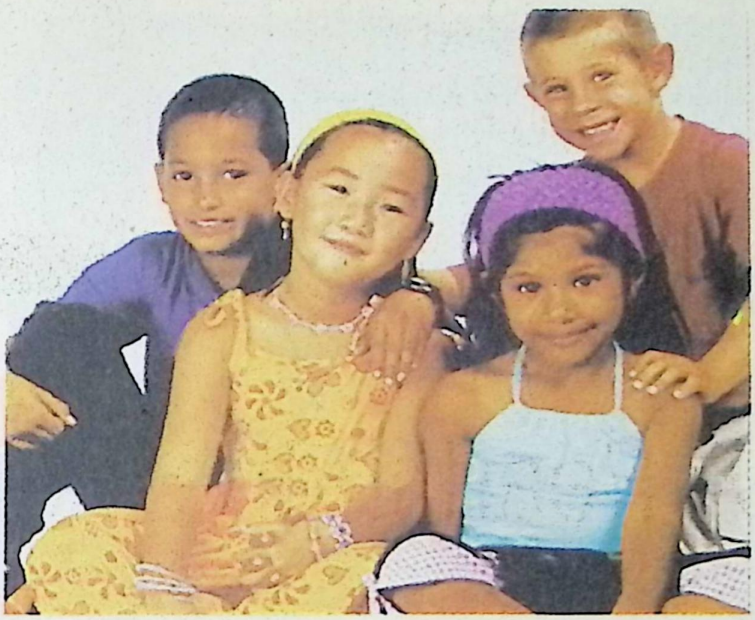
business-friendly climate (Mauritius ranked 19th on the Ease of Doing Business Index in 2013), pursued effective diplomacy to sustain access to critical global markets, took care to prevent its currency from becoming overvalued, and spent enough on education to create a productive labour force. They have realized that it is not enough to listen to the advice of the World Bank and crew. If the policies don't mesh with local politics and institutions, they are unlikely to take root. And in Mauritius, one can see a powerful synergy between democracy and economic growth.

Unlike most newly independent African countries, Mauritius created political institutions that gave a voice to both the rural poor and to ethnic minorities. "Also important, Mauritius chose not to establish a



Mauritius draws its strength from its diversity.



Mauritius's talcum-soft beaches and aquamarine water attract tourists from Europe and the rest of the world.

standing army," says Vincent Rose, a banker. "This likely saved us from military coups - and it certainly saved us a lot of money, which was spent on education, health care and infrastructure."

Okay, so Mauritius has good institutions that led to prosperity. But why did Mauritius, in contrast to so many other post-colonial nations, end up with good institutions? To find answers, you have to look at history of leadership in this island.

Descendents of the French émigrés who developed the sugar plantations, along with the Creoles whose ancestors had worked the plantations as slaves, initially opposed independence because they feared domination by the majority ethnic Hindus. But they eventually agreed to cede political power in return for guarantees that their property would not be expropriated. Meanwhile the first Prime Minister, Sir Seewoosagur Ramgoolam, was able to persuade his constituents to abandon efforts to nationalise the sugar plantations in return for this acknowledgment of their majority political status. The melting pot that is Mauritius today is the product of an aggressive immigration policy that recruited foreigners (Indians, Chinese and Africans, mostly) to toil as low-paid labourers in the fields and factories catering to the island's raison d'être: sugar cane. "Here everyone respects the religion of everyone else," says Mohamuddally Mohamed Reza, an affluent businessman, over phone. In the recent years, Mauritius has attracted thousands of Bangladeshi workers to work in its apparel sector.

Even though Mauritius had ceased to be the crossroads of the Indian Ocean when the Suez Canal opened in 1869, it has retained a cosmopolitan mindset - one of several respects in which it resembles city-states such as Singapore, Hong Kong and Dubai. This cosmopolitanism came in handy in the process of economic development. Ethnic links to China and India led directly to the