

Legatum Institute Prosperity Index 2009



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A Holistic Assessment of Prosperity

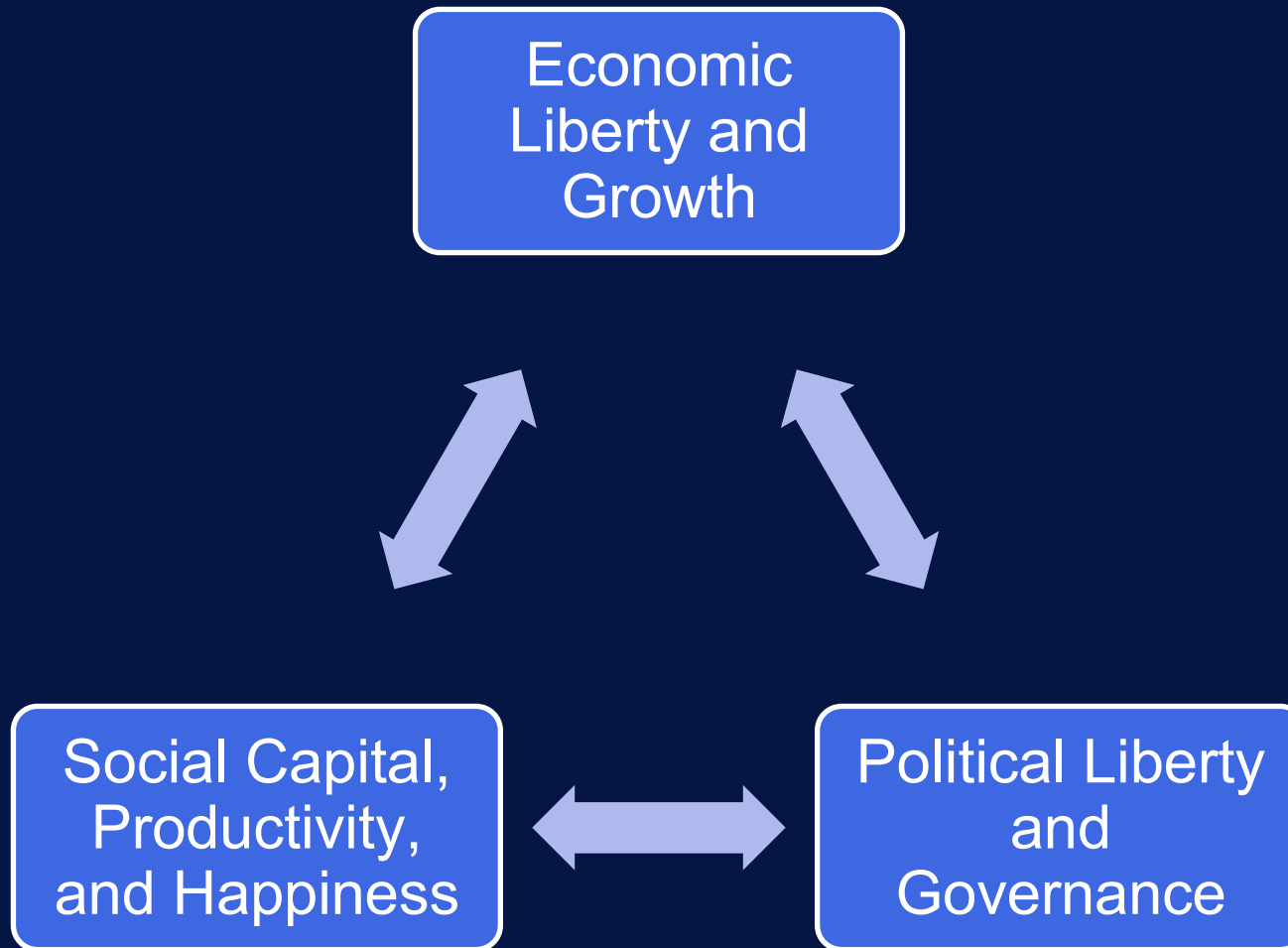
*“[The] Gross National Product counts air pollution and cigarette advertising, and ambulances to clear our highways of carnage...It counts the destruction of the redwood and the loss of our natural wonder in chaotic sprawl...Yet the Gross National Product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials...**it measures everything, in short, except that which makes life worthwhile.**”*

Robert Kennedy

PROSPERITY AROUND THE WORLD: *What Drives the Success of Nations?*



VIRTUOUS CYCLE – WHAT WE CARE ABOUT



Does the World Really Need Yet Another Index?

- ❑ UNIQUE AS THE ONLY GLOBAL ASSESSMENT OF WEALTH AND WELLBEING
 - ❖ 4 SUB-INDEXES REGRESSED ON PER CAPITA GDP
 - ❖ 5 SUB-INDEXES REGRESSED ON SUBJECTIVE WELLBEING

- ❑ OUR THEORY: ECONOMIC GROWTH AND SUBJECTIVE WELL-BEING ARE UNIVERSAL GOODS

- ❑ DATA
 - ❖ OVER 200 VARIABLES TESTED; 79 VARIABLES USED
 - ❖ OBJECTIVE DATA AND SUBJECTIVE POLLING RESPONSES (GWP AND WVS)

- ❑ COVERAGE: 104 COUNTRIES, OVER 90% OF GLOBAL POPULATION



BUILDING THE INDEX

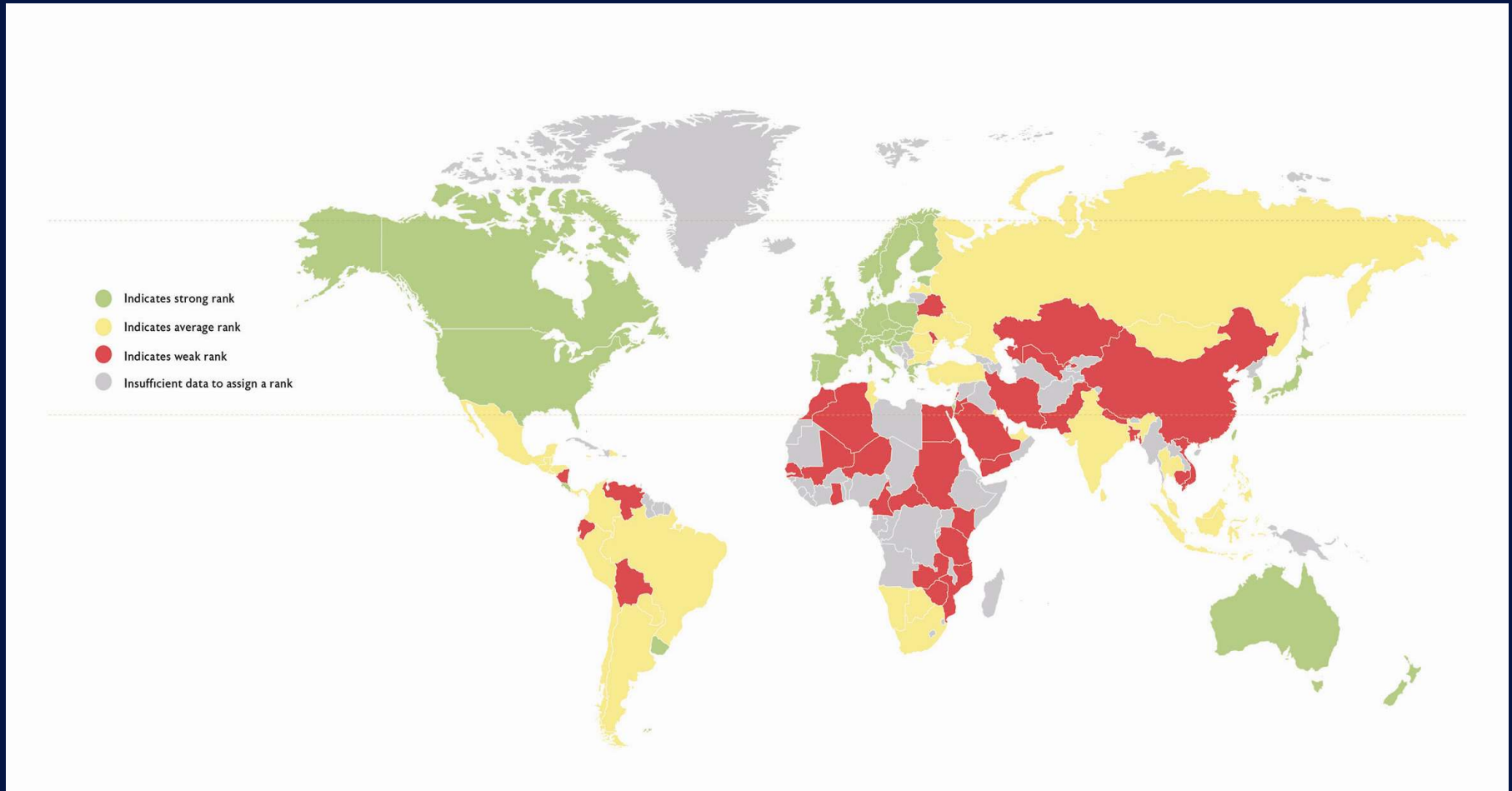
❑ NINE SUB-INDEXES, EQUALLY WEIGHTED AND AVERAGED

- ❖ ECONOMIC FUNDAMENTALS
- ❖ ENTREPRENEURSHIP & INNOVATION
- ❖ DEMOCRATIC INSTITUTIONS
- ❖ EDUCATION
- ❖ HEALTH
- ❖ SAFETY & SECURITY
- ❖ GOVERNANCE
- ❖ PERSONAL FREEDOM
- ❖ SOCIAL CAPITAL

❑ OUTSIDE EXPERTISE

- ❖ OXFORD ANALYTICA
- ❖ ACADEMIC ADVISORY PANEL

PROSPERITY AROUND THE WORLD



TOP 25



Overall Rank	Country	Economic Fundamentals	Entrepreneurship & Innovation	Democratic Institutions	Education	Health	Safety & Security	Governance	Personal Freedom	Social Capital
1	Finland	10	9	9	3	7	2	2	7	6
2	Switzerland	2	13	1	22	3	6	3	11	2
3	Sweden	16	3	7	4	15	7	5	5	3
4	Denmark	15	6	12	2	12	4	1	2	13
5	Norway	18	17	8	1	10	1	7	1	10
6	Australia	7	15	5	6	21	14	10	4	4
7	Canada	6	4	6	16	22	9	9	3	9
8	Netherlands	3	5	19	14	8	15	8	10	8
9	United States	14	1	2	7	27	19	16	8	7
10	New Zealand	27	18	4	10	19	13	11	6	1
11	Ireland	5	12	13	18	2	5	12	25	12
12	United Kingdom	13	2	11	21	23	22	13	19	11
13	Belgium	4	20	3	11	5	16	15	9	26
14	Germany	23	8	21	19	6	21	17	17	19
15	Austria	12	19	10	13	1	10	14	36	23
16	Japan	8	7	20	20	9	12	20	22	40
17	France	17	14	14	15	14	23	18	15	48
18	Hong Kong	1	10	60	39	18	11	6	67	33
19	Spain	11	25	15	12	17	28	21	13	71
20	Slovenia	31	36	16	8	24	8	24	33	44
21	Italy	25	26	23	17	11	31	35	40	37
22	Portugal	28	31	22	29	20	17	25	26	64
23	Singapore	9	11	86	26	4	3	4	64	76
24	Taiwan	19	21	29	9	26	20	43	30	73
25	Czech Republic	20	27	25	31	16	29	28	23	74

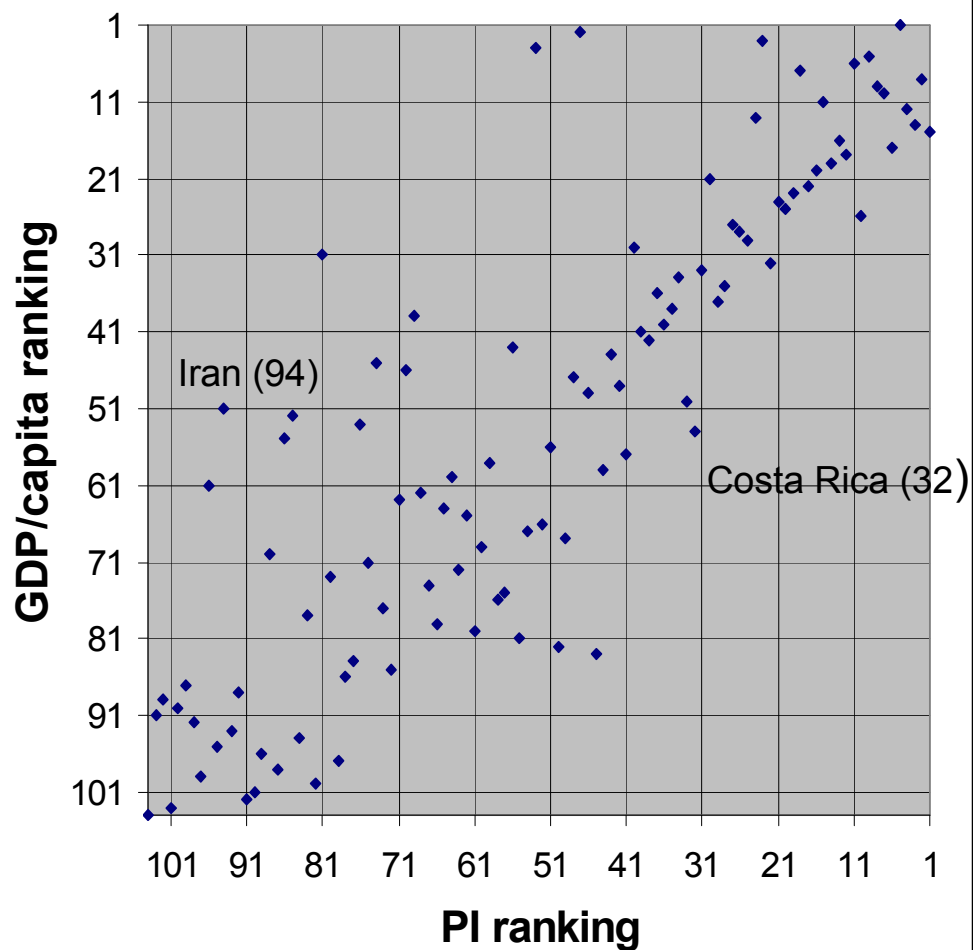
BOTTOM 25



Overall Rank	Country	Economic Fundamentals	Entrepreneurship & Innovation	Democratic Institutions	Education	Health	Safety & Security	Governance	Personal Freedom	Social Capital
80	Jordan	64	77	84	46	59	47	57	103	83
81	Saudi Arabia	44	81	101	56	42	56	67	98	43
82	Mali	92	99	52	102	101	43	80	37	15
83	Morocco	51	50	82	84	73	59	65	90	91
84	Senegal	100	89	62	99	96	51	56	52	28
85	Belarus	45	76	102	34	44	52	98	89	98
86	Lebanon	75	66	80	44	52	90	79	99	90
87	Bangladesh	80	86	75	89	90	80	60	56	72
88	Egypt	72	65	90	55	50	64	91	95	100
89	Zambia	102	101	64	98	97	85	77	60	21
90	Nepal	91	93	89	91	86	91	94	77	18
91	Mozambique	95	98	73	104	100	60	78	49	38
92	Uzbekistan	89	87	104	72	62	67	96	82	80
93	Cambodia	65	102	88	96	98	70	82	51	67
94	Iran	79	69	93	59	70	88	102	101	82
95	Kenya	101	83	66	95	91	100	88	84	25
96	Algeria	77	95	87	67	74	95	83	97	95
97	Tanzania	97	100	76	100	102	84	74	66	41
98	Nigeria	99	94	78	94	92	98	99	92	16
99	Pakistan	70	79	79	101	87	101	81	104	36
100	Cameroon	88	96	95	92	99	94	103	79	35
101=	Central African Republic	98	104	92	103	104	92	100	55	39
101=	Yemen	103	97	91	88	94	81	90	93	86
103	Sudan	93	80	103	97	89	103	95	96	32
104	Zimbabwe	104	84	99	90	103	102	104	102	97

Drivers vs. Outcomes

Drivers vs. outcomes



Costa Rica

GDP/capita, 2007 est: \$10,043

Life Satisfaction: 6.85/10 (19/104)

Iran

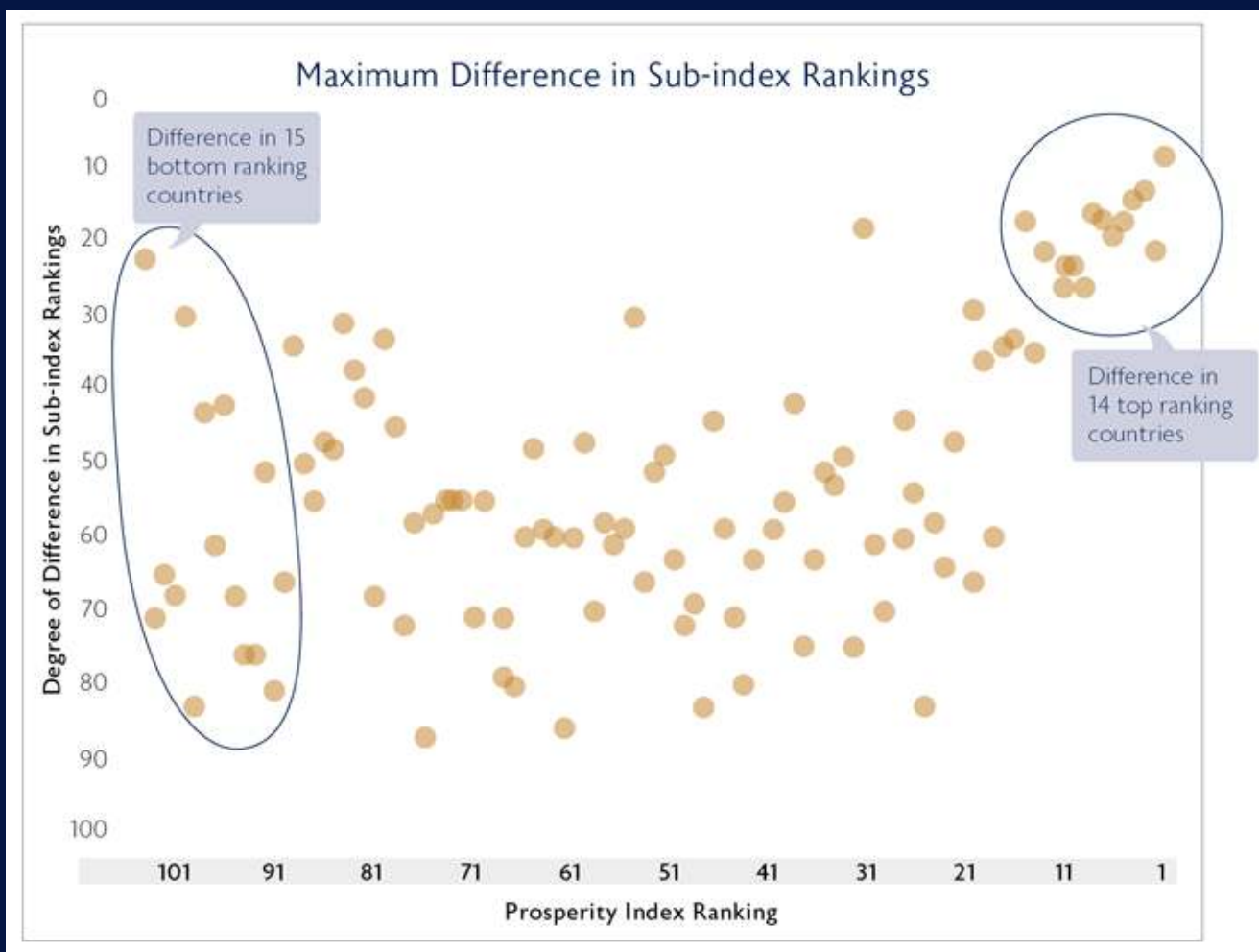
GDP/capita, 2007 est: \$10,322

Life Satisfaction: 5.13/10 (71/104)

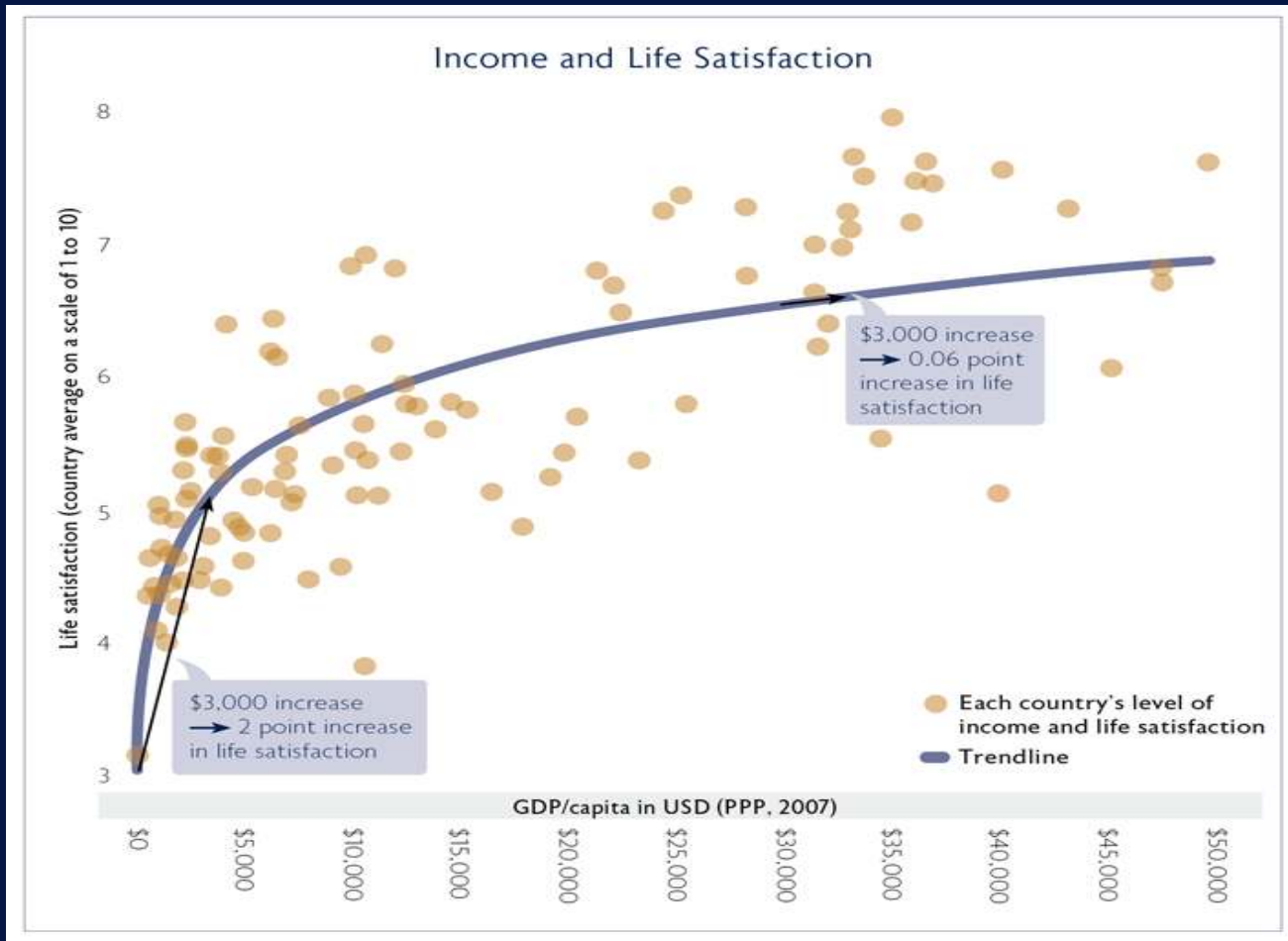


KEY FINDINGS

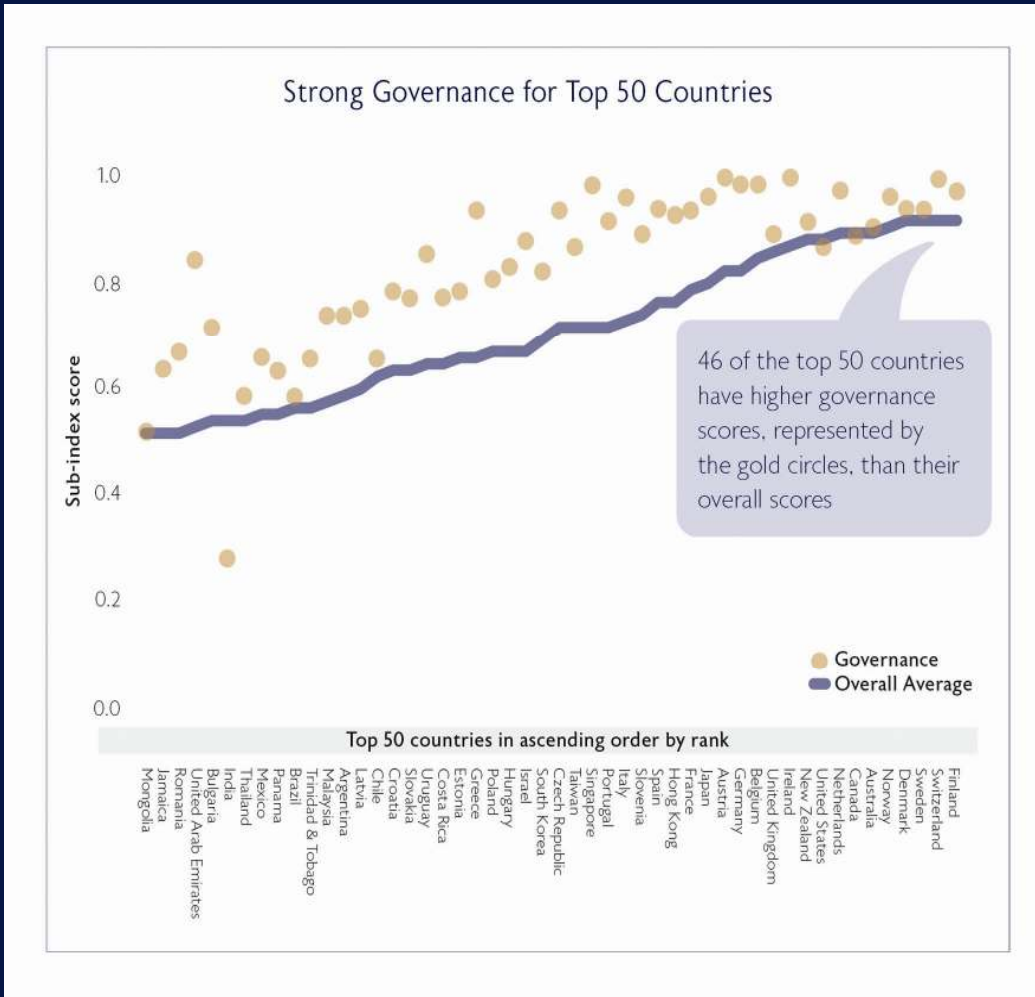
PROSPEROUS NATIONS = CONSISTENT & BALANCED



INCOME AND LIFE SATISFACTION



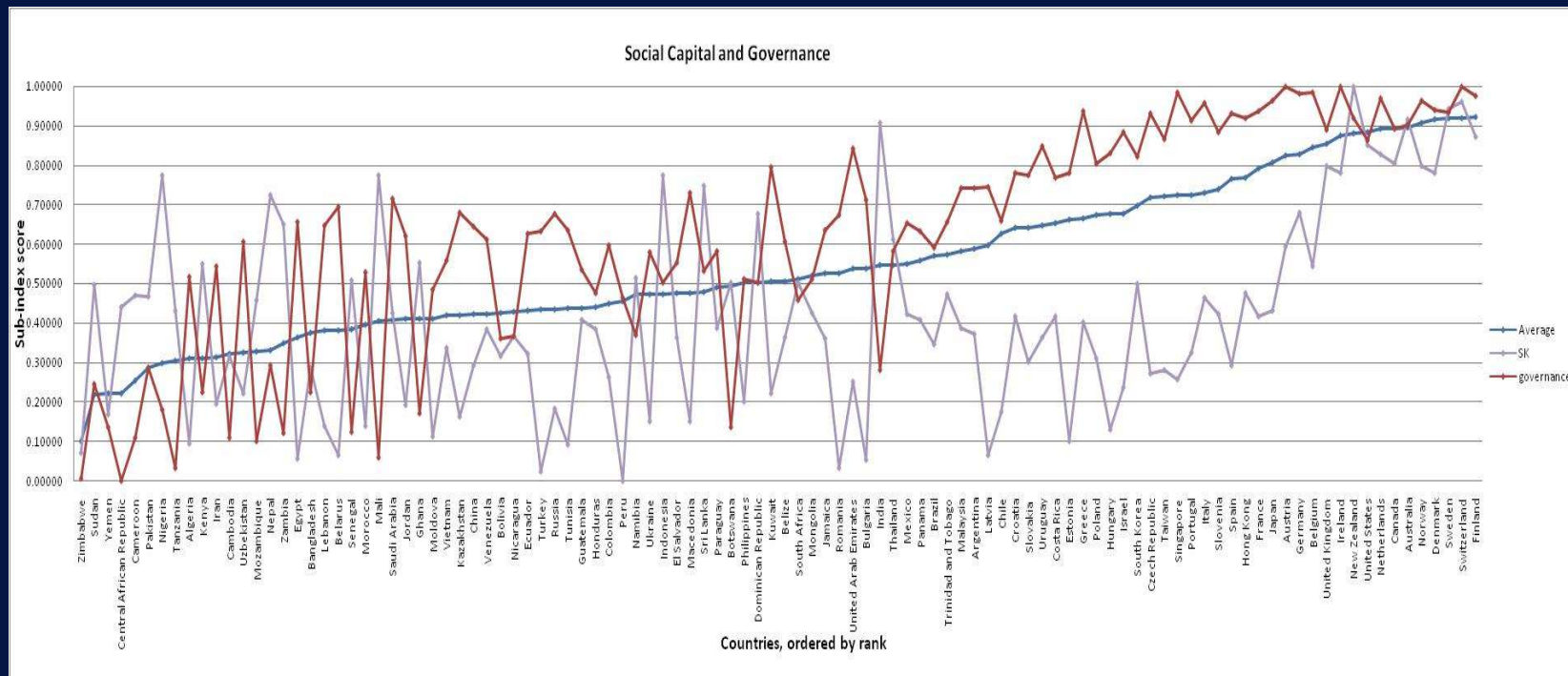
GOVERNANCE AND THE TOP 50



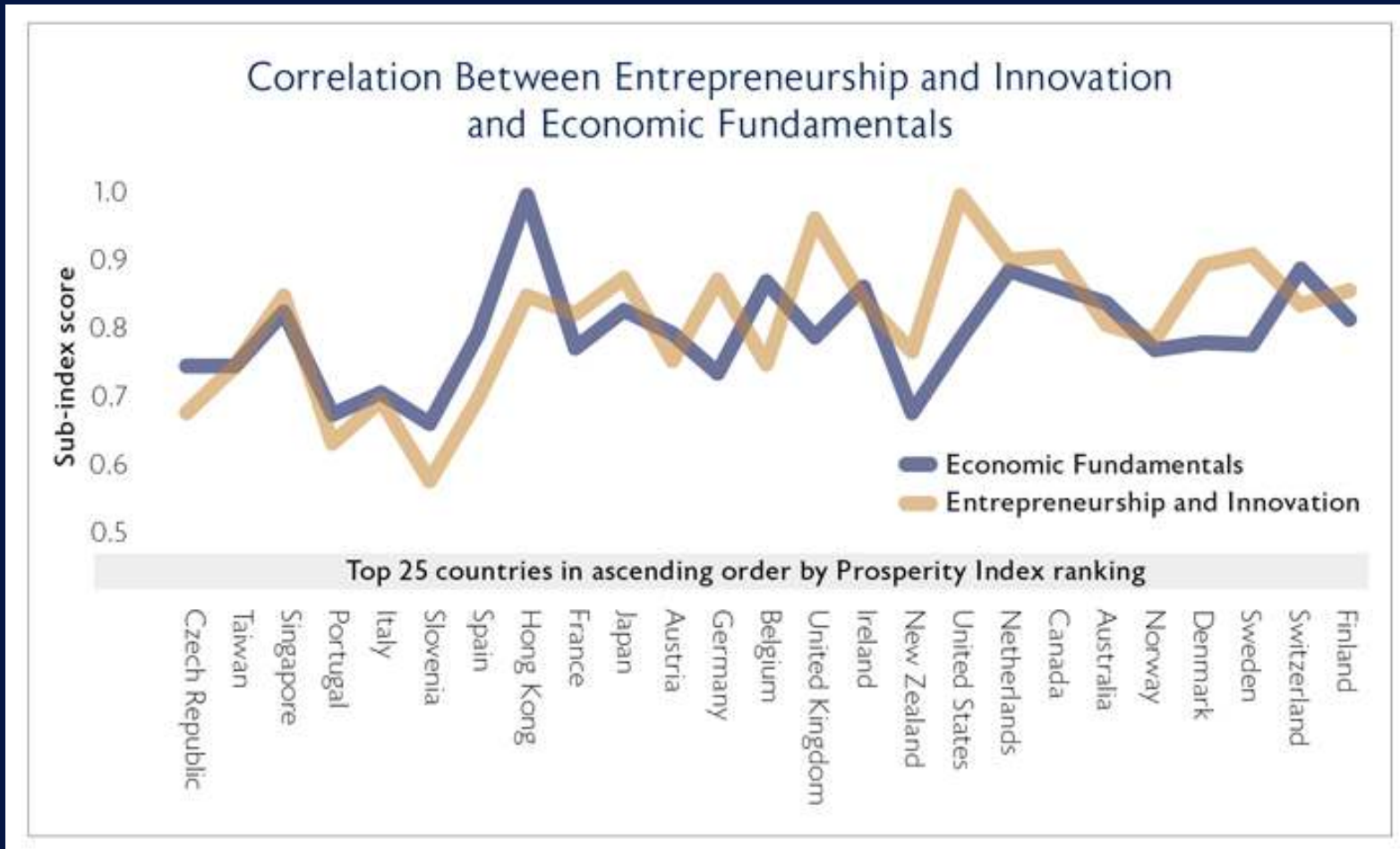
BUT STRONG COMMUNITIES CAN HELP...



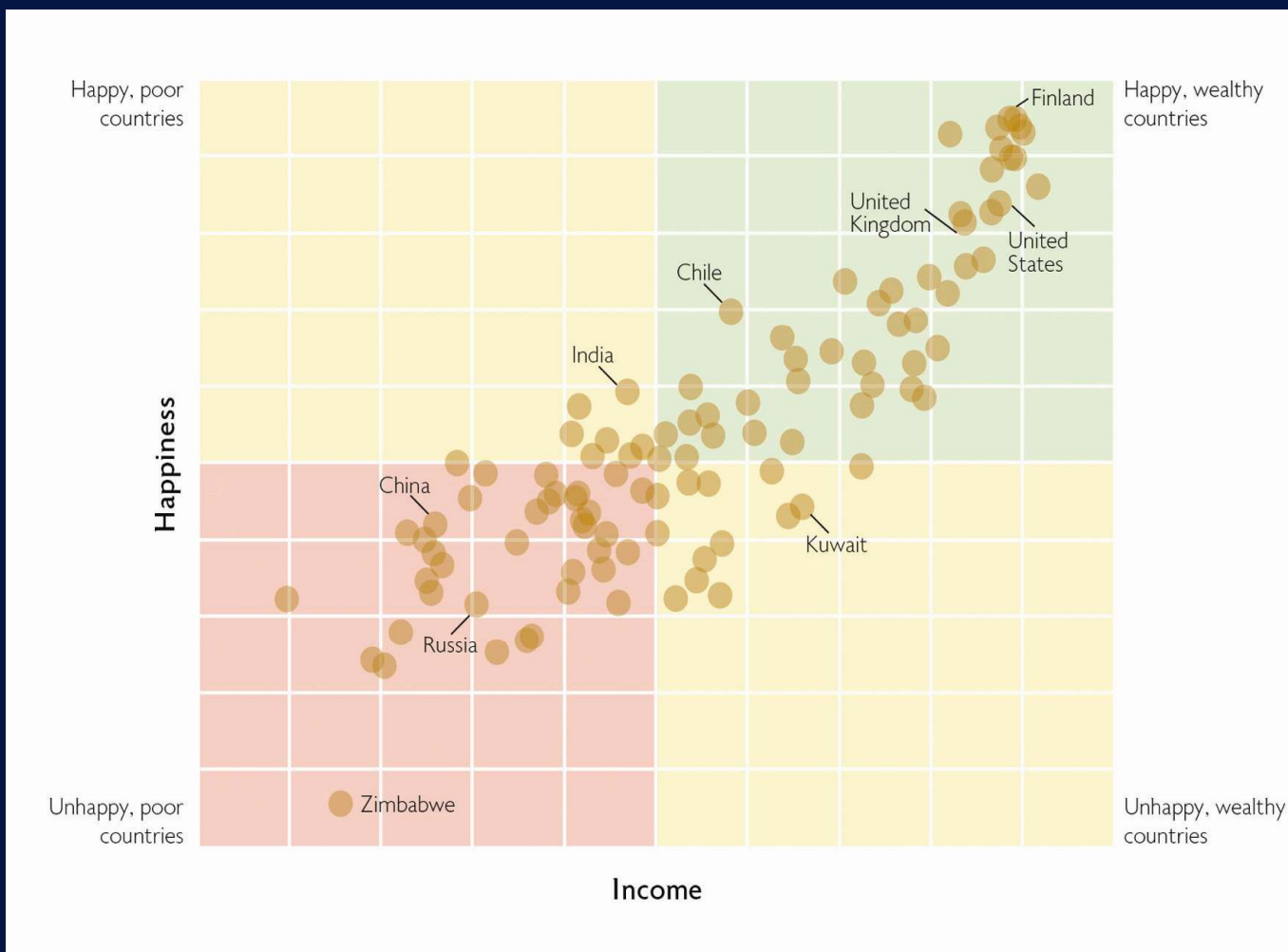
SOCIAL CAPITAL AND GOVERNANCE



ECONOMY, INNOVATION, AND ENTREPRENEURSHIP



THE NEW PICTURE OF GLOBAL INEQUALITY





KEY FINDINGS CONTINUED...

❖ FREEDOM CANNOT BE DIVIDED

One-Third of the Factors that make up the 79 Variables are indicators of some type of freedom

❖ PROSPERITY IS CONCENTRATED IN THE NORTH ATLANTIC

16 of the top 20 countries are in North America or Europe, and 2 others (Australia & New Zealand) are heirs of British institutions

❖ HISTORY IS NOT DESTINY

The next 20 spots contain several countries which 40 years ago would have been in the bottom tier



KEY FINDINGS CONTINUED...

❖ PROSPERITY MEANS SECURITY

6 of the 10 safest countries are also in the top 10 overall; no top 10 country ranks below the top 10 in security

❖ HAPPINESS IS ... OPPORTUNITY, GOOD HEALTH, RELATIONSHIPS, AND THE FREEDOM TO CHOOSE WHO YOU WANT TO BE

Countries scoring high in these have the highest SWB levels

WHAT MATTERS MOST?



PI rank	Country	New rank	Change in rank
2	Switzerland	1	1
1	Finland	2	-1
3	Sweden	3	0
4	Denmark	4	0
8	Netherlands	5	3
7	Canada	6	1
9	United States	7	2
5	Norway	8	-3
6	Australia	9	-3
11	Ireland	10	1
12	United Kingdom	11	1
10	New Zealand	12	-2
13	Belgium	13	0
14	Germany	14	0
15	Austria	15	0
16	Japan	16	0
18	Hong Kong	17	1
17	France	18	-1
19	Spain	19	0
23	Singapore	20	3
24	Taiwan	21	3
21	Italy	22	-1
20	Slovenia	23	-3
25	Czech Republic	24	1
22	Portugal	25	-3



QUESTIONS AND CRITIQUES

- ❑ A Circular Argument? Picking and Choosing Criteria and Countries
- ❑ A “Best Places to Live” Index?
- ❑ Polling Data: Too Much Subjectivity?
- ❑ What About Climate Change and the Environment?
- ❑ Ignoring Swedish-speaking Finns (?!)



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