



## 2009 Legatum Prosperity Index - Fact Sheet

The Legatum Prosperity Index uses a holistic definition of prosperity to include both material wealth and quality of life. The Index finds that the most prosperous nations in the world are not necessarily those that have only a high GDP, but are those that also have happy, healthy, and free citizens. Now in its third year, the Index builds on the previous versions with expanded data and refined analysis and assesses 104 nations covering 90 percent of the world's population by their performance in nine fundamental areas :

- Economic Fundamentals
- Entrepreneurship and Innovation
- Democratic Institutions
- Education
- Health
- Safety and Security
- Governance
- Personal Freedom
- Social Capital

Each of these nine factors has been identified through extensive research as a key building block of prosperity. Each corresponds to a sub-index. A country's position in the overall Prosperity Index is produced by averaging its 9 sub-index scores. The scores are then ranked to produce the overall ranking.

The full Index and accompanying reports are available at [www.prosperity.com](http://www.prosperity.com)

### Key Rankings

| Top Twenty Countries | Bottom Twenty Countries       |
|----------------------|-------------------------------|
| 1. Finland           | 85. Belarus                   |
| 2. Switzerland       | 86. Lebanon                   |
| 3. Sweden            | 87. Bangladesh                |
| 4. Denmark           | 88. Egypt                     |
| 5. Norway            | 89. Zambia                    |
| 6. Australia         | 90. Nepal                     |
| 7. Canada            | 91. Mozambique                |
| 8. Netherlands       | 92. Uzbekistan                |
| 9. United States     | 93. Cambodia                  |
| 10. New Zealand      | 94. Iran                      |
| 11. Ireland          | 95. Kenya                     |
| 12. United Kingdom   | 96. Algeria                   |
| 13. Belgium          | 97. Tanzania                  |
| 14. Germany          | 98. Nigeria                   |
| 15. Austria          | 99. Pakistan                  |
| 16. Japan            | 100. Cameroon                 |
| 17. France           | 101. Central African Republic |
| 18. Hong Kong        | 101. Yemen                    |
| 19. Spain            | 103. Sudan                    |
| 20. Slovenia         | 104. Zimbabwe                 |

All successful countries demonstrate several common attributes, with the top ten scoring especially high on:

- Positive effect of good governance on quality of life and economic issues
- High overall levels of life satisfaction
- Level of personal freedom experienced by the citizenry
- Strong overall economic performance



## Key Findings

What does the Prosperity Index tell us? Its value is found not only in its global rankings but also in what it can tell us about how prosperity is created. The following are ten key findings of the Prosperity Index:

- 1. Prosperous countries are strong across the board.** Prosperous countries which lead the Index do well in all nine sub-indexes, indicating that the foundations of prosperity reinforce each other.
- 2. Entrepreneurs at the micro level need good economic policies at the macro level.** Innovation and entrepreneurship are more strongly related to economic fundamentals than any other factor in a society. Aspiring entrepreneurs will often hit a “ceiling” limiting their success if a nation’s economy is not fundamentally strong.
- 3. Happiness is...opportunity, good health, relationships, and the freedom to choose who you want to be.** The highest levels of overall life satisfaction are reported in countries which score best in the areas of health, safety, personal freedom, and social capital.
- 4. Prosperity is concentrated in the north Atlantic – for now.** Sixteen of the top 20 most prosperous countries sit in North America and Europe.
- 5. History is not destiny.** Highly-ranked nations include those with a long history of productive economies, effective, and limited government, and social capital – but also several others that not long ago were afflicted with poverty, oppression, and unhappiness.
- 6. Good governance is central to life satisfaction and economic progress.** Countries in which sound governance creates satisfied citizens are also the most likely to have the healthiest economic fundamentals and the most entrepreneurial societies.
- 7. Prosperity means Security.** Security and safety function as both a cause and effect of overall prosperity. A secure nation enables its citizens to flourish without fear of attack or harm, and prosperous citizens provide the financial resources and social capital to maintain safety and security.
- 8. Freedom Cannot Be Divided.** While some nations seek to allow one aspect of freedom while restricting other aspects, prosperous nations respect freedom in all of its dimensions: economic, political, religious, and personal.
- 9. Strong Communities Are Better than Weak Governments.** Some countries with ineffective governments still score well on social capital, indicating that healthy networks of families and friends play an essential role in helping a nation function.
- 10. It’s true that money can’t buy happiness...unless you are poor.** Only in the poorest countries do increases in income have a significant effect on people’s life satisfaction.