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JAPAN #1 IN PROSPERITY ACROSS ASIA BEATING HONG KONG AND SINGAPORE; CHINA, CAMBODIA AND PAKISTAN RANK LAST, FINDS LEGATUM PROSPERITY INDEX

Leading Asian nations display strong economic fundamentals, but score low on democratic institutions and personal freedom; Northern Europe contains the most prosperous nations, with the United States in 9th.

LONDON, October 26, 2009 – The third edition of the Legatum Prosperity Index, published today, ranks 104 countries (covering 90% of the world's population), based on a definition of prosperity that combines economic growth together with measures of happiness and quality of life. Democratic Japan tops the Asian rankings in 16th place, thanks to strong scores across all measures of economic wealth and life satisfaction closely followed by free market locations such as Hong Kong (18th), Singapore (23rd) and Taiwan (24th).

“The Legatum Prosperity Index is the world’s only global assessment of wealth and wellbeing,” said Dr. William Inboden, Senior Vice President of the Legatum Institute. *“Many Asian nations have good economic fundamentals, but the Index tells us that true prosperity requires more than just money and weak scores for their Democratic Institutions and Personal Freedom measures are letting some Asian nations down,”* he continued. *“Furthermore, countries which have low levels of economic stability, such as Cambodia (93rd) finish even further down in the overall rankings. Overall, this strongly suggests that a country can improve its overall prosperity by promoting the fundamentals of life satisfaction as much as the standard measurements of wealth such as GDP,”* concluded Dr. Inboden.

Key Findings from the 2009 Legatum Prosperity Index

- Finland tops the Index, followed by Switzerland, Sweden, and Denmark; the United States is 9th and the United Kingdom is 12th.
- Hong Kong and Singapore would rank even higher if not for weak democratic institutions and reduced personal freedoms, which are vital for holistic prosperity.
- South Korea (26th) also has a low personal freedom score dragging it down the rankings. China and Vietnam (77th) have these weaknesses too but to a far greater extent, which cause them to be far lower down the rankings.
- Although China does well on the economic sub-indexes, its repressive Government means it ranks a lowly 75th. Even India (45th), with weaker economic fundamentals is placed far higher than China due to its personal freedoms and broader well being.
- Other than India, SE Asia has very poor performance due to major concerns about security with Pakistan scoring lowest overall at 99th out of 104 countries.

The Index identified nine key factors that drive economic growth and personal wellbeing, which are foundations of prosperity. Each of these nine factors is represented in a sub-index and a country's final Prosperity Index ranking is generated by averaging its scores across all nine sub-indexes, equally weighted. **More information on the Prosperity Index, including full country rankings, background on data and methodology, and profiles of each country can be found at www.prosperity.com.**

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Notes to Editors:

About the Legatum Prosperity Index

The 2009 Legatum Prosperity Index is based on statistical analysis of more than 40 years of data for more than 100 countries worldwide, produced and supervised by the Legatum Institute, with input from the research consultancy Oxford Analytica and a panel of respected academic advisors in the fields of economics, history, development, sociology, and political science.

2009 Legatum Prosperity Index Rankings

BEST		ASIA	
1.	Finland	16.	Japan
2.	Switzerland	18.	Hong Kong
3.	Sweden	23.	Singapore
4.	Denmark	24.	Taiwan
5.	Norway	26.	South Korea
6.	Australia	39.	Malaysia
7.	Canada	44.	Thailand
8.	Netherlands	45.	India
9.	United States	50.	Mongolia
10.	New Zealand	55.	Philippines
11.	Ireland	58.	Sri Lanka
12.	United Kingdom	61.	Indonesia
13.	Belgium	75.	China
14.	Germany	87.	Bangladesh
15.	Austria	90.	Nepal
16.	Japan	93.	Cambodia
17.	France	99.	Pakistan
18.	Hong Kong		
19.	Spain		
20.	Slovenia		

WORST
95. Kenya
96. Algeria
97. Tanzania
98. Nigeria
99. Pakistan
100. Cameroon
101. Central African Republic
102. Yemen
103. Sudan
104. Zimbabwe

How the Index is constructed

The Prosperity Index accounts for 90 percent of the world's population, using a combination of objective data and subjective responses to surveys. This data comprises 79 different variables, and each is then distilled into one of the nine different sub-indexes identified as a foundation of prosperity. A country's



performance in each sub-index is given a score, and the overall Prosperity Index rankings are produced by averaging the equally-weighted scores of the 9 sub-indices for each country. Those countries that perform well across each sub-index score highest in the overall rankings.

The foundations of prosperity that define successful nations include:

- **Economic Fundamentals** – a growing, sound economy that provides opportunities for wealth creation
- **Entrepreneurship and Innovation** – an environment friendly to new enterprises and the commercialisation of new ideas
- **Education** – an accessible, high-quality educational system that fosters human development
- **Democratic Institutions** – transparent and accountable governing institutions that promote economic growth
- **Governance** – an honest and effective government that preserves order and encourages productive citizenship
- **Health** – the physical well-being of the populace
- **Personal Freedom** – the degree to which individuals can choose the course of their lives
- **Security** – a safe environment in which people can pursue opportunity
- **Social Capital** – trustworthiness in relationships and strong communities

About the Legatum Institute

The Legatum Institute is an independent policy, advocacy and advisory organisation. The Institute's mission is to research and promote the principles that drive the creation of global prosperity and the expansion of human liberty and wellbeing.

For more information about the Legatum Institute, please visit www.li.com.

The Institute is part of the Legatum Group, a private global investment organization focused on investing in the international capital markets and the promotion of sustainable development.

For more information about the Legatum Group, please visit www.legatum.com.

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