



**FOR IMMEDIATE RELEASE**

**AUSTRALIA LEADS U.S. AND CANADA IN PROSPERITY; RANKS 6<sup>TH</sup> GLOBALLY FINDS LEGATUM PROSPERITY INDEX; NEW ZEALAND AT #10**

*Australia ranks high in freedom and democracy but lags other world leaders in health, domestic security and entrepreneurship. New Zealand is #1 in social capital but lowest among top ten nations on economic fundamentals and entrepreneurship.*

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.

Australia ranks 6<sup>th</sup> in overall prosperity, and remains the top-ranked non-European nation in the Index despite losing its top ranking in the 2008 Index, partly because of changes in methodology between 2008 and 2009, and also from relatively poor scores in health and entrepreneurship. The only non-European countries in the top 20 of the 2009 Legatum Prosperity Index are Australia (6<sup>th</sup>), Canada (7<sup>th</sup>), the U.S (9<sup>th</sup>), New Zealand (10<sup>th</sup>), Japan (16<sup>th</sup>), and Hong Kong (18<sup>th</sup>).

*“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. *“Despite the recession, Australia and New Zealand continue to stand among the world’s most prosperous nations”* continued Dr. Inboden, *“but beyond the positive headlines, Australia is slowed by lower-than-expected performance in measures of health and entrepreneurship, and New Zealand by surprisingly low economic numbers. The Index clearly shows that while money doesn’t guarantee happiness, true prosperity does require strong economic fundamentals as well as high quality of life.”*

**Key Findings from the 2009 Legatum Prosperity Index**

- Australia ranks fourth on the two indicators of social capital and personal freedom, whereas New Zealand ranks first in social capital and sixth in personal freedom. These rankings suggest that the citizens of both countries enjoy exceptionally high levels of personal opportunity and strong social networks.
- Australia ranks comparatively high, 6<sup>th</sup>, for education, and New Zealand ranks 10<sup>th</sup>.
- Australia performs considerably better on the Prosperity Index than it does when judged by actual GDP alone. For example, Australia ranks 5<sup>th</sup> globally on the Index’s multiple economic measures, compared to 17<sup>th</sup> when measured by per



- capita GDP alone. This indicates that the factors underlying Australia’s economic performance are healthier than a current snapshot of the economy would suggest.
- New Zealand is the only top 10 country to rank lower than #20 for its economic fundamentals; its 27<sup>th</sup> place ranking makes it the lowest of all top 20 countries except Slovenia. Its overall economic performance is boosted by its 4<sup>th</sup> place ranking in the democratic institutions sub-index, which assesses the effects of government policy on economic growth.
  - Australia’s worst performance is in the area of health, where it ranks 21<sup>st</sup>, behind all major European nations except the UK (23<sup>rd</sup>), and behind Asian peers Singapore, Japan, and Hong Kong.
  - Conversely, Australia’s combined performance on the Index’s economic indicators bests Asian competitors Japan, Singapore, Hong Kong and Taiwan.

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](http://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**

TOP TWENTY COUNTRIES		BOTTOM TEN COUNTRIES	
1.	Finland	95.	Kenya
2.	Switzerland	96.	Algeria
3.	Sweden	97.	Tanzania
4.	Denmark	98.	Nigeria
5.	Norway	99.	Pakistan
6.	Australia	100.	Cameroon
7.	Canada	101.	Central African Republic
8.	Netherlands	102.	Yemen



9.	United States	103.	Sudan
10.	New Zealand	104.	Zimbabwe
11.	Ireland		
12.	United Kingdom		
13.	Belgium		
14.	Germany		
15.	Austria		
16.	Japan		
17.	France		
18.	Hong Kong		
19.	Spain		
20.	Slovenia		

### 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-indexes 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](http://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](http://www.Legatum.com).

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