



FOR IMMEDIATE RELEASE

**AUSTRALIA WELL-PLACED TO WEATHER GLOBAL ECONOMIC CHALLENGES,
LEGATUM PROSPERITY INDEX SUGGESTS; LEADS THE WORLD IN PROMOTING
PROSPERITY, FOLLOWED BY AUSTRIA AND FINLAND**

The Legatum Institute ranks 104 countries in the Legatum Prosperity Index by how well they foster economic growth and personal wellbeing.

14th October 2008, Dubai, London, Delhi, New York – Australia is the most successful country at promoting well-rounded national prosperity, and narrowly leads Austria and Finland in the 2008 Legatum Prosperity Index, published today. The Index defines prosperity as a holistic combination of material wealth and life satisfaction, measuring how well nations are promoting both economic growth and quality of life. Yemen ranks last, following several African nations including Zambia and Zimbabwe.

The top ten countries in the Index represent multiple regions including five European countries (Austria, Denmark, Finland, Germany and Switzerland), four from the Asia Pacific region (Australia, Hong Kong, Singapore and New Zealand) and one from North America (United States).

The Prosperity Index assesses 104 nations around the world by measuring 44 different indicators of both economic competitiveness and liveability. Full rankings are available at www.prosperity.com.

Australia leads the Index because of its strong performance in education, governance, and promoting entrepreneurship. It has reinvented itself as a wealthy service-oriented economy with good scores on liveability indicators, including health, charitable giving and effective governance. Strong norms of civic participation, robust health, and plenty of leisure time contribute to the high liveability rating.

Austria scores highly in education, which is vital to long term income growth, as well as health, a key to quality of life. Looking at the promotion of entrepreneurship as a driver of economic competitiveness, Austria has one of the lowest rankings in the top ten. Finland boasts of high governance, helping to drive both wealth and wellbeing in the country. In addition, the Finns report very high levels of satisfaction with the freedom to choose the course of their own lives.

This group of countries tops the Index because of imbalanced results from other world regions. Several Nordic countries score very well on liveability indicators, but poorly on some wealth drivers, most notably in the promotion of entrepreneurship. Many Asian countries on the other hand, score well on the economic competitiveness indicators, but have comparative weaknesses in liveability, including limited equality of opportunity for women, a degraded natural environment, and long working hours.

While no country has poor scores in every category, Yemen comes closest. While its people maintain a strong religious faith, they also suffer from extreme levels of poverty and poor governance. For most of the countries in the bottom ranks of the Index, extreme poverty appears to be the main cause, which further impacts wellbeing by contributing to ill health and unemployment. A number of countries, such as Zimbabwe and Sudan, are both impoverished and politically repressive.

Dr. William Inboden, Senior Vice President of the Legatum Institute commented that, “true prosperity consists of more than money. It also includes happiness, health, and liberty. The Prosperity Index shows that in addition to economic success, a society’s prosperity is based on strong families and communities, political and religious liberty, education and opportunity, and a healthy environment.”



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

- Growth in Invested Capital;
- Good Governance on economic issues;
- Commercialising Innovation;
- Good Governance on political issues;
- High Incomes.

All but Singapore and Hong Kong scored nearly as well on community life and family life indicators, which are important measures of Social Capital. Conversely, the bottom 25 percent of the Index countries get especially low marks on the above indicators as well as Freedom of Choice. They are particularly burdened by low incomes and high dependence on foreign aid.

The 2008 Prosperity Index finds that both individuals and governments have a role to play in promoting national prosperity. Alan McCormick, a Managing Director at Legatum, observed, “The 2008 Legatum Prosperity Index reveals that governments alone cannot mandate prosperity, but they can foster an environment that encourages prosperity through implementation of wise policies. Individual citizens are responsible for taking ownership of their lives and, in richer countries, embracing the opportunities that accompany increased freedom and privilege.” A website dedicated to measuring personal prosperity has been created at www.myprosperity.com.

Mr McCormick concluded that, “Amidst widespread global economic insecurity, the findings of this year’s Index could not be timelier. The Prosperity Index is a manifesto for advancing long-term national prosperity which can act as a guide for leaders from all sections of society.”

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About the Legatum Prosperity Index

The 2008 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 advisors in the fields of economics, history, development, sociology, and political science.

About the Legatum Institute

The Legatum Institute (“LI”) 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 organisation 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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NOTES TO EDITORS REGARDING THE 2008 LEGATUM PROSPERITY INDEX

2008 Legatum Prosperity Index Rankings

BEST 20		WORST 10	
1	AUSTRALIA	94	SUDAN
2	AUSTRIA	96	KENYA
2	FINLAND	96	MOZAMBIQUE
4	GERMANY	98	NEPAL
4	SINGAPORE	99	ZIMBABWE
4	UNITED STATES	100	TANZANIA
7	SWITZERLAND	101	CENTRAL AFRICAN REPUBLIC
8	HONG KONG	102	MALI
9	DENMARK	102	ZAMBIA
9	NEW ZEALAND	104	YEMEN
11	NETHERLANDS		
12	SWEDEN		
13	JAPAN		
14	BELGIUM		
14	CANADA		
14	FRANCE		
14	NORWAY		
14	UNITED KINGDOM		
19	ISRAEL		
20	IRELAND		



Observations from the Index Research

The key drivers for each country vary according to their level of development. For poorer countries, with average per capita incomes of less than US\$10,000, raising incomes is a particular priority. For these countries, the most important components of economic competitiveness are:

- 1) Government effectiveness
- 2) Levels of education
- 3) Growth in invested capital
- 4) Low costs of starting a business
- 5) Commercialisation of innovation
- 6) Low dependence on foreign aid
- 7) Low dependence on commodity exports
- 8) Economic openness

For countries with incomes of more than US\$20,000 per person, the most important drivers of continued economic growth are:

- 1) Invested capital
- 2) Education
- 3) Entrepreneurship
- 4) Commercialisation of innovation

Furthermore, in richer countries, moving beyond material wealth is a key element of continued prosperity. The most important factors for these countries are:

- 1) Continued high levels of income
- 2) Good health
- 3) Political rights and civil liberties
- 4) Freedom of choice
- 5) Charitable Giving
- 6) Family Life
- 7) Equality of opportunity
- 8) Pleasant natural environment
- 9) Community Life
- 10) Religious freedom

Find Out More

A website dedicated to the Index has been created at www.prosperity.com. In addition to viewing the 2008 Legatum Prosperity Index report, browsers may freely examine individual country profiles and conclusions, as well as experiment with interactive tools which allow for graphical comparison of countries and the components of their prosperity.



A website dedicated to measuring personal prosperity is also available at www.myprosperity.com. Interviews with Dr. Inboden, in video, audio and text format, are available at www.prosperity.com and www.cantos.com.