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PRESS RELEASE

CANADA RETAINS ITS PLACE IN GLOBAL TOP 5 FOR PROSPERITY

"GDP measures everything, except that which makes life worthwhile."

— Sen. Robert Kennedy

As a measurement of prosperity, the *Legatum Prosperity Index*[™] (www.prosperity.com) is unique. It gives a far truer picture of the life chances for the world's population, and the performance of nations, than any Index of GDP alone could hope to. True prosperity is as much about wellbeing as wealth and Canada, which ranks 5th in the Index in 2016, is a model for delivering this.

The *Legatum Prosperity Index*[™] ranks nations over nine areas of potential success or failure: Economic Quality, Business Environment, Governance, Education, Health, Safety and Security, Personal Freedom, Social Capital and the Natural Environment.

The 10th *Legatum Prosperity Index*[™] covers 149 countries, and is published today by the Legatum Institute, an international think tank based in London. Our focus is on understanding, measuring, and explaining the journey from poverty to Prosperity for individuals, communities, and nations.

WHY ARE SOME COUNTRIES POORER BUT PROSPEROUS?

The Index also shows how much prosperity a country delivers given its wealth. Here too Canada is in the global top five, ranking 4th. The top performing countries: New Zealand, Finland, the UK, Canada, and Australia, have in common open markets, high levels of personal freedom, and strong civil society.

Canada's strong ability to turn its wealth into prosperity means that it ranks above 16 other countries who have greater wealth at their disposal, including the United States and Australia.

CANADA: THE COMMONWEALTH PROSPERITY MODEL

Alongside developed Commonwealth allies Australia, the UK, and New Zealand, Canada shares the most effective model of prosperity in the world.

This bloc has proved over the past decade more successful at turning wealth into prosperity, and more prosperous, than any other comparable bloc in the world, including the Nordics and Western Europe. Open markets, high levels of freedom, and strong society are the reason.

WHY IS PROSPERITY IN CANADA NOT RISING AS FAST AS OTHERS?

Canada is a consistent prosperity performer, sitting in the top five for eight of the past ten years. Much of its prosperity is structural, including those outlined above.

However, prosperity has not been rising as fast as in peer countries. Prosperity growth in Canada since 2007 has been less than half that of the UK and New Zealand. This is because in some areas, notably Economic Quality, Health, and Education, Canada's competitive edge is slipping. Unless efforts are made to improve performance here, the sustainability of Canada's high rank position may be in question.

Canada's changing performance over the last ten years:

	2007	2016		2007	2016
Overall Prosperity	4th	5th	Health	14th	16th
Economic Quality	11th	13th	Safety & Security	20th	22nd
Business Environment	7th	3rd	Personal Freedom	1st	2nd
Governance	11th	9th	Social Capital	4th	3rd
Education	11th	14th	Natural Environment	14th	19th

PROSPERITY IS AT RISK ACROSS THE WORLD

Countries that have not invested in the foundations of prosperity growth see that prosperity at risk. Latin America is the only region in the world that has failed, as a whole, to invest. As a result, its prosperity is highly dependent on economic growth. With commodities-backed growth slowing, this prosperity is at serious risk, and in some cases, already falling.

The countries that have made the most significant progress have invested in the foundations of prosperity, many on the developed Commonwealth model of free markets, free people, and strong society. Indonesia, one of the biggest risers in the Prosperity Index over the past decade, has seen improving freedoms and a rapidly strengthening society.

The risks are not confined to those yet to see high levels of prosperity. The Index sees US prosperity stagnate, despite rising wealth. While Canadian prosperity has not grown as fast as some, that it has avoided the fate of its neighbour is to be noted.

Canada, however, is not immune from the problems in Latin America. In many ways, it faces a similar challenge in keeping its prosperity rising, with oil producing provinces likely to be hit in their creation of prosperity by falling oil prices in a way that oil-consuming provinces will not be.

2016 RANKINGS & FINDINGS

The top 5 most prosperous countries are:		The 5 least prosperous countries are:	
1	New Zealand	1 (149th)	Yemen
2	Norway	2	Afghanistan
3	Finland	3	Central African Republic
4	Switzerland	4	Sudan
5	Canada	5 (145th)	Democratic Republic of Congo

Other key findings from the report include:

- The Commonwealth Effect: The Commonwealth delivers greater prosperity, and greater prosperity given its wealth, than the global average. We see the developed Commonwealth "Anglosphere" bloc of New Zealand, Australia, Canada, and the United Kingdom deliver greater prosperity than any comparable bloc, including the Nordic area and Western Europe. In Africa, Commonwealth members together outperform the Sub-Saharan average in every sub-index.
- China and India have contributed most to global prosperity growth over the past decade.
- Global prosperity inequality is falling, as countries at the bottom of the Index improve their prosperity faster than those at the top.

- The VIPPs (Vietnam, Indonesia, Philippines, Poland) show more potential than the BRICs in driving rising global prosperity. The BRICs have experienced divergent prosperity paths, showing we need a wider perspective on a country's potential. The VIPPs share many of the foundations of prosperity.
- The UAE has been the most successful country in trying to escape the oil curse. Concerted efforts at economic diversification and social investment has seen it cut its prosperity deficit by 30% since 2007.

Baroness Stroud, CEO of the Legatum Institute, said:

“The Prosperity Index is the clearest lens with which to see the world as it is. Senator Robert Kennedy was right when he said: “GDP measures everything, except that which makes life worthwhile.” True prosperity encompasses what makes life worthwhile. It is as much about social wellbeing as it is about economic wellbeing.

“If people across the world are to make the journey from poverty to prosperity the *Legatum Prosperity Index* not only shows how it can be done and which countries are doing it but also highlights which countries, rich or poor, are failing to offer their citizens the life chances everybody needs in order to flourish and why”.

Alexandra Mousavizadeh, Director of Indices at Legatum Institute, said:

“The Prosperity Index is a leading measure of global prosperity and a powerful tool for governments, the private sector and individuals alike. Tracking how prosperity develops nation by nation has never been more important.

“Canada, alongside its developed Commonwealth peers, is a real model for achieving prosperity—each country has to follow their own path way but the principles that have pushed these countries to the top of the Index can be followed elsewhere in the world, indeed they should be.

“There is still space for Canada's prosperity to grow, particularly in Health and Education. Canada needs to see improvement here if it is to stay within the top five nations globally.”

A note on data: We use data drawn from well-known global data sources such as the World Bank, ILO, WHO among others, in addition, we collaborate with the global polling company Gallup. See Notes to Editors for further information.

Carol Graham, internationally renowned economist, Legatum Fellow and adviser to the Index, said:

“For many years the Legatum Prosperity Index has provided an innovative and robust metric with which to compare prosperity, including but extending beyond standard income measures, across countries and over time. The methodology behind the index is robust, transparent, and accessible, while the statistician seeking more detail can delve deeper into the index construction. At a time of world-wide interest in assessing human well-being in ways that extend beyond standard GNP based metrics, the Index is a best-in-class example of how to combine a range of important variables into a metric that is credible and accessible to policymakers and the lay reader, as well as academics.”

To access the full report, data, and analysis, visit www.prosperity.com.

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Notes to Editors

1. All data in the Prosperity Index comes from recognised international sources, like the World Bank.
2. A comprehensive explanation of our methodology and data sources is available [here](#).
3. The term 'countries' is used to refer to the 149 societies covered by the Index. This includes 148 nations and one Special Administrative Region (Hong Kong).

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About the Legatum Institute

The Legatum Institute is an international think tank and educational charity focused on understanding, measuring, and explaining the journey from poverty to prosperity for individuals, communities and nations. We believe true prosperity is as much about wellbeing as it is wealth, if all people are to flourish. The *Legatum Prosperity Index™*, our signature publication, ranks 149 countries in terms of wealth and wellbeing. To find out more please visit www.li.com and www.prosperity.com.