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PRESS RELEASE

NEW ZEALAND THE MOST PROSPEROUS COUNTRY IN THE WORLD

“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 New Zealand, which tops the Index, is a model for delivering both.

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.

The good news is that viewed through this lens the world as a whole has seen its highest level of prosperity for the past decade.

WHY ARE SOME COUNTRIES POORER BUT PROSPEROUS?

The Index also shows how much prosperity a country delivers given its wealth. New Zealand is top here too and has been for the past ten years. 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.

New Zealand’s unrivalled ability to turn its wealth into prosperity means that it outranks about 26 other countries who have greater wealth at their disposal, including the UK and Australia.

NEW ZEALAND V AUSTRALIA: SHARED MODEL, DIVERGENT PATHS

Until 2011, New Zealand and Australia enjoyed very similar levels of prosperity. However, since 2011, while Australian prosperity has been falling, New Zealand’s has accelerated.

This is because of New Zealand’s success in rapidly improving its business environment, rising from 11th to 2nd over the past decade in this sub index. This has been thanks to greater labour market flexibility, better access to business finance, and the expansion of broadband infrastructure. Australia has been slipping in this sub-index, and in Economic Quality, giving New Zealand the free-market advantage in the region.

Comparing New Zealand and Australia in 2016:

	New Zealand	Australia		New Zealand	Australia
Overall Prosperity	1st	6th	Health	12th	8th
Economic Quality	1st	16th	Safety & Security	19th	20th
Business Environment	2nd	7th	Personal Freedom	3rd	12th
Governance	2nd	13th	Social Capital	1st	2nd
Education	15th	4th	Natural Environment	13th	14th

PROSPERITY IS AT RISK ACROSS THE WORLD

Countries that have not invested in the foundations of prosperity growth see that prosperity at risk. In Asia, countries like Vietnam have seen good progress on prosperity, but the gains are mainly the result of rising wealth. The countries that have made the most significant progress have invested in the foundations of prosperity, many on the New Zealand 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. That New Zealand has managed to generate and maintain high and rising levels of prosperity is to be noted.

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.

“New Zealand is quite simply the blueprint for achieving prosperity — each country has to follow their own path way but the principles that have made New Zealand top of the Index can be followed elsewhere in the world, indeed they should be.

“There is still space for New Zealand’s prosperity to grow, particularly in Health and Education, but the model should serve as inspiration to countries, rich and poor, all over the world.”

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.”

ENDS

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).

Media Enquiries

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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.