

MORE OPEN ECONOMIES AND IMPROVED HEALTH, EDUCATION, AND LIVING CONDITIONS DRIVE GLOBAL PROSPERITY TO HIGHEST EVER LEVEL

The 2019 Legatum Prosperity Index™, published today, reveals that global prosperity is at its highest ever level, with 148 out of 167 countries experiencing higher levels of prosperity than a decade ago. This increase has been driven by more open economies and improved lived experiences due to better health, education, and living conditions around the world. However, weaker personal freedom and deteriorating governance are holding back further improvements in prosperity.

The Index reveals that:

- Global prosperity continues to improve, but the gap between the strongest and weakest performing countries continues to widen.
- Economies are more open due to improvement in the investment environment and digital connectivity, as well as a reduction in administrative burdens.
- Stagnating institutions are holding back further improvements to global prosperity.
- People are more tolerant, but there is less freedom to speak, associate, and assemble.

More open economies and improvements to people's lived experiences have driven the rise in global prosperity

Globally, economies have become more open over the last decade. All regions of the world have seen an improvement, with Asia-Pacific experiencing the biggest change. Around the world, market access and infrastructure has improved over the last decade, with internet usage more than doubling and internet bandwidth nearly six times 2009 levels. Enterprise conditions have also strengthened globally, with business administrative procedures, particularly around tax payments and starting a business, becoming simpler in the last 10 years. The global investment environment, having deteriorated steadily from 2009 to 2014, has shown improvement in the last five years due to strengthened property rights, investor protections, and contract enforcement. However, global economic quality has seen only marginal improvement.

Around the world living conditions, health, and education have improved in the last 10 years and are at their highest ever levels, with all regions except North America performing more strongly in all three areas. Improvements to health-care systems and health outcomes have driven the progress seen around the world in health, while tertiary education has driven improvements in education. Meanwhile, reduction in poverty, greater personal financial security, and increased access to basic services such as water, sanitation, and electricity have led to the improvement in living conditions. However, the quality of the natural environment has changed little since 2009.

Philippa Stroud, CEO of the Legatum Institute, commented: "Contrary to the common assumption that wellbeing is deteriorating, our Index shows that actually global prosperity is improving meaning millions of people now have the opportunity to flourish. While there are still significant challenges facing many countries, there is a clear reason to celebrate the achievements that have been made around the world.

"Prosperity is much more than material wealth; it also encompasses wellbeing, security, freedom, and opportunity. But without an open and competitive economy, it is very challenging to create lasting social and economic wellbeing. The good news is that it is now easier to start and expand a

business than it was a decade ago and the global investment environment is more attractive. We have also seen living conditions, health, and education improve.

“However, greater economic openness cannot be relied upon indefinitely to do the heavy lifting for nations’ overall prosperity. The improvement in the openness of economies has not fully translated into increased economic output and globally economic quality has only increased marginally over the last decade, which is a cause for concern.”

Further improvements in global prosperity are being held back by stagnating institutions

Despite global prosperity reaching a new high, the Index does highlight causes for concern for the future when it comes to institutional wellbeing. Within the Inclusive Societies domain of the Index, Asia-Pacific, Western Europe, and Latin America and the Caribbean have seen an improvement in the last decade, but all other regions have seen a decline, with the Middle East and North Africa (MENA) seeing the biggest deterioration.

Governance has declined around the world over the last 10 years and personal freedoms have also deteriorated, with a particular decline in the freedom to speak, assemble and associate. Meanwhile, although global levels of safety and security have bounced back since 2017 due to a reduction in politically-related terror and violence and a slight reduction in terrorist activity, they remain below 2009 levels and have fallen significantly in MENA and Sub-Saharan Africa over the last decade, primarily due to an increase in the number of new conflicts and a rise in terrorism in these regions.

However, globally social capital has improved over the last decade, with social networks strengthening and increased trust in institutions such as the police force, the judiciary, and the military. Over the same period of time, people around the world have become more tolerant of other groups in society, particularly of the LGBT community, with residents of 111 countries expressing more tolerance than they did 10 years ago.

Dr Stephen Brien, Director of Policy at the Legatum Institute, commented: “There is a fundamental relationship between strengthening institutions and broader economic and social development. This is highlighted in the Index and is also something we’ve seen through our work this year focusing on both the African continent and the United States, where the importance of institutions underpinning social wellbeing is particularly evident.

“The findings of the Index have also reinforced our belief that the strength of personal and social relationships, social norms, and civic participation is an inherent and essential component of a prosperous society. It demonstrates the vital importance of viewing prosperity holistically to create an environment in which everyone can reach their full potential.

“Policymakers rarely consider fiscal and macroeconomic policy at the same time as social factors. But prosperity is the result of institutional, economic, and social wellbeing working together to create effective institutions, an open economy, and empowered people who are safe, healthy and educated.”

Ranking highlights

Top 10 countries for overall prosperity		Bottom 10 countries for overall prosperity	
1	Denmark	158	Sudan
2	Norway	159	Burundi
3	Switzerland	160	Eritrea
4	Sweden	161	Somalia
5	Finland	162	Democratic Republic of Congo
6	Netherlands	163	Afghanistan
7	New Zealand	164	Chad
8	Germany	165	Central African Republic
9	Luxembourg	166	Yemen
10	Iceland	167	South Sudan

Key Summary of the Domains and Pillars:

Inclusive Societies

- **Safety and Security** measures the degree to which conflict, terror, and crime have destabilised the security of individuals, both immediately and through longer lasting effects.
- **Personal Freedom** measures country-wide progress towards basic legal rights, individual liberties and social tolerance.
- **Governance** measures the extent to which there are checks and restraints on power and whether governments operate effectively and without corruption.
- **Social Capital** measures the strength of personal and social relationships, social norms and civic participation in a country.

Open Economies

- **Investment Environment** measures the extent to which investments are adequately protected and are readily accessible.
- **Enterprise Conditions** measures the degree to which regulations enable businesses to start, compete, and expand.
- **Market Access and Infrastructure** measures the quality of the infrastructure that enables trade, and distortions in the market for goods and services.
- **Economic Quality** measures how well a state's economy is equipped to generate wealth sustainably and with the full engagement of its workforce.

Empowered People

- **Living Conditions** measures the degree to which a reasonable quality of life is experienced by all. Several key areas, such as material resources, shelter, a healthy diet, basic services and connectivity are considered.
- **Health** measures health outcomes, illness and risk factors, and mortality rates.
- **Education** measures enrolment, outcomes and quality across four stages of education (pre-primary, primary, secondary and tertiary education), as well as the skills in the adult population.
- **National Environment** measures the aspects of the physical environment that have a direct effect on people in their daily lives and changes that might impact the prosperity of future generations.