



ORIGINAL RESEARCH PAPER

Pharmacology

LEGATUM PROSPERITY INDEX OF EASTERN EUROPEAN COUNTRIES COMPARED TO DENMARK AND THE UNITED STATES OF AMERICA

KEY WORDS:

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THE LEGATUM PROSPERITY INDEX™
2020

Creating the pathways from poverty to prosperity

The Legatum Prosperity Index is an annual ranking developed by the Legatum Institute, a division of the private investment firm Legatum. The ranking is based on a variety of factors like wealth, economic growth, education, health, personal well-being, and quality of life [2].

The Prosperity Index has been developed as a practical tool to help identify what specific action needs to be taken to contribute to strengthening the pathways from poverty to prosperity. [3]

The Legatum Institute is a London-based think-tank with a bold vision to build a global movement of people committed to creating the pathways from poverty to prosperity and the transformation of society. [5], [8].

Oxford Analytica assisted in the early development of the Prosperity Index and has contributed to shaping the methodology. Today, the annual Index is produced and published by the Legatum Institute.

As of the 2020 rankings, 167 countries and territories were ranked, and Denmark topped the list overall and for Europe, Singapore for Asia (15th overall) and Canada for the Americas (14th overall). South Sudan was in last place [2]. In the year 2013, 27 of the top 30 nations / countries were democracies. [5]

The Legatum Index consists of **The 3 Domains:** 1] Inclusive societies 2] Open economies 3] Empowered people

The Pillars of Prosperity: [3]

The **Safety and Security** pillar measures the degree to which conflict, crime, terror and war have destabilised the security of individuals, both immediately and through longer lasting effects.

The **Personal Freedom** pillar measures progress towards basic legal rights, individual liberties, and social tolerance.

The **Governance** pillar measures the extent to which there are checks and restraints on power and whether governments operate effectively and without corruption.

The **Social Capital** pillar measures the personal and social relationships, institutional trust, social norms and civic participation in a country.

The **Investment Environment** pillar measures the extent of investments protection are its accessibility.

The **Enterprise Conditions** pillar measures the degree of regulations that make businesses able to start, compete and expand.

The **Market Access and Infrastructure** pillar measures the infrastructure quality that enables trade and distortions in the market regards goods and services.

The **Economic Quality** pillar measures how well an economy is equipped to generate wealth sustainably and with the full engagement of the workforce.

The **Living Conditions** pillar measures the degree that everyone experiences a reasonable quality of life [QOL], including material resources, shelter, basic services, and connectivity.

The **Health** pillar measures the extent to which people are healthy and have access to the necessary services to maintain good health, including health outcomes, health systems, illness and risk factors, and mortality rates.

The **Education** pillar measures in four stages of education (pre-primary, primary, secondary, and tertiary education) the enrolment, outcomes, and quality. Also measures the skills in the adult population.

The **Natural Environment** pillar 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.

Table 1: Classification of the countries / areas according to their score (L) in the 2020 Legatum Prosperity Index. [different colours] [3]

Legatum Score	Colour [3]
01 -- 30	Dark green
31 – 60	Light green
61 – 90	Pista green / Yellowish green
91 – 120	Yellow
121 -- 150	Brownish orange
151 -- 167	Red

A report for the Legatum Prosperity Index programme by Dr Stephen Brien Published 16 Nov'2020. The 14th edition of the Legatum Prosperity Index™. [3]

Dr. Stephen Brien is Director of Policy at the Legatum Institute. In addition to overseeing all the Institute's policy programmes, his research focuses on the socio-economic drivers of prosperity around the world. Stephen is also passionate about finding solutions to reduce poverty and improve the lives of the most vulnerable in the UK, and is the Chair of the UK Social Security Advisory Committee. [4]

The Legatum Prosperity Index™ analyses the performance of 167 nations across 3 Domains, 12 Pillars and 66 policy-focused elements. The Index enables us to construct an In-depth comprehensive picture regards prosperity, across its institutional, economic, and social aspects. It is our ambition that leaders around the world will use the Index to help set their agendas for growth and development.

Key Findings of the Legatum Prosperity Index 2020 [3], [4]

- In the decade prior to COVID-19, the global prosperity had risen continuously, driven by people's lived experience improving and by more open economies.
- Due to better education and living conditions across all regions, the people's lived experience have improved.

Health also improved in all regions except for North America.

- The improvement in social capital also contributed to the increase in global prosperity. Due to the stagnating governance and personal freedom, prosperity improvement have being held back
- Economies had become more open, due to improvements to communication and transport infrastructure, strong property rights, more protections for investors and enhanced financial access.
- Also the lack of contestability within domestic markets and extensive restrictions on international investment is a brake on economies becoming more open across parts of the world.
- The improvement in global prosperity in the last 12 months [1 year] has not kept pace with the progress of the previous two years, as Asia-Pacific and Western Europe has stalled and North America has deteriorated slightly.

The Index shows that, overall, Denmark is the most prosperous country in the world, followed by Norway and Switzerland. Region wise, North America remains the most prosperous region, followed by Western Europe and Eastern Europe.

Of the 167 countries included in this 2020 year's Index, 147 nations have seen an improvement in their prosperity since 2010. [i.e since previous decade]

The Index has been designed to benefit a wide range of users, including political leaders, policymakers, investors, business leaders, philanthropists, journalists, and researchers.

- A Political leaders can use it to help shape priorities for a policy agenda;
- B Policymakers can use it to determine specific areas that require action to help increase the prosperity;
- C Investors can use it to inform capital allocation
- D Business leaders can use it to identify and communicate the changes they need to improve the business climate and the productive capacity of nations;
- E Philanthropists can use it to identify the areas where they can have the greatest impact beyond the well-trodden paths;
- F Journalists can use it to hold governments to account;
- G Researchers can use it to complement other datasets to analyze the underlying patterns behind development, and inform the broader policy, business, and philanthropic community.

Interpretation of the Index

For 167 nations, the Index uses the same indicators, and combines them in the same way to create elements and pillars. By using the Index, it is possible to compare the relative performance of each country for overall prosperity and each of the 12 pillars of prosperity, such as health, education, and social capital, as well as the 66 elements within the pillars.

The elements have been established to represent key policy areas, such as investor protections, primary education, government integrity, and air pollution, to help facilitate more targeted action. Making these comparisons will enable the user to explore which aspects of prosperity are more or less well developed within a country, and how countries compare with others.

The higher the ranking, the stronger the performance of that country for the pillar or the element, when compared with a country lower down the rankings. Further to this, the Index also provides data over a 13-year period, making it possible to see whether prosperity has been strengthening or weakening over time, and what specifically is driving that change. This will enable areas of strength to be built on and

areas of weakness to be addressed.[3]

Application

The data in the Index and analysis contained in the report can be used for a variety of purposes like:

1. Benchmarking performance against peers,
2. In-depth analysis of prosperity at the country level,
3. Understanding whether prosperity is improving or weakening over time, and why,
4. Identifying the binding constraints to increased prosperity,
5. Informing priorities for setting country agendas,
6. Where a country is showing a strong or weak performance in a pillar, it is possible to drill down and identify what particular policy-related element is driving this trend.
7. Within each element, the specific indicators represent proxies, and each one should be interpreted as indicative. This will help inform the required policy action to strengthen performance.

Several countries are not included in the Prosperity Index because their data cannot be accessed.

In many cases, this is due to conflict or government restrictions thereby preventing the collection or publication of accurate data. [3]. The five most populous countries **not included** in this year's [2020] Legatum Prosperity Index are: 1.Korea, Dem. People's Rep. (25.4 million), 2.West Bank and Gaza (4.5 million), 3. Puerto Rico (3.3 million), 4. Kosovo (1.8 million), 5.Timor-Leste (1.2 million) [3]

Table 2: Part A; The Legatum Prosperity Rankings [1], [2], [3]

2010 rank	2019 rank	2020 rank	Country	Safety and Security	Personal freedom	Governance	Social Capital
02	02	01	Denmark	10	02	03	01
18	18	18	USA	66	22	22	17
24	21	21	Estonia	30	25	16	45
35	32	32	Latvia	36	36	45	117
40	34	34	Lithuania	33	40	32	156
49	49	48	Bulgaria	55	63	57	112
79	70	69	Belarus	69	134	114	120
96	83	80	Moldova	75	95	81	125

Table 2: Part B; The Legatum Prosperity Rankings

Investment Environment	Enterprise condition	Market access and infrastructure	Economic Quality	Living conditions	Health	Education	Natural environment
06	06	08	08	01	06	03	08
10	04	04	17	28	59	20	22
20	18	26	15	29	51	19	10
34	32	40	34	41	86	28	07
32	35	38	36	36	87	25	24
55	55	55	39	49	68	45	84
91	89	71	52	42	79	30	82
80	102	72	101	80	98	59	140

NOTE ON METHODOLOGY:

The Prosperity Index methodology is reviewed each year and changes may be made to the placement of indicators, make-up of elements, and data sources used, in order to ensure it is as useful and relevant as possible. This means that the scores and rankings may have changed from what we reported in previous editions of the Prosperity Index. [1]

Table 3: Legatum Prosperity Index Score for the respective countries as in 2020 year. [2]

Country / Nation / Area	Total Score
Denmark	84.37
USA	77.45
Estonia	76.89
Latvia	71.01
Lithuania	70.24
Bulgaria	64.40
Belarus	59.33
Moldova	57.13

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We pay tribute and thank them all for their dedicated efforts and hard work. Amanda Ahadizadeh, Stephen Brien, Shaun Flanagan, Hugo Irving, Joshua Lee, Alastair Masser, Sam Pilsbury and Edward Wickstead. [3]

The Legatum Institute Foundation

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REFERENCES:

- 11 Charles Street, London, W1J 5DW, London, England. Its stated aim is to advance the education of the public in national and international political, social and economic policy. The Institute has over forty [40] donors including the Legatum Foundation. [7]
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- E: info@li.com
- W3W: range.wisdom.ideas [8]
- [8]

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