

Is Everybody Happy?

by Jonathan Aitken

WHAT MAKES A PROSPEROUS COUNTRY? Is this purely to do with economic factors or should wider issues be taken into account such as personal happiness, individual freedom, and spiritual faith? An innovative new American-led think tank, the Legatum Institute, believes it has come up with interesting answers to such questions.

Using a methodology that is original if not unique in its scope, the institute publishes an annual report called “The Legatum Prosperity Index.” This is a global-scale table of who scores what in the vital statistics of 21st century wealth combined with well-being. The subjectivity required to make judgments on the well-being issues is immense. So are the fees that Legatum pays Gallup to fulfill its research requirements by conducting polls in 104 nations. But the resultant findings are intriguing, because no other international organization has ever tried to make such a diverse and wide-ranging study into the causes of national contentment.

Man does not live by economic growth alone is one clear conclusion of the Prosperity Index. The title itself appears to be something of a misnomer until one reads in the small print that the institute, in its quest to identify the relationship between money and happiness, is measuring an unusual set of indicators. It regards the familiar signposts of economic achievement such as GDP and annualized growth rates as too narrow a paradigm for evaluating national success. In Legatum’s view, there are two halves of the prosperity equation, economic competitiveness and “comparative liveability.”

This latter concept of liveability embraces freedom of choice, ethical values, good health, equality of opportunity, civil liberties, spiritual faith, low unemployment rates, strong family life, and a temperate climate. These are found to be the key drivers

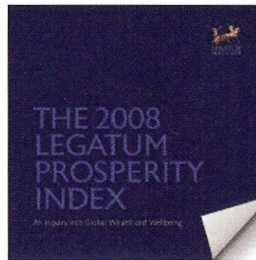
of “life satisfaction” in most countries, with the exception of the world’s poorest societies where average incomes are less than \$10,000. In such impoverished nations, income levels become paramount as the single strongest predictor of personal happiness. But the Prosperity Index says that once annual incomes rise to \$20,000 or higher, further increases do not, on average, make people in the country more happy with their lives. Hence the notion of a measurement scale that encompasses wider values in which both economic prosperity and

personal contentment can co-exist as two sides of the same coin.

This year’s glossily published Prosperity Index tips the scales at 2.5 pounds and runs to 332 pages. Its statistical complexity looks impressive. But it is far from clear who actually reads such studies, which can easily be dismissed for being too novel, too subjective, or too quirky for serious academic or political consideration.

Thankfully, however, the world is not run exclusively by politicians or academics. Indeed both groups, whether seeking votes or grants, often commission research designed to find out what ordinary people want in their lives. Legatum’s effort to provide answers to this question deserves to be taken seriously. The institute is certainly spending serious money to do research work and extensive international polling grounded in the belief that across the world there are models of “good” materialism that should be identified and encouraged because they are rooted in universal well-being factors that can be identified and measured.

THE LEGATUM INSTITUTE is the brainchild of Christopher Chandler, a reclusive New Zealand billionaire in his 40s. He built his for-



tune, according to *Institutional Investor* magazine, “by making bold bets in risky markets around the world.” Originally in partnership with his brother, Chandler turned a modest nest egg from the family’s New Zealand department store into a global investment empire. Using their own money and emulating the investor principles championed by Sir John Templeton and Warren Buffett, the Chandlers took positions in bombed-out Russian, Korean, Chinese, and other Asian corporations. Eventually these investments became extremely profitable, although sometimes only after fierce battles had been fought over issues such as corporate ethics, political interference, and social responsibility within the societies concerned. These governance wars left Christopher Chandler with an idealistic belief that the world needs to be better informed about more broadly defined concepts of the conditions in which economic growth and prosperity will flourish.

At the heart of Legatum’s findings are core values with which readers of *The American Spectator* are likely to agree. Growth, entrepreneurship, good returns on capital invested, honest democracy, and freedom from government interference are all given high economic priority in the Prosperity Index. On the well-being side of the balance sheet, the top four factors are choice, health, equality of opportunity, and strong religious faith. There are surprises when the two halves of the equation are weighed on the scales of Legatum judgment. One might have expected India to come high in the league table. It is a stable democracy, its growth-orientated economy is booming, and it respects if not reveres religious faith. Yet India is one of the worst health environments in the world and it also has one of the most meddlesome bureaucracies. These two negatives counted badly against the subcontinent’s many other positives with the result that India ranks only 70th out of the 104 countries scrutinized. It came behind China (54th) and Russia (57th) and only just ahead of Indonesia (71st) and Iran (73rd).

For the record, the winners of the Prosperity Index horse race in 2008 were No. 1 Australia, No. 2 Austria and Finland (in a tie), and No. 4 the United States. The runners-up were a clutch of European democracies, while among the lowest scorers were Zimbabwe, Zambia, and Yemen. These may seem somewhat predictable results, at least to your columnist, who without the help of Gallup polls would likely have selected the U.S. and Australia as top choices for free and prosperous countries, while put-

ting pariah states like Zimbabwe and Yemen at or near the bottom of the league.

YET EVEN IF THE FAVORITES WON, the value of Legatum’s work lies not in awarding prizes but in establishing benchmarks. Usually the institute does this confidently, but it is uncharacteristically ambiguous about religion. Although it acknowledge the importance of faith and spiritual values in the well-being of a country, Legatum seem unsure about how much weight to attach to it. Perhaps this ambivalence is not surprising because finding a methodology for measuring religion was bound to be difficult. A further complicating factor is that some forms of religion (such as Islam’s radical jihadism) are seen

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as negative while other more peaceful faiths are credited with bringing positive benefits to society. But at least the institute has been bold enough to identify spirituality as a potentially important component in making a country prosperous and happy.

In this context it may be significant that Legatum’s next project is the publication of a commissioned study: “Religious Engagement and Subjective Well-Being” by Harvard’s Robert Putnam, the author of *Bowling Alone*. Let’s hope the findings of this research confirm the importance of faith in the good and prosperous life of nations and that Legatum will give even more prominence to it in future editions of the Prosperity Index. ❧

Jonathan Aitken is most recently author of *John Newton: From Disgrace to Amazing Grace* (Crossway Books). His biographies include *Charles W. Colson: A Life Redeemed* (Doubleday) and *Nixon: A Life*, now available in paperback (Regnery).