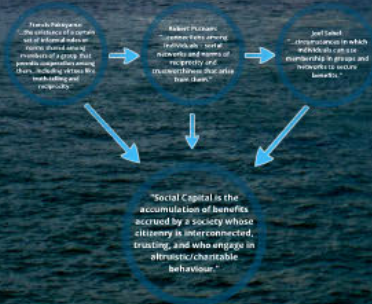


The Role of Social Capital in Fostering National Prosperity

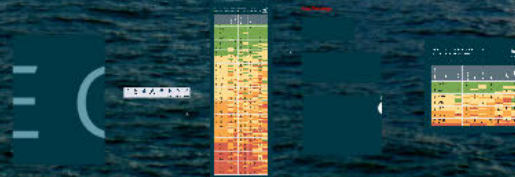
@NathanGamester
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Nathan Gamester - Programme Director, Legatum Prosperity Index™

1) What is Social Capital?



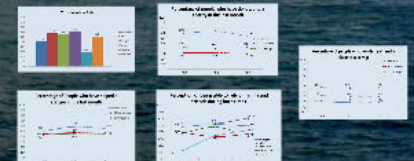
2) The Role of Social Capital in National Prosperity



3) Social Capital in Hong Kong

Social Capital - What's Abnormal?

- Trust in others
- Social Support
- Volunteering
- Donations to Charity
- Helping Strangers
- Marriage Rates
- Religious Attendance

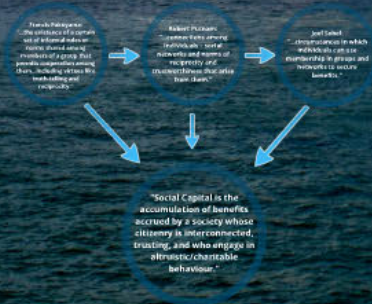


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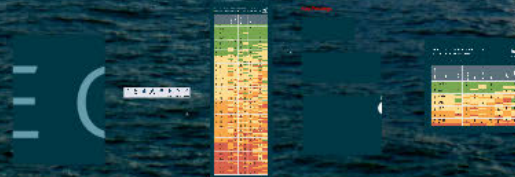
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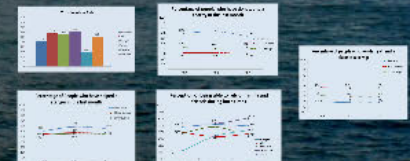
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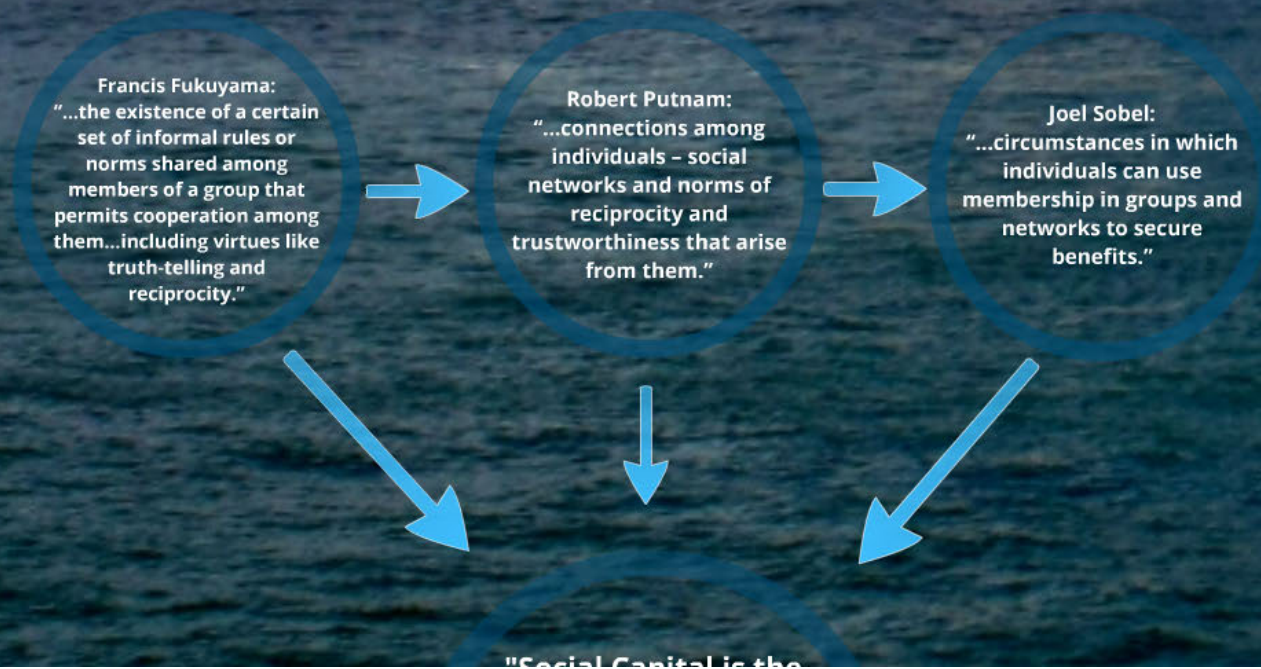
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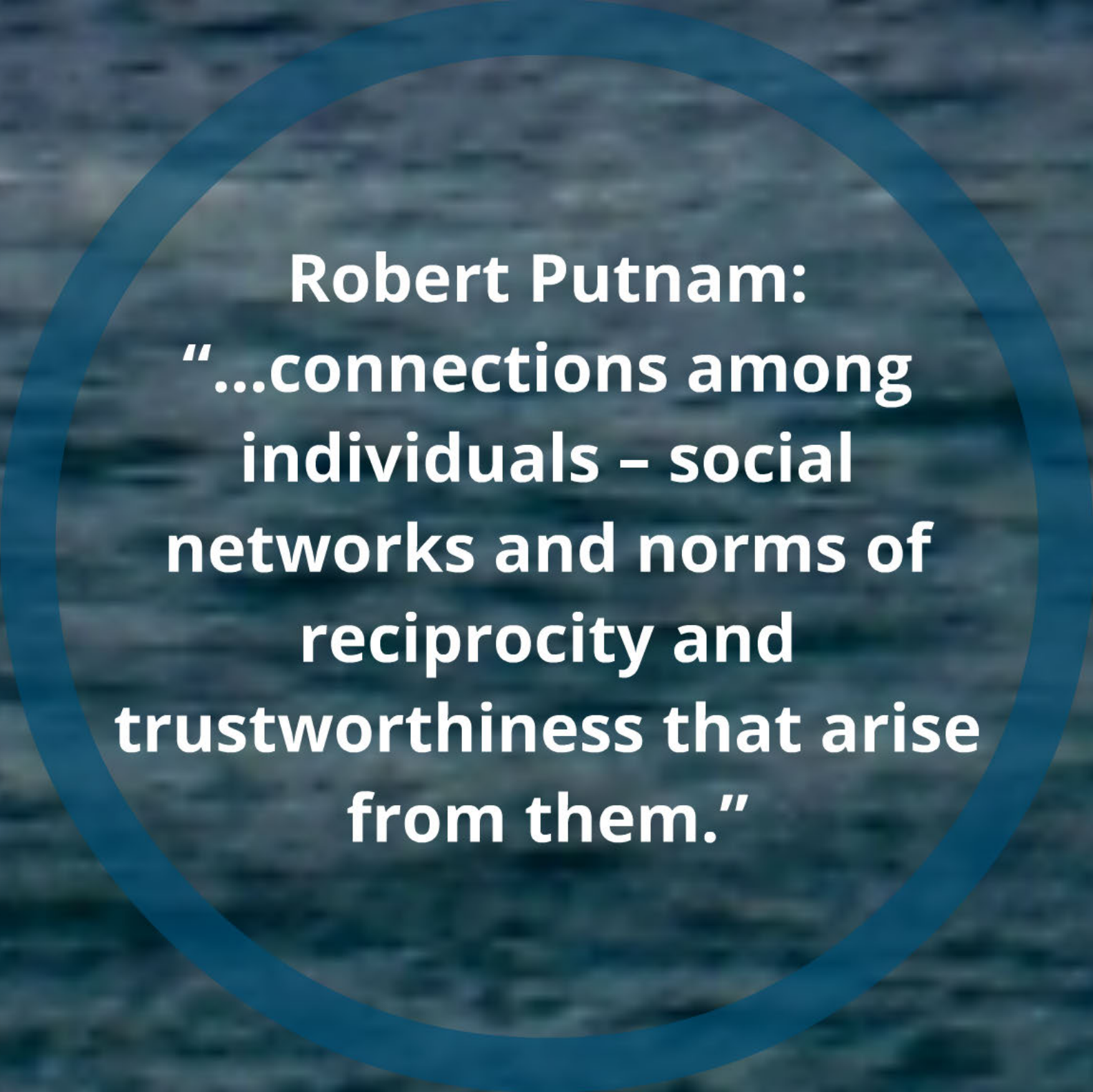
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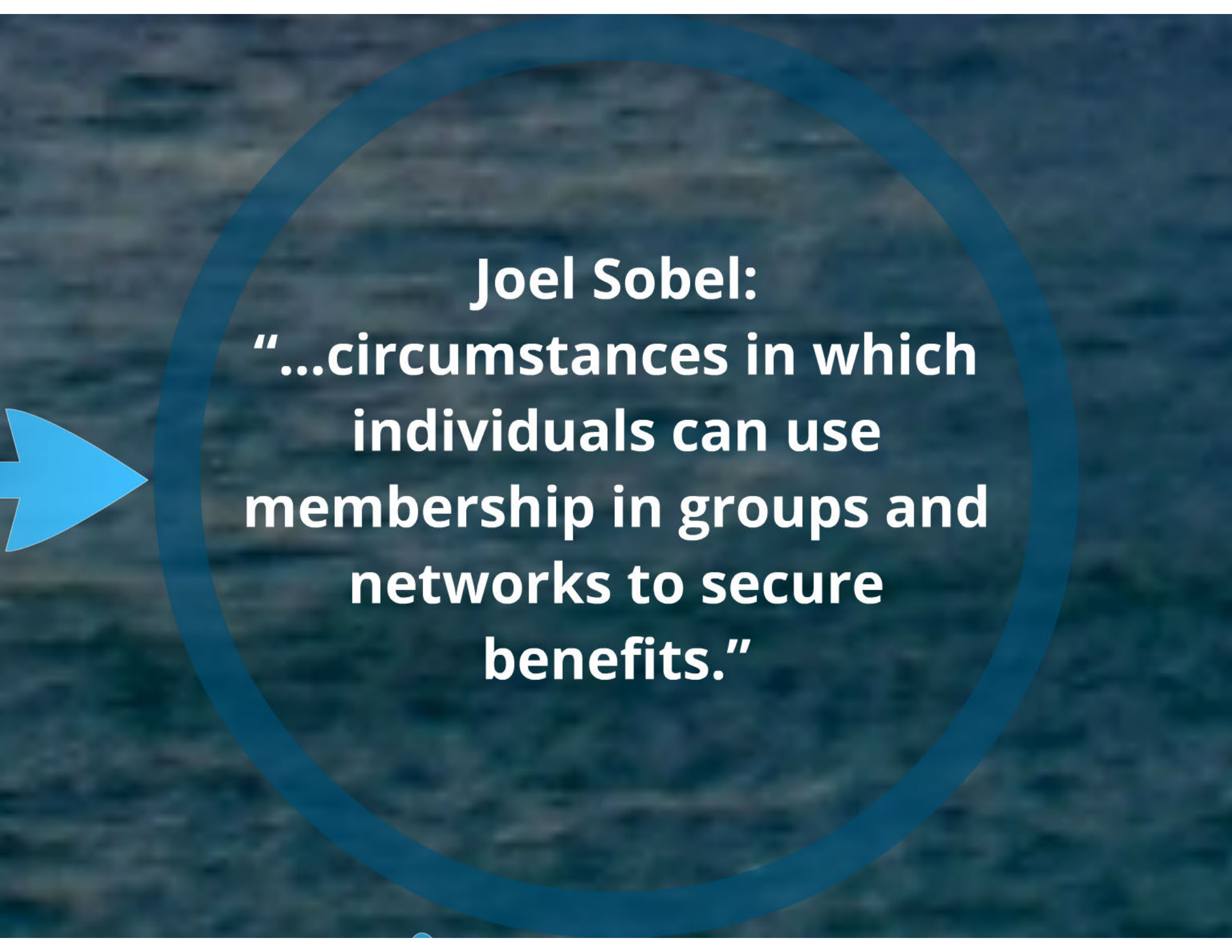
1) What is Social Capital?



Francis Fukuyama:
“...the existence of a certain set of informal rules or norms shared among members of a group that permits cooperation among them...including virtues like truth-telling and reciprocity.”



Robert Putnam:
**"...connections among
individuals – social
networks and norms of
reciprocity and
trustworthiness that arise
from them."**

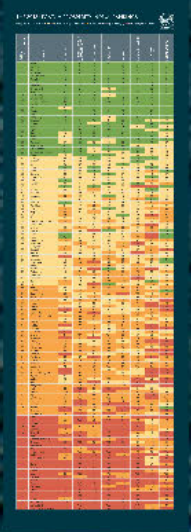
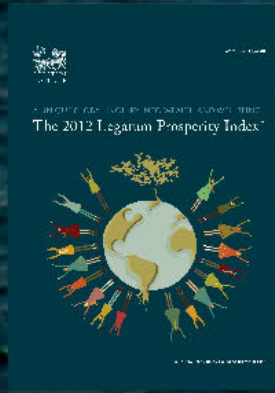


Joel Sobel:
**"...circumstances in which
individuals can use
membership in groups and
networks to secure
benefits."**

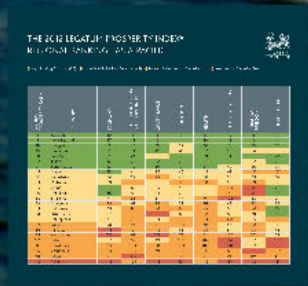
"Social Capital is the accumulation of benefits accrued by a society whose citizenry is interconnected, trusting, and who engage in altruistic/charitable behaviour."

what you do. If we have the wrong metrics, we will strive for the wrong things...

2) The Role of Social Capital in National Prosperity



Key Findings





www.prosperity.com

A UNIQUE GLOBAL INQUIRY INTO WEALTH AND WELLBEING
The 2012 Legatum Prosperity Index™



Economy

E&O*

Governance



Economy



E&O*



Governance



Education



Health



Safety &
Security



Personal
Freedom



Social
Capital

THE 2012 LEGATUM PROSPERITY INDEX™ RANKINGS

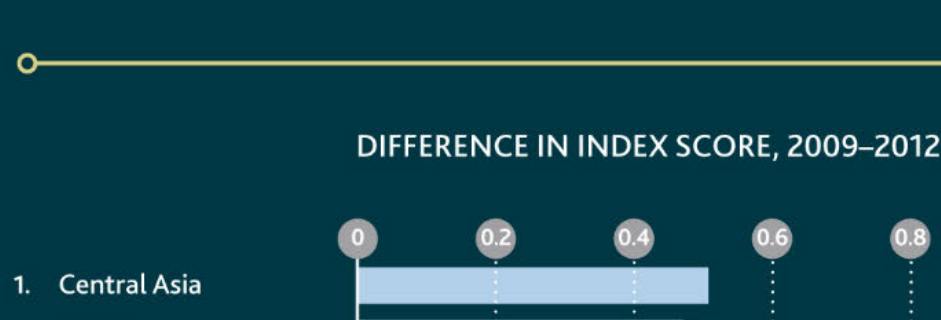
● High Ranking Countries (30) ● Upper Middle Ranking Countries (41) ● Lower Middle Ranking Countries (41) ● Low Ranking Countries (30)



OVERALL PROSPERITY RANK	COUNTRY	ECONOMY	ENTREPRENEURSHIP & OPPORTUNITY	GOVERNANCE	EDUCATION	HEALTH	SAFETY & SECURITY	PERSONAL FREEDOM	SOCIAL CAPITAL
1	Norway	2	4	13	6	4	2	6	1
2	Denmark	19	1	3	16	16	8	7	2
3	Sweden	5	2	4	12	14	6	5	9
4	Australia	10	8	8	2	17	19	3	3
5	New Zealand	27	13	2	1	20	13	2	4
6	Canada	8	16	6	3	15	9	1	8
7	Finland	16	3	5	8	12	3	19	5
8	Netherlands	14	10	11	11	7	18	9	6
9	Switzerland	1	7	1	32	3	10	22	11
10	Ireland	25	14	14	14	11	4	4	7
11	Luxembourg	4	5	9	48	1	7	8	16
12	United States	20	12	10	5	2	27	14	10
13	United Kingdom	26	6	7	30	18	20	11	12
14	Germany	6	18	16	15	5	21	12	15
15	Iceland	61	9	20	13	13	1	10	13
16	Austria	13	17	12	24	10	15	21	14
17	Belgium	21	22	17	17	8	22	20	18
18	Hong Kong	9	15	23	39	30	5	23	25
19	Singapore	3	11	15	41	22	12	54	39
20	Taiwan	7	24	31	4	29	11	27	24
21	France	22	21	18	19	9	31	16	40
22	Japan	12	23	22	23	6	16	42	20
23	Spain	40	26	26	10	21	29	18	34
24	Slovenia	41	25	29	9	25	14	28	36
25	Malta	32	20	19	46	27	30	24	21
26	Portugal	51	28	36	34	28	17	13	67
27	South Korea	23	19	30	7	24	40	56	51
28	Czech Republic	30	29	33	22	26	24	45	45
29	United Arab Emirates	17	30	41	37	32	23	66	42
30	Cyprus	37	27	21	25	33	49	34	56
31	Uruguay	49	56	27	45	44	26	15	55

108	Nepal	97	115	110	107	97	96	104	111
109	Tanzania	81	118	89	120	122	109	96	59
110	Zambia	117	111	102	109	130	119	91	28
111	Rwanda	118	110	55	108	115	77	95	135
112	Burkina Faso	101	134	88	138	108	74	53	89
113	Syria	77	113	91	92	87	120	136	131
114	Niger	72	138	76	141	117	88	46	98
115	Cameroon	76	119	124	113	127	113	60	112
116	Kenya	122	97	111	114	119	130	77	77
117	Uganda	96	112	94	116	129	133	89	52
118	Senegal	108	117	100	119	124	89	47	129
119	Benin	119	128	73	122	118	64	31	141
120	Congo (Republic of)	79	122	134	111	113	105	76	134
121	Djibouti	131	130	96	136	121	65	106	84
122	Mauritania	127	116	133	128	120	95	109	78
123	Nigeria	121	106	125	123	116	131	84	91
124	Mozambique	126	108	92	129	137	111	69	116
125	Sudan	103	114	136	124	106	138	134	44
126	Côte d'Ivoire	95	127	138	135	123	127	49	136
127	Guinea	135	135	132	132	133	117	44	125
128	Sierra Leone	139	133	114	131	140	128	63	82
129	Angola	125	120	117	127	134	129	113	118
130	Liberia	141	132	128	117	135	126	94	68
131	Iraq	92	125	137	112	107	135	141	105
132	Pakistan	115	103	115	121	112	139	132	137
133	Ethiopia	128	131	119	134	125	134	138	95
134	Yemen	134	124	127	130	109	124	142	123
135	Zimbabwe	142	123	142	103	128	137	107	73
136	Togo	138	136	130	125	132	98	85	142
137	Burundi	137	140	120	126	136	123	120	139
138	Haiti	140	137	135	118	138	121	139	126
139	Chad	112	139	139	140	141	142	124	83
140	Afghanistan	130	121	141	139	131	140	135	127
141	Congo (DR)	136	142	140	133	142	141	110	87
142	Central African Republic	133	141	129	142	139	132	105	132

Key Findings



1

Global prosperity is in

Despite the most severe financial crisis, global prosperity is in decline. Despite the most severe financial crisis, citizen uprisings that have toppled autocratic regimes, despite protests

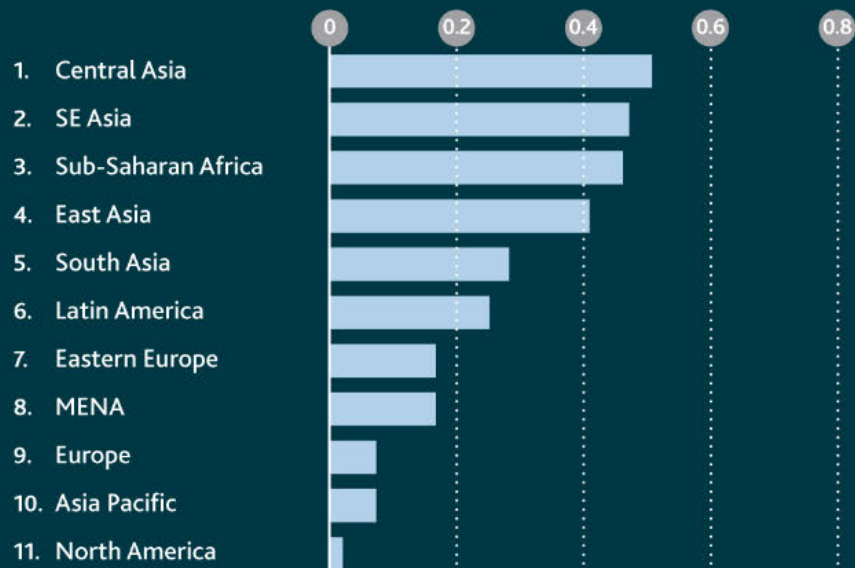
Key Findings

1

Global prosperity is increasing ...

Despite the most severe financial crisis in modern times, despite citizen uprisings that have toppled some of the world's most autocratic regimes, despite protests and riots that have erupted around the world, global prosperity has increased across all regions of the world over the last four years.

DIFFERENCE IN INDEX SCORE, 2009–2012



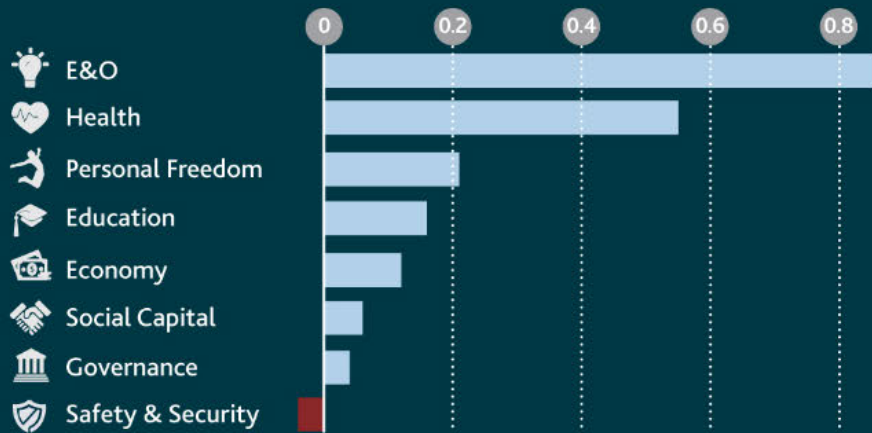


2

... but Safety & Security is decreasing

This has been driven by Arab Spring countries such as Tunisia, Yemen, and Egypt and by Latin American countries such as Mexico, Paraguay, and Honduras. In fact, the Latin American region is one of the worst performers for citizen safety, driven by extremely high rates of assault and theft (see pages 10–11).

CHANGES BY SUB INDEX, 2009–2012



4

The rise of the East continues

Hong Kong, Singapore, and Taiwan all rank in the top ten for the Economy and in the top 20 overall. Further, Asia receives the second highest inflow of Foreign Direct Investment as a percentage of GDP and East Asia is the second largest exporter globally.

5

Watch out for the Asian Tiger Cubs















Vietnam, Thailand, Indonesia, and Malaysia are the rising countries nipping at the heels of the regional leaders. Indonesia, for example, has experienced the largest increase in prosperity, globally, since 2009, moving up 26 positions to 63rd.

6

Key drivers of prosperity: accountable governance and entrepreneurship

This is particularly true for the top 50 countries, whereas for developing countries, health and education play a more crucial role. The Index finds that good governance and entrepreneurship tend to go together and reinforce each other, generating a virtuous cycle that leads to greater prosperity.

SIX OF THE TOP 15 ECONOMIES ARE IN ASIA

- 1 Switzerland 
- 2 Norway 
- 3 **Singapore** 
- 4 Luxembourg 
- 5 Sweden 
- 6 Germany 
- 7 **Taiwan** 
- 8 Canada 
- 9 **Hong Kong** 
- 10 Australia 
- 11 **China** 
- 12 **Japan** 
- 13 Austria 
- 14 Netherlands 
- 15 **Malaysia** 

THE 2012 LEGATUM PROSPERITY INDEX™ REGIONAL RANKING—ASIA-PACIFIC



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27	South Korea	23	19	30	7	24	40	56	51
45	Malaysia	15	44	35	40	45	62	111	100
46	Kazakhstan	54	59	95	43	60	53	43	37
53	Vietnam	39	73	61	80	80	55	99	35
55	China	11	66	65	50	67	101	128	29
56	Thailand	18	61	64	70	71	99	129	19
58	Sri Lanka	71	86	51	47	74	122	58	31
59	Mongolia	98	62	84	52	96	43	92	33
63	Indonesia	43	85	80	84	95	68	80	27
64	Uzbekistan	67	98	116	65	72	66	70	17
67	Philippines	47	75	63	72	93	112	55	72
82	Laos	58	96	81	106	105	57	82	41
86	Tajikistan	113	107	112	68	94	54	98	65
88	Kyrgyzstan	123	87	122	73	81	107	101	32
101	India	57	99	49	100	104	114	67	138
103	Bangladesh	73	104	98	101	100	118	32	130
107	Cambodia	84	109	79	105	111	83	116	107
108	Nepal	97	115	110	107	97	96	104	111
132	Pakistan	115	103	115	121	112	139	132	137

3) Social Capital in Hong Kong

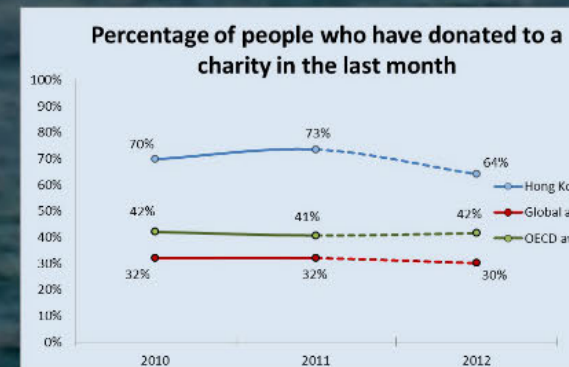
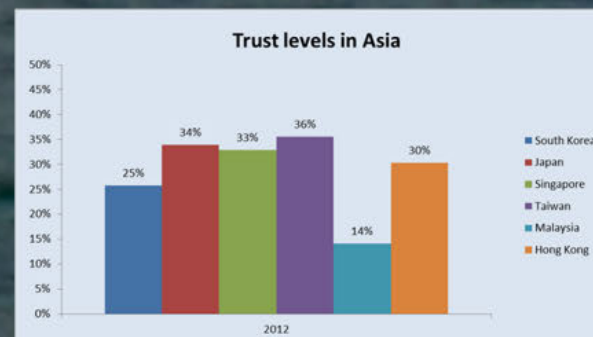
Social Capital – What's Measured?

Trust in others

Social Support

Volunteering

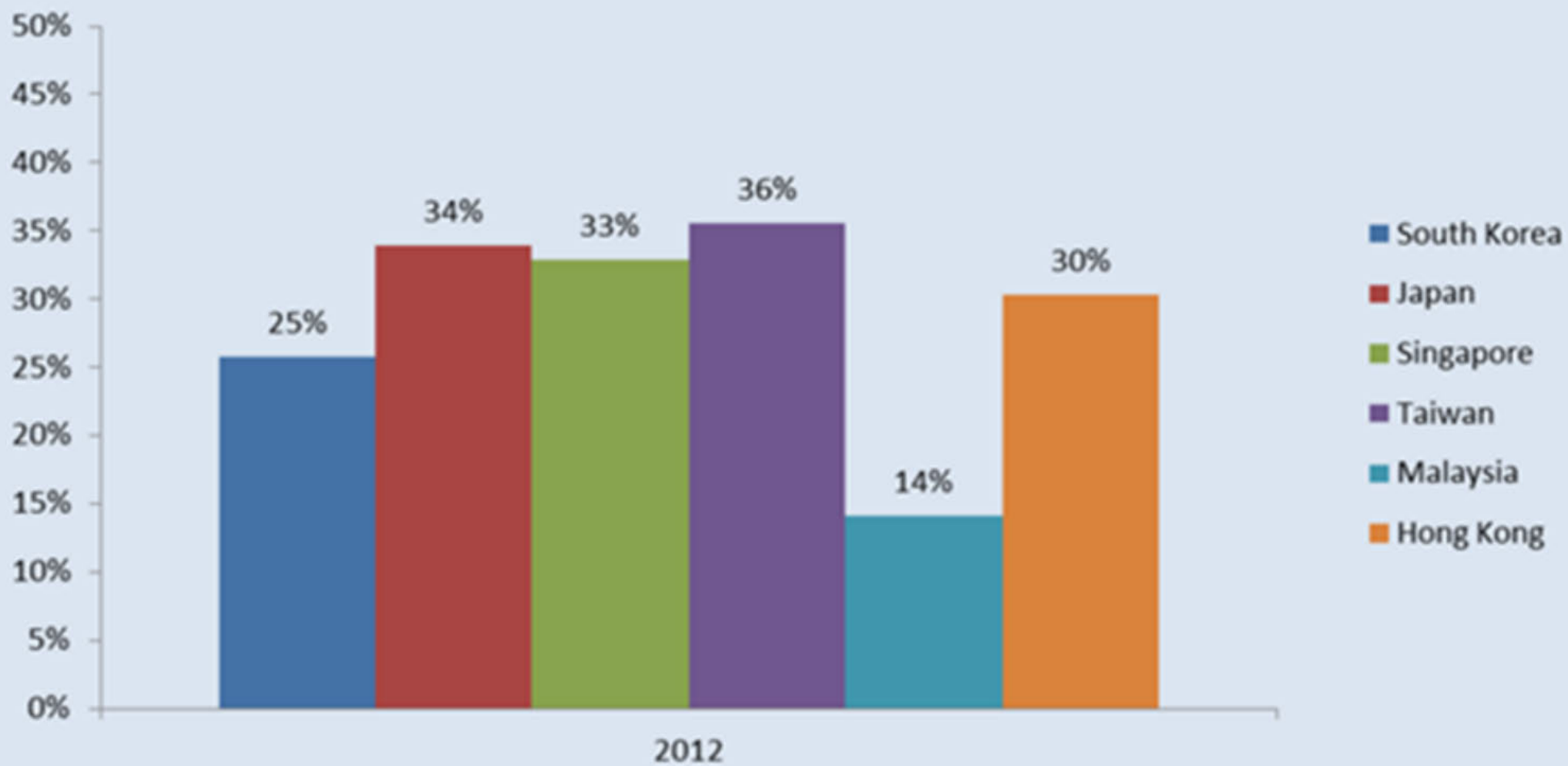
Donations to Charity



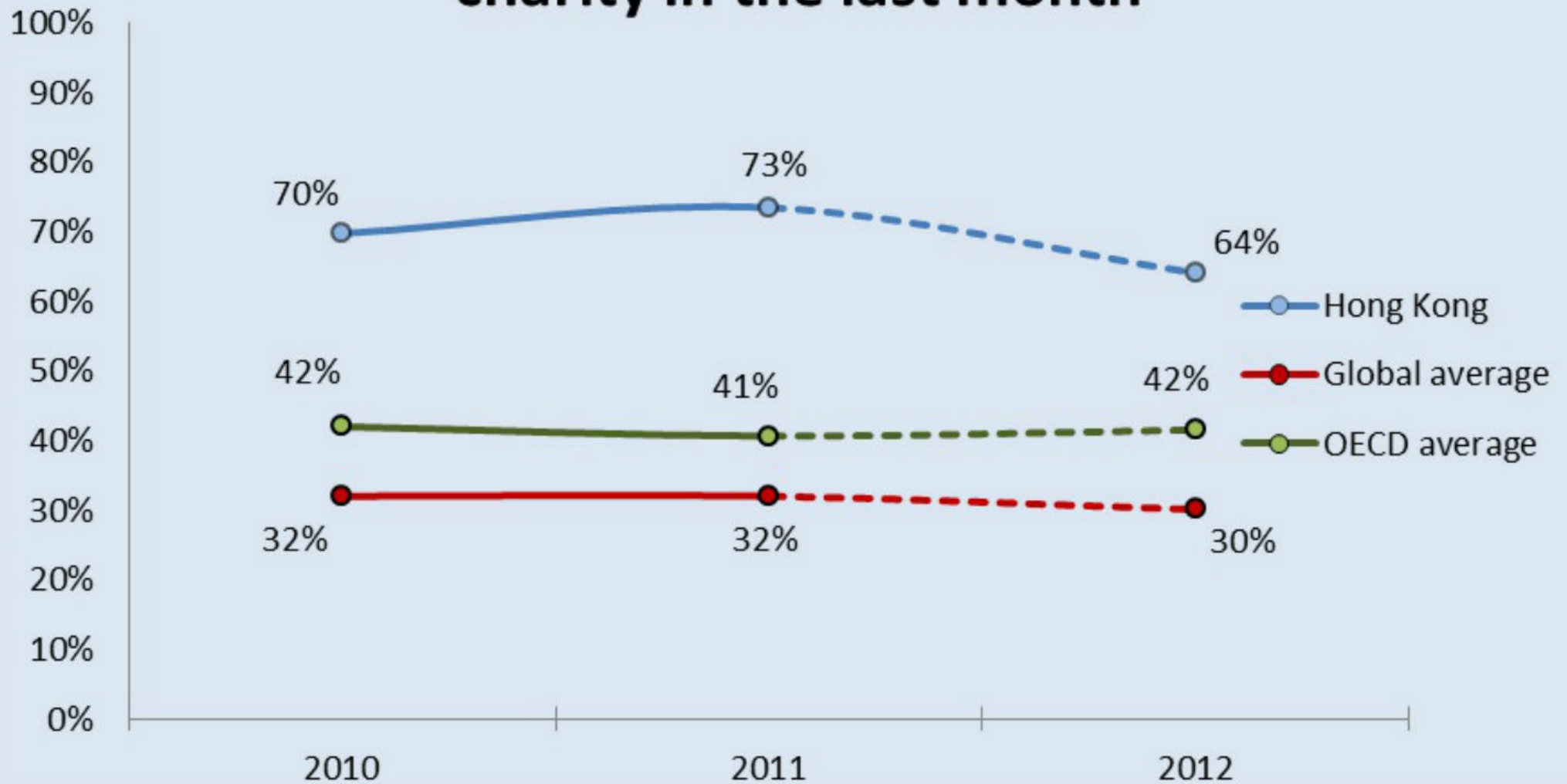
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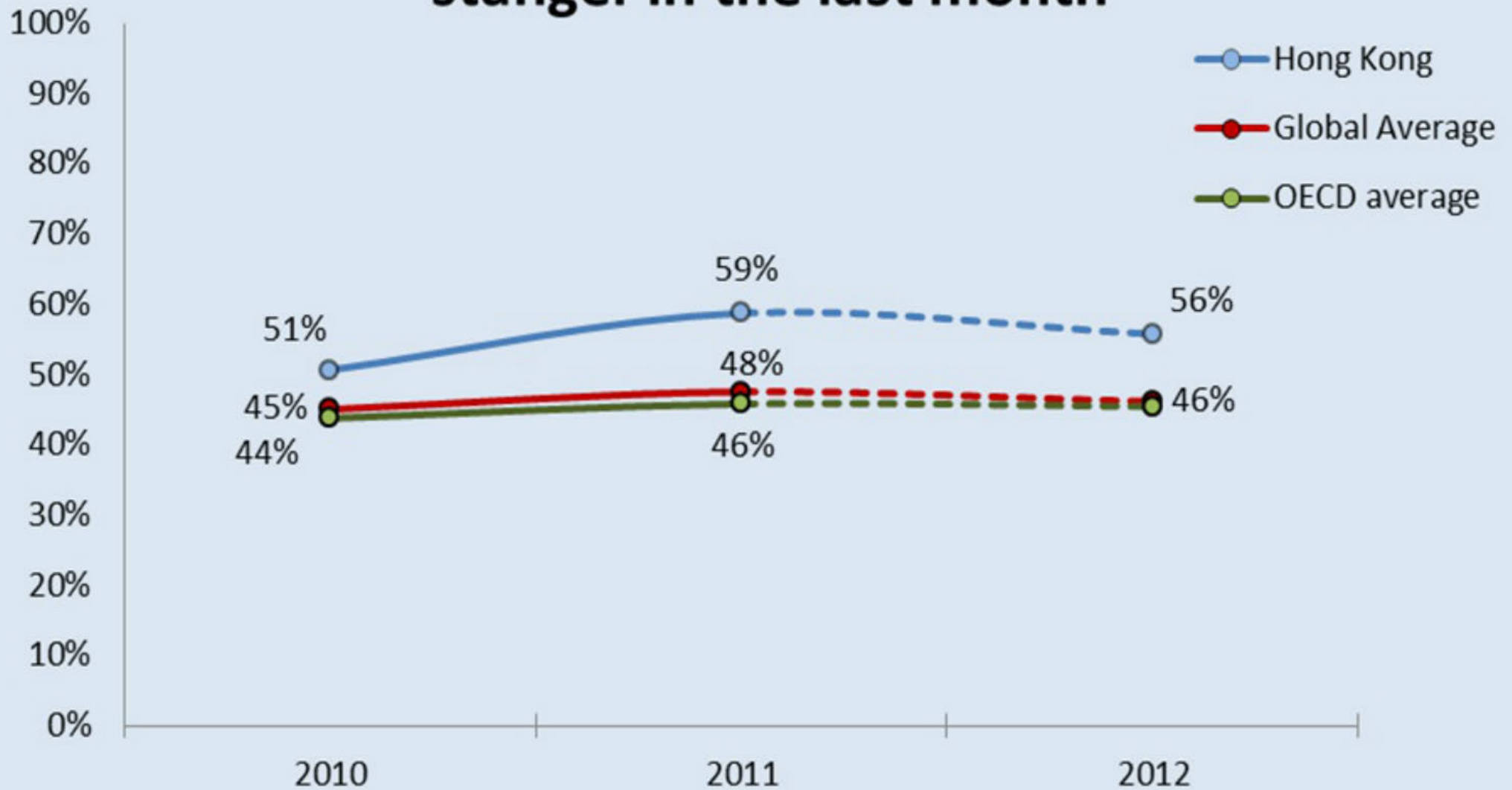
Trust levels in Asia



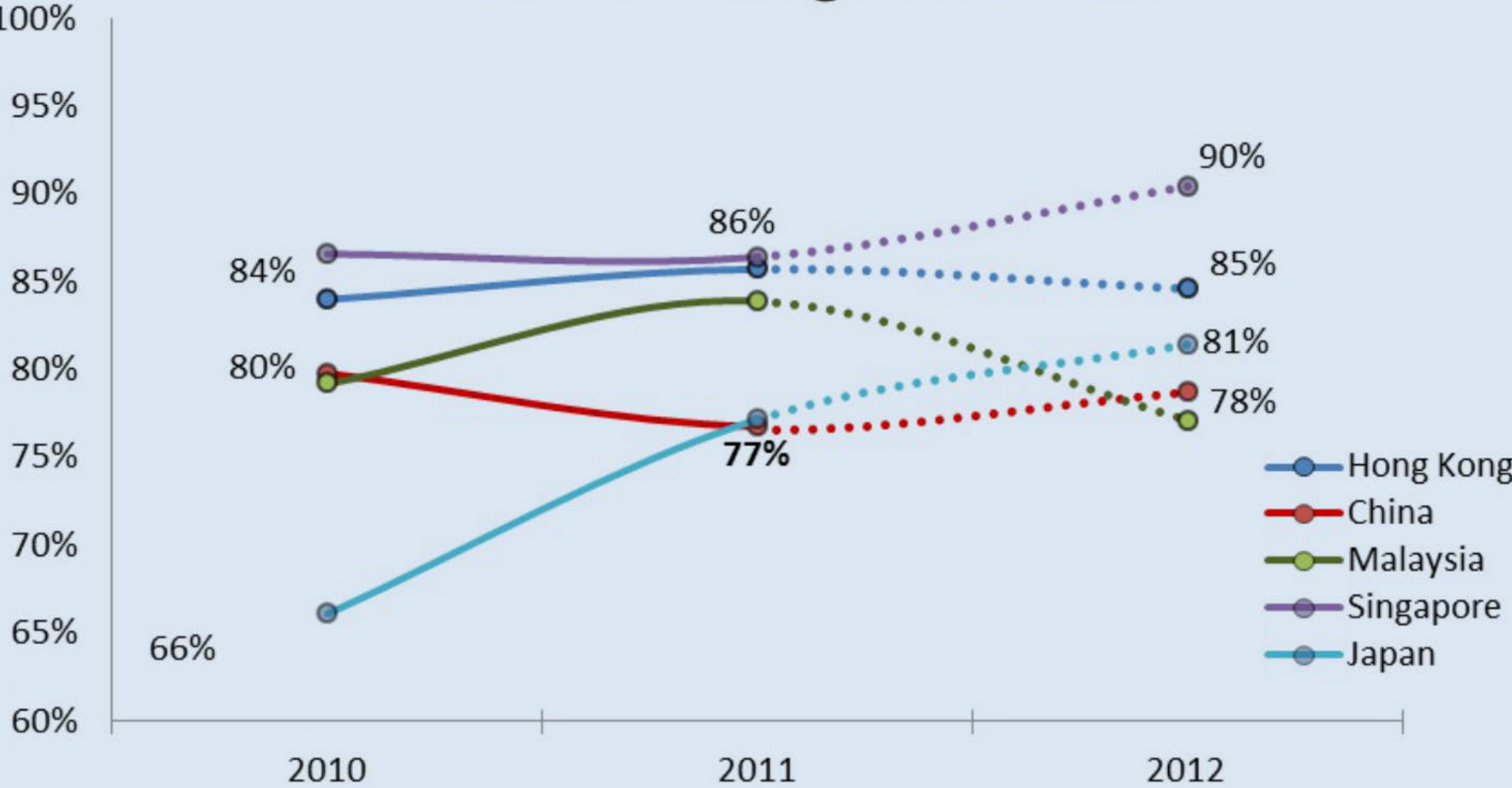
Percentage of people who have donated to a charity in the last month



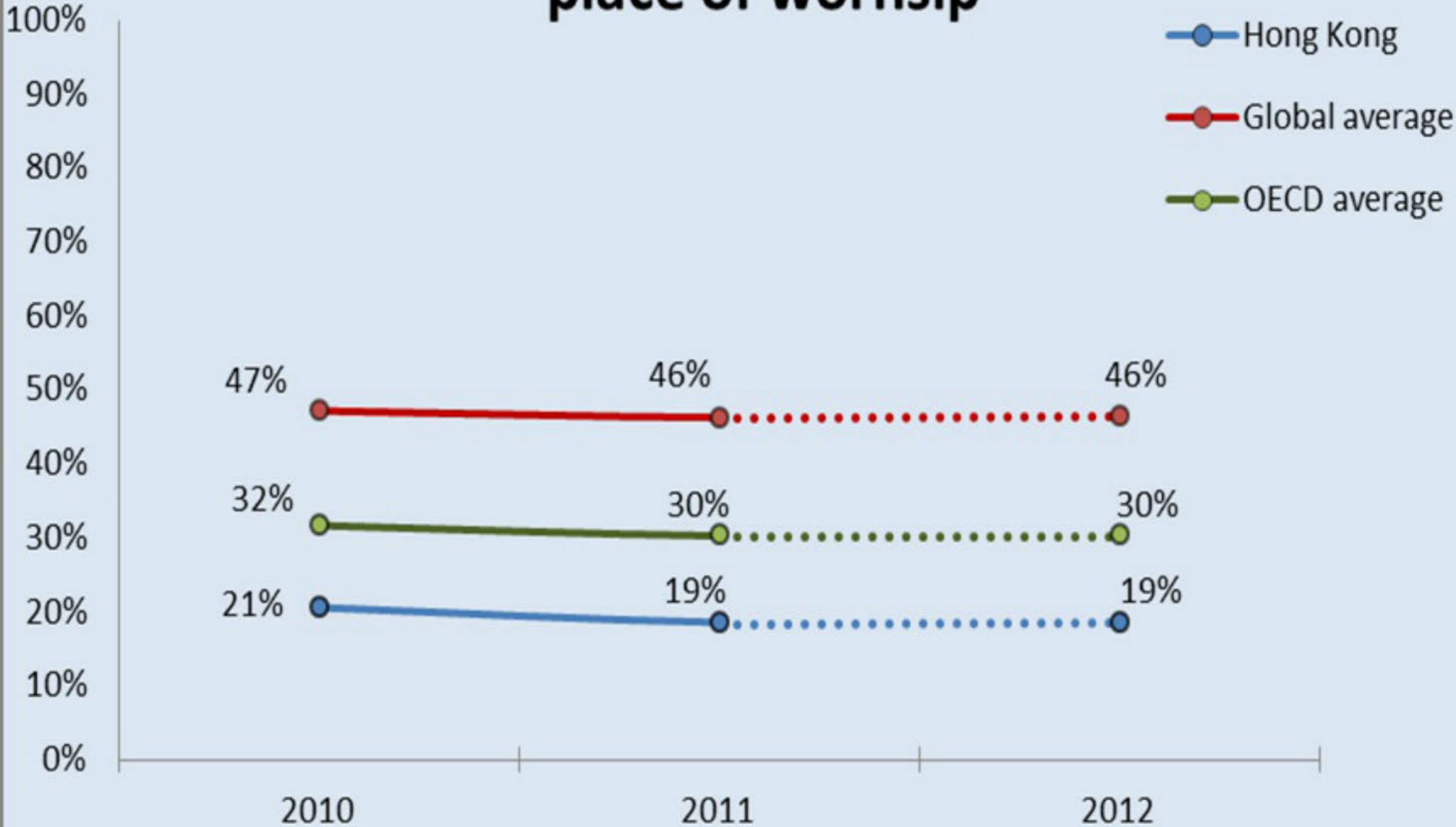
Percentage of People who have helped a stranger in the last month



Perception of being able to rely on family and friends during hard times

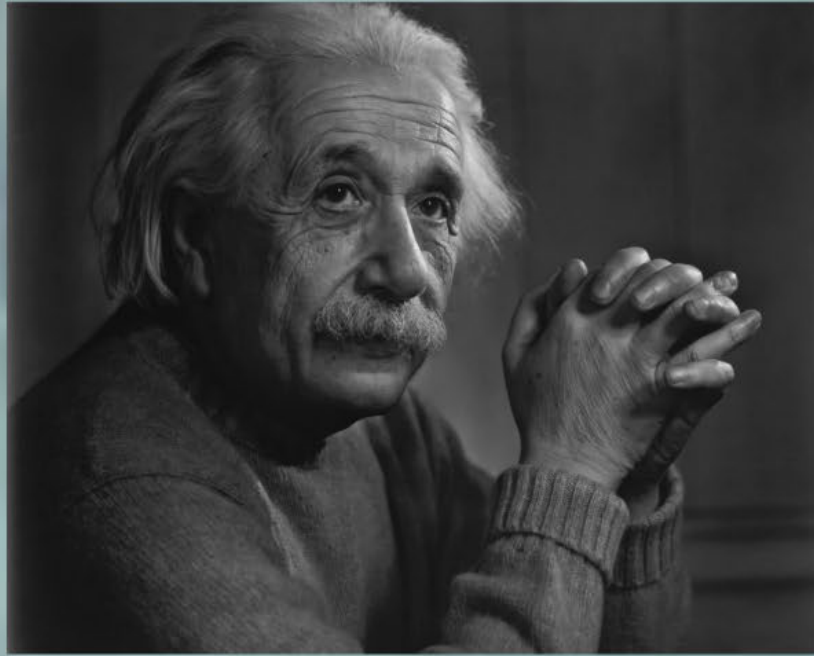


Percentage of people who regularly attend a place of worhsip





Joseph Stiglitz:
**"What you measure affects
what you do. If we have the
wrong metrics, we will strive
for the wrong things...."**



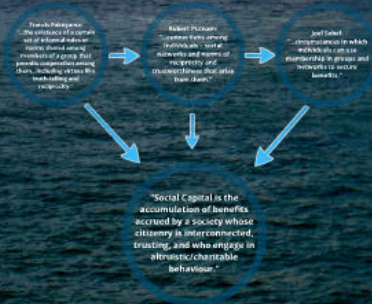
**Albert Einstein:
"Not everything that can
be counted counts, and
not everything that
counts can be counted."**

The Role of Social Capital in Fostering National Prosperity

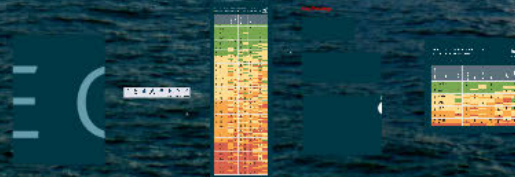
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