Insight summaries

Insight #11: Why do some nations thrive while others do not?

In these globally tumultuous times, it is valuable to reflect on why some countries are achieving high levels of prosperity while others are failing dismally. In Insight 11 we evaluate and rank the prosperity of 150 countries that have sufficient data for analysis.

Our objectives are to:

- Identify which countries exhibit high levels of prosperity across their societies, and the reasons why.
- Identify which countries have the lowest levels of prosperity and what seems to hold them in a viscous cycle of poverty.
- Examine the relationship between prosperity and military, economic, and corporate power.
- Consider how country level prosperity relates to global level prosperity.
- Explore effects of population size, being a superpower, and authoritarian regimes on prosperity through case study analysis.
- Identify trends in prosperity, fast-transitioning countries, and the future of prosperity.
- Consider what and how we can learn for prosperity insight.

We define a country's prosperity as the overall well-being, freedom, and opportunity of all its people to thrive and reach their full potential.

To conduct our own analysis, we developed the GFR Prosperity Index based on **7 key dimensions** we argue contribute to prosperity. For each dimension, data is drawn from both publicly available datasets and alternative analyses considered trustworthy. The 7 dimensions of prosperity are:

Social capital & wellbeing

Political freedom, stability & good governance

Economic quality

Environmental sustainability

Technology & innovation

Peacefulness

Global contribution

Learnings from the GFR prosperity analysis

Why do some countries have high prosperity?

In our analysis, five countries demonstrate very high prosperity, with Nordic countries holding four of the top spots. The success of the top five countries is attributed to high performance across all seven dimensions. More specifically, very high prosperity is attributed to a well-functioning democracy, safeguarded political rights, high quality state institutions, reliable and extensive welfare benefits, low crime and corruption, a high sense of autonomy and freedom, high levels of social trust towards each other (social cohesion), and financial and gender equality. These attributes emphasise the inclusiveness of these societies as a primary driver. The Nordic countries are the top performing on social, political and environmental dimensions. A further 22 countries, of which 15 are European, exhibit high prosperity. Again, these countries perform well on all the seven dimensions, with none doing very poorly on any one dimension. Nine of the top ten ranked countries have small populations, although population size was not confirmed as a driver of prosperity as many small island states (not included) are also the least developed.

Why do some countries have low prosperity?

In the GFR Prosperity Index we found 14 of the 150 countries assessed to have very low prosperity. It should be noted that there is likely to be many more countries with very low prosperity that did not have the available data for all seven dimensions to be included. We found that the countries with very low prosperity are ranked towards the bottom of several of the seven dimensions and are struggling to find a way forward to improve their prosperity. Some of the well-known factors that can create and maintain a vicious cycle of low prosperity include political instability and corruption, extractive institutions, colonial history, internal and external conflict, low investment in human capital, low social capital, cultural barriers, lack of infrastructure, poor market development, limited natural resources, a difficult geography, and wider geopolitical and neo-colonial constraints. From a regional perspective, Africa had the lowest prosperity followed by the Middle East, Asia and the Americas. Strikingly, across the 150 countries analysed, there is a huge disparity between high and low prosperity countries.

The complex relationship between prosperity and power

Oftentimes prosperity is conflated with power and wealth. The relationship is indeed a complex one. In our analysis we find that power, as represented by the size of an economy and military strength, does not guarantee high prosperity because most often countries that rank highly on these attributes are performing modestly or poorly in other dimensions, reducing their net prosperity. For example, the US is the world's largest economy (in nominal terms) and has the strongest military but ranks 28th on the GFR Prosperity Index because it ranks very poorly (at 128th) on 'peacefulness'. China, the second global superpower, ranks 47th on the GFR Prosperity Index, with 'environmental sustainability' being its worst dimension at 139th. Another complicating factor between power and prosperity is that powerful countries are more able to affect the prosperity of other countries, for better or worse. Weaker countries have a long history of invasions and interventions from more powerful, imperialistic countries. Another source of power not so often considered is that held by global corporations, especially profit-driven fossil fuel and Big Tech companies. While fossil fuel companies have long been reported as the underlying cause of regime change (to protect their interests or to access new resources), Big Tech is full-out designing humanity's future, not always with a motivation of improving the lot of all.

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Special factors affecting prosperity

Today the world comprises around 250 independent countries, states and territories, each being responsible for their own people. These nations vary widely in geography, population size, culture, history, natural resources, use of technology, economic strength, military capability and political systems. Each has a different relationship to the world at large, ranging from aggressive actions to supporting global wellbeing. Past theories of prosperity have variously identified geography and environment; freedom to innovate; institutional quality; and cultural behaviours as key to why countries thrive. Our analysis indicates that each of these ideas contribute to prosperity, but that a broader sweep of factors need to be taken into account. Further, our case study analyses show that: (i) large population size presents both opportunities such as market size and challenges such as social cohesion for societal prosperity; (ii) being a superpower has the potential to increase a country's prosperity if the power is used wisely; (iii) authoritarianism and repression prevalent in many countries today is contrary to the principles of prosperity; and (iv) re-emergent imperialism tens to reduce both global and domestic prosperity.

Trends in prosperity

Some countries are improving their prosperity over time, whilst others are declining. Improving prosperity is attributed to growing economies, improving human development, and eradicating extreme poverty. Declining prosperity is attributed to countries exhibiting democratic back-sliding, suffering economic challenges, or engaging in conflict at home or abroad.

According to the V-dem Institute's Democracy Report 2026- Unraveling The Democratic Era? the world has never before seen as many countries autocratizing at the same time as during the last few years. Democracy is back to 1978 levels for the average global citizen and freedom of expression is the most hard-hit. 74% of the world population (6 billion) now live in autocracies. In the US, President Trump's second term can be summarized as a rapid and aggressive concentration of powers in the presidency. The Report states that the speed with which American democracy is being dismantled is unprecedented in modern history, noting the US has lost its long-term status as a liberal democracy for the first time in over 50 years.

Focussing internally is insufficient for prosperity

Although each country has a responsibility to govern and care for its own people, the world today is highly interconnected. Simply focussing internally is no longer a sufficient strategy to serve anybody's prosperity. At a world scale we know that the prosperity and wellbeing of humans have improved dramatically over the last century, primarily due to advancing science and technology, alongside international development programs seeking to raise the standard of living in developing and least developed countries. Perhaps the simplest measure of improving human outcomes is the increase in worldwide human longevity – jumping from 32 years in 1900 to 73 years today and still increasing. Improving longevity has resulted from a range of factors that also improve prosperity, including better healthcare, nutrition, education and greater peace. At the same time, modern civilisation is facing growing existential threats including nuclear war, the rise of uncontrolled Artificial Intelligence, dangerous climate change, deadly pandemics, and the collapse of natural ecosystems. Other concerns include growing geopolitical tensions and societal polarisation.

Future of prosperity

The future of each nation's prosperity, and global prosperity overall, are not assured. Whilst great progress has been made in the wellbeing of people over the last century, growing existential risks, geopolitical tensions, a new wave of imperialism, competing ideologies, and increasing conflicts are undermining the potential for future improvements. The future for prosperity is unknowable, with the positive and negative megatrends now competing for ascendancy.

Sharing and learning

By analysing the question of why some countries thrive while others don't, we can learn from better performing countries and share this learning with aspiring countries. This learning is often gleaned by international development organisations, including NGOs and multilateral development banks, and promulgated through their assistance programs at both government and community levels. One way of measuring the resulting success is through the UN's Sustainable Development Goals which show this approach is working, although progress is slowing down significantly in recent years and future prospects for eradicating extreme poverty are now considered grim.

What we glean from this Insight is that a more prosperous human future will require a common vision and purpose, supported by greater collaboration and compassion, with a determined effort to close the gap between the world's most and least prosperous.

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This summary was authored by Prof Nick Schofield. Please refer to Insight 11 for author details, caveat, references, further reading, and glossary. Design by Trish Dalby.