One of the priorities of the “Europe 2020” strategy is to increase the competitiveness of Europe. In addition to the United States there are other competitors - growing economies of China, India and other BRICS countries. The impacts of the economic crisis on the capabilities of the EU economy have been far reaching. The EU has proposed a new strategy of growth - “Europe 2020”, which aims at tackling common European challenges and boosting economic growth and high-quality employment through smart, sustainable and inclusive growth. [1]

The real long-term analysis of the economic results shows, that the Chinese economy passing as long because world leader the United States by GDP: by purchasing power parity (PPP) early as 2020 and by exchange rates in 2030. The problem is also, that another part of today’s relatively poor developing countries resolve of Western Europe, Japan, Canada and other wealthy countries of the world in terms of their economic level. This will directly affect the financial situation of the labour markets and living standards. In turn, this depends on the economic potential of the country, as well as the political and military influence. [2]

Thus, the focus of the Western civilization on competition in Asia, especially with China, India and other emerging economies of developing countries can lead to the fact that today’s developed economies of the Western civilization may in future become subordinate, being economically and politically highly dependent on China, India and other developing countries of today.

A new concept has come into the economic science since 2011 – BRICS. It covers the emerging economies of Brazil, Russia, India, China and South Africa.

Let’s take a look at the global and the EU’s economic power (GDP). Figures show that the EU’s status based on the GDP (PPP) is quite modest. Inevitably, with such trend the EU shall cease also to China. However, the EU-28 and the Euro area have emerged from the crisis, as evidenced by the positive GDP growth.

Based on the current prices the EU and the Euro area are still a bit over the USA.

GDP is formed in three approaches: production, expenditures and incomes. We will analyze the Baltic countries by the expenditure approach, with emphasis on Estonia.

Fig. 5 indicates the total consumption expenditures of households and non-profit institutions serving the households, as well as the total consumption expenditures of the government in current prices, million euro. During the crisis years of 2009 and 2010 there was a decline in the expenditures of households. It was relatively stronger in Latvia and weaker in Estonia. Estonia has exceeded the boom level already in 2011, Lithuania - in 2012, but Latvia - only in 2014. It also directly affected
their standards of living.
During the crisis years there was a decline in the expenditures of the general government. Estonia has exceeded the boom level boom already in 2011, but Lithuania and Latvia - only in 2014. It was very large in Latvia, and very small in Estonia. Estonia quickly surpassed the boom level, but Latvia not reached it in 2014.

Is it good or bad? Latvia has become leaner, because the state costs are lower. This also reduces also their GDP. This is one of contradictions of the GDP assessment.

Now we shall analyse the share of total consumption expenditures of households, % of total. Total investment in 2012 was 25.22% of the GDP, including the business investment (15.35%), government investment (5.43%) and households investment (4.44%).

Estonia 2003: GDP = 8693.70 million, households - 4833.7 million; alcoholic beverages - 362.53 million, healthcare - 154.68; restaurants and hotels - 319.02mln; education - 58.00 million EUR.

Estonia 2013: GDP=18731.65 million, households - 9646.8 million; alcoholic beverages - 858.56 million, healthcare - 250.82; restaurants and hotels - 627.04 million; education - 38.59 million EUR. [5,13]

The largest shares of education: Cyprus (2.7%), Greece (2.1%), Latvia (1.9%) and the United Kingdom (1.8%).
The lowest shares were in Belgium, Estonia and Finland (all 0.4%), and Lithuania and Norway (both 0.5%). [11]

As for the public expenditures on education the Baltic countries are at the same level as the EU average, Germany (4.98) and the USA (5.13), and better than in Japan (3.78). But the index is lower than in Finland (6.76), Sweden (6.82), and the United Kingdom (5.98).
Annual expenditures on public and private educational institutions per pupil/student in PPS are presented for all levels of education, based on full-time equivalents. Expenditures per pupil/student in public and private institutions indicate how much money central, regional and local levels of government, private households, religious institutions and firms spend per pupil/student. It includes expenditures on personnel, as well as other current and capital expenditures.

The Baltic countries show the number twice as large as in Bulgaria and Romania, but still lower than the EU average (6,846.4). The EU level is two times higher than the level of Baltic States. Even greater has Norway (10,376.9) and the USA (11,308.2).

Annual expenditures of public and private educational institutions per pupil/student compared to the GDP per capita in the Baltic States are only a little different from other successful countries of the EU. [14]

Total consumption expenditures of households on alcoholic beverages, tobacco and narcotics in Estonia (%) are among the highest in the EU. Hungary and Luxembourg have the same (8.9%) and Latvia - even 9.1%. The level of this index in Estonia has increased in 2009 to 9%, and there it remains. In many countries with high GDP, it remains within 4%; in Germany - 3.3%.

In 2003 a total amount of money spent on total alcoholic beverages was 362.53 million; in 2013 it was already 858.56 million EUR. This means that an adult person annually spends a little more than one month of net salary. And here data only on official sales is indicated, not taking the smuggled vodka and drugs into account.

A similar situation is observed in Latvia and in another countries.

**Discussion & conclusions**

In conclusion, it is predicted that these regions may be important in the future due to the economic capacity, political and military strength, the current high standard of living, thus leading to the formation of a new economic elite.

But the limited resources slow down this process. This would lead to fundamental changes of the Western civilisation and the rich states, unfortunately.

However, it is clear that the global economic pole moves from the Atlantic to the shores of the Pacific, especially to the East Asia. This should also be taken into account when developing the objective in the EU, especially in countries with small businesses. This approach would allow to predict the future better, to make more effective decisions and avoid or at least reduce errors.

The Baltic states are referred to as the Baltic Tigers due to their quick economic development. Can we make a generalization for Europe?

With this attitude, we (EU) will stay below the East Asian countries, although we being in competition with them. This requires, however, a very thorough analysis of all other interdependent factors.

A common practice is the GDP - the aggregate value of the economy,
which shows the growth of the national economy and development. Is it, however, the best option? Which sectors of the economy should show which amounts for it actually?

Public sector spending increases the GDP growth. Is it a good thing? However, this takes place at the expense of the taxpayer. We still want a cheaper country.

Let’s include the GDP growth into the consumption method: consumption expenditures of households and the general government, investments and the balance of exports and imports.

1. The more households consume, the higher the GDP is. Consumption growth again requires to produce more, and so forth. Does this mean that it is necessary to increase the consumption to the infinity? To buy unnecessary goods...

2. The more alcohol we consume, the higher the GDP is (!?)

3. As for the convenience to use the GDP growth when performing the analysis, this is usually true. It gives a good overview. However, as we saw above, it is not always suitable. Some factors increase it even being contrary to the principles of humanism.

4. Scientific novelty is critical when analysing the GDP components and making proposals in relation to improvement of competitiveness of the European countries.

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