

2014 Prosperity Index TOTAL	2014 GDP Per capita	2014 Household To Gov. Consump	2013 Avg. Net Income	2013 Risk Poverty/Social Exclusion
FIN 5.45	AUS 38,500	ROM 4.42	FIN 29,548	CZK 14.6 %
AUS 5.30	FIN 37,400	LIT 3.75	AUS 27,521	FIN 16 %
CZE 3.66	SVLN 18,100	BUL 3.64	GRE 15,451	AUS 18.8 %
SVLN 3.56	GRE 16,300	GRE 3.63	SVLN 11,824	SLVK 19.8 %
GRE 3.45	EST 14,800	LAT 3.60	EST 9,446	SVLN 20.4 %
SLVK 3.30	CZK 14,700	POL 3.29	CZK 8,880	EST 23.5 %
EST 3.05	SLVK 13,900	SLVK 3.06	CRO 8,535	POL 25.8 %
POL 2.94	LIT 12,400	CRO 3.04	SLVK 7,725	CRO 29.9
LIT 2.92	LAT 12,100	SVLN 2.79	POL 7,430	LIT 30.8 %
LAT 2.79	POL 10,700	AUS 2.70	LAT 6,487	HUN 33.5 %
CRO 2.76	HUN 10,500	EST 2.54	HUN 6,430	LAT 35.1 %
ROM 2.67	CRO 10,200	HUN 2.50	LIT 5,955	GRE 35.7 %
HUN 2.38	ROM 7,500	CZE 2.50	ROM 4,147	ROM 40.4 %
BUL 2.22	BUL 5,400	FIN 2.23	BUL 3,899	BUL 48 %

Compared to EU average– green= advantage, blue= neutral, red=disadvantage

At the threshold of the top

The Czech Republic is becoming more competitive—according to the recently released World Economic Competitiveness Report. That is good news. Competitiveness fitness, after all, should mean that we should have a better chance at winning. In economics, winning means prosperity. The question thus becomes, has our competitiveness brought us prosperity?

We have devised an index composed of four statistics collected by Eurostat. These statistics give us a proxy for overall prosperity (GDP per capita), sustainability (ration of household consumption to government consumption), spread of prosperity (average net income), and inclusiveness of prosperity (risk of poverty and social exclusion).

The ideal is to have competed successfully and to remain competitive. And the Czech Republic is doing pretty well. It is 31st in the world according to the WEF's rankings of competitiveness. And, according to our Prosperity Index, the country is 3rd in Central Europe- and 12th in the EU- in prosperity. It stands a little behind the top tier of European economies, but the Czech Republic has a positive momentum many of Europe's most prosperous economies do not.

The Prosperity Index gives you an easy way to determine how the country has fared in Europe. The European average score is always 4. Most CE countries score under 4. The Czech Republic, Slovenia and Greece are within striking distance. Of those three, only the Czech Republic has the competitiveness scores that indicate it is closing ground, not losing it.

Policymakers should note that the Czech Republic spends a far greater proportion of its GDP in government than most EU countries. That means getting value out of that spending— see procurement— is far more important for the Czech Republic than other countries.

The country should take pride in topping the CEE rankings for low risk of poverty/social inclusion.

Next week we dive into the details of the WEF Report.