

## ■ SLOVAKIA

# Slovakia: Economic Problems Exacerbate Inequality and Social Exclusion

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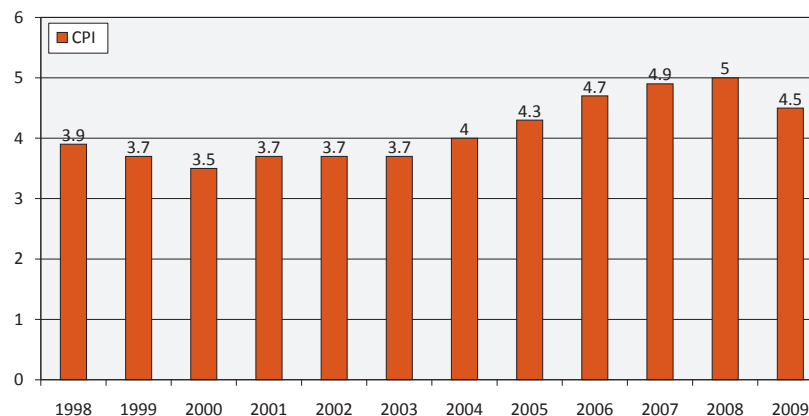
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With the highest economic growth in the EU in 2008, Slovakia used to be known as the 'Central European Economic Tiger' and the 'Detroit of Europe'. However, the global economic crisis caused a rapid increase in unemployment in 2009, accompanied by a significant fall in GDP (although the country is now again among the best performers in the EU in terms of the pace of GDP growth). Slovakia also faces issues to do with social exclusion including a long-standing Roma problem; the members of this ethnic group are generally the poorest in Slovak society.

### Internal and external political tensions

From 1998 to 2006 Slovakia instituted several important social and economic reforms. However, the subsequent Government, led by Prime Minister Róbert Fico, which held office from 2006 to 2010, did not build on this success and implemented policies that were in conflict with the policies of the preceding governments. Among the achievements of the Fico Government were meeting the criteria for entry into the European Economic and Monetary Union, implementation of the common euro currency in Slovakia on 1 January 2009, and entry into the Schengen system. These achievements led to a slight increase in the level of prices and to significant changes to migration policy. Despite these achievements, politics and governance in Slovakia have a long way to go to reach European standards, and are characterised by

Figure 1: Changes in the Corruption Perceptions Index in Slovakia (1998–2009)



Source: Transparency International Slovakia 2009

political tension, both internal (between parties) and external (with Hungary); the vulgarisation of politics, including verbal attacks on minority groups by members of political parties; an increase in corruption (Slovakia's rating on Transparency International's Corruption Perceptions Index dropped between 2000 and 2008, see Figure 1); and a failure to move forward on important social issues such as housing and discrimination (against Roma and women). These present real challenges for Slovakia in overcoming social exclusion.

Of these challenges, Slovakia's failure to move forward on sensitive social issues has exacerbated social exclusion. The Centre for Housing Rights and Evictions, which is situated in Geneva, gave its '2007 Housing Violator Awards' to Burma, China and Slovakia. The Centre criticised Slovakia for persistently dis-

criminating against its Roma population, which frequently faces segregation and forced eviction by local authorities. Unfortunately, there has been no major change since that time and the previous Government continued to neglect this issue (Klimovský 2009).

There is a similar story in relation to gender equality. Despite the fact that in 2008 the Committee on the Elimination of Discrimination against Women pointed out its concerns about ongoing discrimination against women in Slovakia and advised the Government to be more active in this field, the previous Government paid little attention to this issue.

### Regional disparities

Many European countries face problems due to regional disparities between rural and urban centres, with metropolitan or central regions

Table 1: Regional GDP and regional GDP per capita in Slovakia in 2007

NUTS 2 level (GDP in million EUR)	NUTS 3 level (region)	Regional GDP (2007)		Number of residents	GDP per capita
		million EUR	%		
Bratislava Region (16,444.249 million EUR)	Bratislava	16,444.249	26.72	616,578	27,015
Western Slovakia (20,761.297 million EUR)	Trnava	7,678.522	12.48	559,934	13,810
	Trenčín	6,333.203	10.29	599,859	10,560
	Nitra	6,749.572	10.97	706,375	9,548
Central Slovakia (12,135.745 million EUR)	Žilina	6,642.644	10.79	696,347	9,552
	Banská Bystrica	5,493.101	8.93	653,697	8,385
Eastern Slovakia (12,205.778 million EUR)	Prešov	4,987.000	8.10	803,955	6,225
	Košice	7,218.778	11.72	775,509	9,333
Slovakia total		61,547.069	100.00	5,412,254	11,405

Source: Eurostat News Release 2007

Note: The nomenclature of territorial units for statistics (NUTS) classification is a hierarchical system for dividing up the territory of the EU for statistical purposes.

**Table 2: Regional unemployment and the structure of people looking for work in Slovakia**

NUTS 2 level (number of people looking for work)	NUTS 3 level (region)	Unemployment rate in % (March 2010)	Number of people looking for work (May 2010)		
			Total	Men	Women
Bratislava Region (16,462 people)	Bratislava	4.42	16,462	8,944	7,518
Western Slovakia (112,367 people)	Trnava	8.62	29,493	15,354	14,138
	Trenčín	10.25	34,668	19,342	15,326
	Nitra	12.44	48,206	24,935	23,271
Central Slovakia (111,601 people)	Žilina	11.36	42,319	23,184	19,135
	Banská Bystrica	19.57	69,282	36,928	32,354
Eastern Slovakia (153,307 people)	Prešov	18.24	81,567	45,508	36,059
	Košice	16.85	71,740	39,640	32,100
Slovakia total		12.88	393,737	213,836	179,901

Source: UPSVaR 2010

Note: The nomenclature of territorial units for statistics (NUTS) classification is a hierarchical system for dividing up the territory of the EU for statistical purposes.

developing rapidly, and peripheral and rural regions developing slowly and irregularly. Such economic disparities are usually accompanied by variations in the territorial distribution of prosperity as well as poverty.

Slovakia is characterised by huge regional disparities. These disparities are especially visible when looking at regional GDP per capita (Table 1) and regional unemployment rates (Table 2).

While Bratislava Region produces almost 27% of Slovakia's total national GDP, Banská Bystrica Region and Prešov Region produce less than 9% of the GDP of Slovakia. Looking at long-term development, Bratislava Region and other Western Slovak regions are developing much faster than Banská Bystrica Region and the regions of Eastern Slovakia.

The regional unemployment rate is consistent with the regional disparities in GDP. In Bratislava Region, unemployment was less than 4.5% in March 2010 and in Trnava Region only 8.62%, while in Košice Region it reached almost 17%, in Prešov Region more than 18%, and in Banská Bystrica Region almost 20% for

the same period.

The industrialisation of Slovakia after the Second World War created serious problems in the Slovak regions, especially those situated in the peripheries. Many Slovak regions were industrialised in a mono-segment way, and their dependence on one or few industrial companies was high. This led to social and economic troubles in the 1990s, and it may well be a 'timebomb' in the years to come (Kling 2002). Moreover, the Roma, who are generally some of the poorest in Slovak society, are concentrated in the peripheral regions (i.e., especially in the east and south-eastern parts of the country), which complicates the problem.

#### Poverty in Slovakia and the Roma

In order to assess the level of poverty in Slovakia and to compare it among the Slovak regions, it is helpful to use a composite indicator of poverty. The indicator for the purposes of this report is constructed using a simple method of multi-criteria evaluation based on the sum of ranks (i.e., at risk of poverty rates; long-term unemployment rates; populations with primary

or no education; material deprivation rates; and Gini coefficients). The results are presented in a thematic map (Figure 2).

The south-eastern and eastern parts of Slovakia have a much higher incidence of poverty as economic activity is heavily concentrated in the west, particularly around the capital of Bratislava (Habitat for Humanity International 2010).

Although official data indicate that the Roma minority constitutes only 2% of the Slovak population, the reality is very different. For instance the London-based Minority Rights Group NGO estimated the total number of the Roma in Slovakia to be 480,000 to 520,000, or 9 to 10% of the entire Slovak population (Liegeois and Gheorghe 1995). Roma are strongly affected by poverty in Slovakia. Manifestations of discrimination against Roma include limited or lack of access to education, health services and other basic services; bias in the labour market; inadequate housing (Puliš 2002; Šoltéssová and Fotta 2007; Jurová 2008; Klimovský 2008, 2009, 2010; Želinský 2009, 2010); social bias and exclusion (Radičová 2001; Džambazovič and Jurásková 2002; Džambazovič and Gerbery 2005).

The Roma are very often segregated in squatter settlements (ghettos)<sup>1</sup> called *osada* outside municipalities or towns. In 2000, there

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**Figure 2: Composite indicator of poverty in the Slovak regions**



Source: Klimovský and Želinský 2010

<sup>1</sup> The term Roma settlement, as defined by Jakoubek and Hirt (2008, p. 723), describes "relatively autonomous social formations located in Slovak countryside inhabited primarily by the Roma population. The advantage of this term is based on its practicality and general use. Any attempts to introduce new terminology either by the Slovak Government (e.g., dwelling formations on low socio-cultural level) or scientific circles (e.g., cumulated/Roma/settlements, by S. Kužel) ended up as a failure and were not accepted neither by the general public nor the specialists".